



Emperor Inc.

(incorporated with limited liability in the Republic of the Philippines on 26 November 2001)

INTRODUCTORY DOCUMENT DATED 20 JUNE 2022

This document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser. You are responsible for your own investment choice.

This introductory document ("**Introductory Document**") is issued by Emperor Inc. (the "**Company**") in connection with the secondary listing by way of introduction ("**Introduction**") of the ordinary shares of our Company ("**Shares**") on the Main Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). This Introductory Document provides information on our Company and our Shares in compliance with the listing requirements of the SGX-ST.

Our Shares are listed and traded on the First Board of the Philippine Stock Exchange, Inc. (the "**PSE**"). Application has been made to the SGX-ST for permission to list all our issued Shares and the Shares which may be issued upon exercise of options granted and to be granted under the Employee Stock Option Plan (as defined herein), on the Main Board of the SGX-ST by way of a secondary listing. Such permission for the secondary listing of our Shares will be granted when we have been admitted to the Official List of the SGX-ST. Immediately following our listing on the SGX-ST, our Shares will continue to be listed and traded on the PSE. Our listing on the PSE is and will remain our primary listing, while our listing on the SGX-ST is a secondary listing. When our Shares become tradable on the SGX-ST, they will be quoted and traded on the SGX-ST in Singapore Dollars and in board lot sizes of 100 Shares.

We have received a letter of eligibility from the SGX-ST for the listing of our Shares on the Main Board of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements or opinions made or reports contained in this Introductory Document. Our eligibility to list and our admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Introduction, our Company, our Group or our Shares.

This Introductory Document is issued for information purposes only. Nothing in this Introductory Document constitutes or shall be construed as an offer, or an invitation or a solicitation of an offer by us or on our behalf, to the public to subscribe for or purchase any of our Shares. The Introductory Document is not a prospectus under Singapore law and will not be lodged with or registered by the Monetary Authority of Singapore (the "**Authority**"). This is a secondary listing by way of introduction, for which no sale and no offer of any security is made. The Authority assumes no responsibility for the contents of the Introductory Document. The Authority has not, in any way, considered the merits of our Shares being listed.

Prospective investors should note there are various risks specific to our Company regarding stock transaction tax. See "*Risk Factors*" and "*Taxation—Philippine Tax Considerations—Sale, Exchange or Disposition of Shares—Stock Transaction Tax on Sale of Shares traded on the SGX-ST*". In particular, investors should note the following risks:

- stock transaction tax is payable by selling shareholders. See "*Risk Factors—Risks relating to an Investment in our Shares—Stock transaction tax is payable by selling shareholders and required to be collected by selling stockbrokers. Failure by shareholders or Singapore brokers to pay or to remit stock transaction tax payable to the BIR may result in a breach of law and/or contract.*"; and
- there may be uncertainty surrounding how the Philippine tax authorities or other regulators will regulate or enforce the collection of stock transaction tax on Singapore brokers and selling shareholders. See "*Risk Factors—Risks relating to the Philippines and Other Jurisdictions—There are uncertainties regarding the interpretation and enforcement of laws, rules and regulations in some jurisdictions in which we do business.*"

Investing in our Shares involves certain other risks. Please carefully read the "*Risk Factors*" section of this Introductory Document beginning on page 29.

Issue Managers

J.P.Morgan



NOTICE TO INVESTORS

No person is authorised to give any information or to make any representation not contained in this Introductory Document and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of our Company or the Joint Managers. The delivery of this Introductory Document shall not under any circumstances imply that the information herein is correct as of any date subsequent to the date hereof or constitute a representation that there has been no change or development reasonably likely to involve a material adverse change in the affairs, condition and prospects of our Company or the Shares since the date hereof. Where such changes occur and are material or required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, our Company will make an announcement of the same on SGXNET. Recipients of this Introductory Document and all prospective investors in the Shares should take notice of such announcements or document and upon release of such announcements or documents shall be deemed to have notice of such changes.

No representation, warranty or covenant, express or implied, is made by our Company, the Joint Managers or any of our or their respective affiliates, directors, officers, employees, agents, representatives or advisers as to the accuracy or completeness of the information contained herein, and nothing contained in this Introductory Document is, or shall be relied upon as, a promise, representation or covenant by our Company, the Joint Managers or their respective affiliates, directors, officers, employees, agents, representatives or advisers.

Recipients of this Introductory Document and all prospective investors in the Shares should not construe the contents of this Introductory Document or its appendices as legal, business, financial or tax advice. Recipients of this Introductory Document and all prospective investors in the Shares should consult their own professional advisers as to the legal, business, financial, tax and related aspects of holding and owning the Shares.

This Introductory Document has been prepared solely for the purpose of the Introduction and may not be relied upon by any persons for purposes other than the Introduction prior to the Listing Date (as defined herein) or for any purpose whatsoever on or after the Listing Date. Nothing in this Introductory Document constitutes or shall be construed to constitute an offer, invitation or solicitation in any jurisdiction. This Introductory Document does not constitute and shall not be construed to constitute an offer, invitation or solicitation to any person to subscribe for or purchase the Shares. This Introductory Document does not constitute a prospectus under Singapore law and has not been lodged with or registered by the Authority.

The use or distribution of this Introductory Document may be prohibited or restricted by law in certain jurisdictions. Our Company and the Joint Managers require persons into whose possession this Introductory Document comes to inform themselves of and to observe any such prohibition or restriction at their own expense and without liability to our Company or the Joint Managers. Persons to whom a copy of this Introductory Document has been issued shall not circulate to any other person, reproduce or otherwise distribute this Introductory Document or any information herein for any purpose whatsoever nor permit or cause the same to occur.

Copies of this Introductory Document may be obtained on request, subject to availability, during office hours, from:

J.P. MORGAN (S.E.A.) LIMITED

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Singapore 048948

UBS AG, SINGAPORE BRANCH

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Singapore 238459

A copy of this Introductory Document is also available on SGXNET at <http://www.sgx.com>.

CONVENTIONS WHICH APPLY TO THIS INTRODUCTORY DOCUMENT

In this Introductory Document, references to “our Company” and “the Company” are to Emperador Inc., references to “we”, “us”, “our”, “our Group” and “the Group” are to our Company and its consolidated subsidiaries, taken as a whole, and, where the context requires, our Company. References to “AGI” are to Alliance Global Group, Inc., our parent company.

In this Introductory Document, unless otherwise specified or the context otherwise requires, all references to the “Philippines” are references to the Republic of the Philippines. All references to the “Government” herein are references to the Government of the Philippines. All references to the “BSP” are references to *Bangko Sentral ng Pilipinas*, the central bank of the Philippines. All references to “United States” or “U.S.” herein are to the United States of America. All references to “peso” and “P” herein are to the lawful currency of the Philippines and all references to “U.S. dollars” or “U.S.\$” herein are to the lawful currency of the United States.

PRESENTATION OF FINANCIAL INFORMATION

This Introductory Document contains the following financial information: the audited consolidated financial statements of our Company as of 31 December 2019, 2020 and 2021 and for the years ended 31 December 2019, 2020 and 2021 (the “**Audited Consolidated Financial Statements**”) and the unaudited consolidated financial statements of our Company as of 31 March 2022 and for the three months ended 31 March 2021 and 2022 (the “**Unaudited Consolidated Interim Financial Statements**”). The Audited Consolidated Financial Statements of our Company have been prepared in accordance with the Philippine Financial Reporting Standards (the “**PFRS**”) issued by the Philippine Financial Reporting Standards Council and Philippine Standards on Auditing (“**PSA**”). The Independent Auditors and Reporting Accountants are of the opinion that PFRS is adopted from International Financial Reporting Standards (“**IFRS**”), that there are no material differences between PFRS and IFRS, except on the aspect of revenue recognition under IFRS 15 for real estate companies that avail of the relief granted by the PSEC (as defined herein), that PSA is adopted from International Standards on Auditing (“**ISA**”) and that there are no material differences between PSA and ISA. The Independent Auditors and Reporting Accountants have confirmed that the relief given by the PSEC to real estate companies in the Philippines is not applicable to the Group as the Group is not engaged in real estate business. Accordingly, there are no differences between PFRS and IFRS in terms of applicability to the Group. The Unaudited Consolidated Interim Financial Statements of our Company have been prepared in accordance with Philippine Accounting Standard (“**PAS**”) 34, Interim Financial Reporting. The Independent Auditors and Reporting Accountants are of the opinion that there is no material difference between PAS 34, Interim Financial Reporting and International Accounting Standards (“**IAS**”) 34 (IAS 34), Interim Financial Reporting and no material difference between PAS and IAS. The Independent Auditors and Reporting Accountants have audited and rendered an unqualified audit report in respect of the Audited Consolidated Financial Statements of our Company and have also reviewed and rendered an unqualified review report in respect of the Unaudited Consolidated Interim Financial Statements of our Company. The audit report and the review report of the Independent Auditors and Reporting Accountants are included elsewhere in this Introductory Document.

Figures in this Introductory Document have been subject to rounding adjustments. Accordingly, figures shown for the same item of information may vary and figures which are totals may not be an arithmetic aggregate of their components.

We maintain our accounts and publish our financial statements in peso. This Introductory Document contains translations of peso amounts into Singapore Dollars solely for the convenience of the reader. Unless otherwise indicated, peso amounts in this Introductory Document have been translated into Singapore Dollars based on the exchange rate of S\$1 = ₱2.6055, quoted by the Authority¹ on the Latest Practicable Date. However, these translations should not be construed as representations that peso amounts have been, would have been or could be converted into Singapore Dollars or that Singapore Dollar amounts have been, would have been or could be converted into peso at those rates or any other rate or at all. See “*Exchange Rates and Exchange Controls*” for certain historical information on the exchange rate between Peso and Singapore Dollars.

Neither our Audited Consolidated Financial Statements nor our Unaudited Consolidated Interim Financial Statements have been reconciled or restated to Singapore Financial Reporting Standards (International) (“**SFRS(I)**”), IFRS or U.S. Generally Accepted Accounting Principles (“**US GAAP**”). For the years ended 31 December 2019, 2020 and 2021 (the “**Relevant Period**”), the Independent Auditors and Reporting Accountants are of the opinion that no material adjustments are required to restate the audited consolidated financial statements in accordance with SFRS(I), IFRS or US GAAP for the Relevant Period. Post-Introduction, neither the Audited Consolidated Financial Statements nor the Unaudited Consolidated Interim Financial Statements of our Company will be reconciled or restated to SFRS(I), IFRS or U.S. GAAP or audited in accordance with the Singapore Standards on Auditing (“**SSA**”), International Standards on Accounting (“**ISA**”) or U.S. Generally Accepted Auditing Standards, as our Company will continue to comply with such requirements in relation to accounting and auditing standards applicable to our Company under the Philippines’ periodic disclosure regulations. Subject to the Philippines’ periodic disclosure regulations, it is currently expected that our Company’s periodic financial reports will continue to be prepared (and released on the PSE and the SGX-ST) in accordance with PFRS and audited in accordance with PAS.

NON-PFRS FINANCIAL MEASURES

The term “**EBITDA**” refers to earnings before interest, taxes, depreciation and amortisation and the term “**EBIT**” refers to earnings before interest and taxes. EBITDA and EBIT are supplemental measures of our Company’s performance and liquidity that are not required by, or presented in accordance with, PFRS. Further, neither EBITDA nor EBIT is a measurement of our Company’s financial performance or liquidity under PFRS and should not be considered as an alternative to net income, revenues or any other performance measure derived in accordance with PFRS or as an alternative to cash flow from operations or as a measure of our Company’s liquidity.

Our Company believes that EBITDA and EBIT facilitate operating performance comparisons from period to period and from company to company by eliminating potential differences caused by variations in capital structures (affecting interest expense), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses) and the age and book depreciation and amortisation of tangible assets (affecting relative depreciation and amortisation expenses). In particular, EBITDA eliminated non-cash charges, such as but not limited to depreciation and amortisation expenses that arise from the capital intensive nature of our Company’s business. Finally, our Company presents EBITDA and EBIT because we believe they are frequently used by securities analysts and investors in the evaluation of companies in our industry.

1 The Monetary Authority of Singapore has not provided its consent to the inclusion of the information cited to it and is therefore not liable for such information. While our Company has taken reasonable actions to ensure that such information has been included in its proper form and context in this Introductory Document, neither our Company, our Directors, the Joint Managers nor any other party has verified the accuracy of the contents of such information.

ENFORCEMENT OF CIVIL LIABILITIES

Our Company and AGI are organised under the laws of the Republic of the Philippines. A substantial portion of our Company's and AGI's assets are located in the Philippines and outside of the United States. It may be difficult for investors to effect service of process outside of the Philippines upon our Company or AGI. Moreover, it may be difficult for investors to enforce judgments against our Company or AGI outside of the Philippines in any actions pertaining to the Shares. In addition, substantially all of the directors and officers of our Company and AGI are residents of the Philippines, and all or a substantial portion of the assets of such persons are or may be located in the Philippines. As a result, it may be difficult for investors to effect service of process upon such persons or enforce against such persons judgments obtained in courts or arbitral tribunals outside of the Philippines predicated upon the laws of jurisdictions other than in the Philippines.

The Philippines is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments but is a signatory to the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards. Moreover, the Philippines enacted Republic Act No. 9285, otherwise known as the Alternative Dispute Resolution Act of 2004, to facilitate the enforcement of arbitral awards in the Philippines. Nevertheless, Philippines Rules of Procedure provide that a judgment or final order of a tribunal of a foreign country having jurisdiction to give the judgment or final order is, through the institution of an independent action, enforceable in the Philippines as a general matter, unless there is evidence that: (i) such judgment was obtained by collusion or fraud, (ii) the foreign court rendering such judgment did not have jurisdiction, (iii) such order or judgment is contrary to good customs, public order, or public policy of the Philippines, (iv) the party against whom the enforcement is sought did not receive notice of the proceedings before the foreign court, or (v) such judgment was based upon a clear mistake of law or fact.

FORWARD-LOOKING STATEMENTS

This Introductory Document contains statements of future expectations, projections and forward-looking statements. Statements that express, or involve discussions as to our Company's beliefs, plans, objectives, assumptions, future events, or expectations, are forward-looking statements and can generally be identified by the use of the words "anticipate", "believe", "estimate", "expect", "intend", "seek", "plan", "may", "will", "would", "could", "going-forward", "ought to", "projection", "vision", "goals", "objective", "target", "schedules", "outlook" and words of similar import. These forward-looking statements include, without limitation, statements relating to:

- our Company's overall future business, financial condition and results of operations, including, without limitation, its financial position or cash flow;
- our Company's business and investment strategy, including product design, customer targeting, expansion plans for its existing assets, operations or other capital expenditure plans;
- our Company's goals for or estimates of its future operational performance or results;
- our Company's capital structure and dividend policy;
- the future demand for our Company's products, including demand for future products our Company may offer; and
- changes in our Company's and its controlling shareholder's regulatory environment, including policies, decisions and determinations of governmental or regulatory authorities.

Forward-looking statements involve inherent risks and uncertainties and should not be unduly relied upon. The forward-looking statements contained in this Introductory Document reflect our Company's current views with respect to future events and are in most cases beyond our Company's control. Actual results or outcomes may differ materially from those expressed in any forward-looking statements as a result of a number of factors, including, among others:

- our Company's ability to successfully implement its current and future strategies;
- our Company's ability to anticipate and respond to local and regional trends;
- changes in interest rates, inflation rates and the value of the peso against the U.S. dollar and other currencies;
- general political, social and economic conditions in the Philippines;
- regional geopolitical dynamics involving the Philippines and its neighbours;
- the condition of and changes in the Asian, European or global economies;
- changes to the laws, regulations and policies applicable to or affecting our Company, including changes to laws, regulations and policies relating to the alcohol industry;
- legal or regulatory proceedings in which our Company is or may become involved; and
- uncontrollable events, such as war, civil unrest or acts of international or domestic terrorism, the outbreak of contagious diseases, accidents and natural disasters.

Additional factors that could cause our Company's actual results, performance or achievements to differ materially include, but are not limited to, those disclosed under "*Risk Factors*", "*Dividends and Dividend Policy*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Business*". These forward-looking statements speak only as of the date of this Introductory Document. Our Company and the Joint Managers expressly disclaim any obligation or undertaking to release, publicly or otherwise, any updates or revisions to any forward-looking statement contained herein to reflect any change in our Company's expectations with regard thereto or any change in events, conditions, assumptions or circumstances on which any statement is based. In light of these risks, uncertainties and assumptions associated with forward-looking statements, investors should be aware that the forward-looking events and circumstances discussed in this Introductory Document might not occur in the way our Company expects, or at all. Our Company's actual results could differ substantially from those anticipated in our Company's forward-looking statements. Investors should not place undue reliance on any forward-looking information.

INDUSTRY AND MARKET DATA

This Introductory Document contains certain data and information that we have obtained from industry publications and reports generated by third-party providers of market intelligence including the report entitled "Independent Market Research (IMR) on Selected Spirits/Liquor Industries Globally and in Select Markets including Mainland China and the Philippines" prepared by Frost & Sullivan and appended to this Introductory Document in "*Appendix I—Industry Report*". Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information has not been independently verified and is not guaranteed. Although we believe that the third-party information and data contained in this Introductory Document are reliable, our Company and the Joint Managers have not independently verified the accuracy or completeness of the data and information contained in these publications and reports. Statistical data in these publications also include projections based on a number of assumptions. If any one or more of the assumptions underlying the market data are later found to be incorrect, actual results may differ from the projections based on these assumptions.

Investors should note that market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions.

This Introductory Document contains information generated by Nielsen. Nielsen information reflects estimates of market conditions based on samples and is prepared primarily as a marketing research tool for consumer-packaged goods manufacturers and others in the consumer goods industry. Nielsen information is not a substitute for financial investment, legal or other professional advice and should not be viewed as a basis for investments. References to Nielsen should not be considered as Nielsen's opinion as to the value of any security or the advisability of investing in any company, product or industry.

CORPORATE INFORMATION

Directors	Andrew L. Tan (<i>Chairman of the Board of Directors and Non-Executive Director</i>) Winston S. Co (<i>President and Chief Executive Officer</i>) Katherine L. Tan (<i>Executive Director and Treasurer</i>) Kendrick Andrew L. Tan (<i>Executive Director</i>) Kevin Andrew L. Tan (<i>Non-Executive Director</i>) Enrique M. Soriano III (<i>Lead Independent Director</i>) Jesli A. Lapus (<i>Independent Director</i>)
Company Secretary	Anna Michelle T. Llovido (Bachelor's degree in Law)
Company Registration Number	A2000117595
Registered Office and Principal Place of Business	7/F, 1880 Eastwood Avenue Eastwood City CyberPark 188 E. Rodriguez Jr. Avenue Bagumbayan, Quezon City 1110 Metro Manila
Joint Managers to the Introduction	J.P. Morgan (S.E.A.) Limited 88 Market Street #30-00 CapitaSpring Singapore 048948 UBS AG, Singapore Branch 9 Penang Road Singapore 238459
Legal Adviser to the Introduction and to our Company as to Singapore Law and U.S. Federal Securities Law	Allen & Overy LLP 50 Collyer Quay #09-01 OUE Bayfront Singapore 049321
Legal Adviser to our Company as to Philippine Law	Picazo Buyco Tan Fider & Santos 18/F, Liberty Center 104 H. V. Dela Costa Street Makati City Philippines
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Legal Adviser to our Company as to Spanish Law	Andersen Tax & Legal Iberia, S.L.P. Velázquez 108-110 28006 Madrid Spain

**Legal Adviser to our Company
as to Luxembourg Law**

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**Legal Adviser to our Company
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**Legal Adviser to the Joint Managers
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**Legal Adviser to the Joint Managers
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**Legal Adviser to the Joint Managers
as to Singapore Law**

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**Independent Auditors and Reporting
Accountants**

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Independent Tax Adviser

Punongbayan & Araullo
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Tax Principal: Eleanor Lucas Roque

Principal Bankers

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Quezon City, Metro Manila, Philippines
Branch Manager: Jose Jude A. Moises

Metropolitan Bank & Trust Company

Eastwood Branch
Ground Floor, Techno Plaza 1
Orchard Road, Eastwood City
E. Rodriguez Jr. Ave., Bagumbayan
Quezon City, Metro Manila, Philippines
Branch Manager: Marie Antonette Miguel

Union Bank of the Philippines, Inc.

Eastwood Branch
Ground Floor, Le Grand Tower 1
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E. Rodriguez Jr. Ave., Bagumbayan
Quezon City, Metro Manila, Philippines
Branch Manager: Czarina Rodriguez

Union Bank of the Philippines, Inc.

San Agustin Branch
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Metro Manila, Philippines

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GLOSSARY OF TERMS

The following definitions and glossary apply in this Introductory Document unless otherwise dictated by the context, including the foregoing pages of the Introductory Document.

Definitions

ABV	Alcohol by volume
AFP	Armed Forces of the Philippines
AGI	Alliance Global Group, Inc.
AGI Group	AGI and its affiliates
AMLA	Anti-Money Laundering Act of 2001
APAC	Asia-Pacific
Arran	Arran Investment Pte. Ltd.
Articles of Incorporation . . .	The articles of incorporation of the Company
Authority	Monetary Authority of Singapore
AWGI	Anglo Watsons Glass, Inc.
Beam Suntory	Beam Suntory Spain, S.L.
BFP	Bureau of Fire Protection
BIR	Bureau of Internal Revenue
Board	The Board of Directors of the Company
Bodega Las Copas	Bodega Las Copas S.L.
Bodegas Fundador	Bodegas Fundador, S.L.U.
BSB	Bodega San Bruno, S.L.
BSI	British Standards Institution
BSP	<i>Bangko Sentral Ng Pilipinas</i> , the Philippine central bank
By-laws	The by-laws of the Company
CAD	Canadian Dollars, the lawful currency of Canada
CAGR	Compound annual growth rate
CAR	Certificate authorising registration

CCCS	Central Clearing and Central Settlement
CDP	The Central Depository (Pte) Limited of Singapore
CDP Depositor	Has the meaning ascribed to “depositor” in Section 81SF of the SFA
cl.	Centilitre
Company or EMP	Emperador Inc.
Consolidated Distillers of the Far East or ConDis	Consolidated Distillers of the Far East, Inc.
Controlling Shareholder	A person who: (i) holds directly or indirectly 15.0% or more of the total number of issued shares excluding treasury shares in a company; or (ii) in fact exercises control over a company, as defined in the Listing Manual
COVID-19	Coronavirus causing coronavirus disease
DENR	Department of Environment and Natural Resources
DENR-EMB	Department of Environment and Natural Resources-Environmental Management Bureau
Depository Agent	Has the meaning ascribed to it in Section 81SF of the SFA
Depository Register	Has the meaning ascribed to it in Section 81SF of the SFA
Directors	Members of the Board of Directors of the Company
DOH	Philippine Department of Health
DOLE	Department of Labor and Employment
Domecq BLC	Domecq Bodega Las Copas S.L.
DPA	Data Privacy Act of 2012
DTI	Philippine Department of Trade and Industry
EBITDA	Earnings before interest, taxes, depreciation and amortisation
ECC	Environmental Compliance Certificate
ECQ	Enhanced community quarantine
EDI	Emperador Distillers, Inc.

EDI Group	EDI and its subsidiaries
EIS	Environmental Impact Statement
ELS	Equity-linked securities
EMEA	Europe (excluding the UK), Middle East and Africa
EMF	Environmental Monitoring Fund
Employee Stock Option Plan	The employee stock option plan of the Company
ESG	Environmental, social, and governance
EU	European Union
EURIBOR	Euro Interbank Offered Rate
Executive Officers	Winston S. Co, Katherine L. Tan, Dina D.R. Inting and Anna Michelle T. Llovido
FDA	Philippine Food and Drug Administration, formerly the Bureau of Food and Drugs
Frost & Sullivan	Frost & Sullivan (Singapore) Pte Ltd
GBP	Great British Pound, the lawful currency of the UK
GDPR	EU General Data Protection Regulation
GEG	Grupo Emperador Gestion, SLU
GES	Grupo Emperador Spain, S.A.
Global Travel Retail	A sales channel mainly revolving around airports and airplanes
Government	The government of the Republic of the Philippines
Greater China	the People's Republic of China, Hong Kong, Macau, and Taiwan
Group	Our Company and our subsidiaries as at the date of this Introductory Document
GST	Goods and services tax
GST Act	Goods and Services Tax Act 1993 of Singapore, as amended or modified from time to time
HMRC	Her Majesty's Revenue and Customs

HNWI	High net worth individuals
IATF	Inter-Agency Task Force of Emerging Infectious Disease
ICT	Information and Communications System
Independent Auditors and Reporting Accountants	Punongbayan & Araullo
Independent Tax Adviser	Punongbayan & Araullo
Industry Report	The report entitled “Independent Market Research (IMR) on Selected Spirits/Liquor Industries Globally and in Select Markets including Mainland China and the Philippines” prepared by Frost & Sullivan and appended to this Introductory Document in “ <i>Appendix I—Industry Report</i> ”
IRR	Implementing Rules and Regulations
IWSR	International Wines and Spirits Record
Joint Managers or Issue Managers	J.P. Morgan and UBS AG
J.P. Morgan	J.P. Morgan (S.E.A.) Limited
Latest Practicable Date	7 June 2022 being the latest practicable date for the purposes of issuance of this Introductory Document with the SGX-ST
LGU	Local government unit
LIBOR	London Inter-bank Offered Rate
Listing Date	The date on which trading of our Shares on the SGX-ST commences
Listing Manual	The listing manual of the SGX-ST
LLDA	Laguna Lake Development Authority
Market Day	A day on which the SGX-ST and the PSE is open for trading in securities (as the case may be)
MECQ	Modified enhanced community quarantine
ml	Millilitre
MPO	Minimum public ownership
NFT	Non-fungible token

Nielsen	The Nielsen Company (Philippines) Inc.
OFW	Overseas Filipino worker
OHSAS	Occupational Health and Safety Management System Certification
PAS	Philippine Accounting Standards
PCD Nominee	PCD Nominee Corporation, a corporation wholly owned by the PDTC
PDTC	Philippine Depository & Trust Corporation
PDTC Participant	A Philippines broker, custodian bank, and other corporations or institutions that have their own PDTC account
Pedro Domecq	Pedro Domecq, S.A. de C.V.
Period Under Review	The three years ended 31 December 2021, 2020 and 2019 and the three-month periods ended 31 March 2022 and 2021
Pesos or ₱	Philippine pesos, the lawful currency of the Philippines
PFRS	Philippine Financial Reporting Standards
PHIC	Philippine Health Insurance Corporation
Philippine Revised Corporation Code	Republic Act No. 11232 or the Revised Corporation Code of the Philippines
Philippine Tax Code	National Internal Revenue Code of 1997, as amended
Philippines	Republic of the Philippines
Philippine CGC	Code of Corporate Governance for Publicly-Listed Companies adopted in SEC Memorandum Circular No. 19 of 22 November 2016
Philippines Custodian	Citibank N.A., Philippine Branch
Progreen	Progreen Agricornp, Inc.
PSE	The Philippine Stock Exchange
PSE Listing and Disclosure Rules	The consolidated listing and disclosure rules issued by the PSE
PSEC	Philippine Securities and Exchange Commission

R.A.	Republic Act
R.A. No. 3720.	The Food and Drug Administration Act of 2009, as amended
R.A. No. 11467.	Republic Act No. 11467
Revised Trading Rules	Revised trading rules of the PSE dated 8 June 2010
RMC	Revenue Memorandum Circular
RPTs.	Related party transactions
sari-sari store	Small neighbourhood retail shop
SCCP	Securities Clearing Corporation of the Philippines
Securities Account	A securities account maintained by a CDP Depositor with CDP, not including a securities sub-account
SEPA	Scottish Environment Protection Agency
SFA or Securities and Futures Act	Securities and Futures Act 2001 of Singapore, as amended or modified from time to time
SFR.	Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018, as amended or modified from time to time
SGX-ST.	Singapore Exchange Securities Trading Limited
SGXNET	Singapore Exchange Network, a system network used by listed companies in sending information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST
Shares	The authorised and issued shares of common stock in the Company, each with a par value of ₱1.00 per Share
Shareholders	Shareholders whose names appear on the stock and transfer book of the Company
Singapore Custodian	Citibank N.A., Singapore Branch
Singapore Companies Act ..	Companies Act 1967 of Singapore, as amended or modified from time to time
SKUs	Stock keeping units
SQM	square metre

SRC or Securities Regulation Code	Securities Regulation Code of the Philippines (R.A. No. 8799) and its implementing rules and regulations, as amended
SSS	Social Security System
Substantial Shareholder	A shareholder who has an interest or interests in the Shares, where the total votes attached to those Shares is not less than 5.0% or more of the total votes attached to all Shares
SVS	St Vincent Street (446) Limited
S\$ or Singapore Dollar or cents	The lawful currency of the Republic of Singapore
Tan Family	Andrew L. Tan, his wife Katherine L. Tan and their children Kevin Andrew L. Tan and Kendrick Andrew L. Tan
The Andresons Group	The Andresons Group, Inc.
TRAIN	Republic Act No. 10963 or the Tax Reform for Acceleration and Inclusion
UBS AG	UBS AG, Singapore Branch
UHNWI	Ultra high net worth individuals
UK or United Kingdom	United Kingdom of Great Britain and Northern Ireland
United States or U.S.	United States of America
U.S. dollars or U.S.\$	United States Dollars, the lawful currency of the United States
US GAAP	U.S. Generally Accepted Accounting Principles
VAT	Value Added Tax
WMG	Whyte and Mackay Group Limited and its subsidiaries
WML	Whyte and Mackay Limited

SUMMARY

This summary highlights information contained elsewhere in this Introductory Document. This summary is qualified in its entirety by the more detailed information and financial statements, including notes thereto, appearing elsewhere in this Introductory Document. For a discussion of certain risks that should be considered in evaluating an investment in the Shares, see "Risk Factors". Investors are advised to read this entire Introductory Document carefully, including our Company's consolidated financial statements and related notes contained herein.

OVERVIEW

We are a leading global integrated manufacturer, bottler and distributor of brandy, Scotch whisky and other alcoholic beverages. In 2021, we were the largest brandy producer in the world and one of the largest overall spirits producers in the Philippines by value and by volume and in 2020, we were the fifth largest Scotch whisky producer worldwide based on production capacity of grain and single malt whisky, according to the Industry Report. For the year ended 31 December 2021, Emperador brandy products held an 82.3% market share among all local and imported brandies in the Philippines based on volume according to the Industry Report.

We have a broad brand portfolio across multiple price segments. Our brandy and Scotch whisky portfolios include some of the oldest and best-recognised brands in the world, including brands with centuries-old legacies. We sell our products under brands that range from accessible to luxury including Emperador, Presidente and Fundador for brandy, Harveys for sherry wine, The Dalmore, Jura, Tamnavulin and Fettercairn for Single Malt Scotch Whisky and John Barr, Claymore and Whyte & Mackay for blended Scotch whisky, among others. In addition to brandy and Scotch whisky, we produce sherry, vodka, gin, rum and other liqueur. We also produce beverages for private labels and bulk liquids such as Scotch whisky, brandy and sherry for companies that sell their own branded beverages.

Our production facilities possess an inventory of rare stock and a high volume of aged liquids. Our principal production facilities comprise nine distilleries, four blending and bottling facilities, 788 hectares of vineyards and a glass manufacturing plant located across the Philippines, the United Kingdom and Spain. In Mexico, we own a winery and subcontract our ageing, blending and bottling process.

Our primary geographic markets are the Philippines, Greater China, the United Kingdom, Spain, Mexico, U.S., Germany and France which are among the 102 countries where our products are sold.

We are organised into two business segments: the Scotch whisky segment (which includes all products sold by WMG) and the brandy segment (which comprises all products sold by EDI, Bodegas Fundador and Domecq BLC).

The following table shows our revenues and other income in each business segment for the periods indicated.

	Year Ended 31 December						Three-month period ended 31 March	
	2019		2020		2021		2022	
	P in millions	%	P in millions	%	P in millions	%	P in millions	%
Brandy.	37,627	72.97	36,891	69.82	37,232	66.56	7,635	61.91
Scotch Whisky . . .	13,938	27.03	15,943	30.18	18,704	33.44	4,698	38.09
TOTAL	51,565	100	52,834	100	55,936	100	12,333	100

The following table shows our consolidated revenues and other income in each geographic region by Philippine pesos and percentages for the periods indicated.

	Year Ended 31 December						Three-month period ended 31 March	
	2019		2020		2021		2022	
	₱ in millions	%	₱ in millions	%	₱ in millions	%	₱ in millions	%
Europe	11,419	22.14	12,884	24.39	14,242	25.46	3,176	25.75
North America	1,106	2.15	1,050	1.99	2,101	3.76	669	5.42
Latin America	3,028	5.87	2,442	4.62	2,994	5.35	665	5.39
Middle East and Africa	540	1.05	411	0.78	402	0.72	74	0.60
APAC	35,473	68.79	36,047	68.23	36,197	64.71	7,750	62.84
TOTAL	51,566	100.00	52,834	100.00	55,936	100.00	12,333	100.00

COMPETITIVE STRENGTHS

A leading global spirits player with proven track record, solid momentum and established footprint in over 100 countries

We are a leading global manufacturer, bottler and distributor of brandy, Scotch whisky and other alcoholic beverages. By volume, in 2021 we were the world's largest brandy and in 2020, the fifth largest Scotch whisky producer worldwide based on production capacity of grain and single malt whisky according to the Industry Report, with manufacturing capabilities drawing upon a rich heritage in four countries across three continents. Our leading market position and global presence result in a resilient business that has achieved revenue and net profit growth in 2021 despite the challenges of the COVID-19 pandemic, driven by strong performance of The Dalmore and Jura brands among others.

Our fast-growing international business has been spearheaded by our Scotch whisky segment. Since entering this market through our acquisition of WMG in 2014, our Scotch whisky business has experienced rapid growth and expanded upon the original UK-focused strategy to grow internationally with a globally recognised portfolio of brands. Demonstrating our ability to successfully integrate WMG and deploy our strategy of internationalisation, our Scotch whisky revenues have grown at a CAGR of 10.3% from 2016 to 2021 while our brandy revenues have grown at a CAGR of 4.7% during the same period. While we managed to grow our Scotch segment branded business by 2.7 times from 2015 to 2021 (based on management accounts and after duties and promotional spend and excluding sales under a third party distribution contract in the UK which has since been terminated), we have also significantly diversified geographically with increasingly strong presence in many of the fast-growing key Scotch whisky markets. In 2015, WMG's branded sales (excluding duties and promotions) in the UK, EMEA, Global Travel Retail, the Americas, APAC and others were 39%, 20%, 19%, 15%, 6% and 1%, respectively. In 2021, branded sales (excluding duties and promotions) in the UK, EMEA, Global Travel Retail, the Americas, APAC and others were 29%, 17%, 8%, 12%, 30% and 5%, respectively, implying that branded sales (excluding duties and promotions) from outside the UK and EMEA (i.e. Global Travel Retail, the Americas, APAC and others) have grown from 41% to 54% within six years of development, as derived from adding the branded sales in these regions. Duties and promotions are excluded from figures in order to improve comparability across brands and years as not all sales are subject to duties or promotions.

From 2015 to 2021, WMG's total branded sales (excluding duties and promotions) more than doubled; outside of the UK and Global Travel Retail channels, WMG's branded sales (excluding duties and promotions) more than tripled; and within APAC, they grew more than 10 times. (The figures in 2015 exclude the last period of sales under a third-party distribution contract in the UK, which was terminated that year.) Single malt whisky is an important element of our growth. Branded sales (excluding duties and promotions) of single malt whisky grew at a CAGR of 24% from 2015 to 2021, converting to a growth of roughly three times. In 2021, single malts contributed to approximately 76% of WMG's branded sales (excluding duties and promotions).

The Company's fundamental precept of "think globally, act locally" has given us insights into local consumer preferences in order to develop a fit-for-purpose commercial agenda in those markets we seek to develop, and helped create a global footprint for our products in more than 100 countries (including in approximately 400 Global Travel Retail stores) with a long-standing presence in many of these markets. Reflecting this global reach and local depth, our brandy products have been the world's best-selling Spanish brandy by volume since 2011 according to the Industry Report and have achieved leading positions in multiple markets. For example, we have the largest market share of brandy sales (by volume) in Mexico, Colombia, Spain and the Philippines while ranking third in Spanish brandy sales in the United States in 2021 according to the Industry Report. We are also one of the largest overall spirits producers by value and by volume in the Philippines according to the Industry Report.

Our brandy has seen strong international growth. From 2016 to 2019, retail value from Fundador brandy products grew by 52%. During the year 2021, it further grew by 32% by volume and 27% by value. This growth has coincided with the expansion of our global footprint. We increased the countries in which we sold Fundador products from 17 in 2016 to more than 60 in 2021, after starting to sell into the UK, Greater China, Cameroon and Brazil in 2020. Our differentiated mindset also allows us to further expand our presence in emerging brandy markets. From 2018 to 2020, Fundador brandy volume sold in the UK, U.S., Canada, Latin America and Africa increased at a CAGR of 18%. Over the same period in Greater China, it grew at a CAGR of 216%.

We began building our presence in the People's Republic of China with Scotch whisky in 2015 and brandy in 2018, and have introduced 41 Scotch whisky SKUs across six brands, and six brandy SKUs across our Emperador and Fundador brands. Through cooperation with reputable Chinese distributors and by leveraging on their vast experience in the local market, we have established a presence in 33 cities (of which 20 are tier 2) across almost all provinces in the country and achieved significant growth, with sales of both brandy and Scotch whisky increasing 4.5 times by value and 4.4 times by volume from 2017 to 2020 in the People's Republic of China, Hong Kong and Macau. In the People's Republic of China, sales of The Dalmore products (excluding duties and promotions) grew at a CAGR of 110% from 2019 to 2021 while sales (excluding duties and promotions) of Claymore grew at a CAGR of 38% over the same period. In Taiwan, sales of Jura (excluding duties and promotions) grew at a CAGR of 110% from 2019 to 2021. As a whole, we have seen solid growth momentum in the region, particularly for single malt, as sales (excluding duties and promotions) in Greater China and mainland China grew at a CAGR of 76% and a CAGR of 108%, respectively, from 2015 to 2021.

Portfolio of heritage and well-recognised global brands coupled with remarkable innovation capabilities and insights

Our portfolio includes heritage and well-recognised global brands such as those under our EDI, WMG and Bodegas Fundador portfolios. Some of these brands are more than a century old. For example, The Dalmore traces its heritage back to 1263 and King Alexander III of Scotland, who granted the Mackenzie Family the right to bear the very precious 12 pointed royal stag. The Mackenzie's later became custodians of The Dalmore distillery in 1867 and since that date the royal stag adorns every bottle. Fundador, established in 1730, is Spain's oldest and largest brandy producer and counts the Spanish royal family among its first patrons. Harveys, the best-selling sherry wine in the world in terms of value, according to IWSR, was granted a royal warrant as a supplier to the British monarchy in 1895 and is the only Spanish product to enjoy this distinction.

Our brand portfolio is well diversified and extends across a broad range of price points within both the Scotch whisky and brandy segments, from accessible and standard brands such as John Barr, Tamnavulin, Emperador and Presidente, to premium and super premium labels such as Fettercairn, Fundador Exclusivo and Supremo, and up to the luxury segment with The Dalmore, as shown below:



Multiple awards further demonstrate the strength of our brands. For example, WMG captured a total of 28 top awards from leading industry bodies (Gold, Gold Outstanding Awards and Excellent) including awards from the International Wine and Spirit Competition (“IWSC”), the International Spirits Challenge (“ISC”) and the Ultimate Spirits Challenge (“USC”). In addition, WMG received the prestigious Distiller of the Year 2021 – Scotland award, by Icons of Whisky. Bodegas Fundador has also received many awards for its products including the IWSC award for Best Brandy in the World for Fundador Supremo 18 in 2019 and San Francisco World Spirits Competition’s Platinum award in 2021 for the same product. Bodegas Fundador also received the Sherry Trophy and the Fortified Wine Producer award from IWSC in 2019 and was a finalist for Brandy Producer of the Year from IWSC in 2017, 2019 and 2020. The breadth and strength of our wholly owned brand portfolio, combined with our proven ability to innovate and our market insights, allow us to select effective brand-product combinations tailored to specific consumer preferences across different product and geographic markets.

We continue to innovate and develop new products tailored to specific consumer preferences and palate nuances in the markets where we are present. Examples of such product innovations include Terry White Brandy, created to be a versatile drink that can be combined with soft drinks, juices and tonics, Jura Rum Cask Edition, a Single Malt Whisky finished in specially selected Caribbean rum casks to give a smooth, fruity finish and The Dalmore Vintages 2005 enhanced in hand-selected Paez Amoroso Sherry casks, to give a taste of fresh blossom. A unique marketing moment occurs every year when our whisky makers visit our highland distillery to hand-select truly distinguished casks for strictly limited editions.

Tamnavulin in particular demonstrates our ability to innovate and adapt. Having identified a market gap for affordable single malts, in 2016 we introduced Tamnavulin, a Single Malt Scotch Whisky from Speyside with a sherry-led taste, using packaging elements to reflect the cues of malt brands much higher in the price ladder but priced competitively while not being the cheapest. Focusing on its three key enablers of great liquid, great packaging and great price, Tamnavulin was positioned with the target of becoming the most available and visible affordable single malt globally. Marketing was initially through nationwide distribution in the United Kingdom in partnership with chain stores such as Tesco, then internationally in Europe and travel retail in 2018 followed by Asia in 2019, and U.S. in 2021. Tamnavulin is the fastest growing Single Malt Scotch Whisky in the world based on absolute value and volume growth in the Single Malt Scotch Whisky category between 2019 and 2021 and Tamnavulin's global malt brand ranking, based on volume, increased from 67th to 15th since launching in September 2016 according to the Industry Report and IWSR.²

Our Claymore brand provides a further example of our talent for innovation. Seeking to introduce a value-end blended Scotch whisky offering a compelling balance between taste and price, particularly compared to value baijiu brands, we relaunched Claymore in mainland China in 2017. By leveraging off select wholesalers' distribution networks and expertise with local consumer preferences, and making Claymore available both through on-premise channels as well as online stores, we increased our shipment volume of Claymore to mainland China by more than 12 times from 2017 to 2021, Claymore is the ninth best-selling blended Scotch whisky in mainland China according to the Industry Report.

Entrenched market leadership and extensive distribution in the Philippines benefiting from on-going premiumisation

In the Philippines, we have been the main protagonist in the development of the domestic brandy market since the introduction of Emperador in 1990. Based on a strategy of creating demand for brandy through dynamic marketing and a reputation for quality, together with successful innovation in the depth and breadth of our products under our now-iconic brand, Emperador had become the world's best-selling Spanish brandy by volume since 2011, according to the Industry Report, a position it continues to hold today. We reaffirmed our status as a market leader with the introduction of Emperador Light in 2010, the first light brandy.

We are also one of the largest spirits players by value and by volume in the Philippines according to the Industry Report, backed by a powerful nationwide distribution network that is difficult for competitors to replicate and helps to further entrench our market leadership. This network extends across hypermarkets, supermarkets, grocery outlets, convenience and sari-sari (neighbourhood sundry) stores, and for our more premium brands, such as Fundador, we directly target hotels, restaurants and bars. As a result of these distribution capabilities, our brands have the highest numeric distribution in Philippines stores among other spirits manufacturers with EDI's numeric distribution at 28% as of December 2021 according to Nielsen.³

2 Source: Calculation based on data from the IWSR Global Database 2022, accessed on 31 May 2022. IWSR has not provided its consent to be cited as an expert for purposes of the inclusion of the information cited and attributed to it in this document and is therefore not liable for such information. While our Company and the Joint Managers have taken reasonable actions to ensure that such information has been reproduced in its proper form and context, none of our Company, our Directors, nor the Joint Managers has verified the accuracy of the contents of such information.

3 Source: Nielsen, Nielsen Proprietary Information/data, 27 May 2022. Nielsen has not provided its consent to be cited as an expert for purposes of the inclusion of the information cited and attributed to it in this document and is therefore not liable for such information. While our Company and the Joint Managers have taken reasonable actions to ensure that such information has been reproduced in its proper form and context, none of our Company, our Directors, nor the Joint Managers has verified the accuracy of the contents of such information. Nielsen information reflects estimates of market conditions based on samples and is prepared primarily as a marketing research tool for consumer-packaged goods manufacturers and others in the consumer goods industry. Nielsen information is not a substitute for financial, investment, legal or other professional advice and should not be viewed as a basis for investments. References to Nielsen should not be considered as Nielsen's opinion as to the value of any security or the advisability of investing in any company, product or industry. Numeric distribution is defined as the percentage of the number of physical stores in the Philippines surveyed by Nielsen that stock Emperador.

In light of our powerful distribution network, current market leadership and our ownership of some of the most recognised brands sold in the Philippines across multiple price points, such as Emperador, Fundador, The Dalmore, Jura and John Barr, we are well positioned to capitalise on expected domestic market growth, as well as the trend towards premiumisation. This is demonstrated by our sales volume market share from imports increasing in the Philippines from 7.0% in 2012 to 20.9% in 2021 according to the Industry Report.

Established supply chain with solid production capabilities and capacity to meet growing demand

We have a global footprint with integrated and well-established production and supply chain operations in some of the key Scotch whisky and brandy-producing regions of the world, including nine distilleries, four blending and bottling facilities and one glass manufacturing plant, and with sufficient capacity headroom to meet growing demand. Importantly, the strength of our brands derives in part from the heritage of some of our key distilleries. For example, the Jura distillery, located on a remote island off the west coast of Scotland, was founded in 1810 and rebuilt in 1963, and is still operated by the small island community. Relaunched in 2017, Jura is now among the fastest-growing single malts globally and ranks No. 1 in its home market, the United Kingdom. Bodegas Fundador, established in 1730, is the oldest winery in Jerez de la Frontera in Spain where the unique “brandy de Jerez” is produced.

According to the Industry Report, we were the fifth largest Scotch whisky producer worldwide based on production capacity of grain and single malt whisky in 2020. We own and operate five distilleries, with an annual capacity of 53 mm litres of Scotch whisky, and one bottling plant in Scotland. It has a substantial inventory of aged stocks which mature over periods of up to 60 years. As of 30 April 2022, the market value of the maturing whisky stocks reached approximately GBP974 million at the current estimated brokerage prices. We value maturing whisky stocks at the lower of cost and net realisable value (“**NRV**”), which is in accordance with PAS 2, *Inventories*. Cost includes cost of raw materials, direct labour and a proportion of manufacturing overhead (including depreciation). Subsequent movement of costs pertains to directly attributable cost incurred in storing and ageing whisky, which is mostly depreciation and warehousing cost. The NRV of whisky stocks is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. In Spain, Bodegas Fundador is the largest brandy company in the country by volume, whose vertically integrated operations include 312 hectares of vineyards, two distilleries, two blending facilities, which include one bottling facility, and nine ageing cellars with a total capacity to store up to 47,000 casks. In the Philippines, EDI owns two distilleries, two blending and bottling plants and one glass manufacturing plant, and plans to construct a bottling and ageing facility.

We have considerable capacity to meet increasing volume demand across both the Scotch whisky and brandy segments. In particular, as of 31 December 2021, WMG has the potential capacity to meet approximately three times the current level of annual demand for Scotch whisky, subject to product mix. Given the long-term nature of the ageing of Scotch whisky, WML has announced the intention to expand the Dalmore Distillery and may consider other expansion opportunities in the future to meet potential future demand many years from now. Bodegas Fundador also has the potential capacity to meet approximately three times the current level of demand for its products.

Our production processes also account for the well-being of our employees and of the communities in which we operate. In response to the COVID-19 pandemic, we took prompt action to protect the health of our workforce by reducing the number of employees required to be present at our production facilities, introducing work-from-home arrangements and other health and safety protocols, and ensuring prompt compliance with applicable public health measures across all of our operations.

Strong track record of robust organic and inorganic growth, resilient profitability and cash generation, further validated by positive financial performance during the COVID-19 pandemic

We have a track record of robust revenue growth and resilient profitability over the years, with particularly positive results notwithstanding the COVID-19 pandemic. Growth has been driven by organic factors as well as by acquisitions. Our acquisitions of WMG in 2014, the Spanish brandy and sherry business from Beam Suntory in 2016 and the Domecq brandy portfolio and wine business in 2017 have been key milestones in our development resulting in significant diversification of our brandy and Scotch whisky product and brand portfolios, and demonstrating our ability to successfully integrate these businesses by achieving increased post-acquisition sales and profitability. From 2019 to 2021, the CAGR of our revenue was 2.7%, driven by a well-balanced portfolio and diversified global footprint with significant growth in foreign markets, while EBITDA and net profit attributable to owners recorded CAGRs of 12.1% and 14.0%, respectively. Revenue from our Scotch whisky segment has grown at a significantly faster rate at a CAGR of 10.3% from 2019 to 2021. Our net profit margin reached 18% in 2021, the highest since 2017, brought about by tight control on strategic marketing and other expenses which more than offset sharp increases in raw materials costs. The resilience of our performance despite the challenges of the COVID-19 pandemic is demonstrated in particular by the strong performance of The Dalmore and Claymore in the People's Republic of China, experiencing year-on-year sales growth in 2020 of 168% and 78% respectively, while in the United Kingdom, Fundador products saw year-on-year sales growth of 393% in 2020 and growth of 60% in the United Kingdom in 2021. For 2021, our revenue, EBITDA and net profit attributable to owners were ₱55.9 billion, ₱15.2 billion and ₱10.0 billion, respectively.

During the first three months of 2022, our revenue increased by 2.1% to ₱12.3 billion, EBITDA increased by 4.5% to ₱3.1 billion, net profit attributable to owners increased by 0.7% to ₱2.1 billion and net profit margin remained at 17%, when compared to the first three months of 2021.

We have historically not had a formal dividend policy. However, in light of our strong financial performance and as a highly cash generative business, we declared dividends in the amount of ₱0.0500 and ₱0.1100 for the years ended 31 December 2019 and 2020, respectively, and dividends in the amount of ₱0.1200 on 4 January 2021, ₱0.0900 on 8 March 2021 and ₱0.1100 on 2 August 2021 per Share. We did not declare any dividends during the three months ended 31 March 2022. We plan to have a dividend payout ratio of at least 40% per year.

Highly experienced and visionary management team with proven track record

We have benefited significantly from the visionary leadership of our Chairman and Founder Dr. Andrew L. Tan, who together with other talented senior management team members have grown the Company into the successful global spirits player it is today. Our senior management team has an aggregate experience of over 154 years in the spirits industry. By leveraging on this decades-long expertise, our senior management members have demonstrated their ability to successfully innovate and identify market opportunities, as shown by the rapid growth trajectory achieved by Tamnavulin in the short span since its launch.

As part of the vision, leadership and innovation they provide, our management team also prioritises giving back to local communities. In particular, during the difficult period of the COVID-19 pandemic, we established several initiatives aimed at supporting local communities. For example, we produced a campaign under our Emperor Light brand to show that life's little moments, no matter how simple, are all worth celebrating. This message of hope and good cheer went viral online and inspired popular covers of our jingle, "Mag-Celebrate tayo Muli", to share a message of hope. We also deployed the high level of brand awareness we enjoy toward amplifying national and international health guidance on social distancing and proper hygiene practices, with Dr. Andrew L. Tan encouraging the community to wear masks and practise social distancing with his MASK-Tagumpay social media challenge. Emperor Light also released a

music video to the song “Ating Tagumpay” to honour the courage and heroism of all frontline workers during the health crisis. Furthermore, we partnered with the AFP in large-scale food distribution programmes for poor Filipino families and organising fundraising activities to support relief efforts in areas impacted by natural disasters.

BUSINESS STRATEGIES

Relentless focus on already sizeable and growing Scotch whisky and brandy segments

Part of our core strategy is our relentless focus on the Scotch whisky and brandy segments, which are already global markets of substantial scale and poised for significant growth, with an aim to capture further market share through our proven ability to innovate and create new products specific to local consumer palates and lifestyle preferences. Some of our latest innovations include Emperador Double Light, a brandy with lower alcohol and fewer calories, appealing to a younger generation of drinkers who are more mindful about health and wellness or So Nice, providing an ultralight and flavourful drinking experience in three variants.

According to the Industry Report, from 2016 to 2021 the global Scotch whisky market size grew by value at a CAGR of 4.9%, and for 2022 to 2026 is forecasted to grow at a CAGR of 5.1%. Backed by our successful track record in introducing single malt and blended products (for example, Tamnavulin and Claymore), we expect to capitalise on growth in the broader whisky category, in parallel with a general shift in our brand portfolio mix towards Scotch whisky.

We also expect to seize growth opportunities in the brandy market, which, according to the Industry Report, grew from 2016 to 2021 at a CAGR of 4.5% and is forecasted to grow from 2022 to 2026 at a CAGR of 5.0% in terms of market size by value. Our strategy for the brandy market includes leveraging on our powerful know-how for product and brand development as well as our entrepreneurship mindset building on top of local consumer insights. In addition, we expect to capitalise on the trend of growing demand for imported alcohol in the Philippines with our Bodegas Fundador products.

By 2025, we aim to double our branded Single Malt Scotch Whisky sales compared to our sales in 2020 and generate a high single digit revenue CAGR for brandy. We plan to achieve this through continued focus on sales of branded single malts. The success of this focus is evidenced by growth delivered over the last 5 years.

Exploit premiumisation trends through the value span of our portfolio and by leveraging on customer insights, including by capturing consumers at affordable price points and offering attractive product range for trading up

According to IWSR, the global luxury segments of both Scotch whisky and brandy are forecast to grow from 2022 to 2026 at a CAGR of 11.3% and 18.8%, respectively, by value, significantly outperforming standard/accessible Scotch whisky and brandy segments and demonstrating a clear premiumisation trend.⁴ We intend to continue to leverage on the breadth of our brand portfolio, to cater to a consistently growing consumer base characterised by trading up from the more accessible entry points in our brand ladder in favour of our premium and luxury offerings. For example, we introduced Woodsman, a Scotch whisky targeting modern bourbon and whisky drinkers, and Tamnavulin, which offers a high-quality yet straightforward Scotch whisky at an affordable price point, both of which allow us to engage with new consumers that can subsequently trade up to our more premium products.

4 Source: Calculation based on data from the IWSR Global Database 2022, accessed on 31 May 2022. IWSR has not provided its consent to be cited as an expert for purposes of the inclusion of the information cited and attributed to it in this document and is therefore not liable for such information. While our Company and the Joint Managers have taken reasonable actions to ensure that such information has been reproduced in its proper form and context, none of our Company, our Directors, nor the Joint Managers has verified the accuracy of the contents of such information.

Continue to further penetrate our existing markets, including focusing on substantial opportunities in the People's Republic of China and other markets

Another component of our strategy is to further grow our Scotch whisky and brandy sales in Greater China and continue our focus on other geographic markets with high growth potential where we already have an established presence. Our medium-term target is to derive 50% of our total Group sales from international markets.

We have experienced significant growth in the People's Republic of China to date. According to the Industry Report, the China Scotch whisky and Asia Pacific brandy markets are expected to grow from 2022 to 2026 at a CAGR of 7.3% by value and 7.4% by volume, respectively. Consistent with our historical performance in the People's Republic of China, we plan to capture this growth in both the Scotch whisky and brandy markets by continuing to outperform the market by deepening our sales and distribution based on our existing network of distributors. We expect to leverage on our broad portfolio of single malts and blended whiskies to drive consumer demand, while at the same time developing the market for non-French brandy as well as standard/value brandy SKUs. We currently have four route-to-market partners in the People's Republic of China and prioritise our brand when choosing fit-for-purpose distributors.

In addition to the People's Republic of China, our strategy aims at continued growth in other markets where we already had an established presence such as the Middle East, our second largest market after the Philippines. Our presence in the region is focused on the UAE and our offerings extend across both our Scotch whisky and brandy segments, covering the full price spectrum of our brandies from Emperor standard products to more premium and super premium Fundador products. Our entrenched foothold in the Middle East rests primarily on our target customer base of Overseas Filipino Workers who appreciate brandy and are already well acquainted with the Emperor brand. At the same time, we expect to continue growing other customer segments such as Indian and Bangladeshi foreign workers who are also brandy enthusiasts. Our other key markets include the United States, France, Germany, the United Kingdom and Taiwan.

Our strategy also seeks growth in emerging markets, such as Cambodia, Vietnam, Thailand, Laos and Indonesia, where we already have established our presence. WMG's portfolio volumes in mature markets, such as Taiwan, Japan, Korea, Singapore, and Malaysia, grew by at least 46% in 2021 compared to 2020 and we seek to build on this growth momentum as well.

We continue to explore expansion of existing markets and entry into new markets through a mix of direct customer relationships, distributor agreements, strategic alliances and joint ventures. We aim to generate 50% of our sales from outside the Philippines by 2025.

Achieving supply and efficiency gains as well as capacity improvement while enhancing sustainability and progressing towards environmentally friendly growth

Increasing efficiencies in our supply chain is a crucial part of our strategy. As examples of efficiency measures on which we focus, Bodegas Fundador has fully automated the rinsing, filling and packaging functions on four of its five production lines and partially automated these functions on a fifth production line for special SKUs and sizes. It is the first brandy company in Spain to have a fully robotic palletising plant for standard sizes, resulting in savings from automating this process and increased productivity by as much as 50% compared to the previous year when we had not adopted this technology. Bodegas Fundador also undertakes harvesting of grapes for its sherry and brandy products using mechanical harvesters, enabling it to reduce costs, save time and increase harvest yields. In 2021, Bodegas Fundador installed an automatic labeller in one of its bottling lines to increase its capacity by up to 25%. We also maximised two cellars to increase capacity by approximately 5,000 casks of aging brandy to meet expected sales growth. In 2020, our bottle-manufacturing subsidiary AWGI in the Philippines also completed a number of projects

aimed at achieving cost savings and enhancing sustainability, such as construction of a new 8,170 sqm onsite warehouse that will eliminate external warehouse and related trucking and rental expenses; a wastewater treatment facility with capacity to recycle 5,680 cubic metres of water each year; and a cullet recycling plant to increase the use of recycled glass in our bottle manufacturing process. In addition, in 2020 our Philippine production facilities used over 800,000 cases of second-hand bottles in our production and bottling process, allowing us to save on cost of materials and reduce waste. In 2017, EDI acquired property in Binan where it plans to establish a bottle washing facility as one of its sustainability projects.

We are also undertaking capacity improvements, for example through investments in our WMG bottling lines to increase line speeds and capacity, as well as in casks to support additional maturing stock.

As part of our ESG focus, WMG intends to further integrate sustainable practices in its business and has launched “The Green Print”, a document setting out priority areas for environmental impact including water extraction, carbon footprint, packaging and waste reduction. The Green Print was finalised in 2021 and will drive the integration of environmental practices in the overall operations of WMG over the coming decades, while at the same time contributing to 13 of the 17 UN Sustainable Development Goals. WMG is focusing on green and renewable energy. Already its UK operation uses 97% green electricity generated from renewable sources. During 2020, WMG ceased consumption of heavy fuel oil at its distilleries. Other projects already under consideration include local electric supply and bioenergy for Invergordon which generates the majority of WMG’s direct carbon footprint. WMG has also partnered with North of Scotland Hydrogen Consortium on a long-term project focused on opportunities for green hydrogen-based energy.

In Mexico, the Domecq BLC facility successfully continued its utilisation of solar panels, which generated 53.4 kilowatt-hours of energy used by the winery in 2020. In 2020, we installed a photovoltaic park, which we expect to significantly reduce the plant’s carbon emissions to 63 tonnes per year. Other green initiatives include chiller systems using non-ammonia compounds, installation of rainwater recovery tanks and reduction of water consumption in barrel hydration using a spray sprinkler system instead of jet hoses.

Bodegas Fundador is also taking initiatives toward clean energy and the reduction of energy consumption and emissions, having conducted an energy savings study and audit for its bottling and distillery plants, and planning for the installation of a photovoltaic solar plant to reduce the use of fossil fuels and decrease greenhouse gas emissions in its facilities. Moreover, the energy audit aims to provide a reliable understanding of the energy utilisation of the company and the costs associated with it, allowing us to identify and define the factors that affect these activities and develop alternatives that facilitate improved energy consumption opportunities. Furthermore, Bodegas Fundador has successfully integrated into its operations initiatives for water consumption saving, including anaerobic treatment of wastewater for biogas to run its boilers in Spain. We have been able to reduce our annual energy consumption of the plant by 14% in 2021 compared with 2020 consumption levels while simultaneously increasing production by 31%.

Leveraging on digital and e-commerce technologies for brand building and marketing

We expect to continue to leverage on digital and e-commerce technologies and distribution channels to achieve more effective brand building and marketing for our products. In particular, our strategy is to capture a growing share of the younger generation target consumer base (including millennials and “generation z”) through new marketing channels such as social media and online distribution channels by ensuring we partner with distributors having proven e-commerce capabilities and exploiting effective e-commerce retailers and platforms. For example, in the Philippines we are present on Boozy, a well-known liquor delivery platform, and in the People’s Republic of China, where e-commerce is catered to by a select group of sizeable

platforms, in addition to an increasing number of emerging platforms, we use our flagship The Dalmore store on Tmall to build superior brand equity and produce a “halo effect” on the rest of our portfolio.

In 2021 we partnered with BlockBar, a non-fungible token (“**NFT**”) marketplace for luxury wine and spirits to offer NFTs in the form of limited edition Scotch whiskies, thereby creating unique collector opportunities and bridging the physical and digital world. We also engage with social media platforms to further enhance our brand profile and create excitement for our products among consumers.

WMG have identified key markets to invest to build brand equity and accelerate penetration. For example, The Dalmore featured in multi-media advertising campaigns in 2021 in U.S., Taiwan, as well as concentrated activity in hub cities of Greater China and Europe. In the United Kingdom, WMG invested in Above The Line campaigns for Jura, Whyte and Mackay and Woodsman – The Woodsman winning UK’s Best Brand Campaign (Audio) at the prestigious 2022 Campaign Live Awards. WMG and Bodegas Fundador engage with social media through our external digital public relations partners, while EDI works with these platforms through in-house brand teams based in the Philippines. In addition, WMG exploits influencer and e-commerce speciality retailers, such as whisky.fr and e-commerce destination sites such as Amazon and Tmall, to further build the reputation of the brand.

RISKS OF INVESTING

Before making an investment decision, investors should carefully consider the risks associated with an investment in the Shares. These risks include:

- risks relating to the Group’s business;
- risks relating to the Shares; and
- risks relating to the Philippines.

Please refer to the section entitled “*Risk Factors*”, which, while not intended to be an exhaustive enumeration of all risks, must be considered in connection with a purchase of Shares.

COMPANY INFORMATION

Our Company is a Philippine corporation with its registered office and principal place of business located at 7/F, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City. Our Company’s telephone number is (63) 2 8709 1111 and (63) 2 8709 2222 and our website is www.emperadorbrandy.com. Our email address is: investorrelations@emperadordistillers.com and our fax number is: +63 87092001. Nothing contained on our Company’s website or any website directly or indirectly linked to such website or the websites of any of our related corporations or other entities in which we may have an interest shall be deemed incorporated into or to constitute part of this Introductory Document and should not be relied on as such.

SUMMARY OF THE INTRODUCTION

Company.	<p>Emperador Inc., a publicly listed stock corporation with limited liability incorporated under the laws of the Philippines.</p> <p>Our Shares have been primary listed on the PSE under the symbol “EMP” since 19 December 2011.</p>
Listing and Trading.	<p>Application has been made to the SGX-ST for permission to list all our issued Shares and the Shares which may be issued upon the exercise of options granted and to be granted under the Employee Stock Option Plan on the Main Board of the SGX-ST by way of a secondary listing. Such permission for the secondary listing of our Shares will be granted when we have been admitted to the Official List of the SGX-ST.</p> <p>Our Shares will, upon their listing and quotation on the SGX-ST, be traded on the SGX-ST under the book-entry (scripless) settlement system of CDP. Dealing in and quotation of our Shares on the SGX-ST will be in Singapore Dollars. The Shares will be traded in board lot sizes of 100 Shares. Our Shares are currently listed and traded on the PSE under the symbol “EMP”. Our listing on the PSE is a primary listing and our listing on the SGX-ST is a secondary listing.</p>
Dividends	<p>We have historically not had a formal dividend policy. We plan to have a dividend payout ratio of at least 40% per year. Our Company may declare dividends when there are unrestricted earnings available, but any such declaration will take into consideration a number of factors including restrictions that may be imposed by current and prospective financial covenants, projected levels of operating results of our businesses and subsidiaries, working capital needs and long-term capital expenditures of our businesses and subsidiaries; and regulatory requirements on dividend payments, among others. For a detailed description of our dividend policy, please refer to the section entitled “<i>Dividends and Dividend Policy</i>”.</p> <p>CDP Depositors whose Shares are held through CDP will receive their dividends through CDP in Singapore Dollars. We will make the necessary arrangements to convert the dividends in Philippine pesos into the Singapore Dollar equivalent at the prevailing exchange rate on each relevant date for CDP’s onward distribution to the entitled CDP Depositors.</p>

Voting Rights	Registered owners of our Shares will be entitled to full voting rights, except as may otherwise be required by law. CDP Depositors' ability to vote at Shareholders' meetings will be limited. See " <i>Description of Share Capital</i> ".
Tax Considerations	See " <i>Taxation—Philippine Tax Considerations</i> " for information on the Philippine tax consequences of the purchase, ownership and disposition of our Shares.
Foreign Investment Registration.	The BSP requires that investments in shares of stock funded by inward remittance of foreign currency be registered with the BSP if the foreign exchange needed to service capital repatriation or dividend remittance will be sourced from the domestic banking system. The registration with the BSP of all foreign investments in the Shares shall be the responsibility of the foreign investor. See " <i>Philippine Foreign Exchange and Foreign Ownership Controls</i> ".
Restrictions on Foreign Ownership.	The Philippine Constitution and related statutes set forth restrictions on foreign ownership of companies engaged in certain activities. In connection with the ownership of private land, Commonwealth Act No. 141 states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens. Meanwhile, Republic Act No. 7042, otherwise known as the Foreign Investments Act of 1991, as amended (" R.A. No. 7042 "), and the Negative List issued pursuant thereto, reserve to Philippine Nationals all areas of investment in which foreign ownership is limited by mandate of the Philippine Constitution and specific laws. See " <i>Regulatory</i> ".
Risk Factors	Prospective investors should carefully consider the risks connected with an investment in the Shares, certain of which are discussed in the section entitled " <i>Risk Factors</i> ".

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following tables present selected financial information for our Group and should be read in conjunction with the independent auditors' reports and our Group's consolidated financial statements and notes thereto included in this Introductory Document and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations". The financial information presented below as of 31 December 2019, 2020 and 2021, and for the years ended 31 December 2019, 2020 and 2021, was derived from the audited consolidated financial statements of our Group and prepared in compliance with PFRS. The financial information presented below as of 31 March 2022 and for the three months ended 31 March 2021 and 2022 was derived from the unaudited financial statements of our Group.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Audited			Unaudited	
	For the year ended 31 December			For the three months ended 31 March	
	2019	2020	2021	2021	2022
	(P in millions)			(P in millions)	
Revenues					
Revenues and other income ⁽¹⁾	51,565.5	52,834.3	55,936.3	12,076.3	12,333.3
Costs and expenses					
Cost of goods sold	33,334.1	35,398.7	34,808.6	7,959.6	7,988.3
Selling and distribution expenses	6,021.1	5,263.0	4,840.1	978.9	1,143.9
General and administrative expenses	2,924.4	2,108.2	2,205.7	507.9	564.8
Interest expense	781.5	549.0	782.7	168.9	156.9
Other charges	24.5	79.6	404.1	0.0	—
Total costs and expenses	43,085.5	43,398.6	43,041.1	9,615.3	9,853.8
Profit before tax	8,480.0	9,435.7	12,895.2	2,461.0	2,479.5
Tax expense	1,647.4	1,399.1	2,746.8	362.0	349.2
Net profit	6,832.5	8,036.6	10,148.4	2,098.9	2,130.3
Other comprehensive income (loss)	(1,161.9)	(3,392.2)	3,748.6	1,283.8	300.2
Total comprehensive income	5,670.6	4,644.4	13,897.0	3,382.8	2,430.5
Net profit attributable to the owners of the parent company	6,725.5	7,967.3	9,971.1	2,083.9	2,098.3
Net profit attributable to Non-controlling interest	107.0	69.4	177.3	15.1	32.0
Earnings Per Share for the Net Profit Attributable to Owners of the Parent Company – Basic and Diluted⁽²⁾	0.42	0.50	0.63	0.13	0.13

Notes:

(1) Intersegment sales is not included.

(2) For comparative purposes, the basic and diluted earnings per Share have been computed based on Philippine Accounting Standard ("PAS") 33, Earnings per Share. Basic earnings per Share was determined by dividing the net profit attributable to equity holders of the Parent Company by the weighted average number of common shares issued and outstanding, adjusted retroactively for any stock dividend, stock split or reverse stock split declared and shares reacquired during the current year while diluted earnings per Share was computed by adjusting the weighted average number of shares outstanding to assume conversion of dilutive potential shares. The basic and diluted earnings per share are the same because the dilutive effects of potential common shares from the employee share options and convertible ELS are negligible for the periods presented. Thus, the weighted average number of issued and outstanding common shares presented above does not include the effect of the potential common shares from the employee share options and convertible ELS.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Audited			Unaudited
	As of 31 December			As of 31 March
	2019	2020	2021	2022
	(P in millions)		(P in millions)	
ASSETS				
Current assets				
Cash and cash equivalents	7,740.6	7,561.2	9,333.8	13,156.7
Trade and other receivables – net	23,720.3	22,013.8	20,345.9	18,546.6
Financial instruments at fair value through profit or loss	–	52.6	3.3	–
Inventories – net	30,509.3	30,960.0	34,013.1	36,292.8
Prepayments and other current assets . . .	1,874.6	1,374.0	1,249.1	1,506.4
Total current assets	63,844.8	61,961.5	64,945.2	69,502.5
Non-current assets				
Property, plant and equipment – net	28,986.6	26,435.8	27,866.7	28,282.2
Intangible assets – net	28,895.2	28,365.8	29,438.5	29,554.1
Investment in a joint venture	3,023.6	3,293.9	3,482.6	3,495.0
Retirement benefit asset – net	219.5	–	914.0	1,043.9
Deferred tax assets – net	61.3	144.9	133.7	127.3
Other non-current assets – net	1,016.3	1,288.5	773.9	802.6
Total non-current assets	62,202.5	59,528.9	62,609.4	63,304.9
Non-current assets held for sale	–	961.7	961.7	958.4
Total Assets	126,047.3	122,452.2	128,516.4	133,765.8
LIABILITIES AND EQUITY				
Current liabilities				
Interest-bearing loans	6,641.1	5,288.4	3,411.1	4,337.2
Trade and other payables	17,012.9	15,256.5	17,888.3	19,329.8
Equity-linked debt securities	1,836.3	3,443.8	–	–
Lease liabilities	304.9	173.8	205.2	197.2
Dividends payable	779.2	–	–	–
Financial liabilities at fair value through profit or loss	9.1	–	–	35.5
Income tax payable	1,861.6	1,646.0	2,018.8	1,550.9
Total current liabilities	28,445.1	25,808.4	23,523.4	25,450.6

	Audited			Unaudited
	As of 31 December			As of 31 March
	2019	2020	2021	2022
	(P in millions)		(P in millions)	
Non-current liability				
Interest-bearing loans	25,298.7	25,091.9	21,430.3	21,282.0
Equity-linked debt securities	3,443.8	–	–	–
Lease liabilities	1,717.1	1,289.1	887.7	1,322.3
Provisions	164.9	223.0	404.4	409.4
Deferred tax liabilities – net	2,261.1	2,315.9	3,552.2	3,852.4
Retirement benefit obligation – net	–	359.5	–	–
Total non-current liabilities	32,885.5	29,279.5	26,274.7	26,866.0
Total liabilities	61,330.6	55,087.8	49,798.1	52,316.7
Equity				
Capital stock	16,242.4	16,242.4	16,242.4	16,242.4
Additional paid-in capital	23,058.7	23,106.4	23,106.4	23,106.4
Deposit on Future Stock Subscription – ELS	–	–	3,443.8	3,443.8
Treasury shares	(3,487.8)	(3,745.6)	(4,747.7)	(4,747.7)
Conversion options outstanding	136.2	88.5	88.5	88.5
Share options outstanding	111.9	138.8	183.8	183.8
Accumulated translation adjustments	(3,707.3)	(6,068.0)	(3,128.5)	(2,824.3)
Revaluation reserves	(73.5)	(924.6)	(159.8)	(98.2)
Legal reserves	120.4	115.0	142.4	442.8
Retained earnings	31,416.7	37,632.9	42,546.9	44,645.3
Equity attributable to owners of the parent company	63,817.5	66,585.8	77,718.1	80,482.7
Non-controlling interest	899.2	778.5	1,000.2	966.5
Total equity	64,716.8	67,364.3	78,718.2	81,449.2
Total liabilities and equity	126,047.3	122,452.2	128,516.4	133,765.8

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Audited			Unaudited	
	For the year ended 31 December			For the three months ended 31 March	
	2019	2020	2021	2021	2022
	(P in millions)			(P in millions)	
Net cash flows provided by (used in) operating activities . . .	8,152.8	7,552.1	16,414.4	5,214.8	4,029.0
Net cash flows provided by (used in) investing activities . . .	(1,984.6)	(733.0)	(1596.3)	(225.1)	(965.6)
Net cash flows provided by (used in) financing activities . . .	(4,655.8)	(6,998.6)	(13,045.5)	(2,793.7)	759.5
Net increase (decrease) in cash and cash equivalents	1,512.4	(179.4)	1,772.6	2,196.1	3,822.9

OTHER FINANCIAL INFORMATION⁵

The following table shows our EBIT, EBITDA and EBITDA margin for the periods indicated. “**EBITDA**” refers to earnings before interest, taxes, depreciation and amortisation, “**EBIT**” refers to earnings before interest and taxes, and “**EBITDA margin**” is calculated using EBITDA divided by total revenue.

	Audited			Unaudited	
	For the year ended 31 December			For the three months ended 31 March	
	2019	2020	2021	2021	2022
	(P in millions)			(P in millions)	
Net profit	6,832.5	8,036.6	10,148.4	2,098.9	2,130.3
Interest expense	781.5	549.0	782.7	168.9	156.9
Tax expense	1,647.4	1,399.1	2,746.8	362.0	349.2
EBIT	9,261.5	9,984.7	13,677.9	2,629.8	2,636.4
Depreciation and Amortisation ⁽¹⁾	1,545.7	1,567.3	1,547.1	347.4	473.6
One-off adjustment ⁽²⁾	272.4	—	—	—	—
EBITDA	11,079.5	11,552.0	15,225.0	2,977.2	3,110.0
EBITDA margin	21.49%	21.86%	27.22%	24.65%	25.22%

Notes:

(1) Depreciation and amortisation includes amortisation of trademarks.

(2) The one-off adjustment related to the impairment of trademarks of Grupo Garvey brands.

⁵ Minor differences, if any, between the sum of the numbers of our brandy segment below and the numbers of our whisky segment below and the corresponding consolidated numbers of our Group are attributable to rounding.

The following table shows our EBIT, EBITDA and EBITDA margin for the periods indicated for our brandy segment. Intersegment sales revenue is included as part of the revenue in computation of segmental EBITDA and segmental EBITDA margin.

	Audited			Unaudited	
	For the year ended 31 December			For the three months ended 31 March	
	2019	2020	2021	2021	2022
	(P in millions)			(P in millions)	
Net profit	4,865.2	5,785.0	7,580.6	1,381.6	1,236.8
Interest expense	658.5	441.0	596.8	136.8	93.7
Tax expense	1,376.8	992.5	1,314.0	216.3	184.1
EBIT	6,900.5	7,218.4	9,491.4	1,734.7	1,514.5
Depreciation and Amortisation ⁽¹⁾ . . .	1,241.0	1,254.2	1,222.0	266.7	399.2
One-off adjustment ⁽²⁾	272.4	—	—	—	—
EBITDA	8,413.8	8,472.6	10,713.4	2,001.4	1,913.7
EBITDA margin	21.90%	22.53%	28.22%	24.11%	24.29%

Notes:

(1) Depreciation and amortisation includes amortisation of trademarks.

(2) The one-off adjustment related to the impairment of trademarks of Grupo Garvey brands.

The following table shows our EBIT, EBITDA and EBITDA margin for the periods indicated for our whisky segment. Intersegment sales revenue is included as part of the revenue in computation of segmental EBITDA and segmental EBITDA margin.

	Audited			Unaudited	
	For the year ended 31 December			For the three months ended 31 March	
	2019	2020	2021	2021	2022
	(P in millions)			(P in millions)	
Net profit	1,967.3	2,251.7	2,567.8	717.4	893.5
Interest expense	123.0	108.0	185.9	32.0	63.2
Tax expense	270.7	406.6	1,432.9	145.8	165.1
EBIT	2,361.0	2,766.3	4,186.5	895.1	1,121.9
Depreciation and Amortisation ⁽¹⁾ . . .	304.7	313.1	325.1	80.6	74.4
EBITDA	2,665.7	3,079.4	4,511.7	975.7	1,196.3
EBITDA margin	18.80%	19.23%	24.04%	24.83%	25.31%

Note:

(1) Depreciation and amortisation includes amortisation of trademarks.

KEY FINANCIAL RATIOS

	Unaudited			Unaudited	
	As of or for the year ended 31 December			As of or for the three months ended 31 March	
	2019	2020	2021	2021	2022
Current ratio ⁽¹⁾	2.24	2.40	2.76	2.29	2.73
Liabilities-to-equity ratio ⁽²⁾	0.95	0.82	0.63	0.85	0.64
Assets-to-equity ratio ⁽³⁾	1.95	1.82	1.63	1.85	1.64
Debt-to-equity ratio ⁽⁴⁾	0.58	0.50	0.32	0.49	0.31
Net profit margin ⁽⁵⁾	0.13	0.15	0.18	0.17	0.17
Return on assets ⁽⁶⁾	0.06	0.06	0.08	0.02	0.02
Return on equity ⁽⁷⁾	0.11	0.12	0.13	0.03	0.03
Solvency ratio ⁽⁸⁾	0.29	0.34	0.61	0.09	0.12

Notes:

- (1) Current ratio is calculated using total current assets divided by total current liabilities;
- (2) Liabilities-to-equity ratio is calculated using total liabilities divided by total equity;
- (3) Assets-to-equity ratio is calculated using total assets divided by total equity;
- (4) Debt-to-equity ratio is calculated using total debt divided by total equity;
- (5) Net profit margin is calculated using net profit divided by total revenue;
- (6) Return on assets is calculated using net profit divided by average total assets, "average" means average of the amounts as of the beginning and the end of the same period;
- (7) Return on equity is calculated using net profit divided by total equity; and
- (8) Solvency ratio is calculated using EBITDA divided by total debt.

RISK FACTORS

An investment in the Shares involves a number of risks. Investors should carefully consider all the information contained in this Introductory Document, including the risk factors described below, before deciding to invest in the Shares. The occurrence of any of the following events, or other events not currently anticipated, could have a material adverse effect on our business, financial condition and results of operations and cause the market price of the Shares to decline. All or part of an investment in the Shares could be lost.

This section entitled “Risk Factors” is a discussion of risks that could potentially affect us and does not purport to disclose all of the risks and other significant aspects of investing in the Shares. Investors should undertake independent research and study the trading of securities before commencing any trading activity. Investors should seek professional advice regarding any aspect of the securities such as the nature of risks involved in the trading of securities, and specifically those of high-risk securities. Investors may request publicly available information on the Shares and us from the PSEC.

RISKS RELATING TO OUR BUSINESS

We face significant domestic and foreign competition, which could limit our ability to maintain or increase our market share and maintain profitability.

We face significant competition both domestically and internationally. In the Philippine market, we compete primarily against established Philippine spirits companies that produce and distribute brandy and other spirits. The main competitors in the Philippine brandy market include “Primera Brandy” manufactured by Ginebra San Miguel, Inc. and “Alfonso Brandy” imported and distributed by Montosco, Inc. With respect to flavoured vodka, gin and other alcohol products, we primarily compete with other local vodka and gin companies that also produce ready-to-serve alcoholic beverages as well as imported labels. In the international markets, our Filipino brands and acquired brands all face stiff competition. For example, the Bodegas Fundador brands compete fiercely in Spain and internationally in the brandy and sherry businesses, among which Osborne and Torres are main competitors, while the WMG brands compete fiercely in the UK and internationally with whisky brand owners such as Diageo, Pernod Ricard, William Grant, Edrington and Bacardi.

The principal competitive factors with respect to our products include brand equity, product range, quality, price, ability to source raw materials, distribution capabilities and responsiveness to consumer preferences, with varying emphasis on these factors depending on the markets and the products. In addition, the entry of new competitors into any of our business segments as well as existing competitors’ product improvements or effective advertising campaigns could weaken consumer demand for our products. As a result of such competition, we could lose sales and market share, or be forced to reduce our prices to meet competition, which could adversely affect our margins. If our products are unable to compete successfully, our sales, results of operations and financial condition could be materially and adversely affected.

Demand for our products may be adversely affected by changes in consumer preferences and tastes.

We produce and sell a wide range of brandy, whisky and other alcoholic beverages and have an international reach of more than 100 countries. Maintaining our competitive position depends on our continued ability to offer products that appeal to consumers. Consumer preferences and tastes on a global, regional and/or local level may shift due to a variety of factors, including changes in demographics, evolving social trends, changes in travel, holiday or leisure activity patterns, weather conditions, public health regulations, health and wellness concerns (including the COVID-19 pandemic) and/or economic conditions. A declining economy may reduce consumers’ willingness to purchase premium branded products.

The competitive position of our brands and the market demand for our products could be adversely affected by any failure to achieve consistent, reliable product quality and to satisfy consumers' preferences and tastes. In addition, as we have been developing and will continue to develop new products, both the successful launch and on-going success of new products are uncertain, especially with respect to their appeal to consumers. The failure to launch a new product successfully could give rise to inventory write-offs and other costs, and could affect consumer perception of the existing brands. Product innovation is a significant aspect of our growth plans. However, there can be no assurance of our continuing ability to develop and launch successful new products. Furthermore, any significant changes in consumer preferences and tastes, and failure to anticipate and react to such changes, could result in reduced demand for our products and erosion of our competitive and financial position.

An outbreak of disease, global or localised health pandemic or epidemic or a similar public health threat, or fear of or response measures to such an event, could have a material adverse effect on our business, financial condition and results of operations.

A significant outbreak of contagious diseases in the human population could adversely affect the economies of the countries and regions where we operate our business and/or sell our products, resulting in economic downturns and thus affecting consumption of our products. In addition, such an outbreak may lead to changes in travel, social and leisure activity patterns, rising health and wellness concerns and government regulation which affect consumption of alcoholic beverages including our products.

The World Health Organization declared the COVID-19 outbreak a global pandemic in March 2020. Governments around the world have imposed sweeping measures designed to contain the COVID-19 pandemic, including, among others, broad shelter-in-place orders and social distancing requirements, business closures, quarantine requirements and travel restrictions. The economic repercussions of the COVID-19 pandemic and the containment efforts have been severe, lowering industrial production, general consumption and economic activities.

In a move to contain the COVID-19 outbreak, on 13 March 2020, the Office of the President of the Philippines issued a memorandum directive to impose stringent social distancing measures in the National Capital Region effective 15 March 2020. On 16 March 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six months from 17 March 2020 (at midnight), unless earlier lifted or extended as circumstances may warrant, and imposed an ECQ throughout the island of Luzon until 12 April 2020, unless earlier lifted or extended as circumstances may warrant. On 24 March 2020, Republic Act No. 11469, otherwise known as the "Bayanihan to Heal As One Act", was signed into law, declaring a state of national emergency over the entire country, and authorising the President of the Philippines to exercise certain powers necessary to address the COVID-19 pandemic. On 7 April 2020, the Office of the President of the Philippines released a memorandum extending the ECQ over the entire Luzon island until 30 April 2020. On 1 May 2020, the Government further extended the ECQ over, among others, certain portions of Luzon, including Metro Manila, until 15 May 2020, while easing restrictions in other parts of the country. On 11 May 2020, the IATF placed high-risk local government units ("LGUs") under MECQ from 16 May 2020 until 31 May 2020, under which certain industries were allowed to operate under strict compliance with minimum safety standards and protocols. On 27 May 2020, the IATF reclassified various provinces, highly urbanised cities and independent component cities depending on the risk-level. Meanwhile, on 29 May 2020, the Government placed Metro Manila under general community quarantine ("GCQ"), allowing for the partial reopening of certain businesses and public transportation while continuing to limit general movements. Because of the spike in COVID-19 cases, on 4 August 2020, the Government again placed Metro Manila under MECQ until 18 August 2020. Starting 19 August 2020, MECQ was lifted and Metro Manila and nearby areas were again placed under GCQ. These measures have caused disruption to businesses and economic activities, and their impacts on businesses continue to evolve. In March 2021, the Philippines, and in particular Metro Manila, experienced another surge

of COVID-19 infections, prompting the Philippine Government to re-implement ECQ in Metro Manila and nearby areas from 29 March 2021 to 11 April 2021. From 12 April 2021 to 14 May 2021, the quarantine classification for these areas were downgraded to the MECQ classification. From 15 May 2021 to 15 June 2021, the Philippine Government further reclassified the quarantine classification for the same regions to the GCQ (with heightened restrictions) classification. From 16 June 2021 to 15 July 2021, the Philippine Government further reclassified the quarantine classification to the GCQ (with some restrictions) classification, and thereafter to GCQ from 16 July 2021 until the end of July 2021. Following the confirmation of the DOH on 22 July 2021 of the local transmission of the COVID-19 Delta variant, the Government re-imposed stricter quarantine restrictions in Metro Manila to GCQ with heightened restrictions from 23 July 2021 to 31 July 2021. Under GCQ with heightened restrictions, only essential travel is allowed and children five years old and above were not allowed outdoors. On 24 July 2021, the Metropolitan Manila Development Authority confirmed that Metro Manila will impose longer curfew hours from 10 p.m. to 4 a.m. to restrict mobility amid the threat of the more infectious COVID-19 Delta variant. From 6 August 2021 to 20 August 2021, the Government placed Metro Manila under ECQ, with curfew hours from 8 p.m. to 4 a.m. On 21 August 2021, Metro Manila was placed under MECQ that lasted up to 15 September 2021. From 16 September to 15 October 2021, Metro Manila was put under Alert Level 4, the maximum level under the new phased approach. From 16 October to 31 October 2021, Metro Manila was put under Alert Level 3. From 5 November to 31 December 2021, Metro Manila was put under Alert Level 2. On 3 January 2022, as a result of the omicron COVID-19 variant, Metro Manila was put under Alert Level 3. On 1 February 2022, Metro Manila was put under Alert Level 2. On 1 March 2022, Metro Manila was placed under Alert Level 1, the lowest level of health restrictions, after infections continued to decline and hospital admission eased.

Our operations have resumed in the Philippines in accordance with government directives, amidst localised lockdowns and alcohol bans across the country. Spain, the UK, Mexico, U.S., Germany and France ordered localised lockdowns and substantially closed on-trade business in different time periods, although our plants kept operating during such lockdowns in accordance with government directives. We were able to increase our revenue and net profit throughout the pandemic due to continuing operation of our plants and the resilience of off-trade and e-commerce channels and the international markets. However, the duration and extent of any future impact of the COVID-19 pandemic on us are uncertain.

We are currently experiencing disruption across our supply chains due to the ongoing Russia-Ukraine conflict, COVID-19 and other issues. In addition the UK faces a shortage of heavy goods vehicle drivers, disrupted flow of materials, increased lead times for supplies and the disrupted flow of containers and shippers, among others.

While global economic activity has started to recover from depressed levels as some governments partially ease lockdown restrictions and switch to more targeted measures to contain new COVID-19 infection clusters, there is no assurance that the restrictions will be fully eased or new containment measures will not be re-imposed in view of the fact that new COVID-19 infections remain elevated globally. New waves of infections are being reported in multiple regions including Asia, Europe, the United States and Australia. The successful development of COVID-19 vaccines is a major milestone in bringing the COVID-19 pandemic under control. The production and distribution of the vaccines are being accelerated globally. However, COVID-19 infection rates currently remain high in Europe and the United States and have resurfaced in some parts of Asia such as Vietnam, Thailand, Japan and South Korea. These have prompted many governments to maintain border controls and safe distancing measures, including in the People's Republic of China. We are unable to predict the future evolution of the COVID-19 pandemic and the ultimate impact on our business, financial condition and results of operation. For example, we may experience plant shutdown, disruption of the supply chain and/or distribution channels, and/or decline in market demand, especially if the countries where we operate our business or our major markets are hit by a new and strong wave of infections. Furthermore, uncertainty remains with

regard to the extent and timing of the economic recovery to pre-COVID-19 levels in the context of the gradual lifting of the restrictive measures across different markets. People may still be cautious and may avoid public places, or their consumption may decrease due to the declining economies. Any of the foregoing could limit consumption of our products or our capacity to meet demand for our products and consequently have a material adverse effect on our business, financial condition, results of operations and/or prospects.

Our business is subject to changes in regional and global macroeconomic conditions and political developments, including international disputes or armed conflict.

Our business is subject to volatility in the global economy. Any adverse developments in the global economy could result in reduced consumption of our products or lower sales prices for our products, which would decrease our revenue and our profits. For example, the continued spread of the COVID-19 virus could result in a serious economic downturn or a slowdown in economic growth worldwide, with consumers likely to cut back on discretionary spending, alcohol consumption and social gatherings. These developments would likely have a material adverse effect on our financial condition and results of operations and our future prospects.

As an item of discretionary consumer spending, consumption of alcohol is closely linked to general economic conditions in the jurisdictions where we operate, in particular to changes in disposable income, with levels of consumption tending to rise during periods of rising per capita income (in particular disposable income) and tending to fall during periods of declining per capita income. In addition, per capita consumption of alcohol tends to be inversely related to the selling price of alcohol, so as alcohol prices rise, with all other factors remaining unchanged, we expect consumption to be reduced. There are numerous factors that can lead to decreases in disposable income, including increases in inflation, income taxes, the cost of living and unemployment levels, as well as political or economic instability and other macroeconomic factors, such as the continued spread of the COVID-19 virus. Decreases in per capita disposable income in the Philippines, the UK, Spain and other markets would likely have an adverse effect on demand for products. Moreover, because our brand portfolio ranges from luxury to accessible products, our results of operations may be impacted to a greater degree by an economic downturn than those of our competitors who produce and sell primarily cheaper alcohol in the market. Similarly, to the extent that our brands are consumed through on-trade channels such as bars, restaurants or special events, sales of these brands may suffer more than sales of brands consumed primarily off-trade.

In addition, the economies of developing and emerging markets, such as the markets in which we operate or other markets in which we may operate in the future, may be more susceptible to global and regional economic volatility than more established markets and are subject to a number of factors that can slow or reverse economic growth. See “—*Risks Relating to the Philippines and Other Jurisdictions*”. The financial risks of operating in developing and emerging markets include risks of illiquidity, inflation, devaluation, price volatility, currency fluctuations and convertibility and country default, as well as other macroeconomic risks. For example, a slowdown in population growth in our markets will likely cause a slowdown or decline in overall consumption of alcohol. An increase in the price of oil and gas, meanwhile, may cause consumers’ disposable income to decline, in addition to increasing our production costs, which could have a material adverse effect on our revenues and margins. Similarly, currency fluctuations could cause the cost of our raw material purchases to increase.

In addition, our markets may be affected by adverse developments in other developing countries in the region and globally. Due to our growth strategy in Asia, these factors could affect us more than some of our competitors with less exposure to developing markets, and any general decline in developing markets as a whole could have a material and adverse impact on us. As we sell our products to more than 100 countries, we are subject to risks associated with doing business on a multinational scale, including changes in tariffs between countries, and we may experience an adverse impact from the U.S.-China conflict regarding tariffs and trade policy, as well as other trade protective measures from other countries.

Furthermore, given the capital-intensive nature of the alcohol industry, our success and ability to introduce new products and maintain or grow our production capacity depends on stable, liquid and well-functioning capital and credit markets to fund our future projects and development and on our ability to make timely repayments of our debt obligations. Global capital and credit markets have experienced significant volatility and disruption in recent years, resulting in decreased liquidity and making it more difficult for companies to access capital and credit markets. If market conditions deteriorate due to economic, financial, political or other reasons, our ability to obtain bank financing and access the capital markets may be adversely affected. There can be no assurance that any additional financing which we require, either on a short-term or long-term basis, will be made available on terms satisfactory to us or at all. If adequate funding is not available to us when needed, or available only on unfavourable terms, meeting our capital needs or otherwise taking advantage of business opportunities or responding to competitive pressures may become challenging. Likewise, our business may be negatively affected if our suppliers or customers are unable to perform their contractual obligations with us due to tighter capital and credit markets or a slowdown in the general economy. Any or all of these developments could materially and adversely affect our business, financial condition, results of operations and cash flows.

Political disputes can also affect our business. Disputes over territory in Asia, Africa and other regions may lead to a deteriorating business environment in the markets in which we operate. In addition, the introduction of tariffs or other trade barriers due to global political tensions in various parts of the world could adversely impact WMG's business and its growth prospects given its reliance on exports. For example, the 25% tariff imposed by the U.S. on the import value of Single Malt Scotch Whisky in a trade dispute was only just suspended for five years from June 2021. Any such political dispute could have a material adverse effect on our results of operations.

In addition, international security issues and adverse developments in respect thereof such as the current political tension between Russia, Ukraine and potentially certain security alliances could materially adversely affect global trade and economic activity. In late February 2022, Russia launched a large-scale military attack on Ukraine. The invasion significantly amplified already existing geopolitical tensions among Russia, Ukraine, Europe, NATO and the U.S. In response to the military action by Russia, various countries, including the U.S., the United Kingdom, the European Union ("EU") and Singapore issued broad-ranging economic sanctions against Russia. As a result of the ongoing war between Ukraine and Russia we have halted our sales to Russia. During the years ended 2019, 2020 and 2021, sales to Russia contributed less than 1.0% to our revenue. We currently do not intend to extend sales back to Russia while it remains subject to the aforementioned sanctions. Our Audit Committee will continue to monitor the international security issues and developments between Russia, Ukraine and potential security alliances prior to resumption of our sales to Russia, if any. The ramifications of the hostilities and sanctions, however, may not be limited to Russia and Russian companies but may spill over to and negatively impact other regional and global economic markets, companies in other countries (particularly those that have done or are doing business globally with Russia) and various sectors, industries and markets for securities and commodities globally. Accordingly, the actions discussed above and the potential for a wider conflict could increase financial market volatility, cause severe negative effects on regional and global economic markets, industries, and companies.

The consequences of such conflicts are unpredictable, and we may not be able to foresee events that could have a material adverse effect on our business, financial condition, results of operations, performance and prospects.

We are exposed to competition laws in certain jurisdictions and to the risk of changes in these laws or in the interpretation and enforcement of these laws.

We are subject to antitrust and competition laws in the jurisdictions in which we operate.

For instance, in the Philippines we are subject to the Philippine Competition Act, in the UK we are subject to the UK Competition Act 1998 and in Spain we are subject to the Spanish Competition Act (Law 15/2007, of 3 July, on the Defence of Competition) and its regulations approved by Royal Decree 261/2008 of 22 February and the Treaty on the Functioning of the European Union. Broadly speaking, these laws aim to promote free and fair competition in trade, industry and all commercial economic activities, prevent economic concentration and penalise anti-competitive agreements. See “*Regulatory—Philippine Regulation—Philippine Competition Act*”, “*Regulatory—UK Regulations—UK Competition Act 1998*” and “*Regulatory—Spanish Regulations—Spanish Competition Act*”. As of the date of this Introductory Document, our Group has not been the subject of any regulatory rulings under antitrust competition laws that have had a material adverse impact on our Group’s business operations or finances.

In addition, as a majority-owned subsidiary of AGI, we may be subject to antitrust and competition laws from outside the Philippines resulting from AGI’s global operations, and we could be required to take actions based on AGI’s activities including the divestiture of certain of our assets or businesses. Consequently, we may be subject to regulatory scrutiny in certain of these jurisdictions. There can be no assurance that the introduction of new competition laws in the jurisdictions in which we or AGI operate, the interpretation of existing antitrust or competition laws, the enforcement of existing antitrust or competition laws by competent authorities or civil antitrust litigation by private parties, or any agreements with competent antitrust or competition authorities, against us or our subsidiaries will not affect our business or the businesses of our subsidiaries in the future or have a financial impact.

Our distilleries and warehouses rely on machinery and technology and if we are unable to keep pace with technological changes or streamline our production processes with new technologies, we may not be able to remain competitive and our results of operations may be materially and adversely affected.

Our distilleries and bottling halls utilise machinery and equipment that run on modern production technology. See “*Business—Facilities and Equipment*”. Such machinery and equipment may need to be upgraded, as technological innovation can rapidly make existing equipment obsolete or unable to run as efficiently and effectively to cater to consumer demand. Replacement, upgrading or maintenance of equipment may involve significant costs. If we are unable to keep up with such technological advances or to adopt new technologies to further streamline our production processes, our competitive edge may be reduced, which may have a material adverse effect on our business, financial condition, results of operations and prospects. In addition, if our machinery or equipment is not properly maintained or we experience equipment failures, production may not be as efficient or could even be disrupted, which may have a material and adverse effect on our business and results of operations.

We are subject to risks associated with growing our business through acquisitions, such as a failure to successfully integrate any acquired entity and our assets.

We have been growing our business in part through acquisitions. In recent years, we acquired Whyte and Mackay Group Limited and Beam Suntory’s Spanish brandy and sherry brands and, together with a joint venture partner, Gonzales Byass, the Domecq brandy and wine trademarks and related assets. We may continue to expand our business through acquisitions in the future. Growth through acquisitions involves business and legal risks, including unforeseen contingent risks or latent business liabilities that may only become apparent after the acquisition is finalised, unsuccessful integration and management of the acquired entity, failure to retain key personnel and risks relating to management of a larger business, including diversion of management’s attention from other on-going business concerns. We cannot assure you that our due diligence

would have revealed all defects or deficiencies affecting the acquisitions. In addition, we may from time to time incur indebtedness or conduct other financing to fund acquisitions. If we are unable to manage these risks successfully, or if we fail to integrate the acquired businesses well and achieve synergy, our financial condition and results of operations could be adversely affected.

We could have insufficient or surplus product by inaccurately forecasting production, production constraints or other circumstances affecting our inventory.

WMG has a substantial inventory of aged stocks which mature over periods of up to 60 years. The maturing inventory is stored in various locations across Scotland. Our other product lines also have varying amounts of stocks. Loss through contamination, fire or other natural disaster of all or a portion of the stock could result in a significant reduction in the supply of products.

We may also experience production difficulties that cause shortages and delays in deliveries of our products. In addition, we may be unable to increase capacity to meet demand for new products which may be greater than anticipated. In addition, the automated production process that we use to produce most of our brandy, vodka, gin and rum products presents the risk that our automated production lines may break down in the event of a power supply or mechanical failure due to electronic malfunction. Due to production constraints and any production shortages that may occur, we may not be able to meet the demand for our alcohol products and our customers could be encouraged to try other brands. There can be no assurance that such customers would not permanently switch to other brands which could have a material adverse effect on us.

Furthermore, a key process in our business planning is to determine the volume of our valued stock and rare aged stock to release in a given year, versus the volume to retain for future years. Demand planning involves expertise in aged stock, forecasting across a complex supply chain and therefore an inherent risk of forecasting error.

If any of the foregoing risks materialises, we may experience an inability to supply future demand, leading to a loss of sales and market share, or future surplus inventory and a decrease of profit margin.

Our operating results may be adversely affected by increased costs or shortages of raw materials, packaging materials or labour.

The raw materials we use for the production of our beverage products are largely commodities that are subject to price volatility caused by changes in global and local supply and demand, weather conditions, agricultural uncertainty or governmental controls. If commodity price changes result in unexpected increases in the cost of raw materials or if the cost of packaging materials increases, including as a result of the ongoing Ukraine-Russia conflict, we may not be able to increase our prices to offset these increased costs without suffering reduced volume, revenue and operating profit. We may be adversely affected by shortages of such raw materials or packaging materials. Although we implement measures to mitigate such risks through supplier selection, procurement practices, active monitoring of the commodity markets and making appropriate price increases wherever possible, there is no guarantee that such measures will be sufficient to protect us against the possible shortage of raw materials and price fluctuation driven by unpredictable factors outside of our control.

Similarly, our operating results could be adversely affected by labour or skill shortages or increased labour costs due to increased competition for employees, higher employee turnover or increased employee benefit costs. Our success depends on maintaining good relations with our workforce. Our production may be affected by work stoppages or slowdowns as a result of disputes under existing collective labour agreements with labour unions or other groups of individuals. We may not be able to satisfactorily renegotiate our collective labour agreements when they expire and may face tougher negotiations or higher wage and benefit demands.

Furthermore, a work stoppage or slowdown at our distilleries and bottling halls could disrupt our operations and the transport of our products to our customers. Such disruptions could put a strain on our relationships with our customers and may have lasting effects on our business even after the disputes with our labour force have been resolved, including as a result of negative publicity.

Our production and business may also be affected by work stoppages or slowdowns that affect our suppliers, customers and delivery and logistics providers. These may occur, among other reasons, as a result of disputes under their respective collective labour agreements with labour unions, in connection with negotiations of new collective labour agreements, as a result of supplier financial distress or for other reasons. A strike, work stoppage or slowdown within our operations or those of our suppliers or delivery and logistics providers (for whatever reason) could have a material adverse effect on our earnings, financial condition and ability to operate our business.

Disruption or termination of our arrangements with our third-party distributors or adverse actions taken by such distributors could reduce our sales and operating income.

The distribution of our product portfolio in the Philippines is carried out, to a large extent, directly by ourselves. We have a nationwide distribution network which operates through sales offices and distribution outlets strategically located in the Philippines. We also have a sales team in Mexico. Meanwhile, we also rely upon third parties to distribute our products in a number of markets under distribution arrangements. For example, E&J Gallo, a company with which we have had a long-standing relationship, serves as the exclusive importer for certain key WMG brands into the United States. Our top 5 third-party distributors accounted for 11.4% of our Group's revenue in 2021. Our sales and distribution network, including third-party distributors, enabled our products to reach more than 100 countries. For details, see "*Business—Marketing, Sales and Distribution—Sales and distribution networks*". The use of or reliance on third parties for sales and distribution entails risks, including the termination of arrangements and delays or disruption in distribution. Such a termination, delay or disruption could have a material adverse effect on our business, financial condition, results of operation and prospects.

In 2014, Grupo Emperador Spain, S.A. invested in Bodega Las Copas, a 50%-50% joint venture with Gonzales Byass S.A. Bodega Las Copas is a company that converts and produces alcohol and spirits. Joint ventures involve business risks that may only become apparent after the joint venture is finalised and risks relating to management of a larger business, including diversion of management's attention from other on-going business concerns. If we are unable to manage these and other risks successfully, our financial condition and results of operations could be adversely affected.

We do not own or control third-party agents or distributors and therefore have limited influence over their business practices, their financial affairs or their support for selling our products.

While we offer our agents and distributors various commercial benefits and set certain key performance indicators, we do not always enter into distribution agreements with them and do not control their sales strategy or practices and have limited influence over whether they sell our products as aggressively and effectively as we would like. As of the date of this Introductory Document, there has been no disruption or termination of arrangements with our third-party distributors or actions taken by such distributors that have had a material adverse impact on our Group's operations or finances.

As independent companies and operators, our agents and distributors make their own business decisions, and those may not be aligned with our interests. We have limited insight into the financial affairs or business practices of our agents and distributors. We expend considerable time and financial resources in training and educating our agents and distributors, in particular with regard to the marketing of our brands and issues such as product warehousing, handling and merchandising. We cannot assure you that these efforts and investments are successful or that

our relationships with our agents and distributors will always remain strong. If our agents and distributors do not effectively sell our products, either in sufficient volumes or quickly enough or with adequate quality controls, our business and financial results could be materially and adversely affected.

In addition, while we will only work with business partners whom we believe to be reputable and credible, we may not know about or be able to control any potential corrupt or illegal business behaviour by our agents or distributors.

Moreover, the business environment in our markets may make it difficult for us to change agents and distributors, even if they engage in practices that harm our sales, products or reputation. Our relationships with agents and distributors are important, and as we seek to streamline and improve our distribution structures, we may not be able to do so quickly or comprehensively, at the risk of disrupting our distribution network. If we are unable to replace unproductive or inefficient agents or distributors, it could have a material adverse impact on our business, results of operations and financial condition.

We are subject to a wide range of regulations due to the nature of our operations.

We are subject to a broad range of laws and regulations covering issues related, among others, to consumer protection, the environment, and occupational health, safety and labour practices. These include laws and regulations relating to air pollution, water pollution, the management, elimination or reduction of the use of hazardous substances, waste management, recycling, and worker and consumer health and safety. For example, we are currently required to comply with:

- Republic Act No. 3720, as amended by Republic Act No. 9711, otherwise known as the Food and Drug Administration Act of 2009 of the Philippines;
- Republic Act No. 4850, otherwise known as Laguna Lake Development Authority Act of 1996 of the Philippines;
- various local ordinances in the Philippines such as those requiring business permits; and
- various laws and regulations in the UK, Spain, Mexico and our target markets.

For details, see “*Regulatory*”.

In addition, in the Philippines, our advertisements generally go through Ad Standard Council approval. In the UK, advertising and marketing are subject to the Advertising Codes of Practice. See “*Regulatory—UK Regulations—Advertising*”. In Spain, the advertisement of alcoholic beverages, at a national level, is subject to Law 34/1988, of 11 November 1988, on General Advertising and Law 7/2010, of 31 March 2010, on General Audio-visual Communication.

We may also be subject to audits. In the Philippines, the Bureau of Internal Revenue conducts a yearly audit on Philippine companies. In Mexico, we were subject to a recent tax audit. In other jurisdictions, we have not been subject to a tax audit since our acquisition of WML and Bodegas Fundador. As of the date of this Introductory Document, there have been no breaches of regulations that had a material adverse effect on our operations or finances and there has been no material findings by regulatory authorities.

Over time, our business may also be subject to laws regarding inputs and packaging that are aimed at combatting climate change. These laws could increase the costs to our business.

These laws and regulations may become more stringent in the future, and additional laws and regulations may be adopted. More stringent amendments to existing laws or any new laws and regulations may result in an increase in our cost of compliance. Additionally, if we do not or are perceived as not having complied with existing and new laws and regulations in these areas, it may result in fines, penalties, legal judgments or other costs or remediation obligations, and may adversely affect our business, financial condition, results of operation and prospects.

In addition, we believe that we are in compliance with all applicable sanctions laws and that we are not and have not been the subject of any sanctions investigations. Nevertheless, given the global nature of our operations, we could face the risk of sanctions enforcement if, for example, we were to conduct business with persons or entities that are targets of U.S. or other sanctions in violation of applicable laws.

We continue some of our operations under licences which are in the process of renewal.

Many of our operations require government licences. While we have applied for or made arrangements to apply for the renewal of various licences, we have continued operations while our renewals are pending. A list of such licences can be found in “*Appendix G—Licences*.” We have not been subject to any penalties or orders to cease activities and we do not foresee any material difficulties in renewing these licences. Nevertheless, the failure to renew these licences could have a material adverse impact on our operations and financial results.

Our operations involve substances and processes that pose risks to the health and safety of our employees and property.

Our spirit production processes require large machinery, flammable liquids, heavy barrels and other hazards that could jeopardise the health and safety of our employees and property. Malfunctions, leaks, fires, explosions and other incidents could harm our staff, disrupt our operations and have a material adverse effect on our results of operations. As of the date of this Introductory Document, such incidents have not resulted in any breaches of laws and regulations that have had a material adverse impact on the Group’s business operations and/or financial results.

The prices of our brandy products have increased, and may continue to increase, because of the Sin Tax Reform Law of 2012, as amended in 2020 by Republic Act No. 11467 and similar laws in other jurisdictions, which may result in decreased demand for, and sales of, our products.

Products that are manufactured and/or distributed by EDI are subject to excise taxes levied on alcohol and tobacco producers by the Government of the Philippines, which increase the cost and price of the products. The applicable duty on alcohol products will increase gradually every year – starting from specific tax of ₱42.00 per proof litre at 1 January 2020 to ₱66 per proof litre by year 2024 and further increasing by 6% every year thereafter, plus an ad valorem tax equivalent to 22% of the net retail price per proof every year (20% in the previous five years). Currently, EDI passes these increasing tax payments to consumers by raising the prices of our products. However, there can be no assurance in the future that EDI will be able to continue to raise the prices of our products and pass on to our customers the higher excise taxes, which could result in lower sales volume or lower margin. Consequently, our sales, results of operations and financial condition could be materially and adversely affected.

Our operations are conducted in many countries and, consequently, volatility in the value of the peso against relevant foreign currencies could adversely affect our business.

While we report our financial results in Philippine pesos, we operate internationally and generate sales and incur costs throughout the world in a variety of currencies, including the British pound, Euro and U.S. dollar. The exchange rates between some of the foreign currencies in which we operate and the Philippine peso have fluctuated significantly in recent years and may continue to do so in the future. While our international operations outside the Philippines keep growing, a significant fluctuation in exchange rates, principally caused by macroeconomic or political instability, could have a negative impact on our activities and operating results. Any such exchange rate fluctuations may have a negative impact on our reported financial results. See *“Management’s Discussion and Analysis of Financial Condition and Results of Operations—Qualitative and Quantitative Disclosure of Financial Risks—Foreign Currency Risk”*.

We may not be able to adequately establish and protect our intellectual property rights.

Intellectual property rights, such as trademarks, are important to our successful branding. We have made considerable efforts to protect our intellectual property portfolio, including through registrations of trademark and domain names. Our major trademarks include “Emperador”, “Andy Player”, “The Bar” and “Zabana” brand names. EDI has registered our major brands as trademarks in more than 30 countries, while WMG owns approximately 700 trademarks worldwide and Bodegas Fundador owns approximately 850 trademarks worldwide. We have also acquired a number of well-known trademarks in Mexico, Spain, Colombia, Brazil, the Benelux countries and the United States. For details, see *“Business—Intellectual Property”*. There could be no assurance that we have taken adequate actions to prevent third parties from using these brand names or logos or from naming their products using the same brands we use. In addition, there could be no assurance that third parties will not assert rights in, or ownership of, our name, trademarks and other intellectual property rights. In particular, the chain of title for certain long-standing trademarks of our Fundador and Garvey brands have not been updated. We expect to complete these updates in 1-2 years. This does not affect our operations because we have a deed of assignment for each country in which trademarks were registered evidencing our ownership over the trademarks and brands. Pursuant to each deed of assignment, the assignor will help to ensure that the relevant Bodegas Fundador entities are recorded as the registered owner of the trademarks. Bodegas Fundador is responsible for the costs of recording the assignments. For details, see *“Business—Intellectual Property”*. Because we believe that the reputation and track record we have established under our brands is a key to our future growth, our business, financial condition and results of operations may be materially and adversely affected by the use of our brands by third parties or if we were restricted from using those brands.

Information technology failures, including those that affect the privacy and security of sensitive customer and business information, could damage our reputation, and we could suffer a loss of revenue, incur substantial additional costs and become subject to litigation and regulatory scrutiny.

We rely on information technology systems to process, transmit and store large amounts of electronic data, including payment information. A significant portion of the communication between our personnel, customers and suppliers depends on information technology and we depend on information technology to enable us to operate efficiently and to interface with customers. We collect and store personal data of participants of our marketing and promotional events. We have also implemented systems which assist us in accounting, production planning, inventory management, procurement, sale and distribution, plant maintenance, human resources and cost management activities for our distilleries and bottling halls. For more information, see *“Business—Information Technology”*.

As with all large systems, our information systems may be vulnerable to a variety of interruptions due to events beyond our control, including, but not limited to, hackers and intentional security breaches, terrorist attacks, telecommunications failures, computer viruses, natural disasters and other security issues. As of the date of this Introductory Document, our Company has not experienced an information technology failure that had a material adverse impact on the Group's operations or finances.

If we do not allocate and effectively manage the resources necessary to build and sustain the proper technology infrastructure, we could be subject to transaction errors, processing inefficiencies, loss of customers, operations disruptions, or the loss of or damage to intellectual property through a security breach. As with all information technology systems, our system could also be penetrated by outside parties intent on extracting information, corrupting information or disrupting business processes.

We take various actions with the aim of minimising potential technology disruptions, such as investing in intrusion detection solutions, proceeding with internal and external security assessments, building and implementing business continuity plans and reviewing risk management processes. These protections may be compromised as a result of third-party security breaches, burglaries, cyber attacks, errors by employees or employees of third-party vendors or of contractors, misappropriation of data by employees, vendors or unaffiliated third parties, or other irregularities that may result in persons obtaining unauthorised access to company data or otherwise disrupting our business. For example, if outside parties gained access to confidential data or strategic information and appropriated such information or made such information public, this could harm our reputation or our competitive advantage, or could expose us or our customers to a risk of loss or misuse of information. More generally, technology disruptions can have a material adverse effect on our business, results of operations, cash flows or financial condition.

While we will continue to invest in new technology monitoring and cyber attack prevention systems, no commercial or government entity can be entirely free of vulnerability to attack or compromise given how rapidly and unpredictably techniques evolve to obtain unauthorised access or disable or degrade service.

Significant erosion of our reputation or the reputation of our brands could have a material impact on our financial results.

Our reputation is the foundation of our relationships with key stakeholders and other business partners, such as suppliers and consumers. Our domestic brands such as "Emperador", "Andy Player", "The Bar" and "Zabana" are well known in the Philippines, and this awareness is central to their respective market leading positions. The brands which we acquired in recent years such as "Whyte & Mackay", "The Dalmore", "Jura", "Shackleton", "Tamnavulin", "Fettercairn", "Fundador", "Terry", "Tres Cepas", "Harveys", "Esplendido" and "San Patricio" are reputable locally and internationally. Such brand recognition is the result of the significant investments we have made in our brands and products over many years. The reputation of these brands may be adversely impacted by adverse events, such as product recalls or liability litigations, which could affect our reputation and reduce demand for our products. The success of our brands could also suffer if our marketing plans or product initiatives do not have the desired impact on a brand's image or our ability to attract consumers, as costs associated with brand improvements and marketing could be significant and could have an adverse impact on our results if they do not produce desired outcomes.

In addition, our operations are subject to hazards and liability risks, such as potential contamination, through tampering or otherwise, of ingredients, bottles or products. Contamination of any of our products could result in the need to implement a product recall, which could significantly damage our reputation for product quality. We believe that our reputation for product quality is one of our principal competitive advantages and, as a result, any such damage to our reputation for quality could have a material adverse effect on our business, financial condition and results of operation.

Our reputation may also be damaged by the proliferation of counterfeits of our brands. The more visible our brands become, the more likely our brands are to be counterfeited. The perception of low product quality by consumers of counterfeits of our brands could have an adverse impact on our business.

We may be exposed to legal suits and other proceedings arising from our operations, particularly product liability claims or product recall costs, which our insurance may not cover and which could harm our reputation.

We may, from time to time, be involved in disputes with various parties such as our suppliers, retailers and consumers. These disputes may in the future lead to legal or other proceedings and may result in substantial costs, delays in our production schedule, and the diversion of resources and the management's attention. We may also have disagreements with regulatory bodies in the course of our operations, which may subject us to administrative proceedings and unfavourable decisions that could result in penalties and/or delay the manufacturing of our products. In such cases, our business, financial condition, results of operations and cash flows could be materially and adversely affected. As of the date of this Introductory Document, our Company has not experienced any legal suits or proceedings that had a material adverse impact on the Group's operations or finances.

In particular, with respect to liability claims brought against us and our products, plaintiffs may seek to recover large and sometimes unspecified amounts of damages, and the matters may remain unresolved for several years. In the event that any of our products prove to be unsafe for consumption, we may need to recall such products. Any such matters could have adverse effects on our business, results of operations and financial condition if we are unable to successfully defend against or settle these matters, or if our insurance coverage is insufficient to satisfy any judgments against us or settlements relating to these matters. Product recalls or product liability claims may also result in a decline in sales for a particular product, particularly if those recalls or claims cause customers to question the safety of our products. Any of these issues may also generally affect our reputation and goodwill.

We maintain general liability insurance coverage, including coverage for errors or omissions. However, our insurance coverage may not cover every or the full amount of a product liability claim or a claim for damages arising from a breach of contract due to our inability to meet client orders or specifications. A successful assertion of one or more large product liability or breach of contract claims against us which is uninsured or that exceeds our available insurance coverage, may negatively affect our operating results. See "*Business—Insurance*".

Water is critical to our operations and any shortage or contamination of our water supply source would adversely affect our operations.

The alcoholic beverage sector uses a large amount of water in our operations, as water is a key input to our finished products. EDI, our operational entity in the Philippines, sources water needed for our beverage production from two deep wells located in our facility. The water then undergoes treatment at our in-house water filtration facility to ensure our safety and suitability for beverage production. The Philippines has from time to time experienced drought conditions and may continue to experience drought, for example, caused by El Niño.

The distilleries in Scotland can experience some water shortages for short periods during the summer months. See "*Business—Raw Materials and Packaging Materials*".

In addition, disruptive weather patterns caused by climate change could adversely affect our water sources.

If we experience a shortage of water for any reason, including competition from other users, drought or contamination, our beverage production business could be materially and adversely affected.

Our profitability may be impacted by the illegal importation of alcoholic beverages and other illicit trade.

The alcoholic beverage industry is affected by on-going smuggling and illicit trading of alcoholic products. These illegal activities have resulted in decreases in sales volume and sales price for legitimate alcoholic beverage market participants. Our ability to compete effectively may depend to a degree on the proper enforcement of regulations by governments, which is beyond our control.

We are effectively controlled by the Tan Family and their interests may differ significantly from the interests of other Shareholders.

Through its direct interest in AGI, and in the companies that beneficially own shares in AGI and in AGI's subsidiaries, the Tan Family effectively controls our Company and our Group. Dr. Andrew Tan and his spouse, Mrs. Katherine Tan, both serve on AGI's and our Board as Chairman and Treasurer, respectively. Their sons, Messrs. Kevin Andrew Tan and Kendrick Andrew Tan, are our directors and those of EDI. Mr. Kevin Andrew Tan is also the Vice Chairman and CEO of AGI. These positions allow the Tan Family to control shareholder decisions and exercise significant control over board decisions in AGI and in each of its major subsidiaries, including our Company and our Group.

The respective businesses or activities of other Tan Family-related companies currently do not compete with our businesses or activities, but they may do so in the future. In addition, certain Tan Family-controlled companies may have commercial transactions with other AGI companies. The interests of the Tan Family may differ significantly from our interests or the interests of other Shareholders. See *"Interested Person Transactions and Potential Conflicts of Interest"* and *"Substantial Shareholders and Security Ownership of Directors"*.

In addition, certain executives or directors of companies in the AGI Group are also our directors or members of our management and vice versa. For example, in addition to the above-described positions held by the Tan Family, the Company's CFO and two of its directors, including one of its independent directors, also hold such positions in AGI. Such positions in other companies in the AGI Group could result in potential conflicts of interest or commitments that may impact the time devoted to the discharge of their duties as executives or directors of our Company. See *"Interest Person Transactions and Potential Conflicts of Interest"* and *"Principal Commitments"*.

We have entered into and expect to continue to enter into material agreements and other arrangements with the Tan Family and our affiliated companies and persons.

We have entered into and expect to continue to enter into a number of material agreements and other arrangements with companies controlled by members of the Tan Family and affiliated companies and persons. For instance, we procure import and export processing services from Andresons Global Inc. ("**AGL**"), a related party under common ownership, to process our importation of raw materials and the exportation of our products. We have also, from time to time, purchased imported raw materials and machine spare parts from AGL, which amounted to ₱144.9 million, ₱103.2 million, ₱115.7 million and in the years ended 31 December 2019, 2020 and 2021, respectively, or 0.4%, 0.3% and 0.1% of total cost of goods sold for such periods, respectively. EDI and AWGI also lease head office space from Megaworld Corporation, an interested person under common ownership. For details of interested person transactions, see *"Interested Person Transactions and Potential Conflicts of Interest"*. Although we believe that our interested person transactions are all negotiated on an arm's length basis, transactions with interested persons nonetheless pose the risk of us in the future entering into transactions on terms less favourable than could be obtained in arm's length transactions with unrelated third parties. Any such transactions could result in minority Shareholders taking issue with such practices or bringing suit against us and thus materially and adversely affect our business, financial condition and results of operations.

We also depend on AGI for certain resources. For example, AGI leases land and its glass manufacturing plant to AWGI. If AGI discontinues this lease, our business and results of operations could be adversely affected. See *“Interested Person Transactions and Potential Conflicts of Interest—Present and On-going Interested Person Transactions—Entry into Lease Agreements with Interested Persons”*.

The AGI Group constitutes a large organisation, and its executives are exposed to the risks and difficulties of conducting business on a global scale, including reputational risk and risk of litigation (including class actions). Certain executives or directors of companies in the AGI Group are also our directors or members of our management and vice versa. Given our close association with AGI, any such litigation could involve one of our directors or executives and may adversely affect us, result in negative publicity about our Company or damage the reputation of our brands, which could harm our revenues and profits.

We depend on the continued services of our directors and members of our senior management.

Our directors and members of our senior management have been an integral part of our success, and the expertise, experience and business relationships that would be lost should any such persons depart could be difficult to replace and may result in a decrease in our operating efficiency and financial performance. Apart from Mr. Winston S. Co, President, members of the Tan Family also fill certain key executive positions, and we may not be successful in attracting and retaining executive talent to replace these family members should they depart. Such executives include Mrs. Katherine L. Tan and Mr. Kendrick Andrew L. Tan. If we lose the services of any such person, and are unable to fill any vacant key executive or management positions with qualified candidates, our businesses and results of operations may be adversely affected. See *“Board of Directors and Senior Management”*.

Our success depends on our ability to recruit, retain and develop the capabilities of our employees.

Our success is dependent on the capability of our employees. There is no guarantee that we will continue to be able to recruit, retain and develop the capabilities that we require to execute our strategy in relation to sales, marketing, innovation capability within markets, senior management or other areas.

The implementation of our strategic business plans could be undermined by a failure to recruit or retain key personnel or the unexpected loss of senior employees, including in acquired companies. Accordingly, we may also be required to engage the services of or outsource certain works to technical consultants and professionals in the course of our business. We may incur substantial costs as a result. Otherwise, we may also incur substantial time and costs in hiring and training replacement employees. Failure to successfully do so, including failure to transfer significant internal historical knowledge and expertise to the new employees, could have a material adverse effect on our business, financial condition, results of operations and future prospects.

In addition, we face various challenges inherent in the management of a large number of employees operating in multiple jurisdictions across a large geographical area. It is not certain that we will be able to attract or retain key employees and successfully manage them, which could disrupt our business and have an unfavourable material effect on our financial position, income from operations and competitive position. See *“Business—Employees”*.

Seasonal consumption cycles may result in fluctuations in demand for certain of our products.

Sales of certain of our products are more affected than others by seasonal factors because of different consumption patterns or consumer habits. In particular, sales of brandy are higher during the holiday months of April, May, October, November and December of each year. Holidays when sales tend to spike include fiestas (occasions for social gatherings), Christmas and New Year festivities (occasions for gifting). Seasonal consumption cycles in the markets in which we operate may have an impact on our operations. This is particularly true in the summer months, when unseasonably cool or wet weather can affect sales volumes. Although this risk is somewhat mitigated by our diversified product portfolio and global presence, seasonal factors could adversely affect our business, results of operations and/or financial condition.

A decline in the social acceptability of alcohol consumption could adversely affect our results of operations.

In recent years, there has been increased social and political attention directed at the alcoholic beverage industry. For example, in 2018 Scotland introduced a minimum price per unit of alcohol in order to, among other aims, reduce alcohol consumption. We believe that this attention is the result of public concern over problems related to alcohol abuse, including driving under the influence, underage drinking and health consequences resulting from the misuse of alcohol. Additional taxes or pricing controls on alcohol may be enacted in the markets in which we operate and some jurisdictions may severely restrict the marketing and promotion of alcohol. If, as a result, the general social acceptability of alcoholic beverages were to decline significantly, sales of our products could materially decrease. Moreover, regulatory action, litigation or customer complaints may also have an adverse effect on our profitability.

Events such as severe weather conditions, natural disasters, hostilities and social unrest, among others, may materially and adversely affect our results of operations and prospects.

Severe weather conditions, natural disasters, hostilities and social unrest, terrorist activities, or other significant adverse events which are outside our control could adversely affect consumer spending and confidence levels and supply availability and costs, as well as operations in the impacted markets, all of which can affect our results of operations and prospects. In particular, the loss of a production facility due to a fire or natural disaster would have a severe impact on our production levels and our results of operations. We maintain comprehensive insurance coverage for our employees, properties and operations. Our receipt of proceeds under any insurance we maintain with respect to some of these risks may be delayed or the proceeds may be insufficient to cover our losses fully. See “*Business—Insurance*”.

RISKS RELATING TO AN INVESTMENT IN OUR SHARES

Our Company is incorporated in the Philippines and the Shares have their primary listing on the PSE and are subject to Philippine laws and regulations, which may differ from laws and regulations applicable to Singapore companies listed on the SGX-ST.

Our corporate affairs are governed by our Articles of Incorporation and By-laws, the Philippine Revised Corporation Code, the SRC, and the regulations of the PSE applicable to companies listed thereon. The rights of our Company’s Shareholders and the responsibilities of our Company’s Board of Directors and management under Philippine law may differ from those applicable to a company incorporated in Singapore. Our Company’s public Shareholders may have difficulty in protecting their interests in connection with actions taken by our Company’s Board of Directors, management or Controlling Shareholder as compared with shareholders of a company incorporated in Singapore. See “*Appendix C—Summary of Selected Provisions of our By-Laws and related Philippine Laws*” and “*Appendix D—Comparison of Philippines Corporate Law and Singapore Corporate Law*” for details.

Further, the nature and content of information required to be publicly disclosed under the regulation of the PSE applicable to companies listed thereon may differ from public disclosures made by companies listed on the SGX-ST. These differences may include, among others, differences with respect to the disclosure of beneficial ownership of our Company's equity securities and related party or connected transactions.

As the listing of our Shares on the SGX-ST will be a secondary listing, our Company is subject to limited regulatory oversight by the SGX-ST. Under the Listing Manual, as a foreign issuer with a secondary listing on the SGX-ST, our Company will generally not be required to comply with the provisions of the Listing Manual, provided that our Company undertakes to: (a) release all information and documents in English to the SGX-ST at the same time as they are released to the home exchange; (b) inform the SGX-ST of any issue of additional securities in a class already listed on the SGX-ST and the decision of the home exchange; (c) comply with such other Listing Rules as may be applied by the SGX-ST from time to time (whether before or after listing); and (d) comply with Chapter 9 of the SGX-ST Listing Manual on Interested Person Transactions, Chapter 10 of the SGX-ST Listing Manual on Significant Transactions and Chapter 13 of the SGX-ST Listing Manual on Trading Halt, Suspension and Delisting. For example, our continuing listing announcement and disclosure requirements will follow the requirements of the SRC and PSE Listing and Disclosure Rules instead of the requirements under Chapter 7 of the SGX-ST Listing Manual.

The role of the SGX-ST in performing any regulatory, disciplinary or enforcement function in respect of our Company may also be limited. Accordingly, CDP Depositors may have difficulty in protecting their interests as compared with shareholders of a company primary listed on the SGX-ST. See *"Appendix E—Comparison of PSE and PSEC Regulations and Philippines Securities Law and SGX-ST Listing Rules and Singapore Securities Law"* for details.

The sale or possible sale of a substantial number of the Shares in private or public sales could adversely affect the price of the Shares and our ability to raise capital and dilute existing Shareholders.

Any future issue or sale of our Shares, including under the Employee Stock Option Plan, the conversion of equity-linked securities or other issuances, the disposal of our Shares by any of our Company's major stockholders or the perception that such issuances, sales or disposals may occur may have a downward pressure on the price of our Shares and there can be no assurance that such issuances, sales or disposals will not take place. To the extent further new Shares are issued, whether in connection with the conversion of equity-linked securities or otherwise, there may be dilution to present holders of our Shares. Any of these factors may also affect our Company's ability to undertake equity fundraising in the future. See "Share Options".

We may experience capital market risks and our share price may be volatile.

The performance of the SGX-ST and the PSE are very much dependent on external factors such as the performance of the regional and world bourses and the flows of foreign funds. Sentiments are, among others, driven by internal factors such as the economic and political conditions in Singapore and the Philippines as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on the SGX-ST and PSE, thus adding risk to the market price of the listed securities.

The Philippine securities markets in particular are substantially smaller, less liquid, and more volatile relative to major securities markets in the United States and other jurisdictions, and are not as highly regulated as some of these other markets.

Factors that could affect the price of the Shares include the following:

- fluctuations in our results of operations and cash flows or those of other companies in our industry;
- additions or departures of key personnel;
- changes in financial estimates or recommendations by research analysts;
- changes in the amount of our Company's and our Group's outstanding indebtedness;
- changes in general conditions in the Philippines and the international economy, the financial markets or the industries in which we operate, including changes in regulatory requirements and changes in political conditions in the Philippines;
- changes in relationships with our Company's Controlling Shareholder and regulators;
- significant contracts, acquisitions, dispositions, financings, joint marketing relationships, joint ventures or capital commitments by us or our competitors;
- asset impairments or other charges;
- significant claims or proceedings against us and disputes involving us;
- announcements made by our Company or our competitors;
- discrepancies between our Company's actual operating results and those expected by investors and research analysts;
- changes in pricing made by our Company, suppliers or competitors;
- depth and liquidity of the market for the Shares;
- success or failure of our Company's management team in implementing business and growth strategies;
- negative publicity;
- our Company's dividend policy; and
- future sales of our Company's equity or equity-linked securities.

In recent years, stock markets, including the PSE, have experienced extreme price and volume fluctuations. This volatility has had a significant effect on the market price of securities issued by many companies for reasons unrelated to the operating performance of these companies. These broad market fluctuations may also adversely affect the market prices of the Shares.

The Shares are subject to Philippine foreign ownership limitations.

The Philippine Constitution and related statutes restrict land ownership to Philippine Nationals. The term "Philippine National", as defined under Republic Act No. 7042, means a citizen of the Philippines, or a domestic partnership or association wholly owned by citizens of the Philippines, or a corporation organised under the laws of the Philippines of which at least 60% of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines, or by a corporation organised abroad and registered to do business in the Philippines under the Philippine

Revised Corporation Code of which 100% of the capital stock outstanding and entitled to vote is wholly owned by Filipinos or a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine National and at least 60% of the fund will accrue to the benefit of Philippine Nationals, provided that, where a corporation and its non-Filipino stockholders own stock in a PSEC-registered enterprise, at least 60% of the capital stock outstanding and entitled to vote of each corporation must be owned and held by citizens of the Philippines, in order for such corporation to be considered a Philippine National.

Pursuant to SEC Memorandum Circular No. 8, Series of 2013, which generally applies to all corporations engaged in identified areas of activities or enterprises specifically reserved, wholly or partly, to Philippine Nationals by the Philippine Constitution, the Foreign Investments Act of 1991 and other existing laws, amendments thereto, and implementing rules and regulations of the said laws, for purposes of determining compliance with the constitutional or statutory ownership requirement, the required percentage of Filipino ownership shall be applied to both: (i) the total number of outstanding shares of stock entitled to vote in the election of directors; and (ii) the total number of outstanding shares of stock, whether or not entitled to vote in the election of directors.

As of the date of this Introductory Document, our Company owns land directly and indirectly through our Company's subsidiaries. See "*Business—Organisational Chart*" and "*Business—Facilities and Equipment*".

Considering the foregoing, as long as our Company owns land, foreign ownership of our Company is limited to a maximum of 40% of issued and outstanding capital stock. We cannot allow the issuance or the transfer of shares to persons other than Philippine Nationals if such issuance or transfer would result in our Company's ceasing to be a Philippine National for the purpose of complying with the restrictions on foreign land ownership discussed above. These restrictions may adversely affect the liquidity and market price of the Shares to the extent that international investors are not permitted to purchase Shares in normal secondary transactions.

The Tan Family has agreed to hold at least 60% of the Shares of our Company in order to ensure that our Company complies with the foreign ownership restrictions. If they fail to do so, our Company may breach the foreign ownership laws, which would have an adverse effect on our business.

Corporate governance and disclosure standards in the Philippines may differ from those in more developed countries.

Although a principal objective of Philippine securities laws is to promote full and fair disclosure of material corporate information, there may be less publicly available information about Philippine public companies, such as our Company, than is regularly made available by public companies in the U.S. and other countries. As a result, public Shareholders of our Company may not have access to the same amount of information or have access to information in as timely a manner as may be the case for companies listed in the U.S. and many other jurisdictions. Furthermore, although we comply with the requirements of the PSEC with respect to corporate governance standards, these standards may differ from those applicable in other jurisdictions. Any failure to maintain effective disclosure controls and procedures and internal control over financial reporting in accordance with the rules of the PSEC could harm our business and results of operations and/or result in a loss of investor confidence in our financial reports, which could have a material adverse effect on our business.

As the listing of our Shares on the SGX-ST is a secondary listing, with a primary listing on the PSE, we are subject to limited regulatory oversight by the SGX-ST. Under the Listing Manual, a foreign issuer having a secondary listing on the SGX-ST, as is our case, need not comply with the SGX-ST's listing rules, provided that we undertake to:

- comply with Chapter 9 of the SGX-ST Listing Manual on Interested Person Transactions, Chapter 10 of the SGX-ST Listing Manual on Significant Transactions and Chapter 13 of the SGX-ST Listing Manual on Trading Halt, Suspension and Delisting;
- release all information and documents in English to the SGX-ST at the same time as they are released to the PSE;
- inform the SGX-ST of any issue of additional securities in a class already listed on the SGX-ST and the decision of the PSE in relation to the listing of these securities on the PSE; and
- to comply with such other listing rules as may be applied by the SGX-ST from time to time.

For example, our continuing listing announcement and disclosure requirements will follow the requirements of the SRC and PSE Listing and Disclosure Rules instead of the requirements under Chapter 7 of the SGX-ST Listing Manual.

Please refer to “*Appendix D—Comparison of Philippines Corporate Law and Singapore Corporate Law*” and “*Appendix E—Comparison of PSE and PSEC Regulations and Philippines Securities Law and SGX-ST Listing Rules and Singapore Securities Law*” for more information.

The SGX-ST's role in performing any regulatory, disciplinary or enforcement role against us may also be limited. Therefore, CDP Depositors in Singapore may have more difficulty in protecting their interests than they would as shareholders of a company incorporated in Singapore.

Control by our Company's Controlling Shareholder and the Tan Family may limit the ability of our Company's Shareholders to influence the outcome of decisions requiring approval of Shareholders.

Our Company's largest and Controlling Shareholder is AGI, which holds a direct interest of 84.57% in our Company as of 31 March 2022. Our Company is also effectively controlled by the Tan Family; see “*Risks relating to our Business—We are effectively controlled by the Tan Family and their interests may differ significantly from the interests of other Shareholders*”. Accordingly, AGI and the Tan Family will be able to control the outcome of all matters which can be approved by a simple majority and a special majority of 75.0%. The interests of AGI and the Tan Family may or may not be aligned with, or may conflict with, the interest of minority Shareholders of our Company with respect to voting decisions. In addition, such concentration of ownership may have the effect of delaying, preventing or deterring a change in control which may benefit minority Shareholders.

Our Company may not be able to pay dividends.

Our Company's ability to declare dividends in relation to its Shares will depend on its future financial performance which, in turn, depends on its ability to successfully implement its business strategies as well as financial, competitive, regulatory and general economic conditions, and other factors specific to its industry, many of which are beyond our control. In addition, our Company's ability to pay dividends is also subject to requirements of Philippine law; see “*Dividends and Dividend Policy—Limitations and Requirements*”. Although we declared dividends in 2018, 2019, 2020 and 2021, there is no guarantee that we will declare and pay dividends at the same level or at all in the future.

Our Company is a holding company and will depend on distributions from its principal operating subsidiaries to enable it to meet its financial obligations.

We are organised as a holding company structure, and our operations are carried out through subsidiaries. Our subsidiaries' and affiliated companies' ability to upstream or distribute cash (to be used, among other things, to meet our financial obligations) through dividends, intercompany advances, management fees and other payments is, to a large extent, dependent on the availability of cash flows at the level of such subsidiaries and affiliated companies and may be restricted by applicable laws and accounting principles. The determination of the amount of distributions, if any, to be paid to our Company by our subsidiaries will depend upon the terms of each subsidiary's indebtedness, if any, as well as each subsidiary's financial condition, results of operations, cash flows and business prospects. Our Company will receive distributions made by our subsidiaries based on our ownership interest in each subsidiary.

Exchange rate fluctuations may adversely affect the value of our Shares and any dividend distribution.

Our Shares will be quoted in Philippine pesos on the PSE and in Singapore Dollars on the SGX-ST. Dividends, if any, with respect to our Shares will be declared in Philippine pesos and converted to Singapore Dollars for payment in relation to Shares which are listed on the SGX-ST. Fluctuations in the exchange rates between the Philippine peso and the Singapore Dollar will affect, among other things, the value of the dividends to be received in Singapore Dollars by investors of our Shares in Singapore. While an investor who sells our Shares on the PSE and converts the proceeds from the sale of the Shares to a currency other than Philippine pesos will be subject to fluctuations in exchange rates between the converted currency and Philippine pesos, similarly, an investor who sells our Shares on the SGX-ST and converts the proceeds from the sale of the Shares to a currency other than Singapore Dollars will be subject to fluctuations in exchange rates between the converted currency and Singapore Dollars.

Please see the section entitled "*Exchange Rates and Exchange Controls*" for more information.

Shareholders may be subject to limitations on minority shareholders' rights.

Our Company's corporate affairs are governed by its Articles of Incorporation and By-laws and the Philippine Revised Corporation Code. The laws of the Philippines relating to the protection of interests of minority shareholders differ in some respects from those established under the laws of more developed countries. Such differences may mean that the Company's minority Shareholders may have less protection than they would have under the laws of more developed countries. The obligations under Philippine law of majority shareholders and directors with respect to minority shareholders may still be more limited than those that are available in certain other countries. Consequently, minority shareholders may not be able to protect their interests under current Philippine law to the same extent as in certain other countries.

The Philippine Revised Corporation Code provides for minimum minority shareholder protection in certain instances wherein a vote by the shareholders representing at least two-thirds of our Company's outstanding capital stock is required. The Philippine Revised Corporation Code also grants shareholders an appraisal right allowing a dissenting shareholder to require the corporation to purchase his shares in certain instances. Appraisal rights do not directly extend to investors in Singapore who hold their shares through the CDP because such investors are not shareholders of record of our Company. Derivative actions, while permitted under the Philippine Revised Corporation Code, are rarely brought on behalf of Philippine companies. Accordingly, there can be no assurance that legal rights or remedies of minority shareholders will be the same, or as extensive, as those available in other jurisdictions or sufficient to protect the interests of minority shareholders.

Overseas shareholders may be subject to restrictions or repatriation of pesos with respect to the Shares.

Under BSP regulations, as a general rule, Philippine residents may freely dispose of their foreign exchange receipts and foreign exchange may be freely sold and purchased outside the Philippine banking system. There are restrictions on the sale and purchase of foreign exchange within the Philippine banking system. In particular, a foreign investment must be registered with the BSP if foreign exchange is needed to service the repatriation of capital and the remittance of dividends, profits and earnings which accrue thereon is sourced from the Philippine banking system. These restrictions will apply to investors in Singapore who wish to dispose of their shares on the PSE. If an investment is not registered with the BSP, the investor will not be able to source foreign exchange from the Philippine banking system for purposes of repatriation of capital or dividends. Investors are not prohibited from sourcing and may source foreign exchange outside the Philippine banking system. See “*Philippine Foreign Exchange and Foreign Ownership Controls*”.

The Government of the Philippines has, in the past, instituted restrictions on the conversion of pesos into foreign currency and the use of foreign exchange received by Philippine residents to pay foreign currency-denominated obligations. The Monetary Board of the BSP, with the approval of the President of the Philippines, has statutory authority during a foreign exchange crisis or in times of national emergency to temporarily suspend or restrict sales of foreign exchange, to require licencing of foreign exchange transactions or to require delivery of foreign exchange to BSP or our designee banks. We are not aware of any pending proposals by the Government relating to such restrictions. Any restrictions imposed in the future pursuant to such statutory authority could adversely affect our ability to source foreign currency to comply with our foreign currency-denominated obligations and adversely affect the ability of investors to repatriate foreign currency upon sale of the Shares or dividends or distributions relating to them.

The validity of certain issuances and transfers of Shares of our Company cannot be verified.

We are subject to laws and regulations governing our corporate administration and management, including corporate and taxation laws and regulations in relation to the issuance and transfers of Shares of our Company and our subsidiaries, and there is no assurance that we will be able to maintain at all times full compliance with such laws and regulations. We may encounter corporate secretarial irregularities, due in part to the long corporate histories of some of our subsidiaries, which may conflict with or affect the validity of corporate actions we take or have taken. Although we have not experienced any challenges to the validity of the shares of our Group, we cannot be certain that we will not encounter such claims in the future.

In the event such legal proceedings or claims are commenced against our Group, we may have to devote substantial time and resources to defending such proceedings and such proceedings may also divert the attention of our management from our core business. Further, in the event a claimant successfully challenges the validity of a transfer or allotment, certain corporate actions may be considered void or we may be required to transfer certain shares and consequently lose all or a part of our interest in the affected subsidiary. If the foregoing events should occur, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Overseas Shareholders may not be able to participate in future rights offerings or other equity issuances by us.

Although Philippine public companies are not required to offer pre-emptive rights to existing shareholders when issuing shares, Philippine public companies have from time to time issued shares through rights offerings. Compliance with securities laws or other regulatory provisions in some jurisdictions (including Singapore) may prevent certain investors from participating in any

future rights issuances and the shareholdings of such investors may be diluted by any such rights issuances as we have no obligation to register our Shares in any other jurisdiction. While we may lodge the necessary documents in respect of such a rights offering in Singapore, there is no assurance that we will do so in order to permit Singapore investors to participate in any future rights offerings we may undertake.

CDP Depositors whose names appear in the Depository Register maintained by the CDP will not be recognised as shareholders of our Company and will have a limited ability to attend general meetings.

Under Philippine law, CDP Depositors whose names appear in the Depository Register maintained by the CDP are not Shareholders of our Company. In connection with our Company's listing on the Main Board of the SGX-ST, CDP has appointed the Singapore Custodian to hold Shares which are listed and traded on the SGX-ST for CDP Depositors via an omnibus account held by the Philippines Custodian. Pursuant to Section 62 of the Philippine Revised Corporation Code, PCD Nominee will be the only holder on record of the Shares held by the investors through CDP and, accordingly, the only person or entity recognised as a Shareholder and legally entitled to vote on any matter to be submitted to the vote of our Shareholders at a general meeting of Shareholders. Please see *"Clearance and Settlement—Dealing of Shares on the PSE—Scripless Trading on the PSE"* for further details on the operation of the book-entry settlement system in the PDTC. Accordingly, the investors of any Shares held through the Philippines Custodian will not be able to attend such Shareholders' meeting in their own names. The Philippines Custodian will act as CDP's proxy during a general meeting of Shareholders and CDP will instruct such Philippines Custodian, through the Singapore Custodian, to split its votes in accordance with the instructions that CDP receives from investors holding Shares through CDP. The operation of a CDP Securities Account is subject to the terms and conditions for the operation of Securities Accounts with CDP, and the terms and conditions for CDP to act as depository for foreign securities as amended from time to time. For additional information regarding the voting rights of our Shareholders, see *"Description of Share Capital—Rights Relating to the Shares—Voting Rights"*.

CDP Depositors who desire to exercise their voting rights under their own names with regard to Shares that are credited to their Securities Account with CDP will be required to transfer their Shares out of the CDP system in Singapore into the PDTC system in the Philippines and have the Shares uplifted from the PDTC at their own cost.

Please also refer to the section entitled *"Clearance and Settlement"*.

There is no seamless trading platform between the PSE and the SGX-ST.

There is no seamless trading platform between the PSE and the SGX-ST. Shares traded on the PSE will be settled by book-entry settlement through the PDTC, which will be effected in accordance with the Revised Trading Rules of the PSE. Shares traded on the SGX-ST will be settled by book-entry settlement through the CDP, which will be effected in accordance with the terms and conditions for the operation of Securities Accounts with the CDP, as amended from time to time. Therefore, there are two different sets of rules which will govern the trading and settlement of our Shares depending on which stock exchange the Shares are traded on, which may result in our Shares having different prices per share and settlement deadlines even when they are traded at the same time on each stock exchange.

SCCP settles PSE trades on a three-day rolling settlement environment, which means that settlement of trades takes place three trading days after the transaction date ("**T+3**"). The deadline for settlement of trades is 12 noon (Philippines time) of T+3. Settlement of trades on a normal "ready" basis on the SGX-ST generally takes place on the second Market Day following the transaction date ("**T+2**"), and payment for the securities is generally settled on the following business day. Investors who trade our Shares on the SGX-ST should therefore note that there is a shorter settlement time for our Shares on the SGX-ST compared to the settlement time for shares traded on the PSE.

In addition, there may be a time lag during the transmission of our Shares from one exchange to the other. CDP Depositors whose Shares are listed on the SGX-ST and who wish to trade their Shares on the PSE or vice versa must follow the procedures for the transfer of the Shares between the PSE and the SGX-ST to facilitate the trade. This process would involve the transfer of Shares from an account in the investor's name with a PDTC Participant in the Philippines into CDP's account with the Philippines Custodian and vice versa, which may take at least one Market Day (subject to certain prescribed cut-off timings) (the **"Transfer Period"**). During the Transfer Period, while the Shares are transferred, Shareholders or CDP Depositors (as the case may be) seeking to trade their Shares will not be able to take advantage of arbitrage opportunities arising from any difference between the price of our Shares on each of the PSE and the SGX-ST. In addition, although the Shares are transferable between the PSE and the SGX-ST, there is no assurance that the exchanges will not impose restrictions on your ability to transfer your Shares in the future. So long as the transmission does not involve a change or transfer of ownership, however, there should not be an impact on the ex and/or cum dividend dates which arise during the Transfer Period.

The Shares will be traded on the SGX-ST and the PSE. All dealings in and transactions of the Shares executed on the SGX-ST will be cleared and settled under the electronic book-entry clearance and settlement system of CDP. CDP has appointed the Singapore Custodian to hold Shares which are listed and traded on the SGX-ST for CDP Depositors via an omnibus account held by the Philippines Custodian. Any shareholder whose Shares are held through CDP may at any time request that its Shares be moved to PDTC for trading on the PSE. The shareholder will need to provide details of his account opened with a PDTC Participant in order for CDP to process the request for a transfer of shares. Where the transfer instructions provided by the investor are inaccurate, the transfer request will be rejected by the PDTC Participant. For further details on the procedures for the transfer of Shares between registers, please see the section headed *"Clearance and Settlement"*. In the event that a substantial number of Shares are transferred from CDP to PDTC, the liquidity of the Shares on the SGX-ST may be adversely affected.

In addition, the transfer of shares by a Singapore investor for trading on the PSE may be rejected in certain circumstances. For example, in order for a Singapore investor to transfer shares for trading on the PSE, the investor needs to have an account with a broker/PSE Trading Participant and comply with the documentary requirements of such broker. In the event that the investor is not able to comply with such documentary requirements, it will not be able to transfer shares for trading on the PSE. The request for transfer of shares may also be rejected where the documents submitted to CDP are not in order, such as where the transfer request documents are not signed properly by the Singapore investor or details regarding the Singapore investor's account with its broker/PSE Trading Participant are not provided accurately.

Negative market conditions on one market on which our Shares are listed may affect the price of our Shares on the other market.

As our Shares will be listed and quoted on both the PSE and the SGX-ST, prices of our Shares will be affected by general market conditions on the PSE, in addition to general market conditions of the SGX-ST. There is no assurance that any negative market conditions on the SGX-ST will not affect the price of our Shares listed and quoted on the PSE and vice versa. In addition, there may be occasions when our Shares may trade on one market while the other market is closed for trading. If there are negative trading conditions on the market which is open for trading and the price of our Shares on this market declines during trading hours, investors who hold our Shares on the other market which is closed for trading will not have the opportunity to sell their Shares during the period when the price of our Shares on the other market is declining.

The Introduction may not result in an active or liquid market on the SGX-ST for our Shares.

As at the date hereof, there is no public market for our Shares in Singapore. We have received an eligibility-to-list letter from the SGX-ST to have our Shares listed and quoted on the SGX-ST. Listing and quotation do not, however, guarantee that a trading market for our Shares on the SGX-ST will develop or, if a market does develop, the liquidity of that market for our Shares. Although we currently intend that our Shares will remain listed on the SGX-ST and the PSE, there is no guarantee of the continued listing of our Shares.

The trading prices of our Shares on the SGX-ST and the PSE may differ significantly due not only to currency fluctuations but also due to differences in market liquidity for the Shares, trading participants and investor bases, exchange trading systems, and other factors outside of our control. There is no guarantee that the trading prices of our Shares on the SGX-ST will be equivalent to the trading prices of our Shares on the PSE.

The trading prices of our Shares could be subject to fluctuations in response to variations in our results of operations, changes in general economic conditions, changes in accounting principles or other developments affecting us, our clients or our competitors, changes in financial estimates by securities analysts, the operating and stock price performance of other companies and other events or factors, many of which are beyond our control. Volatility in the price of our Shares may be caused by factors outside of our control or may be unrelated or disproportionate to our results of operations. It may be difficult to assess our performance against either domestic or international benchmarks.

Although our Shares are currently listed on the PSE and will be listed on the SGX-ST, there is no assurance that we will remain listed on either the PSE or the SGX-ST.

There is no assurance of the continued listing of our Shares on either or both of the PSE and the SGX-ST. We may not be able to continue to satisfy the PSE listing requirements as well as other relevant rules, regulations and laws in the Philippines or in Singapore. Under the PSE Listing and Disclosure Rules, the PSE may remove our Shares from trading on the PSE based on certain grounds. Our eligibility-to-list on the SGX-ST is conditional upon, among other things, the maintenance of our primary listing on the PSE. Thus, in the event that our Shares are removed from trading on the PSE, there is no assurance that our Shares will remain listed on the Official List of the SGX-ST. If our Shares are suspended from quotation on, or removed from trading on, the PSE and/or the SGX-ST, Shareholders and/or CDP Depositors (as the case may be) will not be able to trade their Shares on the PSE and/or the SGX-ST and there is no assurance that Shareholders and/or CDP Depositors (as the case may be) will be entitled to compensation or an exit offer, or should they be so entitled, that Shareholders and/or CDP Depositors (as the case may be) will receive realisation for their investments that they would have been able to obtain through trading their Shares on the PSE or the SGX-ST. If our Shares are removed from the Official List of the SGX-ST and in the event that there is no exit offer or that the CDP Depositors choose not to accept an exit offer, the CDP Depositors whose Shares are listed on the Official List of the SGX-ST may have to transfer their Shares to the PSE for disposal or trading. Please see the section entitled "*Clearance and Settlement*" for information on the transfer of Shares between the SGX-ST and the PSE.

Stock transaction tax is payable by selling shareholders and required to be collected by selling stockbrokers. Failure by shareholders or Singapore brokers to pay or to remit stock transaction tax payable to the BIR may result in a breach of law and/or contract.

Trading of our Shares on the SGX-ST is subject to a stock transaction tax ("**STT**"). STT is a final tax due on and payable by the seller of the shares, and is required to be collected by and paid to the Philippine tax authorities by the selling stockbroker on behalf the seller. The STT payable by the selling shareholder of our Shares traded on the SGX-ST will be collected and withheld by his

Singapore broker on his behalf at the date of settlement of the trade. Singapore brokers may remit the collected STT to the BIR via BDO Securities Corporation, which has been appointed by our Company as the Receiving Agent, or may choose to remit the collected STT to the BIR via other avenues, such as through their Philippines affiliated brokers. See *“Taxation—Sale, Exchange or Disposition of Shares—Stock Transaction Tax on Sale of Shares traded on the SGX-ST—Collection and payment of STT on the Sale of Shares traded on the SGX-ST to the BIR”* for further details.

In the event a selling shareholder does not pay or a Singapore broker collects and withholds the STT from the selling shareholder but fails to remit such STT amounts onwards to the BIR or the Receiving Agent, or the Singapore broker fails to provide the requisite STT reports, this may result in a breach of law on the part of the selling shareholder or (as the case may be) the Singapore broker which may attract interest charges, fines and civil and/or criminal liability. Pursuant to Sections 248 and 249 of the National Internal Revenue Code (**“NIRC”**) (Republic Act No. 8424 as amended by Republic Act No. 10963), any amount of STT not paid when due is subject to a surcharge of 25% and interest at the rate of 12% per annum until fully paid. Pursuant to Section 255 of the NIRC, if a taxpayer wilfully fails to pay the tax, the taxpayer may, upon conviction, be punished by a fine of not less than ₱10,000 and suffer imprisonment of not less than one year but not more than 10 years. In addition, pursuant to Section 255 of the NIRC, the failure by the selling stockbroker to collect and/or remit the STT to the BIR may attract a range of penalties, including, among others, a penalty equal to the total amount of STT not remitted, a fine of not less than ₱10,000 and imprisonment of not less than one year but not more than 10 years. See *“Taxation—Philippine Tax Considerations—Sale, Exchange or Disposition of Shares—Stock Transaction Tax on Sale of Shares traded on the SGX-ST.”*

In addition, there may be uncertainty surrounding how the Philippine tax authorities or other regulators will regulate or enforce the collection of STT on Singapore brokers and selling shareholders. There is no assurance that the interpretation and application of the relevant taxation laws by the Philippine tax authorities will not have an adverse impact on our Company, our Shareholders or our proposed secondary listing on the SGX-ST. Please refer to *“Risk Factors—Risks relating to the Philippines and Other Jurisdictions—There are uncertainties regarding the interpretation and enforcement of laws, rules and regulations in some jurisdictions in which we do business.”* for more details.

The selling shareholders or (as the case may be) the Singapore broker may also be in breach of the contractual arrangements entered into in connection with the sale of the relevant Shares, or in connection with the collection and remittance of STT to the BIR, for which the party in breach could become liable to remedy and/or for damages.

In the event a Singapore broker has arranged to remit the collected STT to the BIR via the Receiving Agent and such arrangement is terminated by either the Singapore broker or the Receiving Agent, or in the event that the Receiving Agent no longer acts as the receiving and remitting agent for any reason, the Singapore broker will need to provide alternative modes of STT payment to comply with the applicable regulations (including ensuring that they have in place the necessary procedures and controls in the collection, withholding, remittance and reporting of the STT for the sale of EMP's Shares on the SGX-ST in order to continue offering services to facilitate the trading of EMP's Shares on the SGX-ST). Until such Singapore broker is able to provide an alternative payment method, selling shareholders trading through such Singapore broker may be unable to trade our Shares on the SGX-ST.

Prospective purchasers of the Shares are advised to consult their own advisers concerning the tax, legal and other consequences of their purchasing, holding, disposing of or dealing in the Shares and to consult with their respective Singapore brokers in respect of the payment of STT and additional fees and charges (if any) that may apply in respect of the payment of STT to the BIR.

RISKS RELATING TO THE PHILIPPINES AND OTHER JURISDICTIONS

A significant portion of our business activities and assets are based in the Philippines, which exposes us to risks associated with the country, including the performance of the Philippine economy.

Historically, we have derived a significant portion of our revenues and operating profits from the Philippines and, as such, are highly dependent on the state of the Philippine economy. Demand for alcohol beverage products is directly related to the strength of the Philippine economy (including our overall growth and income levels), the overall levels of business activity in the Philippines, as well as the amount of remittances received from OFWs. As a result of the Asian financial crisis that began in 1997, the Philippine economy went through a sharp downturn in the late 1990s. This downturn was further exacerbated during 2000 to 2001 by the political crisis resulting from the impeachment proceedings against, and the subsequent resignation of, former President Joseph Estrada. More recently, the global financial downturn also resulted in a general slowdown of the global economy in 2008 and 2009. As a result of the COVID-19 pandemic, the Philippine economy was in recession and it was forecast to contract by 7.3% in 2020 and expand by 6.5% in 2021, according to the Asian Development Outlook (ADO) 2020 Update (September 2020) by the Asian Development Bank. The Asian Development Bank revised its forecast for the Philippine economy in its Asian Development Outlook (ADO) 2021 and expected it to grow by 5.1% in 2021 and 6.0% in 2022.

In addition, alcoholic beverage products are discretionary consumer products, and demand for these tends to decline during economic downturns when consumers' disposable income declines.

There is no assurance that there will not be a recurrence of an economic slowdown in the Philippines. Factors that may adversely affect the Philippine economy include:

- decreases in business, industrial, manufacturing or financial activities in the Philippines, the Southeast Asian region or globally;
- scarcity of credit or other financing, resulting in lower demand for products and services provided by companies in the Philippines, the Southeast Asian region or globally;
- exchange rate fluctuations and foreign exchange controls;
- rising inflation or increases in interest rates;
- levels of employment, consumer confidence and income;
- changes in the Government's fiscal and regulatory policies and regulations, including tax laws;
- regulations that impact or may impact inflation and consumer demand;
- Government budget deficits;
- adverse trends in the current accounts and balance of payments of the Philippine economy;
- public health epidemics or outbreaks of diseases, such as COVID-19, re-emergence of Middle East Respiratory Syndrome-Corona virus, SARS, avian influenza (commonly known as bird flu), or H1N1, or the emergence of another similar disease (such as Zika) in the Philippines or in other countries in Southeast Asia;

- natural disasters, including but not limited to tsunamis, typhoons, earthquakes, fires, floods and similar events;
- political instability, terrorism or military conflict in the Philippines, other countries in the region or globally; and
- other regulatory, social, political or economic developments in or affecting the Philippines.

There can be no assurance that the Philippines will achieve strong economic fundamentals in the future. Changes in the conditions of the Philippine economy could materially and adversely affect our business, financial condition and results of operations.

Political instability may have a negative effect on our business, financial position or results of operations.

The Philippines has from time to time experienced political and military instability, including acts of political violence. The Philippine Constitution provides that, in times of national emergency, when the public interest so requires, the Government may take over and direct the operation of any privately owned public utility or business. In the last few years, there were instances of political instability, including the ousting of two former presidents and two chief justices of the Supreme Court of the Philippines, and public and military protests arising from alleged misconduct by the previous administration. In addition, a number of current and past officials of the Government are currently under investigation or have been indicted for graft, corruption, plunder, extortion, bribery, or usurpation of authority.

In May 2019, the Philippine legislative and local elections were held. The majority of the senatorial candidates endorsed by the administration won the 2019 elections. The senators elected in the 2019 elections joined the senators elected in the 2016 elections. There were allegations of fraud and voter disenfranchisement in the conduct of the 2019 elections.

On 9 May 2022, the Presidential, Philippine legislative and local elections were held. On 25 May 2022, the Philippine Congress proclaimed Ferdinand Marcos, Jr. as the president-elect and Sara Duterte-Carpio as the vice-president-elect. They will assume office on 30 June 2022.

Under the current administration's Philippine Development Plan for 2017 to 2022, the Government has a "Ten-Point Socio-Economic Agenda" focusing on peace and order, ease of doing business, policy continuity, tax reform, infrastructure spending and countryside development, among others.

Based on news reports, the Government has initiated efforts to build peace with communist rebels and other separatists through continuing talks with these groups.

Further, the current administration initially pushed for a shift to a federal form of government and, for this purpose, a consultative committee to review the 1987 Constitution and draft a federal constitution was formed. In recent news reports, however, President Duterte was quoted as saying that a shift to federalism may not be necessary but the current Philippine Constitution must be amended to strengthen its anti-corruption provisions.

There can be no assurance that there will be no future political events that could destabilise the Philippines resulting in a negative effect on the general economic conditions of the country.

Any such event could have a material impact on our business, financial position and results of operations.

Acts of terrorism and violent crimes could destabilise the country and could have a material adverse effect on our business, financial position and results of operations.

The Philippines has also been subject to a number of terrorist attacks and the AFP has been in conflict with groups which have been identified as being responsible for kidnapping and terrorist activities in the Philippines.

In addition, bombings have taken place in the Philippines, mainly in cities in the southern part of the country. For example, in January 2019, bombs were detonated in the Jolo Cathedral in the Municipality of Jolo, Sulu and a Mosque in Zamboanga City, Zamboanga del Sur. In May 2017, the city of Marawi in Lanao del Sur, Mindanao, was assaulted by the Maute Group, terrorists who were inspired by pledged allegiance to the Islamic State of Iraq and Syria (“ISIS”). Due to the clash between the Government forces and the terrorists and the risk of the armed conflict spilling over to other parts of Mindanao, martial law was declared on the entire island of Mindanao, Philippines. In October 2017, the city was declared liberated from the terrorists. Despite this, the Philippine Congress extended the imposition of martial law in Mindanao until the end of 2019, citing persistent threats of terrorism and rebellion and to ensure the total eradication of ISIS-inspired terrorists in the country. Martial law in Mindanao was lifted on 1 January 2020; however, certain areas in Mindanao remain under a state of emergency and law enforcement groups are in heightened security as a measure against potential terror threats.

An increase in the frequency, severity or geographic reach of these terrorist acts, violent crimes, bombings and similar events could have a material adverse effect on investment and confidence in, and the performance of, the Philippine economy. Any such destabilisation could cause interruption to the Company’s business and materially and adversely affect the Company’s financial condition, results of operations and prospects.

Continued conflicts between the Government and separatist groups could lead to further injuries or deaths of civilians and members of the AFP, which could destabilise parts of the Philippines and adversely affect the Philippine economy. There can be no assurance that the Philippines will not be subject to further acts of terrorism or violent crimes in the future, which could have a material adverse effect on the Company’s business, financial condition, and results of operations.

Investors may face difficulties enforcing judgments against our Company.

Considering that our Company is organised under the laws of the Republic of the Philippines and a significant portion of our Company’s operating assets are located in the Philippines, it may be difficult for investors to enforce judgments against our Company obtained outside of the Philippines. In addition, all of our Company’s Directors and officers are residents of the Philippines. As a result, it may be difficult for investors to effect service of process upon such persons, or to enforce against them judgments obtained in courts or arbitral tribunals outside the Philippines predicated upon the laws of jurisdictions other than the Philippines.

The Philippines is party to the United Nations Convention on Recognition and Enforcement of Foreign Arbitral Awards, though it is not party to any international treaty relating to the recognition or enforcement of foreign judgments. Nevertheless, a judgment or final order of a foreign court is, through the institution of an independent action brought in accordance with the relevant procedures set forth in the Rules of Court of the Philippines to enforce such judgment, enforceable in the Philippines as a general matter, unless there is evidence that: (i) the foreign court rendering judgment did not have jurisdiction in accordance with its jurisdictional rules; (ii) the party against whom enforcement is sought did not receive notice of the proceedings; (iii) judgment was obtained by collusion, fraud, or on the basis of a clear mistake of law or fact; or (iv) the judgment is contrary to the laws, public policy, customs or public order of the Philippines.

The credit ratings of the Philippines may restrict the access to capital of Philippine companies, including our Company.

Historically, the Philippines' sovereign debt has been rated as relatively low by international credit rating agencies. International credit rating agencies issue credit ratings for companies with reference to the country in which they are resident. As a result, the sovereign credit ratings of the Philippines directly affect companies that are residents in the Philippines, including our Company. The Philippines' long-term foreign currency-denominated debt was rated Baa2 with stable outlook by Moody's on 16 July 2020, rated BBB+ with stable outlook by S&P Global Ratings on 30 April 2019 and affirmed BBB with a revised outlook to negative by Fitch Ratings on 12 July 2021. However, no assurance can be given that Moody's, S&P Global Ratings, Fitch Ratings or any other international credit rating agency will not downgrade the credit ratings of the Government of the Philippines in the future. Any such downgrade could have an adverse impact on the liquidity in the Philippine financial markets, the ability of the Government of the Philippines and Philippine companies, including our Company, to raise additional financing at favourable interest rates and commercial terms, and the stock prices of the Philippine companies, including our Company.

There are uncertainties regarding the interpretation and enforcement of laws, rules and regulations in some jurisdictions in which we do business.

We operate our businesses in many jurisdictions. In addition, certain of the jurisdictions in which we sell goods, including the People's Republic of China, have a civil law system based on written statutes. Unlike in a common law system, prior court decisions may be cited for reference but have limited precedential value.

Although efforts may have been made by the governments of these jurisdictions to enhance protection of foreign investment, newly enacted laws and regulations may not sufficiently cover all aspects of economic activities and there is much uncertainty in their application, interpretation and enforcement. Particularly in the Philippines, there are limited precedents of PSE-listed companies with a secondary listing on a foreign exchange (including the SGX-ST) and accordingly it is difficult to predict all relevant risks, including uncertainty surrounding how the Philippine tax authorities or other regulators will enforce its tax laws on foreign (including Singapore) brokers and selling shareholders. Please refer to "*Risk Factors—Risks relating to an Investment in our Shares—Stock transaction tax is payable by selling shareholders and required to be collected by selling stockbrokers. Failure by shareholders or Singapore brokers to pay or to remit stock transaction tax payable to the BIR may result in a breach of law and/or contract.*" for more details. Consequently, there could be unforeseen adverse consequences to the Company and foreign (including Singapore) brokers and selling shareholders, which may result in a material adverse effect on our business, financial condition and results of operations. Furthermore, some legal systems are partly based on government policies and administrative rules that may take effect retrospectively. As a result, we may not be aware of violations of certain policies or rules in a timely manner. The legal protection available to us under the laws, rules and regulations of these countries may be limited. Any litigation or regulatory enforcement action in these countries may be protracted, which may result in the diversion of our resources and management attention. In addition, the outcome of dispute resolutions may not be consistent or predictable and it may be difficult to enforce judgments and arbitration awards.

These uncertainties relating to the interpretation, implementation and enforcement of the laws and regulations and a system of jurisprudence that gives only limited precedential value to prior court decisions can affect the legal remedies and protections available to us and our business, financial condition, results of operations and prospects may be materially and adversely affected.

DIVIDENDS AND DIVIDEND POLICY

LIMITATIONS AND REQUIREMENTS

Under Philippine law, a corporation can only declare dividends to the extent that it has unrestricted retained earnings that represent the undistributed earnings of the corporation which have not been allocated for any managerial, contractual or legal purpose and which are free for distribution to the shareholders as dividends. A corporation may pay dividends in cash, by the distribution of property or by the issuance of shares. Stock dividends may only be declared and paid with the approval of shareholders representing at least two-thirds of the outstanding capital stock of the corporation voting at a shareholders' meeting duly called for the purpose.

The Philippine Revised Corporation Code generally requires a Philippine corporation with retained earnings in excess of 100% of its paid-in capital to declare and distribute as dividends the amount of such surplus.

Notwithstanding this general requirement, a Philippine corporation may retain all or any portion of such surplus in the following cases: (i) when justified by definite expansion plans approved by the board of directors of the corporation; (ii) when the required consent of any financing institution or creditor to such distribution has not been secured; (iii) when retention is necessary under special circumstances, such as when there is a need for special reserves for probable contingencies; or (iv) when the non-distribution of dividends is consistent with the policy or requirement of a Government office.

In relation to foreign shareholders, if the foreign exchange needed to service the remittance of dividends will be sourced from the Philippine banking system, the investment must first be registered with the BSP. See "*Philippine Foreign Exchange and Foreign Ownership Controls*".

RECORD DATES

Pursuant to existing PSEC rules, cash dividends declared by the Company must have a record date not less than 10 nor more than 30 calendar days from the date of declaration of cash dividends. Under such rules, if no record date is specified, the record date will be deemed fixed at 15 calendar days from such declaration. For stock dividends, the record date should not be less than 10 nor more than 30 calendar days from the date of the shareholders' approval. If no record date is set, under the PSEC rules, the record date will be deemed fixed at 15 calendar days from the date of the stock dividend declaration. In the event that a stock dividend is declared in connection with an increase in authorised capital stock, the corresponding record date shall be fixed by the PSEC. Under the PSE Listing and Disclosure Rules of the PSE, the disclosure by a listed company of the record date for dividend declarations must not be less than 10 trading days from said date. The rules of the PSE also provide that the payment date shall not be more than 18 trading days from the record date.

DIVIDEND PAYMENTS

Our Group declared cash dividends for its Shares in the amount of in the amount of ₱0.0500 and ₱0.1100 for the years ended 31 December 2019 and 2020, respectively and dividends in the amount of ₱0.1200 on 4 January 2021, ₱0.0900 on 8 March 2021 and ₱0.1100 on 2 August 2021 per Share. No cash dividends were declared for the period from 31 January 2022 to the Latest Practicable Date, respectively.

The details of our Group's cash dividend declarations for the years ended 31 December 2019, 2020 and 2021, the three months ended 31 March 2022 and the period from 1 April 2022 to the Latest Practicable Date are as follows:

Date of declaration	Date of record	Payable date	Dividend per share (P)	Total amount of dividend (P)
11 April 2018	2 May 2018	22 May 2018	0.1488	2,399,048,170
17 December 2019	7 January 2020	20 January 2020	0.0500	787,958,269
5 August 2020	18 August 2020	3 September 2020	0.1100	1,751,016,634
4 January 2021	15 January 2021	3 February 2021	0.1200	1,900,582,805
8 March 2021	19 March 2021	15 April 2021	0.0900	1,425,437,103
2 August 2021	13 August 2021	8 September 2021	0.1100	1,731,011,836

Bodega Las Copas paid dividends to Gonzales Byass S.A. in the amount of ₱289.5 million, ₱0, ₱0 and approximately ₱289 million in the years ended 31 December 2019, 2020 and 2021 and the three months ended 31 March 2022, respectively. Domecq BLC has not paid any dividends to Gonzales Byass S.A. since 2018.

DIVIDEND POLICY

We have historically not had a formal dividend policy. Our Company may declare dividends when there are unrestricted earnings available, but any such declaration will take into consideration a number of factors including restrictions that may be imposed by current and prospective financial covenants, projected levels of operating results of our businesses and subsidiaries, working capital needs and long-term capital expenditures of our businesses and subsidiaries; and regulatory requirements on dividend payments, among others. We plan to have a dividend payout ratio of at least 40% per year. However, our Company cannot provide any assurance that it will pay any dividends in the future or as to the timing of any dividends that are to be paid in the future. No inference should or can be made from any of the foregoing statements as to our actual future profitability or ability to pay dividends.

Cash dividends on our Shares, if any, will be declared in Philippine pesos and converted to Singapore Dollars for payment in relation to Shares which are listed on the SGX-ST. CDP Depositors whose Shares are held through CDP will receive their dividends through CDP in Singapore Dollars. We will make the necessary arrangements to convert the dividends in Philippine pesos into the Singapore Dollar equivalent at the prevailing exchange rate on each relevant date for CDP's onward distribution to the entitled CDP Depositors. As a result, the equivalent of any dividends paid in Singapore Dollars will also be affected by changes in the exchange rate between Philippine pesos and the Singapore Dollar. Neither our Company nor CDP will be liable for any loss whatsoever arising from the conversion of the dividend entitlement of CDP Depositors holding their Shares through CDP from Philippine pesos into the Singapore Dollar equivalent.

PROCEDURE FOR CLAIMING DIVIDENDS

Dividends are paid to the BDO Stock Transfer Agent who releases the dividends to certificated stockholders and to PDTC. PDTC releases the dividends to brokers who then release them to stockholders.

EXCHANGE RATES AND EXCHANGE CONTROLS

As at the Latest Practicable Date, the exchange rate between Philippine pesos and Singapore Dollars (in peso per Singapore Dollar), rounded to four decimal places, is S\$2.6055 = ₱100.0.

The following table shows the high, low, average and period-end exchange rates between Singapore Dollar and the Philippine peso (in peso per Singapore Dollar) as published by the Authority. These exchange rates have been presented solely for information only. We do not make any representations that the Philippine peso or Singapore Dollar amounts set forth below and referred to elsewhere in this Introductory Document could have been or could be converted into any of the respective other currencies at the rate indicated or at any other rate or at all.

Closing Exchange Rates Singapore Dollar per 100 Philippine Peso ⁽¹⁾				
Year/Period	Average ⁽²⁾	High ⁽³⁾	Low ⁽³⁾	Period End
2019	2.6348	2.6941	2.5492	2.6572
2020	2.7816	2.8480	2.6361	2.7531
2021	2.7269	2.7926	2.6409	2.6509
Three-month period ended 31 March 2022	2.6223	2.6546	2.5888	2.6054
Month				
December 2021	2.7093	2.7393	2.6484	2.6509
January 2022	2.6345	2.6546	2.6168	2.6485
February 2022	2.6252	2.6449	2.6138	2.6443
March 2022	2.6088	2.6461	2.5888	2.6054
April 2022	2.6264	2.6552	2.5961	2.6459
May 2022	2.6372	2.6605	2.6130	2.6130
1 June 2022 to the Latest Practicable Date (both inclusive)	2.6090	2.6226	2.5985	2.6055

Notes:

- (1) The Authority has not provided its consent for the inclusion of the exchange rates quoted under this section and is therefore not liable for such information. While we and the Joint Managers have taken reasonable actions to ensure that the above exchange rates have been reproduced in their proper form and context and that the information is extracted accurately and fairly, neither we, the Joint Managers, nor any other party have conducted an independent review of the information or verified the accuracy of the contents of the relevant information.
- (2) The yearly or periodic average rate is calculated based on the average of the exchange rate on the last business day of each month during that year or period. The monthly average rate is calculated based on the average of the exchange rate on each day during that month.
- (3) The high and low amounts were determined using the daily exchange rates during the period indicated.

Fluctuations in the exchange rate between the Singapore Dollar and the Philippine peso will affect the Philippine peso equivalent of the Singapore Dollar price of our Shares on the SGX-ST and the Philippine peso value of the cash dividends paid by us in Singapore Dollars. Please see the section entitled “*Risk Factors—Risks relating to an Investment in our Shares—Exchange rate fluctuations may adversely affect the value of our Shares and any dividend distribution*”.

Exchange Controls

The following is a description of the exchange controls that exist in the jurisdictions which are material to the business of our Group.

Philippines

Under current BSP regulations, an investment in Philippine securities must be registered with the BSP if the foreign exchange needed to service the repatriation of capital and/or the remittance of dividends, profits and earnings derived from such shares is to be sourced from the Philippine banking system. If the foreign exchange required to service capital repatriation or dividend remittance will be sourced outside the Philippine banking system, registration with the BSP is not required. BSP Circular No. 471 issued on 24 January 2005 subjects foreign exchange dealers and money changers to R.A. No. 9160 (the Anti-Money Laundering Act of 2001, as amended) and requires these non-bank sources of foreign exchange to require foreign exchange buyers to submit supporting documents in connection with their application to purchase foreign exchange for purposes of capital repatriation and remittance of dividends.

Registration of Philippine securities listed on the PSE may be done directly with a custodian bank duly designated by the foreign investor. A custodian bank may be a universal or commercial bank or an offshore banking unit registered with the BSP to act as such and appointed by the investor to register the investment, hold shares for the investor, and represent the investor in all necessary actions in connection with his investments in the Philippines. Applications for registration must be accompanied by: (i) purchase invoice, subscription agreement and proof of listing on the PSE (either or both); (ii) original certificate of inward remittance of foreign exchange and its conversion into Philippine pesos through an authorised agent bank in the prescribed format; and (iii) authority to disclose ("**Authority to Disclose**") in the prescribed format. The Authority to Disclose allows the custodian bank to disclose to the BSP any information that may be required to comply with post-audit requirements for the registration of Peso-denominated investments.

Upon registration of the investment, proceeds of divestments, or dividends of registered investments are repatriable or remittable immediately and in full through the Philippine banking system, net of applicable tax, without need of BSP approval. Capital repatriation of investments in listed securities is permitted upon presentation of the BSP registration document ("**BSRD**") or BSRD Letter-Advice from the registering custodian bank and the broker's sales invoice, at the exchange rate prevailing at the time of purchase of the foreign exchange from the banking system. Remittance of dividends is permitted upon presentation of: (1) the BSRD or BSRD Letter-Advice; (2) the cash dividends notice from the PSE and the Philippine Depository and Trust Corporation (formerly the Philippine Central Depository) showing a printout of cash dividend payment or computation of interest earned; (3) the copy of the corporate secretary's sworn statement attesting to the board resolution covering the dividend declaration; and (4) the detailed computation of the amount applied for in the format prescribed by the BSP. For direct foreign equity investments, the latest audited financial statements or interim financial statements of the investee firm covering the dividend declaration period need to be presented in addition to the documents enumerated above. Pending reinvestment or repatriation, divestment proceeds, as well as dividends of registered investments, may be lodged temporarily in interest-bearing deposit accounts. Interest earned thereon, net of taxes, may also be remitted in full. Remittance of divestment proceeds or dividends of registered investments may be reinvested in the Philippines if the investments are registered with the BSP or the investor's custodian bank.

The foregoing is subject to the power of the BSP, with the approval of the President of the Philippines, to suspend temporarily or restrict the availability of foreign exchange, require licencing of foreign exchange transactions or require delivery of foreign exchange to the BSP or its designee during a foreign exchange crisis, when an exchange crisis is imminent, or in times of national emergency. Furthermore, there can be no assurance that the foreign exchange regulations issued by the BSP will not be made more restrictive in the future.

The registration with the BSP of all foreign investments in the Shares shall be the responsibility of the foreign investor.

Singapore

There are currently no exchange control restrictions in effect in Singapore.

The United Kingdom

There are currently no exchange control restrictions in the United Kingdom.

Spain

There are currently no exchange control restrictions in Spain.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth our Group's capitalisation and total debt, on a consolidated basis, as at 7 June 2022. This table should be read in conjunction with "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and financial statements and notes included elsewhere in this Introductory Document.

	As at 7 June 2022
	P
Cash and cash equivalents	11,918.0
Interest-bearing loans, current	
Secured	3,469.1
Unsecured	754.6
Guaranteed	—
Non-Guaranteed	—
Equity-linked debt securities	
Secured	—
Unsecured	—
Guaranteed	—
Non-Guaranteed	—
Interest-bearing loans, non-current	
Secured	—
Unsecured	20,050.8
Guaranteed	—
Non-Guaranteed	—
Total Indebtedness	24,274.5
Total Equity	82,675.6
Total Capitalisation (consisting of Total Indebtedness plus Total Equity) . .	106,950.1

Notes:

- (1) Capital stock represents the nominal value of shares that have been issued by our Company.
- (2) Additional paid-in capital includes any premium received on the issuance of capital stock by our Company.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion is intended to convey our management's perspective on our financial condition and results of operations as of and for the years ended 31 December 2019, 2020 and 2021, and as of and for the three months ended 31 March 2022 and 2021, as measured in accordance with PFRS.

You should read the following discussion of our financial condition, results of operations and cash flows in conjunction with the section entitled "*Selected Consolidated Financial Information*", and with our consolidated financial statements and the related notes included elsewhere in this Introductory Document.

For the purposes of this section and except as otherwise stated, references to "2019", "2020" and "2021" are to the respective years ended 31 December 2019, 2020 and 2021.

The following discussion and analysis contains forward-looking statements, including statements relating to our plans, strategies, objectives, expectations, intentions and resources. Although based on assumptions we consider reasonable, our actual results could differ materially from those expressed or implied in such forward-looking statements. For a discussion of those risks and uncertainties, please see the sections entitled "*Forward-Looking Statements*" and "*Risk Factors*".

OVERVIEW

We are a leading global integrated manufacturer, bottler and distributor of brandy, Scotch whisky and other alcoholic beverages. In 2021, we were the largest brandy producer in the world and one of the largest overall spirits producers in the Philippines by value and by volume and in 2020, we were the fifth largest Scotch whisky producer worldwide based on production capacity of grain and single malt whisky, according to the Industry Report. For the year ended 31 December 2021, Emperador brandy products held an 82.3% market share among all local and imported brandies in the Philippines based on volume according to the Industry Report.

We have a broad brand portfolio across multiple price segments. Our brandy and Scotch whisky portfolios include some of the oldest and best-recognised brands in the world, including brands with centuries-old legacies. We sell our products under brands that range from accessible to luxury including Emperador, Presidente and Fundador for brandy, Harveys for sherry wine, The Dalmore, Jura, Tamnavulin and Fettercairn for Single Malt Scotch Whisky and John Barr, Claymore and Whyte & Mackay for blended Scotch whisky, among others. In addition to brandy and Scotch whisky, we produce sherry, vodka, gin, rum and other liqueur. We also produce beverages for private labels and bulk liquids such as Scotch whisky, brandy and sherry for companies that sell their own branded beverages.

Our production facilities possess an inventory of rare stock and a high volume of aged liquids. Our principal production facilities comprise nine distilleries, four blending and bottling facilities, 788 hectares of vineyards and a glass manufacturing plant located across the Philippines, the United Kingdom and Spain. In Mexico, we own a winery and subcontract our ageing, blending and bottling process.

Our primary geographic markets are the Philippines, Greater China, the United Kingdom, Spain, Mexico, U.S., Germany and France which are among the 102 countries where our products are sold.

We are organised into two business segments: the Scotch whisky segment (which includes all products sold by WMG) and the brandy segment (which comprises all products sold by EDI, Bodegas Fundador and Domecq BLC).

The following table shows our revenues and other income in each business segment for the periods indicated.

	Year Ended 31 December						Three-month period ended 31 March	
	2019		2020		2021		2022	
	P in millions	%	P in millions	%	P in millions	%	P in millions	%
Brandy.	37,627	72.97	36,891	69.82	37,232	66.56	7,635	61.91
Scotch Whisky . . .	13,938	27.03	15,943	30.18	18,704	33.44	4,698	38.09
TOTAL	51,565	100	52,834	100	55,936	100	12,333	100

The following table shows our consolidated revenues and other income in each geographic region by Philippine pesos and percentages for the periods indicated.

	Year Ended 31 December						Three-month period ended 31 March	
	2019		2020		2021		2022	
	P in millions	%	P in millions	%	P in millions	%	P in millions	%
Europe	11,419	22.14	12,884	24.39	14,242	25.46	3,176	25.75
North America	1,106	2.15	1,050	1.99	2,101	3.76	669	5.42
Latin America	3,028	5.87	2,442	4.62	2,994	5.35	665	5.39
Middle East and Africa.	540	1.05	411	0.78	402	0.72	74	0.60
APAC.	35,473	68.79	36,047	68.23	36,197	64.71	7,750	62.84
TOTAL	51,566	100.00	52,834	100.00	55,936	100.00	12,333	100.00

FACTORS AFFECTING RESULTS OF OPERATIONS

Our results of operations are affected by a variety of factors. Set out below is a discussion of the most significant factors that have affected our results during the Period Under Review and which we expect to affect our financial results in the future. Factors other than those set forth below could also have a significant impact on our results of operations and financial condition in the future.

COVID-19

The COVID-19 pandemic has had a significant impact on the global economy and many companies including ours have faced significant challenges resulting from the COVID-19 pandemic, as lockdowns and other public safety measures including liquor bans have resulted in constraints on our operations and weakening economic conditions in many of our markets, which in turn affected consumer demand for our products.

The outbreak of COVID-19 spread rapidly worldwide and was declared a pandemic by the World Health Organization in March 2020, as it had reached 114 countries and territories, including the Philippines, Spain and the United Kingdom, where the Group maintains operations and which constitute some of its key markets. Governments across the world implemented extensive measures at varying degrees, such as travel bans/restrictions, lockdowns, home isolation (stay-at-home orders), physical distancing (including in workplaces), limited social gatherings and closing of non-essential businesses (including recreational venues and most public places).

Almost the entirety of the Philippines was under lockdown from the second half of March 2020, which paralysed all non-essential business activities, and liquor bans were imposed by most localities. Restrictions in the Philippines began to ease through a four-phase programme from mid-May, as the government attempted to balance economic and health concerns. As a result of government directives, our bottling and blending operations in the Philippines were interrupted. Our local operations resumed in accordance with government directives, amidst localised lockdowns and liquor bans across the country. Spain, the United Kingdom and Mexico continued to impose localised lockdowns and substantially closed on-trade business for most of 2020.

New variants of the virus were detected in the Philippines in 2021. The National Capital Region Plus Bubble was put under the strictest enhanced community quarantine for two weeks until 11 April 2021. Subsequently, it was put under the next lower level of modified enhanced community quarantine from 12 April to 14 May 2021, and declared under “general community quarantine with heightened restrictions” for the rest of May until 15 June 2021. From 16 June 2021 to 15 July 2021, the Philippine Government further reclassified the quarantine classification to the GCQ (with some restrictions) classification, and thereafter to GCQ from 16 July 2021 until the end of July 2021. Following the confirmation of the DOH on 22 July 2021 of the local transmission of the COVID-19 Delta variant, the Government re-imposed stricter quarantine restrictions in Metro Manila to GCQ with heightened restrictions from 23 July 2021 to 31 July 2021. Under GCQ with heightened restrictions, only essential travel is allowed and children five years old and above will not be allowed outdoors. On 24 July 2021, the Metropolitan Manila Development Authority confirmed that Metro Manila will impose longer curfew hours from 10 p.m. to 4 a.m. to restrict mobility amid the threat of the more infectious COVID-19 Delta variant. From 6 August 2021 to 20 August 2021, the Government placed Metro Manila under ECQ, with curfew hours from 8 p.m. to 4 a.m. On 21 August 2021, Metro Manila was placed under MECQ that lasted up to 15 September 2021. From 16 September to 15 October 2021, Metro Manila was put under Alert Level 4, the maximum level under the new phased approach. From 16 October to 31 October 2021, Metro Manila was put under Alert Level 3. From 5 November to 31 December 2021, Metro Manila was put under Alert Level 2. On 3 January 2022, as a result of the surge of the Omicron variant of COVID-19, Metro Manila was put under Alert Level 3. On 1 February 2022, Metro Manila was put under Alert Level 2. On 1 March 2022, Metro Manila was placed under Alert Level 1, the lowest level of health restrictions, after infections continued to decline and hospital admission eased.

New variants of the COVID-19 virus also caused significant business disruptions in other regions during 2021 and the beginning of 2022, where a number of cities were placed under strict lockdown for several weeks.

The effect of lockdowns, travel restrictions and other public health measures during the pandemic have prompted a pivot of consumer demand towards off-trade and e-commerce channels and away from our on-premise and travel retail channels. As a result, the COVID-19 pandemic contributed to a 2% decline in our brandy sales from 2019 to 2020. Overall, despite the unprecedented conditions in 2020 and continuing volatility, our business has been resilient against the adverse economic conditions arising from the COVID-19 pandemic, as we increased net profit by 17.6% in 2020 compared to 2019, reflecting higher sales in our Scotch whisky segment, and carefully controlled costs. We continued to increase net profit by 26.3% in 2021 amidst a still volatile environment. Brandy sales saw modest year-on-year growth in 2021 at both the Philippine and international markets, particularly where restrictions on on-trade business were loosened. Whisky sales were strong, buoyed by single malt products and saw large increases in Asia, the United Kingdom, Europe, U.S. and Travel Retail as economies started to bounce back, despite some countries re-imposing restrictions as new COVID-19 variants emerged. This trend continued into the first quarter of 2022 which resulted in year-on-year net profit growth of 1.5% despite challenges posed by global logistics and re-introduced lockdowns in certain geographies.

General economic conditions in the Philippines and our other principal markets

A significant portion of our revenues during the Period Under Review, especially our brandy segment, has been derived from the Philippines, which will continue to constitute one of our primary geographic markets. As such, we are highly dependent on the state of the Philippine economy. Demand for alcohol beverage products is directly related to the strength of the Philippine economy (including its overall growth and income levels), the overall levels of business activity in the Philippines, as well as the amount of remittances received from OFWs and overseas Filipinos. Similarly, our results are also materially impacted by general economic conditions in our other principal geographic markets such as the United Kingdom, Spain, Mexico, the People's Republic of China, Taiwan, the United States, Germany and France, as economic conditions in those markets affect the disposable income and spending patterns of consumers, thereby affecting the demand for our products.

Consumer tastes and trends

Sales of our Scotch whisky and brandy products are subject to changes in consumer tastes and trends, which can be influenced in turn by various factors including changes in economic conditions and income levels, shifts in demographic and social trends, changes in lifestyle and leisure activity patterns, regulatory actions and actions of competitors, any of which may affect consumers' perception of and willingness to purchase our products. One important trend which our strategy intends to capture is premiumisation, where consumers have demonstrated a tendency over time to shift towards higher-priced products in our brand spectrum, for example trading up from our Emperador-label brandies to Fundador. Weakening economic conditions as a result of the COVID-19 pandemic in the Philippines and elsewhere, which adversely impacted consumers' disposable income, have resulted in a slowing of this trend in 2020 and 2021, but we expect the overall trend towards premiumisation across both our Scotch whisky and brandy segments will continue albeit at a potentially slower pace depending on COVID-19 restrictions.

Competition

We are subject to intense competition. The principal competitive factors with respect to the Company's products include brand equity, product range and quality, price, ability to source raw materials, distribution capabilities and responsiveness to consumer preferences, with varying emphasis on these factors depending on the market and the product. Our ability to strengthen the selling power and premium image of our brands and differentiate ourselves from our competitors affect our sales and profit margins.

In the Philippines, the principal source of competition is from gin and rum producers who target the same consumers as for our brandy products; we also face competition (to a much lesser extent) in the Philippine market from other brandy producers. With respect to gin, rum and other alcohol products, we primarily compete with other local gin and rum companies that also produce ready-to-serve alcoholic beverages as well as imported labels. Our main competitors in the Philippine brandy market are Primera Brandy manufactured by Ginebra San Miguel, Inc. and Alfonso Brandy, which is imported and distributed by Montosco Inc.

Our Fundador brands face strong competition in the Spanish market and internationally in the brandy and sherry markets, primarily from Osborne and Torres. WMG competes in the UK market and internationally. Competitors in the Scotch whisky segment use brand strength together with price and product range to compete. The major Scotch whisky brand owners are Diageo, Pernod Ricard, William Grant, Edrington and Bacardi who are all materially larger than WMG. Nevertheless, WMG can compete as it has differentiated brands in a fragmented malt whisky market and their blended Scotch brands are competitively priced.

Raw materials

Our principal raw materials for the manufacture of our alcoholic beverage products are grapes from our vineyards, wine, grain and malted barley, distilled neutral spirit, brandy distillates, and water. We also require a regular supply of glass bottles and packaging materials. We source our raw materials both internally and externally. For example, all of the water used for blending in our Philippine operations is sourced from two deep wells located in the Santa Rosa, Laguna manufacturing facility. EDI sources its bottles from AWGI, which produces a majority of the new glass bottles while the rest are imported or sourced using recycled returned bottles.

Our raw materials are commodities and, as such, are subject to price volatility caused by changes in supply and demand, foreign exchange rates, weather conditions, fuel costs for transportation and production, agricultural uncertainty and government controls.

Regulatory, environmental and tax matters

We operate in a highly regulated industry. The manufacture and sale of alcoholic beverages are subject to regulations that restrict the processes by which beverages are produced, how they may be advertised and sold, and the taxes and import duties to which they are subject. Our operations must also comply with other regulations such as environmental regulations of wastewater and other aspects of our production process. Alcohol products are subject to excise taxes and duties and, historically, we have been able to pass on most of these costs to consumers. When we increase prices in response to excise taxes and duties, we try to balance ensuring a minimal, one-time impact on our consumers with our objective to maintain relatively stable gross profit margins. Consequently, our results of operations have been and will continue to be affected by the nature and extent of the regulation of our business, including the relative time and cost involved in procuring compliance therewith.

CRITICAL ACCOUNTING POLICIES

Critical accounting judgements and estimates in applying accounting policies are those that (i) are material to the presentation of our financial condition and results of operations and (ii) require management's most difficult, subjective or complex judgements, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. As the number of variables and assumptions affecting the possible future resolution of the uncertainties increase, those judgements become even more subjective and complex. To provide an understanding of how our management forms its judgements about future events, including the variables and assumptions underlying its estimates, and the sensitivity of those judgements to different circumstances, we have identified the critical accounting judgements and estimates discussed in Note 3.1 to our consolidated financial statements as of and for the year ended 31 December 2021 included in this Introductory Document.

CHANGES IN ACCOUNTING POLICIES

We began to apply PFRS 16 commencing on 1 January 2019. For more information on the impact of this change in accounting policies, please see Note 2.16(a)(i) to the 2021 consolidated financial statements. Except for PFRS 16, there is no material impact on the financial performance and financial position of the consolidated financial statements in the year of initial application. For more information, see “*Appendix A—Independent Auditors’ Report and Audited Consolidated Financial Statements of Emperador Inc. and its Subsidiaries as at and for the Financial Years ended 31 December 2019, 2020 and 2021*”.

OPERATING SEGMENTS

We report our results of operations in two segments: the Scotch whisky segment, which includes all products sold by WMG, and the brandy segment, which comprises all products sold by EDI, Bodegas Fundador and Domecq BLC.

DESCRIPTION OF CERTAIN INCOME STATEMENT LINE ITEMS

Revenues and Other Income

Our revenues primarily consist of revenue from the sale of our alcoholic beverages. Other revenues are sourced from the sale of ‘Pik-Nik’ brand goods and the sale of Ernest & Julio Gallo wines. In addition to sales, revenues and other income consist of (i) interest income earned on cash deposits in banks and financial instruments as well as on a mortgage loan that the Group purchased from one of its property lessors, (ii) equity in the net profit of BLC, an unconsolidated joint venture in which we indirectly have a 50% ownership interest, and (iii) other income which includes proceeds from the sale of financial assets and property, plant and equipment and net changes in the fair value of financial instruments and foreign exchange gains.

Costs and Expenses

These comprise costs of goods sold, selling and distribution expenses, general and administrative expenses, interest expense and other charges, as described in more detail below.

Costs of goods sold

This primarily consists of the direct costs attributable to production of our alcoholic beverage products and those related to the importation of finished goods sold by us, which primarily comprise the costs of raw and packaging materials, direct labour and overhead costs necessary for production, and the cost of readily saleable imported wines and Pik-Nik products. Raw materials are mainly grapes and wine from our vineyards, distilled neutral spirit from molasses sourced locally as well as flavourings and brandy concentrate purchased from various European suppliers, and malted barley and grains for Scotch whiskies. Packaging includes bottles, caps, labels and shipping cases. Pik-Nik and Ernest & Julio Gallo distribution businesses record distribution costs when products, which are initially recorded as inventory, are sold. Excise tax is also included in raw materials.

Selling and distribution expenses

These are costs that we incur to market and distribute our products such as salaries and wages, advertising and promotions, freight and handling, travel and transportation, and other sales office expenses.

General and administrative expenses

General and administrative expenses encompass a variety of expenses associated with performing our daily operations and which are not directly related to the production of goods and the selling and distribution function. These include salaries of administrative personnel, rent, utilities and outside services, among others.

Interest expense

This primarily consists of interest due on our bank loans and other interest-bearing liabilities.

Other charges

These consist mainly of impairment losses on property, plant and equipment and right-of-use assets, fair value losses on financial assets and other losses, such as foreign exchange losses or losses from our joint venture, BLC, incurred by us.

RESULTS OF OPERATIONS

Three months ended 31 March 2022 compared with three months ended 31 March 2021

Revenues and Other Income

Revenues and other income increased by 2.1% to ₱12,333.3 million in the three months ended 31 March 2022 from ₱12,076.3 million in the three months ended 31 March 2021, despite challenges posed by global supply chain disruptions and lockdowns across international markets, including in the Philippines during the first three months ended 31 March 2022, primarily driven by increased sales in our Scotch whisky segment.

Revenues and other income from external customers in the brandy segment decreased by 6.5% to ₱7,635.3 million in the three months ended 31 March 2022 from ₱8,162.7 million in the three months ended 31 March 2021. This decline was driven by challenges posed by global supply chain disruptions and lockdowns caused by the COVID-19 omicron variant wave, across international markets, including in the Philippines during the three months ended 31 March 2022. Despite the increase of sales prices in January 2022, gross profit for the brandy segment decreased by 17.7% due to rising costs.

Revenues and other income from external customers in the Scotch whisky segment increased by 20.0% to ₱4,698.0 million in the three months ended 31 March 2022 from ₱3,913.6 million in the three months ended 31 March 2021, mainly driven by sales growth in single malt products, which accounted for 62.9% of the sales in the Scotch whisky segment. Large sales increases took place in Europe, Global Travel Retail and Americas during the three months ended 31 March 2022, despite some countries re-imposing restrictions in response to the COVID-19 omicron variant and global supply chain disruptions.

Other income strongly increased by 160.6% to ₱568.8 million in the three months ended 31 March 2022 from ₱218.3 million in the three months ended 31 March 2021, primarily due to foreign exchange gains and gains in other operating income.

Costs and Expenses

Total costs and expenses increased by 2.5% to ₱9,853.8 million in the three months ended 31 March 2022 from ₱9,615.3 million in the three months ended 31 March 2021, in line with increased business activities in global markets.

Cost of Goods Sold

Cost of goods sold slightly increased by 0.4% to ₱7,988.3 million in the three months ended 31 March 2022 from ₱7,959.6 million in the three months ended 31 March 2021, primarily due to inflationary pressures on costs.

Costs of goods sold (including intersegment costs) from the brandy segment decreased by 5.5% to ₱5,473.5 million in the three months ended 31 March 2022 from ₱5,789.4 million in the three months ended 31 March 2021 as a result of a decrease in sales, while costs of goods (including intersegment costs) sold from the Scotch whisky segment increased by 19.8% to ₱2,786.0 million in the three months ended 31 March 2022 from ₱2,326.4 in the three months ended 31 March 2021, primarily due to an increase in sales during the period.

Selling and Distribution Expenses

Selling and distribution expenses increased by 16.8% to ₱1,143.9 million in the three months ended 31 March 2022 from ₱978.9 million in the three months ended 31 March 2021, primarily as a result of increases in expenses for freight and handling and advertising and promotion campaigns in light of economies opening up following the COVID-19 surges and resulting reduction in global mobility restrictions.

Selling and distribution expenses from the brandy segment increased by 3.8% to ₱576.4 million in the three months ended 31 March 2022 from ₱555.5 million in the three months ended 31 March 2021, primarily due to an increase in expenses for freight and handling, fuel and oil, merchandising service fees and foreign brands' promotional marketing as economies opened and mobility became less restricted. Selling and distribution expenses from the Scotch whisky segment increased by 34.0% to ₱567.5 million in the three months ended 31 March 2022 from ₱423.4 million in the three months ended 31 March 2021 primarily as a result of increased strategic advertising and promotion campaigns and increased expenses for travel and transportation, professional fees and salaries and employee benefits.

General and Administrative Expenses

General and administrative expenses increased by 11.2% to ₱564.8 million in the three months ended 31 March 2022 from ₱507.9 million in the three months ended 31 March 2021, primarily as a result of increased taxes and licences expenses related to the brandy segment.

General and administrative expenses from the brandy segment increased by 40.7% to ₱312.9 million in the three months ended 31 March 2022 from ₱222.4 million in the three months ended 31 March 2021, primarily due to an increase in expenses for taxes and licences. General and administrative expenses from the Scotch whisky segment decreased by 11.8% to ₱251.9 million in the three months ended 31 March 2022 from ₱285.5 million in the three months ended 31 March 2021, primarily due to a decrease in various expenses that could fluctuate on a monthly basis and softened by an increase in expenses for transportation and travel, professional fees and training expenses relating to trainings that were previously deferred due to the COVID-19 pandemic.

Interest Expense

Interest expense decreased by 7.1% to ₱156.9 million in the three months ended 2022 from ₱168.9 million in the three months ended 2021, mainly due to no variable interest payments relating to equity-linked securities as a result of no dividends being declared during the first quarter of 2022 as compared to two dividends being declared during the first quarter of 2021, offset by an increase in interest expense relating in bank loans.

Other Charges

There were no other charges recorded in the three months ended 31 March 2022.

Profit Before Tax

As a result of the foregoing, profit before tax increased by 0.8% to ₱2,479.5 million in the three months ended 31 March 2022 from ₱2,461.0 million in the three months ended 31 March 2021.

Tax Expense

Tax expense decreased by 3.5% to ₱349.2 million in the three months ended 31 March 2022 from ₱362.0 million in the three months ended 31 March 2021, primarily due to lower taxable income from the brandy segment and lower tax rates within the Philippines compared to a year ago.

Net Profit

As a result of the foregoing, net profit increased by 1.5% to ₱2,130.3 million in the three months ended 31 March 2022 from ₱2,098.9 million in the three months ended 31 March 2021.

Net profit in the brandy segment declined by 10.5% to ₱1,236.8 million in the three months ended 31 March 2022 from ₱1,381.6 million in the three months ended 31 March 2021, in line with a lower gross profit margin and higher operating costs, reflecting logistical and supply chain constraints and continued lockdown restrictions in certain of our markets, including the Philippines.

Net profit in the Scotch whisky segment increased by 24.6% to ₱893.5 million in the three months ended 31 March 2022 from ₱717.4 million in the three months ended 31 March 2021 in line with an increased gross profit margin, reflecting strong sales, driven by our single-malt products and continued growth in Europe and the Americas, partly offset by supply chain challenges.

Year ended 31 December 2021 compared with year ended 31 December 2020

Revenues and Other Income

Revenues and other income increased by 5.9% to ₱55,936.3 million in the year ended 31 December 2021 from ₱52,834.3 million in the year ended 31 December 2020, due to increased sales in both our Scotch whisky and our brandy segment.

Revenues and other income from external customers in the brandy segment increased by 0.9% to ₱37,232.6 million in 2021 from ₱36,891.4 million in 2020. This growth was driven by increased sales in both the Philippines and international markets, particularly in Mexico, Spain and the U.S. where restrictions on on-trade business loosened up during 2021. 'Emperador', 'Fundador', 'Presidente', and 'Terry' remained the top-selling brandy brands, with sales increases registered during 2021. Sales of 'Harveys Bristol Cream' also increased as it sold well in the UK market.

Revenues and other income from external customers in the Scotch whisky segment increased by 17.3% to ₱18,703.7 million in 2021 from ₱15,942.9 million in 2020, mainly driven by sales growth in single malt products 'The Dalmore', 'Jura', 'Tamnavulin' and 'Fettercairn'. Large sales increases took place in Asia, UK, Europe, U.S. and Travel Retail, among other regions, as economies generally relaxed pandemic restrictions in 2021, despite some countries re-imposing restrictions in response to new COVID-19 variants, including the People's Republic of China. United Kingdom Scotch whisky sales grew during the year as consumers continued to seek out our brands in the off-trade and e-commerce channels while on-trade continued to be affected by partial restrictions during the first half of the year.

Other income decreased by 24.2% to ₱1,091.0 million in 2021 from ₱1,439.0 million in 2020, primarily due to taking a share in lower net income of a joint venture, lower foreign exchange gains and lower interest income during the year 2021.

Costs and Expenses

Total costs and expenses marginally decreased by 0.8% to ₱43,041.1 million in 2021 from ₱43,398.6 million in 2020, despite higher costs and expenses, including intersegment purchases, in the Scotch whisky segment, which were off-set by a decrease in the costs and expenses related to the brandy segment.

Cost of Goods Sold

Cost of goods sold decreased by 1.7% to ₱34,808.6 million in 2021 from ₱35,398.7 million in 2020, primarily due to the mix of the product sales which included a higher sale of high-priced and high-margin products.

Costs of goods sold (including intersegment costs) from the brandy segment decreased by 5.9% to ₱24,441.8 million in 2021 from ₱25,983.0 million in 2020 as a result of higher-margin products being sold, while costs of goods (including intersegment costs) sold from the Scotch whisky segment increased by 9.4% to ₱11,161.2 million in 2021 from ₱10,199.7 million in 2020, primarily due to an increase in products sold. In both cases, sales grew faster than costs of goods sold as a result of increased higher-margin or higher-priced product sales.

Selling and Distribution Expenses

Selling and distribution expenses decreased by 8.0% to ₱4,840.1 million in 2021 from ₱5,263.0 million in 2020, primarily as a result of reduced advertising and promotions in the brandy segment as brand and marketing support were controlled in light of the ongoing COVID-19 pandemic, which was offset by an increase in selling and distribution expenses in the Scotch whisky segment as a result of increased product sales and related advertising and promotional marketing campaigns.

Selling and distribution expenses from the brandy segment decreased by 23.3% to ₱2,545.7 million in 2021 from ₱3,320.7 million in 2020, primarily due to a decrease in advertising and promotions, freight and handling, representation and merchandising service fees. Selling and distribution expenses from the Scotch whisky segment increased by 18.1% to ₱2,294.3 million in 2021 from ₱1,942.3 million in 2020 primarily as a result of increased strategic advertising and promotion campaigns and freight and handling expenses, related to the increase in sales numbers.

General and Administrative Expenses

General and administrative expenses increased by 4.6% to ₱2,205.7 million in 2021 from ₱2,108.2 million in 2020, primarily as a result of increased salaries and employee benefits expenses related to the Scotch Whisky segment, partly set-off by reduced general and administrative expenses in the brandy segment.

General and administrative expenses from the brandy segment decreased by 3.2% to ₱1,075.3 million in 2021 from ₱1,111.3 million in 2020, primarily due to reduced representation expenses. General and administrative expenses from the Scotch whisky segment increased by 13.4% to ₱1,130.4 million in 2021 from ₱997.0 million in 2020, primarily due to increased salaries and employee benefits expenses in line with the growth in sales numbers.

Interest Expense

Interest expense increased by 42.6% to ₱782.7 million in 2021 from ₱549.0 million in 2020, primarily as a result of higher variable interest expenses relating to equity-linked securities due to three dividend declarations during the year 2021.

Other Charges

Other charges increased by 407.4% to ₱404.1 million in 2021 from ₱79.6 million in 2020, primarily due to foreign exchange losses recognised in 2021.

Profit Before Tax

As a result of the foregoing, profit before tax increased by 36.7% to ₱12,895.2 million in 2021 from ₱9,435.7 million in 2020.

Tax Expense

Tax expense increased by 96.3% to ₱2,746.8 million in 2021 from ₱1,399.1 million in 2020, primarily as a result of higher taxable income due to strong sales.

Net Profit

As a result of the foregoing, net profit increased by 26.3% to ₱10,148.4 million in 2021 from ₱8,036.6 million in 2020 despite the ongoing COVID-19 pandemic.

Net profit in the brandy segment increased by 31.0% to ₱7,580.6 million in 2021 from ₱5,785.0 million in 2020, in line with an increased gross profit margin, reflecting higher sales of high-margin products and reduced operating expenditures in 2020.

Net profit in the Scotch whisky segment increased by 14.0% to ₱2,567.8 million in 2020 from ₱2,251.7 million in 2020 in line with an increased gross profit margin, reflecting higher sales of high-margin products, partly off-set by increased operating expenditures in 2020.

Year ended 31 December 2020 compared with year ended 31 December 2019

Revenues and Other Income

Revenues and other income increased by 2.5% to ₱52,834.3 million in the year ended 31 December 2020 from ₱51,565.5 million in the year ended 31 December 2019, primarily due to increased sales in our Scotch whisky segment which were partially offset by a small decline in brandy sales. While on-trade and Global Travel Retail had been affected by the lockdowns, and implementation of dry laws in parts of the Philippines, the Group took advantage of the buoyant off-trade and e-commerce channels, as well as newly opened markets, to increase sales.

Revenues and other income from external customers in the brandy segment decreased by 2.0% to ₱36,891.4 million in 2020 from ₱37,627.2 million in 2019, mainly due to the COVID-19 pandemic which resulted in a two-month hard lockdown in the Philippines from mid-March to mid-May, during which domestic production and distribution were completely suspended in compliance with government directives, and liquor bans were imposed in most localities across the Philippines. Outside the Philippines, while Bodegas Fundador was able to continue its regular production and distribution in Jerez, on-trade sales were affected but off-trade and e-commerce remained strong and the international market resilient. Fundador Light and Fundador Double Light were made available in North America, and Terry Centenario remained as the fastest growing brandy in terms of market share and a market leader in Spain in 2020, while Tres Cepas expanded market share in Guinea and Cameroon. Emperador, Terry and El Presidente continued to be the Group's top selling Philippine, Spanish and Mexican brandy brands, respectively, in 2020.

Revenues and other income from external customers in the Scotch whisky segment increased by 14.4% to ₱15,942.9 million in 2020 from ₱13,938.3 million in 2019, mainly driven by sales growth in the United Kingdom, Europe, North America and Asia (especially the People's Republic of China). United Kingdom Scotch whisky sales grew during the year as consumers sought out our brands in the off-trade and e-commerce channels while on-trade was effectively shut from March to July and partial lockdowns re-imposed from November. Our single malt brands Jura and Tamnavulin captured the first and fifth positions of the fastest-growing malt brands in the United Kingdom, while Whyte & Mackay captured the fastest-growing blended whisky brand, as their sales reached double-digit growth in the United Kingdom in 2020 compared to 2019. Sales of Harveys also increased in 2020 in the United Kingdom. As markets reopened following the lifting of COVID-19 lockdowns, exports to Asia resumed starting in the second quarter of 2020 and continued through the rest of the year, with large orders in particular for The Dalmore and Fettercairn. While markets in Europe, Latin America, Africa and the Middle East were affected in 2020 by the varying stages and degrees of lockdowns, Scotch whisky sales grew in North America and developing markets for The Dalmore, Jura and Tamnavulin brands, and in Europe for The Dalmore, Tamnavulin and Fettercairn brands. Scotch whisky sales through our global retail channel declined in 2020 compared to 2019, as most airports have been subject to significant travel restrictions.

Other income increased by 10.2% to ₱1,439.0 million in 2020 from ₱1,305.8 million in 2019, primarily due to higher scrap sales, gains on sale of securities and unrealised foreign exchange gains recorded in 2020.

Costs and Expenses

Total costs and expenses increased by 0.7% to ₱43,398.6 million in 2020 from ₱43,085.5 million in 2019, primarily due to higher costs and expenses in the Scotch whisky segment, while those in the brandy segment decreased.

Cost of Goods Sold

Cost of goods sold increased by 6.2% to ₱35,398.7 million in 2020 from ₱33,334.1 million in 2019, at a faster pace than the increase in sales, primarily due to products sold in 2020 having higher production costs resulting mainly from more expensive inputs and packaging compared to 2019.

Costs of goods sold (including intersegment costs) from the brandy segment increased slightly by 0.3% to ₱25,983.0 million in 2020 from ₱25,902.9 million in 2019, while costs of goods (including intersegment costs) sold from the Scotch whisky segment increased by 20.6% to ₱10,199.7 million in 2020 from ₱8,457.9 million in 2019, in both cases primarily as a result of the higher production costs described above.

Selling and Distribution Expenses

Selling and distribution expenses decreased by 12.6% to ₱5,263.0 million in 2020 from ₱6,021.1 million in 2019, primarily as a result of COVID-19 pandemic-related restrictions that caused reduced advertising and promotions as brand and marketing support were controlled; and decreased professional fees, representation and travel and transportation expenses, due to lockdowns and travel bans.

Selling and distribution expenses from the brandy segment decreased by 9.0% to ₱3,320.7 million in 2020 from ₱3,648.7 million in 2019, primarily due to a decrease in advertising and promotions, travel and transportation, meals, fuel and oil, representation, professional fees and outside services, salaries and employee benefits. Selling and distribution expenses from the Scotch whisky segment decreased by 18.1% to ₱1,942.3 million in 2020 from ₱2,372.3 million in 2019 primarily due to a decrease in advertising and promotions, travel and transportation, salaries and employee benefits, professional fees and outside services.

General and Administrative Expenses

General and administrative expenses decreased by 27.9% to ₱2,108.2 million in 2020 from ₱2,924.4 million in 2019, primarily as a result of lower depreciation and amortisation and decreased professional fees and travel and transportation, meals, fuel and oil, and salaries and employee benefits expenses, due to lockdowns and travel bans.

General and administrative expenses from the brandy segment decreased by 44.1% to ₱1,111.3 million in 2020 from ₱1,986.5 million in 2019, primarily due to reduced professional fees and outside services, depreciation and amortisation, salaries and employee benefits, and impairment losses. General and administrative expenses from the Scotch whisky segment increased by 6.3% to ₱997.0 million in 2020 from ₱937.9 million in 2019, primarily due to increased professional fees and outside services, repairs and maintenance and insurance.

Interest Expense

Interest expense decreased by 29.7% to ₱549.0 million in 2020 from ₱781.5 million in 2019, primarily as a result of principal amortisations paid in 2020.

Other Charges

Other charges increased to ₱79.6 million in 2020 from ₱24.5 million in 2019, primarily due to foreign exchange losses recognised in 2020.

Profit Before Tax

As a result of the foregoing, profit before tax increased by 11.3% to ₱9,435.7 million in 2020 from ₱8,480.0 million in 2019.

Tax Expense

Tax expense decreased by 15.1% to ₱1,399.1 million in 2020 from ₱1,647.4 million in 2019, primarily as a result of lower taxable income and temporary differences for deferred tax.

Net Profit

As a result of the foregoing, net profit increased by 17.6% to ₱8,036.6 million in 2020 from ₱6,832.5 million in 2019 amid the COVID-19 pandemic.

Net profit in the brandy segment increased by 18.9% to ₱5,785.0 million in 2020 from ₱4,865.2 million in 2019, despite the slightly lower gross profit margin, primarily due to the reduced operating expenditures in 2020.

Net profit in the Scotch whisky segment increased by 14.5% to ₱2,251.7 million in 2020 from ₱1,967.3 million in 2019, reflecting our tight control on strategic marketing and other operating expenses.

LIQUIDITY AND CAPITAL RESOURCES

During the Period Under Review and as of the Latest Practicable Date, our material sources of liquidity were cash generated from our operations, loans and borrowings. We expect to meet our working capital requirements for the remainder of 2022 primarily from available funds as well as cash flows from operations. We may also from time to time seek other sources of funding, if necessary, which may include debt or equity financings, depending on our financing needs and market conditions.

As of the Latest Practicable Date, our primary unused sources of liquidity were cash and cash equivalents of ₱11,918.0 million. Please refer to the section entitled “*Capitalisation and Indebtedness*” of this Introductory Document for further details of our cash and credit facilities.

As of the date of this Introductory Document and except as stated below, there is no material restriction on any of our subsidiaries that would prohibit them from transferring funds to our Company in the form of cash dividends, loans or advances.

CASH FLOWS

The following table sets out selected information from our consolidated statements of cash flows for the periods indicated:

	For the years ended 31 December			For the three months ended 31 March	
	2019	2020	2021	2021	2022
	(₱ millions)				
Net cash flows provided by (used in) operating activities . . .	8,152.8	7,552.1	16,414.4	5,214.8	4,029.0
Net cash flows provided by (used in) investing activities. . . .	(1,984.6)	(733.0)	(1,596.3)	(225.1)	(965.6)
Net cash flows provided by (used in) financing activities. . . .	(4,655.8)	(6,998.6)	(13,045.5)	(2,793.7)	759.5
Net increase (decrease) in cash and cash equivalents	1,512.4	(179.4)	1,772.6	2,196.1	3,822.9

Net cash from operating activities

In the first three months of 2022, our net cash from operating activities was ₱4,029.0 million, compared to ₱5,214.8 million in the same period in 2021, primarily reflecting a higher amount of cash paid for income taxes. In 2021, our net cash from operating activities was ₱16,414.4 million, compared to ₱7,552.1 million in 2020 and ₱8,152.8 million in 2019. Our operations generated higher cash in 2021 in line with a higher operating profit. Net cash from operations decreased in 2020 compared to 2019 despite generating a higher operating profit due to a higher amount of cash paid for income taxes.

Net cash used in investing activities

In the first three months of 2022, our net cash used in investing activities was ₱965.6 million, compared to ₱225.1 million in the same period in 2021. In both periods, cash used in investing activities primarily related to the acquisition of property, plant and equipment.

In 2021, our net cash used in investing activities was ₱1,596.3 million, compared to ₱733.0 million in 2020 and ₱1,984.6 million in 2019. In all three years, cash used in investing activities primarily related to capital expenditures (₱1,739 million in 2021, ₱1,014 million in 2020 and ₱2,867 million in 2019) as described in more detail in “—*Capital Expenditures, Acquisitions and Divestments*” below.

Net cash used in financing activities

In the first three months of 2022, our net cash provided by financing activities was ₱759.5 million, compared to ₱2,793.7 million used in the same period in 2021. In the first three months of 2022, cash provided by financing activities was primarily due to proceeds from interest-bearing loans while in the first three months of 2021, cash used in financing activities was primarily for the payment of dividends and the repayment of interest-bearing loans.

In 2021, our net cash used in financing activities was ₱13,045.5 million, compared to ₱6,998.6 million in 2020 and ₱4,655.8 million in 2019. In all three years, cash used in financing activities was primarily for repayment of loans and acquisitions of treasury shares, partially offset by loan proceeds. In 2021 and 2020, we also paid dividends of ₱5,057.0 million and ₱2,530.2 million, respectively.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The tables below summarise the main components of our contractual obligations and commitments as at 31 December 2021, 31 March 2022 and the Latest Practicable Date:

	Latest Practicable Date (Unaudited)			
	(₱ millions)			
	Within 6 months	6 to 12 months	1 to 5 years	More than 5 years
Interest-bearing loans and borrowings . .	720.5	3,778.2	20,375.8	–
Trade and other payables	19,849.5	–	–	–
Lease liabilities	122.2	112.3	861.5	432.0
Total	20,692.2	3,890.5	21,237.4	432.0
	31 March 2022 (Unaudited)			
	(₱ millions)			
	Within 6 months	6 to 12 months	1 to 5 years	More than 5 years
Interest-bearing loans and borrowings . .	695.6	3,913.6	21,791.4	–
Trade and other payables	19,149.3	–	–	–
Lease liabilities	146.3	134.8	861.5	432.0
Total	19,991.2	4,048.3	22,652.9	432.0
	31 December 2021 (Audited)			
	(₱ millions)			
	Within 6 months	6 to 12 months	1 to 5 years	More than 5 years
Interest-bearing loans and borrowings . .	734.3	2,946.6	21,947.0	–
Trade and other payables	17,205.5	–	–	–
Lease liabilities	146.3	134.8	861.5	432.0
Total	18,086.1	3,081.4	22,808.5	432.0

The anticipated source of funds to fulfil our commitments as of the Latest Practicable Date is cash from operations. We may also seek other sources of financing if necessary.

INDEBTEDNESS

As at 31 March 2022, we had aggregate borrowings of P25,619.2 million. The composition of the Group's outstanding bank loans as of 31 December 2021, 2020 and 2019 and as of 31 March 2022 is shown below.

	As at 31 December			As at 31 March
	2019	2020	2021	2022
	(P millions)			
Current:				
Foreign	5,634.4	4,466.7	3,011.1	3,937.2
Local	1,006.7	821.7	400.0	400.0
Total current	6,641.1	5,288.4	3,411.1	4,337.2
Non-current:				
Foreign	24,877.1	25,091.9	21,430.3	21,282.0
Local	421.7	—	—	—
Total non-current	25,298.7	25,091.9	21,430.3	21,282.0

Certain key terms of our borrowings as at 31 December 2021, 2020 and 2019 and 31 March 2022 are as follows:

Outstanding Balance as at				Interest Rate	Security	Maturity
31 December			31 March			
2019	2020	2021	2022			
(P millions)						
22,882.5	23,490.0	20,126.0	20,056.6	Variable	Unsecured	2024
5,047.2	3,917.0	—	—	Variable	Secured	2022
2,581.8	2,151.7	1,681.6	1,523.5	Fixed	Unsecured	2027
—	400.0	400.0	400.0	Fixed	Unsecured	2022
—	—	2,633.8	3,639.1	Variable	Secured	2022
350.0	150.0	—	—	Fixed	Unsecured	2022
245.0	105.0	—	—	Fixed	Unsecured	2022
312.5	62.5	—	—	Fixed	Unsecured	2022
312.5	62.5	—	—	Fixed	Unsecured	2022
208.3	41.7	—	—	Fixed	Unsecured	2022

More information on the terms of these borrowings can be found in note 14 to our consolidated financial statements as of and for the year ended 31 December 2021 (entitled “**Interest-bearing loans**”). Maturing obligations will be funded from operating cash flows. We may also seek other sources if necessary.

In 2016, our Group purchased the GBP 13.2 million mortgage debt on the Grangemouth bottling facility owed by St Vincent Street (446) Limited (“**SVS**”) with consideration of GBP 10.0 million. The purchased mortgage asset entitles our Group to full security over the leased property and to monthly interest payments from SVS, the property lessor. However, our Group remains as lessee over the property. Accordingly, we are still required to make monthly lease payments to the property lessor until 2036. The values of rent and the mortgage are not identical and the rent will change over time based on the terms of the lease. We purchased the mortgage to prevent control over the future of the property, pursuant to the 175-year lease, from ending up with a third-party in the event that the borrower did not pay the mortgage. The mortgage is a standard debt document.

To the best of our Directors’ knowledge, as at the Latest Practicable Date, we are not in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect our financial position and results or business operations, or the investments by our Shareholders. We are not restricted in the use of our borrowings. One of our Group’s loan agreements includes a change of control provision whereby AGI is required to hold, directly or indirectly, at least 66.67% of our Company. AGI has entered into an undertaking dated 3 June 2022 to, among others, hold at least 66.67% of the Shares of our Company. This undertaking does not provide for an end date, termination provisions, or revocability. AGI’s shareholdings in our Company are not subject to any share pledging arrangements. In the event that we breached this change of control provision, there would not be a cross default under our other borrowings.

Equity-Linked Securities

In 2014, Singapore sovereign wealth fund GIC, through Arran, initially invested P17.6 billion by subscribing for Shares in our Company as well as equity-linked securities (“**ELS**”) that are convertible into Shares of our Company. Through this initial investment, Arran acquired a 7% ownership interest in our Company. The ELS bear interest at a variable rate equal to the dividends that would be payable on the Shares to which the ELS can be converted if they are issued prior to the date that any dividend is declared by us. The redemption date for any ELS that are not converted into Shares is 4 December 2021. Pursuant to an amendment dated 23 December 2019, Arran was given the right to request conversion of (i) P1,836,250,000 into 253,275,862 Shares (“**Tranche 1 Conversion Shares**”) and (ii) P3,443,750,000 into 475,000,000 Shares (“**Tranche 2 Conversion Shares**”). Terms of the ELS are described in note 15 to our consolidated financial statements as of and for the year ended 31 December 2021.

Pursuant to a Deed of Sale dated 5 February 2020, Arran fully exercised its ELS representing the Tranche 1 Conversion Shares. As of 31 March 2022 and as at the Latest Practicable Date, the outstanding balance on the ELS of P3,443.8 million was presented under Equity. If Arran converted the Tranche 2 Conversion Shares, our outstanding issued Shares would increase and existing Shareholders would experience dilution. Arran delivered a conversion notice to our Company on 3 December 2021 (as further amended on 28 February 2022 and 13 May 2022) which requires our Company to issue the Tranche 2 Conversion Shares to Arran upon the earlier of (a) the completion of the secondary listing of our Company on the SGX-ST, subject to fulfilment of certain conditions, or (b) 12 August 2022. Pursuant to this conversion notice, we derecognised the financial liability component of the ELS and recognised the same amount as an equity component which is presented as “*Deposit on Future Stock Subscription—ELS*” under Equity in our 2021 consolidated statements of financial position.

CONTINGENT LIABILITIES AND GUARANTEES

As at the Latest Practicable Date, we had no contingent liabilities and were not a financial guarantor of obligations of any unconsolidated entity.

We are however subject to litigation and claims arising in the ordinary course of business. See “*Business—Legal Proceedings*”.

OFF-BALANCE SHEET ARRANGEMENTS

We were not a party to any material off-balance sheet obligations or arrangements.

CAPITAL EXPENDITURES, ACQUISITIONS AND DIVESTMENTS

Historical capital expenditures

We regularly make capital expenditures to expand our operations, upgrade and improve our manufacturing facilities and our equipment and increase our operating efficiency. Our capital expenditures in 2019 to the Latest Practicable Date were in these categories, particularly in the four malt distilleries, the grain distillery, and bottling facility in Scotland, and the bottling, distillery, production and maturing facilities in Spain. In 2019, EDI purchased a lot for a branch office in Legazpi City. In 2020, EDI purchased several lots for its main warehouse in Cavite and completed construction in 2021.

The table below sets out our capital expenditures in 2019, 2020 and 2021, the three-month period ended 31 March 2022 and the period from 1 April 2022 to the Latest Practicable Date.

For the years ended 31 December			For the three-month period ended 31 March 2022	For the period from 1 April 2022 to the Latest Practicable Date
2019	2020	2021		
(P millions)				
2,867.3	1,013.8	1,738.8	995.2	85.5

We have historically sourced funding for capital expenditures through internally generated funds and loans.

Historical acquisitions and divestments

We have not had any material acquisitions or divestments since 1 January 2019.

On-going capital expenditures

Our on-going capital expenditures include a bottling and ageing facility in Laguna, Philippines, for which construction has begun in October 2021. We expect to complete it in 2023. During the three-month period ended 31 March 2022 we spent P86.8 million on the construction of these facilities. Our total budget for these projects is P1.2 billion (which has not all been contracted).

In 2021 we appropriated P1.2 billion for the rehabilitation of furnace and other capital expenditures for the glass manufacturing plant in Laguna, the Philippines which are expected to be completed by 2025. The expected commencement date for the rehabilitation of furnace 1 is January 2024.

We expect to make capital expenditures of approximately ₱2.5 billion for 2022 and approximately ₱3.5 annually in 2023 and 2024 for expansion, maintenance, upgrade of equipment, warehouses, whisky supply, bottle supply facilities, increasing logistics capabilities and sustainability projects. These expenditures have not yet all been contracted. We expect that each of our Group companies will fund their capital expenditure through internal funds. WML will also fund their capital expenditure through their borrowing facility. In addition to these expenditures, we expect to continue to improve our existing facilities in the ordinary course of our business.

Funding for future capital expenditures will come from operations. We may rely on bank financing as well.

The figures in our capital expenditure plans are based on management's current estimates. In addition, our capital expenditure plans are subject to a number of variables, including: possible cost overruns; the receipt of relevant government approvals; availability of financing on acceptable terms; changes in management's views of the desirability of current plans; the identification of new projects and potential acquisitions; and macroeconomic factors such as the economic performance and interest rates in those markets in which we operate. There can be no assurance that we will execute our capital expenditure plans as contemplated at or below estimated costs.

QUALITATIVE AND QUANTITATIVE DISCLOSURE OF FINANCIAL RISKS

We are exposed to certain financial risks which result from our operating activities. The main types of risks are market risk, credit risk, liquidity risk and price risk.

Our risk management is coordinated with AGI, in close cooperation with the Board of Directors appointed by AGI, and focuses on actively securing our short-to-medium-term cash flows by minimising the exposure to financial markets.

We do not engage in the trading of financial assets for speculative purposes nor do we write options. The most significant financial risks to which we are exposed are described below.

Market Risk

We are exposed to market risk through our use of financial instruments and specifically to foreign currency risk, interest rate risk and certain other price risk which result from our operating, investing and financing activities.

Foreign Currency Risk

Most of our transactions are carried out in Philippine pesos, Euros, UK pounds, and U.S. dollars, which are our entities' functional currencies. Exposures to currency exchange rates arise from our foreign currency-denominated transactions at each entity level. We have no significant exposure to other foreign currency exchange rates at each entity level, except for U.S. dollars of EDI and foreign subsidiaries, since these other foreign currencies are not significant to our consolidated financial statements. EDI has cash and cash equivalents in U.S. dollars as of 31 March 2022 while the foreign subsidiaries have cash and cash equivalents, receivables and payables in U.S. dollars. To mitigate our exposure to foreign currency risk, non-functional currency cash flows are 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:

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
	(P millions)	
Financial assets	1,081.5	432.9
Financial liabilities	(2,714.3)	(2,750.1)
Net assets (liabilities)	(1,632.8)	(2,317.2)

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

	Reasonably possible change in rate	Effect in profit before tax (P millions)	Effect in equity before tax
31 March 2022	5.87%	(95.8)	(71.9)
31 December 2021	4.11%	(95.2)	(71.4)

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

Our Company does not have a fixed hedging policy and does not engage in hedging transactions. The one exception is WML, which hedges future forecast net trading receipts and payments denominated in U.S. Dollars, CAD and Euros over a three-year duration using a layered (rolling) programme. The instruments used in these transactions include forwards (fixed dated and time options), currency swaps, and spot deals. Our authorised counterparty is Natwest Markets Plc. These hedging transactions are not material to WML's business.

Interest Rate Risk

As at 31 March 2022, we are exposed to changes in market rates through our cash in banks and short-term placements which are generally subject to 30-day repricing intervals. Due to the short duration of short-term placements, we believe that interest rate sensitivity and its effect on the net results and equity are not significant. Our interest-bearing loans are subject to fixed interest rates and are therefore not subject to interest rate risk, except for certain loans that are based on EURIBOR and LIBOR. However, the EURIBOR is currently at a negative rate or a zero rate, and we do not see a material interest rate risk in the short term.

The sensitivity of our profit before tax on our loans arising from LIBOR is analysed based on a reasonably possible change in interest rates of +/-0.42% in 2021 and +/-2.55% in 2020. 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 a 99% level of confidence. The sensitivity analysis is based on our financial instruments held at each reporting date, with effect

estimated from the beginning of the year. All other variables held constant, if LIBOR increased by 0.42% and 2.55% in 2021 and 2020, profit before tax would have decreased by ₱9.8 million and ₱63.4 million, respectively. Conversely, if the interest rates decreased by the same percentages, profit before tax in 2021 and 2020 would have been higher by the same amounts.

Other price risk

We were exposed to other price risk in respect of our financial instruments at FVTPL, which pertain to derivative assets and liabilities arising from foreign exchange margins trading spot and forward contracts. These financial instruments will continue to be measured at fair value based on the index reference provided by certain foreign financial institutions and through reference to quoted bid prices, respectively. We believe that the change in foreign exchange rate related to foreign exchange margins trading spot rate and forward contracts will not materially affect the consolidated financial statements.

Credit Risk

Credit risk is the risk that a counterparty may fail to discharge an obligation to us. We are 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.

We continuously monitor defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into our credit risk controls. Our policy is to deal only with creditworthy counterparties. Know-your-counterparty (“KYC”) due diligence is conducted for all new suppliers and customers, with regular refreshing of KYC due diligence done for existing counterparties. We reject any counterparties that are not-aligned with our company policy on business partners, including compliance with international sanctions. In addition, we rely on the banks we work with to monitor and alert us to any sanctions laws and regulations that affect trade and movement of moneys.

In general, our financial assets are not covered with any collateral or credit enhancement. Accordingly, we manage credit risk by setting limits on the amount of risk in relation to a particular customer including requiring payment of any outstanding receivable before a new credit is extended. Such risk is monitored on a regular basis and subject to an annual or more frequent review. Approvals for credit limits are secured from the credit manager.

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

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
	(₱ millions)	
Cash and cash equivalents	13,156.7	9,333.8
Trade and other receivables – net	11,503.2	14,095.1
Property mortgage receivable	644.1	646.6
Refundable security deposits	65.1	63.9
Total	<u>25,369.2</u>	<u>24,139.4</u>

We consider that all the above financial assets that are not impaired as at the end of the Period Under Review are of good credit quality.

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 ₱0.5 million for every depositor per banking institution.

Trade and Other Receivables, Property Mortgage Receivable, and Refundable Security Deposits

Our Group extends credit between 30 and 120 days, depending on the subsidiary. In exceptional circumstances in our export business, terms may be extended. In the Philippines, we allow extensions to customers in certain cases due to the COVID-19 pandemic. We grant these exceptions in part because localised liquor bans in the Philippines have prevented some of our customers from selling products and our salesmen have difficulty collecting payments. The average collection period for the periods indicated is set out below based on average trade receivables:

	31 December 2021	31 December 2020	31 December 2019	The three-month period ended 31 March 2022
Average collection period	95 days	108 days	109 days	93 days

As of 31 March 2022, our trade receivables was ₱10,677.8 million. As of the Latest Practicable Date, we have collected 76.9% of that amount. We did not have a material exposure to doubtful trade receivables for the years ended 31 December 2019, 2020 and 2021 and the three-month period ended 31 March 2022 because of our allowances which are stated in the table below.

We apply the simplified approach in measuring expected credit loss (“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).

The expected loss rates for trade receivables are based on the payment profiles of sales over a period of 36 months before 31 December 2021 and 2020, and the corresponding historical credit losses experienced within such period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. We have identified the Gross Domestic Product and inflation rates to be the most relevant factors, and accordingly adjust the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 31 March 2022 was determined based on months past due, as follows for trade receivables:

	1-30 Days	31-90 Days	Over 90 Days	Total
	(P millions)			
31 December 2019				
Expected loss rate	0%	0%	100%	
Gross carrying amount	P9,835.9	P5,688.0	P 88.7	P15,612.6
Loss allowance	—	—	P 88.7	P 88.7
31 December 2020				
Expected loss rate	0%	0%	100%	
Gross carrying amount	P9,548.4	P5,152.4	P189.4	P14,890.2
Loss allowance	—	—	P189.4	P 189.4
31 December 2021				
Expected loss rate	0%	0%	100%	
Gross carrying amount	P9,194.4	P4,543.8	P192.7	P13,930.8
Loss allowance	—	—	P192.7	P 192.7
31 March 2022				
Expected loss rate	0%	0%	100%	
Gross carrying amount	P7,174.3	P3,503.5	P192.4	P10,870.2
Loss allowance	—	—	P192.4	P 192.4

In general, our financial assets are not covered with any collateral or credit enhancement. Accordingly, we manage credit risk by setting limits on the amount of risk in relation to a particular customer including requiring payment of any outstanding receivable before a new credit is extended. Such risk is monitored on a regular basis and subject to an annual or more frequent review. Approvals for credit limits are secured from the credit manager.

For the advances to the ultimate parent company 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 us once they become due. With respect to property mortgage receivable, we assessed that these financial assets have low probability of default since our parent company is also a lessee over the same property and can apply such receivable against future lease payments.

We write off financial assets, in whole or in part, when we have exhausted all practical recovery efforts and have concluded that there is no reasonable expectation of recovery of the financial asset. Indicators that there is no reasonable expectation of recovery include the cessation of enforcement activity and where the value of any assets that we may get from the customers is less than the outstanding contractual amounts of the financial assets to be written off. There were no write-offs made in 2021, 2020 and 2019.

Liquidity Risk

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

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

We maintain cash to meet our liquidity requirements for up to seven-day periods. Excess cash funds are invested in short-term placements.

BUSINESS

OVERVIEW

We are a leading global integrated manufacturer, bottler and distributor of brandy, Scotch whisky and other alcoholic beverages. In 2021, we were the largest brandy producer in the world and one of the largest overall spirits producers in the Philippines by value and by volume and in 2020, we were the fifth largest Scotch whisky producer worldwide based on production capacity of grain and single malt whisky, according to the Industry Report. For the year ended 31 December 2021, Emperor brandy products held an 82.3% market share among all local and imported brandies in the Philippines based on volume according to the Industry Report.

We have a broad brand portfolio across multiple price segments. Our brandy and Scotch whisky portfolios include some of the oldest and best-recognised brands in the world, including brands with centuries-old legacies. We sell our products under brands that range from accessible to luxury including Emperor, Presidente and Fundador for brandy, Harveys for sherry wine, The Dalmore, Jura, Tamnavulin and Fettercairn for Single Malt Scotch Whisky and John Barr, Claymore and Whyte & Mackay for blended Scotch whisky, among others. In addition to brandy and Scotch whisky, we produce sherry, vodka, gin, rum and other liqueur. We also produce beverages for private labels and bulk liquids such as Scotch whisky, brandy and sherry for companies that sell their own branded beverages.

Our production facilities possess an inventory of rare stock and a high volume of aged liquids. Our principal production facilities comprise nine distilleries, four blending and bottling facilities, 788 hectares of vineyards and a glass manufacturing plant located across the Philippines, the United Kingdom and Spain. In Mexico, we own a winery and subcontract our ageing, blending and bottling process.

Our primary geographic markets are the Philippines, Greater China, the United Kingdom, Spain, Mexico, U.S., Germany and France which are among the 102 countries where our products are sold.

We are organised into two business segments: the Scotch whisky segment (which includes all products sold by WMG) and the brandy segment (which comprises all products sold by EDI, Bodegas Fundador and Domecq BLC).

The following table shows our revenues and other income in each business segment for the periods indicated.

	Year Ended 31 December						Three-month period ended 31 March	
	2019		2020		2021		2022	
	P in millions	%	P in millions	%	P in millions	%	P in millions	%
Brandy	37,627	72.97	36,891	69.82	37,232	66.56	7,635	61.91
Scotch Whisky . . .	13,938	27.03	15,943	30.18	18,704	33.44	4,698	38.09
TOTAL	51,565	100	52,834	100	55,936	100	12,333	100

The following table shows our consolidated revenues and other income in each geographic region by Philippine pesos and percentages for the periods indicated.

	Year Ended 31 December						Three-month period ended 31 March	
	2019		2020		2021		2022	
	P in millions	%	P in millions	%	P in millions	%	P in millions	%
Europe	11,419	22.14	12,884	24.39	14,242	25.46	3,176	25.75
North America . . .	1,106	2.15	1,050	1.99	2,101	3.76	669	5.42
Latin America . . .	3,028	5.87	2,442	4.62	2,994	5.35	665	5.39
Middle East and Africa	540	1.05	411	0.78	402	0.72	74	0.60
APAC	35,473	68.79	36,047	68.23	36,197	64.71	7,750	62.84
TOTAL	51,566	100.00	52,834	100.00	55,936	100.00	12,333	100.00

Our History

We have grown from a Philippine company to a global operation owning brands and distilleries with histories that stretch back centuries. We were incorporated in the Philippines as Touch Solutions Inc. on 26 November 2001 with the primary purpose of providing information technology services and products. We listed our Shares on the PSE on 19 December 2011 under the symbol “TSI”. On 31 July 2013, the PSEC approved the change in our primary purpose to become a holding company. On 28 August 2013, we entered into a subscription agreement with AGI where AGI subscribed for Shares in us.

Subsequently, we, AGI, and AGI’s wholly owned subsidiary, EDI, entered into a series of transactions whereby AGI acquired majority ownership in us and we concurrently acquired EDI from AGI.

As a result of these transactions, AGI obtained a controlling ownership interest in us and we became the sole owner of EDI. In 2013, from TrillionStars Holdings, Inc. we were renamed “Emperador Inc”.

We enjoy significant synergies with AGI. AGI has provided us with management, operational and financial support. Mr. Andrew L. Tan, our chairman, and Ms. Katherine L. Tan, our executive director, are all directors of AGI and are key to the success of our business. AGI also coordinates with us on risk management and led our Group’s sustainability reporting. We procure import and export processing services from AGL and had previously procured management and legal services from GORES for certain of our subsidiaries as an interim measure post-acquisition by our Group of such subsidiaries. In addition, AGI leases its glass manufacturing plant to AWGI. Megaworld Corporation, a subsidiary of AGI, helps us source locations for our offices. Richmonde Hotel Group International Limited and Travellers International Hotel Group, Inc., which are also AGI subsidiaries, helped us sell our products to their hotels. Pik-Nik USA, another AGI subsidiary, helped us to become the exclusive distributor of their products in the Philippines. For details, see “Interested Person Transactions and Potential Conflicts of Interest”.

Significant events in the history of our business are set out below:

- 1990 Emperador brandy was introduced to the market.
- 2007 EDI acquired the brandy manufacturing assets and related brands, including Emperador Brandy, from Consolidated Distillers of the Far East.
- 2013 We acquired the distillery facility of Consolidated Distillers of the Far East in Nasugbu, Batangas.
- 2013 Our Shares began trading on the PSE under the symbol EMP and AGI sold 1.8 billion of our Shares to institutional investors.
- 2014 We acquired a 50% interest in Bodega Las Copas, a fully integrated brandy production company.
- 2014 We acquired WMG in Scotland, a producer of Scotch whiskies, including various assets and brands.
- 2016 We acquired the Spanish brandy and sherry business of Beam Suntory Spain, S.L. The purchase includes four brands: Fundador Brandy, Terry Centenario Brandy, Tres Cepas brandy, and Harveys sherry wine.
- 2017 We acquired Grupo Garvey brands and associated inventories etc. in Spain.
- 2017 We acquired Domecq brandy and wine trademarks in Mexico (this was acquired by Bodega Las Copas, a 50:50 joint venture of Grupo Emperador Spain, S.A. and Gonzalez Byass, S.A.).

STRENGTHS AND STRATEGY

Competitive Strengths

A leading global spirits player with proven track record, solid momentum and established footprint in over 100 countries

We are a leading global manufacturer, bottler and distributor of brandy, Scotch whisky and other alcoholic beverages. By volume, in 2021 we were the world's largest brandy and in 2020, the fifth largest scotch Whisky producer worldwide based on production capacity of grain and single malt whisky according to the Industry Report, with manufacturing capabilities drawing upon a rich heritage in four countries across three continents. Our leading market position and global presence result in a resilient business that has achieved revenue and net profit growth in 2021 despite the challenges of the COVID-19 pandemic, driven by strong performance of The Dalmore and Jura brands among others.

Our fast-growing international business has been spearheaded by our Scotch whisky segment. Since entering this market through our acquisition of WMG in 2014, our Scotch whisky business has experienced rapid growth and expanded upon the original UK-focused strategy to grow internationally with a globally recognised portfolio of brands. Demonstrating our ability to successfully integrate WMG and deploy our strategy of internationalisation, our Scotch whisky revenues have grown at a CAGR of 10.3% from 2016 to 2021 while our brandy revenues have grown at a CAGR of 4.7% during the same period. While we managed to grow our Scotch segment branded business by 2.7 times from 2015 to 2021 (based on management accounts and after duties and promotional spend and excluding sales under a third party distribution contract in the UK which has since been terminated), we have also significantly diversified geographically with increasingly strong presence in many of the fast-growing key Scotch whisky markets. In 2015, WMG's branded sales (excluding duties and promotions) in the UK, EMEA, Global Travel Retail, the Americas, APAC and others were 39%, 20%, 19%, 15%, 6% and 1%, respectively. In 2021, branded sales (excluding duties and promotions) in the UK, EMEA, Global Travel Retail, the Americas, APAC and others were 29%, 17%, 8%, 12%, 30% and 5%, respectively, implying that

branded sales (excluding duties and promotions) from outside the UK and EMEA (i.e. Global Travel Retail, the Americas, APAC and others) have grown from 41% to 54% within six years of development, as derived from adding the branded sales in these regions. Duties and promotions are excluded from figures in order to improve comparability across brands and years as not all sales are subject to duties or promotions.

From 2015 to 2021, WMG's total branded sales (excluding duties and promotions) more than doubled; outside of the UK and Global Travel Retail channels, WMG's branded sales (excluding duties and promotions) more than tripled; and within APAC, they grew more than 10 times (The figures in 2015 exclude the last period of sales under a third-party distribution contract in the UK, which was terminated that year). Single malt whisky is an important element of our growth. Branded sales (excluding duties and promotions) of single malt whisky grew at a CAGR of 24% from 2015 to 2021, converting to a growth of roughly three times. In 2021, single malts contributed to approximately 76% of WMG's branded sales (excluding duties and promotions).

The Company's fundamental precept of "think globally, act locally" has given us insights into local consumer preferences in order to develop a fit-for-purpose commercial agenda in those markets we seek to develop, and helped create a global footprint for our products in more than 100 countries (including in approximately 400 Global Travel Retail stores) with a long-standing presence in many of these markets. Reflecting this global reach and local depth, our brandy products have been the world's best-selling Spanish brandy by volume since 2011 according to the Industry Report and have achieved leading positions in multiple markets. For example, we have the largest market share of brandy sales (by volume) in Mexico, Colombia, Spain and the Philippines while ranking third in Spanish brandy sales in the United States in 2021 according to the Industry Report. We are also one of the largest overall spirits producers by value and by volume in the Philippines according to the Industry Report.

Our brandy has seen strong international growth. From 2016 to 2019, retail value from Fundador brandy products grew by 52%. During the year 2021, it further grew by 32% by volume and 27% by value. This growth has coincided with the expansion of our global footprint. We increased the countries in which we sold Fundador products from 17 in 2016 to more than 60 in 2021, after starting to sell into the UK, Greater China, Cameroon and Brazil in 2020. Our differentiated mindset also allows us to further expand our presence in emerging brandy markets. From 2018 to 2020, Fundador brandy volume sold in the UK, U.S., Canada, Latin America and Africa increased at a CAGR of 18%. Over the same period in Greater China, it grew at a CAGR of 216%.

We began building our presence in the People's Republic of China with Scotch whisky in 2015 and brandy in 2018, and have introduced 41 Scotch whisky SKUs across six brands, and six brandy SKUs across our Emperador and Fundador brands. Through cooperation with reputable Chinese distributors and by leveraging on their vast experience in the local market, we have established a presence in 33 cities (of which 20 are tier 2) across almost all provinces in the country and achieved significant growth, with sales of both brandy and Scotch whisky increasing 4.3 times by value and 5.0 times by volume from 2017 to 2020 in the People's Republic of China, Hong Kong and Macau. In the People's Republic of China, sales of The Dalmore products (excluding duties and promotions) grew at a CAGR of 110% from 2019 to 2021 while sales (excluding duties and promotions) of Claymore grew at a CAGR of 38% over the same period. In Taiwan, sales of Jura (excluding duties and promotions) grew at a CAGR of 110% from 2019 to 2021. As a whole, we have seen solid growth momentum in the region, particularly for single malt, as sales (excluding duties and promotions) in Greater China and mainland China grew at a CAGR of 76% and a CAGR of 108%, respectively, from 2015 to 2021.

Portfolio of heritage and well-recognised global brands coupled with remarkable innovation capabilities and insights

Our portfolio includes heritage and well-recognised global brands such as those under our EDI, WMG and Bodegas Fundador portfolios. Some of these brands are more than a century old. For example, The Dalmore traces its heritage back to 1263 and King Alexander III of Scotland, who granted the Mackenzie Family the right to bear the very precious 12 pointed royal stag. The Mackenzie's later became custodians of The Dalmore distillery in 1867 and since that date the royal stag adorns every bottle. Fundador, established in 1730, is Spain's oldest and largest brandy producer and counts the Spanish royal family among its first patrons. Harveys, the best-selling sherry wine in the world in terms of value, according to IWSR, was granted a royal warrant as a supplier to the British monarchy in 1895 and is the only Spanish product to enjoy this distinction.

Our brand portfolio is well diversified and extends across a broad range of price points within both the Scotch whisky and brandy segments, from accessible and standard brands such as John Barr, Tamnavulin, Emperador and Presidente, to premium and super premium labels such as Fettercairn, Fundador Exclusivo and Supremo, and up to the luxury segment with The Dalmore, as shown below:



Multiple awards further demonstrate the strength of our brands. For example, WMG captured a total of 28 top awards from leading industry bodies (Gold, Gold Outstanding Awards and Excellent) including awards from the International Wine and Spirits Competition ("IWSC"), the International Spirits Challenge ("ISC") and the Ultimate Spirits Challenge ("USC"). In addition, WMG received the prestigious Distiller of the Year 2021 – Scotland award, by Icons of Whisky. Bodegas Fundador has also received many awards for its products including the IWSC award for Best Brandy in the World for Fundador Supremo 18 in 2019 and San Francisco World Spirits Competition's Platinum award in 2021 for the same product. Bodegas Fundador also received the Sherry Trophy and the Fortified Wine Producer award from IWSC in 2019 and was a finalist for Brandy Producer of the Year from IWSC in 2017, 2019 and 2020. The breadth and strength of our wholly owned brand portfolio, combined with our proven ability to innovate and our market insights, allow us to select effective brand-product combinations tailored to specific consumer preferences across different product and geographic markets.

We continue to innovate and develop new products tailored to specific consumer preferences and palate nuances in the markets where we are present. Examples of such product innovations include Terry White Brandy, created to be a versatile drink that can be combined with soft drinks, juices and tonics, Jura Rum Cask Edition, a Single Malt Whisky finished in specially selected Caribbean rum casks to give a smooth, fruity finish and The Dalmore Vintages 2005 enhanced in hand-selected Paez Amoroso Sherry casks, to give a taste of fresh blossom. A unique marketing moment occurs every year when our whisky makers visit our highland distillery to hand-select truly distinguished casks for strictly limited editions.

Tamnavulin in particular demonstrates our ability to innovate and adapt. Having identified a market gap for affordable single malts, in 2016 we introduced Tamnavulin, a Single Malt Scotch Whisky from Speyside with a sherry-led taste, using packaging elements to reflect the cues of malt brands much higher in the price ladder but priced competitively while not being the cheapest. Focusing on its three key enablers of great liquid, great packaging and great price, Tamnavulin was positioned with the target of becoming the most available and visible affordable single malt globally. Marketing was initially through nationwide distribution in the United Kingdom in partnership with chain stores such as Tesco, then internationally in Europe and travel retail in 2018 followed by Asia in 2019, and U.S. in 2021. Tamnavulin is the fastest growing Single Malt Scotch Whisky in the world based on absolute value and volume growth in the Single Malt Scotch Whisky category between 2019 and 2021 and Tamnavulin's global malt brand ranking, based on volume, increased from 67th to 15th since launching in September 2016 according to the Industry Report and IWSR.

Our Claymore brand provides a further example of our talent for innovation. Seeking to introduce a value-end blended Scotch whisky offering a compelling balance between taste and price, particularly compared to value baijiu brands, we relaunched Claymore in mainland China in 2017. By leveraging off select wholesalers' distribution networks and expertise with local consumer preferences, and making Claymore available both through on-premise channels as well as online stores, we increased our shipment volume of Claymore to mainland China by more than 12 times from 2017 to 2021, Claymore is the ninth best-selling blended Scotch whisky in mainland China according to the Industry Report.

Entrenched market leadership and extensive distribution in the Philippines benefiting from on-going premiumisation

In the Philippines, we have been the main protagonist in the development of the domestic brandy market since the introduction of Emperor in 1990. Based on a strategy of creating demand for brandy through dynamic marketing and a reputation for quality, together with successful innovation in the depth and breadth of our products under our now-iconic brand, Emperor had become the world's best-selling Spanish brandy by volume since 2011, according to the Industry Report, a position it continues to hold today. We reaffirmed our status as a market leader with the introduction of Emperor Light in 2010, the first light brandy.

We are also one of the largest spirits players by value and by volume in the Philippines according to the Industry Report, backed by a powerful nationwide distribution network that is difficult for competitors to replicate and helps to further entrench our market leadership. This network extends across hypermarkets, supermarkets, grocery outlets, convenience and *sari-sari* (neighbourhood sundry) stores, and for our more premium brands, such as Fundador, we directly target hotels, restaurants and bars. As a result of these distribution capabilities, our brands have the highest numeric distribution in Philippines stores among other spirits manufacturers with EDI's numeric distribution at 28% as of December 2021 according to Nielsen.⁶

6 Source: Nielsen, Nielsen Proprietary Information/data, 27 May 2022. Nielsen has not provided its consent to be cited as an expert for purposes of the inclusion of the information cited and attributed to it in this document and is therefore not liable for such information. While our Company and the Joint Managers have taken reasonable actions to ensure that such information has been reproduced in its proper form and context, none of our Company, our Directors, nor the Joint Managers has verified the accuracy of the contents of such information. Nielsen information reflects estimates of market conditions based on samples and is prepared primarily as a marketing research tool for consumer-packaged goods manufacturers and others in the consumer goods industry. Nielsen information is not a substitute for financial, investment, legal or other professional advice and should not be viewed as a basis for investments. References to Nielsen should not be considered as Nielsen's opinion as to the value of any security or the advisability of investing in any company, product or industry. Numeric distribution is defined as the percentage of the number of physical stores in the Philippines surveyed by Nielsen that stock Emperor.

In light of our powerful distribution network, current market leadership and our ownership of some of the most recognised brands sold in the Philippines across multiple price points, such as Emperador, Fundador, The Dalmore, Jura and John Barr, we are well positioned to capitalise on expected domestic market growth, as well as the trend towards premiumisation. This is demonstrated by our sales volume market share from imports increasing in the Philippines from 7.0% in 2012 to 20.9% in 2021 according to the Industry Report.

Established supply chain with solid production capabilities and capacity to meet growing demand

We have a global footprint with integrated and well-established production and supply chain operations in some of the key Scotch whisky and brandy-producing regions of the world, including nine distilleries, four blending and bottling facilities and one glass manufacturing plant, and with sufficient capacity headroom to meet growing demand. Importantly, the strength of our brands derives in part from the heritage of some of our key distilleries. For example, the Jura distillery, located on a remote island off the west coast of Scotland, was founded in 1810 and rebuilt in 1963, and is still operated by the small island community. Relaunched in 2017, Jura is now among the fastest-growing single malts globally and ranks No. 1 in its home market, the United Kingdom. Bodegas Fundador, established in 1730, is the oldest winery in Jerez de la Frontera in Spain where the unique “brandy de Jerez” is produced.

According to the Industry Report, we were the fifth largest Scotch whisky producer worldwide based on production capacity of grain and single malt whisky in 2020. We own and operate five Scotch whisky distilleries, with a capacity of 53 mm litres of alcohol, and one bottling plant in Scotland. We have substantial inventory of aged stocks which mature over periods of up to 60 years. As of 28 May 2022, the market value of the maturing whisky stocks reached approximately GBP974 million at the current estimated brokerage prices as of 30 April 2022. We value maturing whisky stocks at the lower of cost and NRV, which is in accordance with PAS 2, *Inventories*. Cost includes cost of raw materials, direct labour and a proportion of manufacturing overhead (including depreciation). Subsequent movement of costs pertains to directly attributable cost incurred in storing and aging whisky, which is mostly depreciation and warehousing cost. The NRV of whisky stocks is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. In Spain, Bodegas Fundador is the largest brandy company in the country by volume, whose vertically integrated operations include 312 hectares of vineyards, two distilleries, two blending facilities, which include one bottling facility, and nine ageing cellars with a total capacity to store up to 47,000 casks. In the Philippines, EDI owns two distilleries, two blending and bottling plants and one glass manufacturing plant, and plans to construct a bottling and ageing facility.

We have considerable capacity to meet increasing volume demand across both the Scotch whisky and brandy segments. In particular, as of 31 December 2021, WMG has the potential capacity to meet approximately three times the current level of annual demand for Scotch whisky, subject to product mix. Given the long-term nature of the ageing of Scotch whisky, WML has announced the intention to expand the Dalmore Distillery and may consider other expansion opportunities in the future to meet potential future demand many years from now. Bodegas Fundador also has the potential capacity to meet approximately three times the current level of demand for its products.

Our production processes also account for the well-being of our employees and of the communities in which we operate. In response to the COVID-19 pandemic, we took prompt action to protect the health of our workforce by reducing the number of employees required to be present at our production facilities, introducing work-from-home arrangements and other health and safety protocols, and ensuring prompt compliance with applicable public health measures across all of our operations.

Strong track record of robust organic and inorganic growth, resilient profitability and cash generation, further validated by positive financial performance during the COVID-19 pandemic

We have a track record of robust revenue growth and resilient profitability over the years, with particularly positive results notwithstanding the COVID-19 pandemic. Growth has been driven by organic factors as well as by acquisitions. Our acquisitions of WMG in 2014, the Spanish brandy and sherry business from Beam Suntory in 2016 and the Domecq brandy portfolio and wine business in 2017 have been key milestones in our development resulting in significant diversification of our brandy and Scotch whisky product and brand portfolios, and demonstrating our ability to successfully integrate these businesses by achieving increased post-acquisition sales and profitability. From 2019 to 2021, the CAGR of our revenue was 2.7%, driven by a well-balanced portfolio and diversified global footprint with significant growth in foreign markets, while EBITDA and net profit attributable to owners recorded CAGRs of 12.1% and 14.0%, respectively. Revenue from our Scotch whisky segment has grown at a significantly faster rate at a CAGR of 10.3% from 2019 to 2021. Our net profit margin reached 18% in 2021, the highest since 2017, brought about by tight control on strategic marketing and other expenses which more than offset sharp increases in raw materials costs. The resilience of our performance despite the challenges of the COVID-19 pandemic is demonstrated in particular by the strong performance of The Dalmore and Claymore in the People's Republic of China, experiencing year-on-year sales growth in 2020 of 168% and 78% respectively, while in the United Kingdom, Fundador products saw year-on-year sales growth of 393% in 2020 and growth of 60% in the United Kingdom in 2021. For 2021, our revenue, EBITDA and net profit attributable to owners were ₱55.9 billion, ₱15.2 billion and ₱10.0 billion, respectively.

During the first three months of 2022, our revenue increased by 2.1% to ₱12.3 billion, EBITDA increased by 4.5% to ₱3.1 billion, net profit attributable to owners increased by 0.7% to ₱2.1 billion and net profit margin remained at 17%, when compared to the first three months of 2021.

We have historically not had a formal dividend policy. However, in light of our strong financial performance and as a highly cash generative business, we declared dividends in the amount of ₱0.0500 and ₱0.1100 for the years ended 31 December 2019 and 2020, respectively and dividends in the amount of ₱0.1200 on 4 January 2021, ₱0.0900 on 8 March 2021 and ₱0.1100 on 2 August 2021 per Share. We did not declare any dividends during the three months ended 31 March, 2022. We plan to have a dividend payout ratio of at least 40% per year.

Highly experienced and visionary management team with proven track record

We have benefited significantly from the visionary leadership of our Chairman and Founder Dr. Andrew L. Tan, who together with other talented senior management team members have grown the Company into the successful global spirits player it is today. Our senior management team has an aggregate experience of over 154 years in the spirits industry. By leveraging on this decades-long expertise, our senior management members have demonstrated their ability to successfully innovate and identify market opportunities, as shown by the rapid growth trajectory achieved by Tamnavulin in the short span since its launch.

As part of the vision, leadership and innovation they provide, our management team also prioritises giving back to local communities. In particular, during the difficult period of the COVID-19 pandemic, we established several initiatives aimed at supporting local communities. For example, we produced a campaign under our Emperor Light brand to show that life's little moments, no matter how simple, are all worth celebrating. This message of hope and good cheer went viral online and inspired popular covers of our jingle, "Mag-Celebrate tayo Muli", to share a message of hope. We also deployed the high level of brand awareness we enjoy toward amplifying national and international health guidance on social distancing and proper hygiene practices, with Dr. Andrew L. Tan encouraging the community to wear masks and practise social distancing with his MASK-Tagumpay social media challenge. Emperor Light also released a music video to the song "Ating Tagumpay" to honour the courage and heroism of all frontline workers during the health crisis. Furthermore, we partnered with the AFP in large-scale food distribution programmes for poor Filipino families and organising fundraising activities to support relief efforts in areas impacted by natural disasters.

BUSINESS STRATEGIES

Relentless focus on already sizeable and growing Scotch whisky and brandy segments

Part of our core strategy is our relentless focus on the Scotch whisky and brandy segments, which are already global markets of substantial scale and poised for significant growth, with an aim to capture further market share through our proven ability to innovate and create new products specific to local consumer palates and lifestyle preferences. Some of our latest innovations include Emperador Double Light, a brandy with lower alcohol and fewer calories, appealing to a younger generation of drinkers who are more mindful about health and wellness or So Nice, providing an ultralight and flavourful drinking experience in three variants.

According to the Industry Report, from 2016 to 2021 the global Scotch whisky market size grew by value at a CAGR of 4.9%, and for 2022 to 2026 is forecasted to grow at a CAGR of 5.1%. Backed by our successful track record in introducing single malt and blended products (for example, Tamnavulin and Claymore), we expect to capitalise on growth in the broader whisky category, in parallel with a general shift in our brand portfolio mix towards Scotch whisky.

We also expect to seize growth opportunities in the brandy market, which, according to the Industry Report, grew from 2016 to 2021 at a CAGR of 4.5% and is forecasted to grow from 2022 to 2026 at a CAGR of 5.0% in terms of market size by value. Our strategy for the brandy market includes leveraging on our powerful know-how for product and brand development as well as our entrepreneurship mindset building on top of local consumer insights. In addition, we expect to capitalise on the trend of growing demand for imported alcohol in the Philippines with our Bodegas Fundador products.

By 2025, we aim to double our branded Single Malt Scotch Whisky sales compared to our sales in 2020 and generate a high single digit revenue CAGR for brandy. We plan to achieve this through continued focus on sales of branded single malts. The success of this focus is evidenced by growth delivered over the last five years.

Exploit premiumisation trends through the value span of our portfolio and by leveraging on customer insights, including by capturing consumers at affordable price points and offering attractive product range for trading up

According to IWSR, the global luxury segments of both Scotch whisky and brandy are forecast to grow from 2022 to 2026 at a CAGR of 11.3% and 18.8%, respectively, by value, significantly outperforming standard/accessible Scotch whisky and brandy segments and demonstrating a clear premiumisation trend.⁷ We intend to continue to leverage on the breadth of our brand portfolio, to cater to a consistently growing consumer base characterised by trading up from the more accessible entry points in our brand ladder in favour of our premium and luxury offerings. For example, we introduced Woodsman, a Scotch whisky targeting modern bourbon and whisky drinkers, and Tamnavulin, which offers a high-quality yet straightforward Scotch whisky at an affordable price point, both of which allow us to engage with new consumers that can subsequently trade up to our more premium products.

Continue to further penetrate our existing markets, including focusing on substantial opportunities in the People's Republic of China and other markets

Another component of our strategy is to further grow our Scotch whisky and brandy sales in Greater China and continue our focus on other geographic markets with high growth potential where we already have an established presence. Our medium-term target is to derive 50% of our total Group sales from international markets.

⁷ Source: Calculation based on data from the IWSR Global Database 2022, accessed on 31 May 2022. IWSR has not provided its consent to be cited as an expert for purposes of the inclusion of the information cited and attributed to it in this document and is therefore not liable for such information. While our Company and the Joint Managers have taken reasonable actions to ensure that such information has been reproduced in its proper form and context, none of our Company, our Directors, nor the Joint Managers has verified the accuracy of the contents of such information.

According to the Industry Report, the China Scotch whisky and Asia Pacific brandy markets are expected to grow from 2022 to 2026 at a CAGR of 7.3% by value and 7.4% by volume, respectively. Consistent with our historical performance in the People's Republic of China, we plan to capture this growth in both the Scotch whisky and brandy markets by continuing to outperform the market by deepening our sales and distribution based on our existing network of distributors. We expect to leverage on our broad portfolio of single malts and blended whiskies to drive consumer demand, while at the same time developing the market for non-French brandy as well as standard/value brandy SKUs. We currently have four route-to-market partners in the People's Republic of China and prioritise our brand when choosing fit-for-purpose distributors.

In addition to the People's Republic of China, our strategy aims at continued growth in other markets where we already had an established presence such as the Middle East, our second largest market after the Philippines. Our presence in the region is focused on the UAE and our offerings extend across both our Scotch whisky and brandy segments, covering the full price spectrum of our brandies from Emperador standard products to more premium and super premium Fundador products. Our entrenched foothold in the Middle East rests primarily on our target customer base of OFWs who appreciate brandy and are already well acquainted with the Emperador brand. At the same time, we expect to continue growing other customer segments such as Indian and Bangladeshi foreign workers who are also brandy enthusiasts. Our other key markets include the United States, France, Germany, the United Kingdom and Taiwan.

Our strategy also seeks growth in emerging markets, such as Cambodia, Vietnam, Thailand, Laos and Indonesia, where we already have established our presence. WMG's portfolio volumes in mature markets, such as Taiwan, Japan, Korea, Singapore, and Malaysia, grew by at least 46% in 2021 compared to 2020 and we seek to build on this growth momentum as well.

We continue to explore expansion of existing markets and entry into new markets through a mix of direct customer relationships, distributor agreements, strategic alliances and joint ventures. We aim to generate 50% of our sales from outside the Philippines by 2025.

Achieving supply and efficiency gains as well as capacity improvement while enhancing sustainability and progressing towards environmentally friendly growth

Increasing efficiencies in our supply chain is a crucial part of our strategy. As examples of efficiency measures on which we focus, Bodegas Fundador has fully automated the rinsing, filling and packaging functions on four of its five production lines and partially automated these functions on a fifth production line for special SKUs and sizes. It is the first brandy company in Spain to have a fully robotic palletising plant for standard sizes, resulting in savings from automating this process and increased productivity by as much as 50% compared to the previous year when we had not adopted this technology. Bodegas Fundador also undertakes harvesting of grapes for its sherry and brandy products using mechanical harvesters, enabling it to reduce costs, save time and increase harvest yields. In 2021, Bodegas Fundador installed an automatic labeller in one of its bottling lines to increase its capacity by up to 25%. We also maximised two cellars to increase capacity by approximately 5,000 casks of aging brandy to meet expected sales growth. In 2020, our bottle-manufacturing subsidiary AWGI in the Philippines also completed a number of projects aimed at achieving cost savings and enhancing sustainability, such as construction of a new 8,170 sqm onsite warehouse that will eliminate external warehouse and related trucking and rental expenses; a wastewater treatment facility with capacity to recycle 5,680 cubic metres of water each year; and a cullet recycling plant to increase the use of recycled glass in our bottle manufacturing process. In addition, in 2020 our Philippine production facilities used over 800,000 cases of second-hand bottles in our production and bottling process, allowing us to save on cost of materials and reduce waste. In 2017, EDI acquired property in Binan where it plans to establish a bottle washing facility as one of its sustainability projects.

We are also undertaking capacity improvements, for example through investments in our WMG bottling lines to increase line speeds and capacity, as well as in casks to support additional maturing stock.

As part of our ESG focus, WMG intends to further integrate sustainable practices in its business and has launched “The Green Print” a document setting out priority areas for environmental impact including water extraction, carbon footprint, packaging and waste reduction. The Green Print was finalised in 2021 and will drive the integration of environmental practices in the overall operations of WMG over the coming decades, while at the same time contributing to 13 of the 17 UN Sustainable Development Goals. WMG is focusing on green and renewable energy. Already its UK operation uses 97% green electricity generated from renewable sources. During 2020, WMG ceased consumption of heavy fuel oil at its distilleries. Other projects already under consideration include local electric supply and bioenergy for Invergordon which generates the majority of WMG’s direct carbon footprint. WMG has also partnered with North of Scotland Hydrogen Consortium on a long-term project focused on opportunities for green hydrogen-based energy.

In Mexico, the Domecq BLC facility successfully continued its utilisation of solar panels, which generated 53.4 kilowatt-hours of energy used by the winery in 2020. In 2020, we installed a photovoltaic park, which we expect to significantly reduce the plant’s carbon emissions to 63 tonnes per year. Other green initiatives include chiller systems using non-ammonia compounds, installation of rainwater recovery tanks and reduction of water consumption in barrel hydration using a spray sprinkler system instead of jet hoses.

Bodegas Fundador is also taking initiatives toward clean energy and the reduction of energy consumption and emissions, having conducted an energy savings study and audit for its bottling and distillery plants, and planning for the installation of a photovoltaic solar plant to reduce the use of fossil fuels and decrease greenhouse gas emissions in its facilities. Moreover, the energy audit aims to provide a reliable understanding of the energy utilisation of the company and the costs associated with it, allowing us to identify and define the factors that affect these activities and develop alternatives that facilitate improved energy consumption opportunities. Furthermore, Bodegas Fundador has successfully integrated into its operations initiatives for water consumption saving, including anaerobic treatment of wastewater for biogas to run its boilers in Spain. We have been able to reduce our annual energy consumption of the plant by 14% in 2021 compared with 2020 consumption levels while simultaneously increasing production by 31%.

Leveraging on digital and e-commerce technologies for brand building and marketing

We expect to continue to leverage on digital and e-commerce technologies and distribution channels to achieve more effective brand building and marketing for our products. In particular, our strategy is to capture a growing share of the younger generation target consumer base (including millennials and “generation z”) through new marketing channels such as social media and online distribution channels by ensuring we partner with distributors having proven e-commerce capabilities and exploiting effective e-commerce retailers and platforms. For example, in the Philippines we are present on Boozy, a well-known liquor delivery platform, and in the People’s Republic of China, where e-commerce is catered to by a select group of sizeable platforms, in addition to an increasing number of emerging platforms, we use our flagship The Dalmore store on Tmall to build superior brand equity and produce a “halo effect” on the rest of our portfolio.

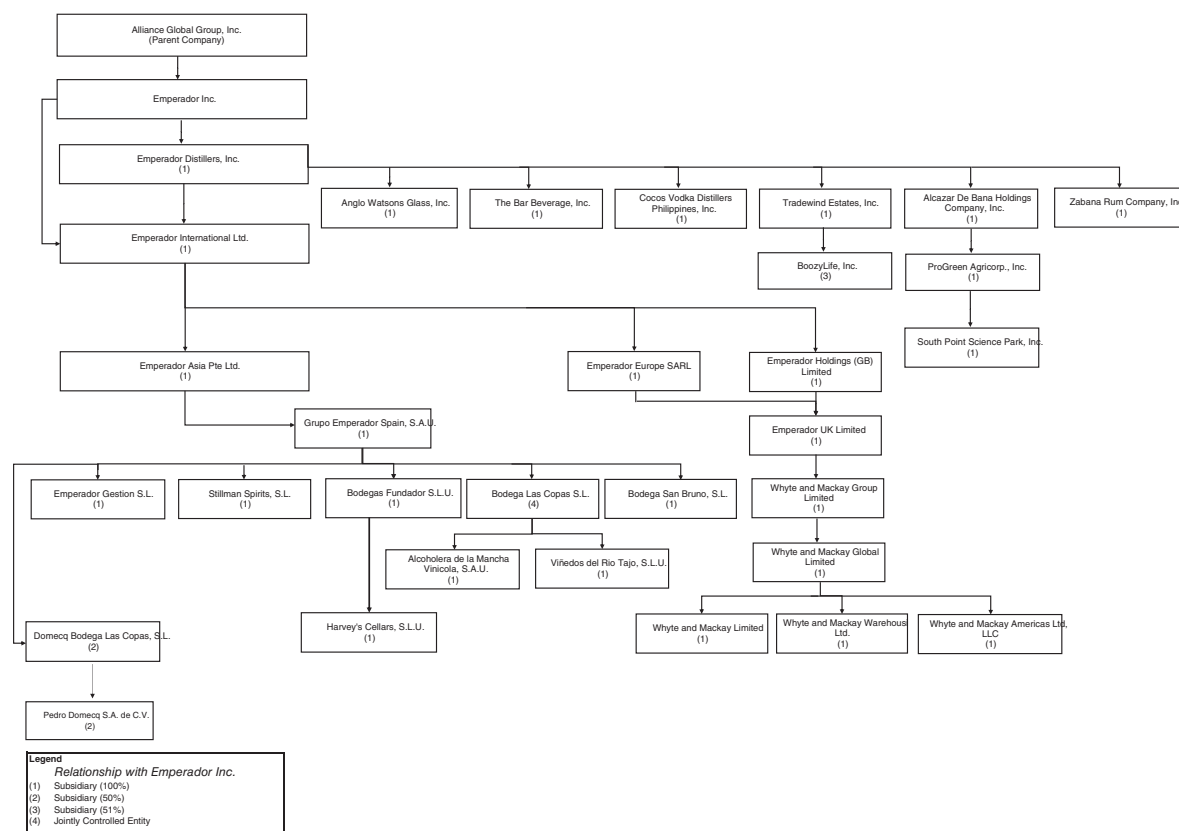
In 2021 we partnered with BlockBar, a NFT marketplace for luxury wine and spirits to offer NFTs in the form of limited edition Scotch whiskies, thereby creating unique collector opportunities and bridging the physical and digital world. We also engage with social media platforms to further enhance our brand profile and create excitement for our products among consumers.

WMG have identified key markets to invest to build brand equity and accelerate penetration. For example, The Dalmore featured in multi-media advertising campaigns in 2021 in U.S., Taiwan, as well as concentrated activity in hub cities of Greater China and Europe. In the United Kingdom, WMG invested in Above The Line campaigns for Jura, Whyte and Mackay and Woodsman – The Woodsman winning UK’s Best Brand Campaign (Audio) at the prestigious 2022 Campaign Live Awards. WMG and Bodegas Fundador engage with social media through our external digital public relations partners, while EDI works with these platforms through in-house brand teams based in the Philippines. In addition, WMG exploits influencer and e-commerce speciality retailers, such as whisky.fr and e-commerce destination sites such as Amazon and Tmall, to further build the reputation of the brand.

ORGANISATIONAL CHART

The following diagram shows our group structure as of the date hereof.

EMPERADOR INC. AND SUBSIDIARIES
Map Showing the Relationship Between Emperador Inc.
and its Related Part
December 31, 20



Notes:

- (A) Andrew L. Tan, Katherine L. Tan, Kevin Andrew L. Tan, Kendrick Andrew L. Tan and Winston S. Co are each directors of Emperador Distillers, Inc. and each owns one share of the company. Philippine law requires that a director owns at least one share of the company for which he or she acts as a director.
- (B) Andrew L. Tan, Katherine L. Tan, Kevin Andrew L. Tan, Kendrick Andrew L. Tan, Winston S. Co, Alec Norman M. Tempongko and Eleizer S. Joaquin are each directors of Anglo Watsons Glass, Inc. Andrew L. Tan and Katherine L. Tan each owns one share of the company. The other directors each owns 1,000 Shares of the company. Philippine law requires that a director owns at least one share of the company for which he or she acts as a director.
- (C) Andrew L. Tan, Katherine L. Tan, Kevin Andrew L. Tan, Kendrick Andrew L. Tan, and Giancarlo C. Ng are each directors of Alcazar De Bana Holdings Company, Inc and each owns one share of the company. Philippine law requires that a director owns at least one share of the company for which he or she acts as a director.
- (D) Andrew L. Tan, Katherine L. Tan, Kendrick Andrew L. Tan, Dina D.R. Inting and Cherryll L. Yu are each directors of Progreen Agricorp, Inc. and each owns one share in this company. Philippine law requires that a director owns at least one share of the company for which he or she acts as a director.
- (E) Ferdinand B. Masi, Bobby G. Zafra, Giancarlo C. Ng, Theresa P. Dylim and Sherryl P. Salondaga are each directors of South Point Science Park Inc. and each owns one share in this company. Philippine law requires that a director owns at least one share of the company for which he or she acts as a director.
- (F) Andrew L. Tan, Katherine L. Tan, Kevin Andrew L. Tan, Kendrick Andrew L. Tan and Winston S. Co are each directors of The Bar Beverage, Inc., and each owns one share of the company. Philippine law requires that a director owns at least one share of the company for which he or she acts as a director.
- (G) Harrison M. Paltongan, Cherryll L. Yu, Susan C. Gaw, Giovanni C. Ng and Carmelo J. Canto III are each directors of Tradewind Estates, Inc. and each own one share of the company. Philippine law requires that a director own at least one share of the company for which he or she acts as a director.

- (H) Andrew L. Tan, Katherine L. Tan, Kevin Andrew L. Tan, Kendrick Andrew L. Tan and Winston S. Co are each directors of Cocos Vodka Distillers Philippines, Inc., and each owns one share of the company. Philippine law requires that a director owns at least one share of the company for which he or she acts as a director.
- (I) Andrew L. Tan, Katherine L. Tan, Kevin Andrew L. Tan, Kendrick Andrew L. Tan and Winston S. Co are each directors of Zabana Rum Company, Inc., and each owns one share of the company. Philippine law requires that a director owns at least one share of the company for which he or she acts as a director.

BRANDS AND PRODUCTS

We produce, market and distribute alcoholic beverages under our own brands and for private labels and bulk liquids. Our Group's portfolio comprises a range of categories including brandy, Scotch whisky, sherry, wine, vodka, gin and rum. Each of our brands belongs to one of five segments based on price range: Luxury (U.S.\$100.00 and over), Super Premium (U.S.\$60.00 to 99.99), Premium (U.S.\$25.00 to 59.99), Standard (U.S.\$10.00 to 24.49) and Accessible (U.S.\$9.99 and lower). The foregoing prices assume a 70 centilitre volume. Prices are subject to change on a regular basis depending on the brand, market and competition. Products for our core brands are produced by one of four subsidiaries: EDI, Bodegas Fundador, Domecq BLC and WMG. WMG and Bodegas Fundador also produce beverages for private labels and bulk liquids. Other operating subsidiaries produce products for brands that are not central to our business.

EDI

EDI produces brandy and other alcoholic products from its manufacturing and distribution facilities in the Philippines. Its products are sold in more than 60 countries outside the Philippines and its primary markets are the Philippines, United Arab Emirates, United States and Greater China.





Below is a review of all brands for which EDI produces products and details on products within each brand.

Emperador

Emperador Brandy, our first brandy label, was launched in 1990 in the Philippines. Since 2011, the Emperador brand has become the number one Spanish brandy by volume in both the Philippines and in the world according to the Industry Report. We continue to innovate our Emperador brand offerings. In 2010, Emperador Light was introduced in response to a growing market for alcoholic beverages with lower alcohol content. In 2013, we introduced Emperador Deluxe Spanish Edition, a premium brandy imported from Spain that is created specifically to appeal to the Philippine palate. In June 2019, we launched a lighter variant of Emperador with Emperador Double Light. This offering has lower alcohol and fewer calories than Emperador Light and provides a smooth fruity drink for the younger generation of drinkers who are more mindful about health and wellness.

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

The following table displays details of Emperor brand products as of 31 March 2022.

Brand	Packaging	Description	SKU	Indicative Retail Price or Price Range	Target Market
Emperor Brandy Classic		Brandy with a distinct amber colour, bouquet of fruity aroma of grapes, balanced full-flavour and subtle wood and almond finish. ABV of 72 proof.	350ml 500ml 750ml	₱58-117	Mass consumers 30 years old and above, traditional brandy drinkers.
Emperor Light		Brandy with a medium amber colour, bouquet of fruit and raisin with hints of refreshing peach, an easy and balanced body and a subtle wood and almond finish. ABV of 55 proof.	350ml 500ml 750ml 1.0 litre 1.5 litre	₱58-298	Young adults/ young professionals (21 to 30 years old) who prefer light alcohol as their daily drink.
Emperor Double Light		Brandy with a medium amber colour, bouquet of fruity aroma of grapes, light and pleasant body with notes of toffee and caramel, and a smooth and easy finish. ABV of 47 proof.	750ml 1.0 litre 1.5 litre	₱117-298	Entry level/young/ new drinkers, 18 to 25 years old, who are more particular about their drinks and prefer very light, easy to drink alcohol for longer bonding sessions.
Emperor Coffee Brandy		Brandy with deep brown colour, rich aroma of fresh roasted coffee, very light body and has an elegant taste of coffee and brandy with notes of toasted almond, chocolate, vanilla, toffee and dried fruits and has a smooth and well-balanced finish. ABV of 40 proof.	500ml 750ml	₱81-117	Young adults (18 to 24 years old), college students, young professionals who are active, with high sense of individuality, love coffee and looking to have fun drinking with friends.

Brand	Packaging	Description	SKU	Indicative Retail Price or Price Range	Target Market
Imported Emperor Light		Brandy with bright topaz golden tones, elegant aroma of vanilla, nuts, chocolates and almonds, and smooth on the palate, balanced with a lingering finish. ABV of 50 proof.	1.0 litre	₱240	Adults, male and female, professionals and mature drinkers with discriminating taste (25 to 45 years old) who value quality and regularly take a break from their hectic schedule for a relaxing and stress-free celebration.
Emperor Gold		Brandy with a golden amber colour, bouquet of dried fruits and raisins, complex body and oak wood and almond finish. ABV of 62 proof.	1.0 litre	₱257	Mature drinkers, 30 to 40 years old.
Emperor Deluxe Special Reserve		Brandy with a deep amber colour, bouquet of grapes, orange peel and walnut, a body of dry apricot, fine toasted wood and a slight note of vanilla with a warm and mellow finish. ABV of 72 proof.	700ml	₱490	Male consumers 30 years old and above, white collar in middle management level and upwardly mobile.
Emperor Grand Supreme		Brandy with a bright topaz colour with golden tones, a bouquet of vanilla, nuts, chocolates and almonds, a body of grand oak flavour and a smooth and elegant finish. ABV of 72 proof.	700ml	₱2,950	Male consumers 30 years old and above, white collar in middle management and up, who are looking for a premium, elegant brandy.

Brand	Packaging	Description	SKU	Indicative Retail Price or Price Range	Target Market
Emperador Majestic Reserve		Brandy with a majestic amber colour, rich aroma and distinctive bouquet, aged and silky smooth taste and mellow finish. ABV of 72 proof.	700ml	₱1,200	Male consumers 30 years old and above, white collar in middle management level and upwardly mobile.

Andy Player Whisky

Andy Player Whisky, a popular drink in the '80s, was revived in 2015. The whisky blend has a unique character, rich aroma and complex taste which includes orange marmalade and maple syrup. In 2016, we launched Andy Player Whisky and Cola (also called Andy Cola) in the Philippine market. It is a ready-to-drink alcoholic product that blends cola with Andy Player Whisky.

The following table displays details of Andy Player Whisky brand products as of 31 March 2022.

Brand	Packaging	Description	SKU	Indicative Retail Price Range	Target Market
Andy Player Whisky		A premium whisky product matured from fine malts. It is blended and authentically distilled from aged whisky making it perfect for mixing, served neat, or on the rocks. 35% ABV of 70 proof.	500ml	₱180-200	Ages 18-34. New drinkers looking for a gateway whisky product.



The BaR

The BaR is a flavoured alcoholic beverage launched in 2009. The BaR is marketed as a ready-to-serve flavoured alcoholic beverage with low alcohol content. The BaR gin comes in lime, pink berry and premium-dry flavour while the BaR Fruity Mix comes in pink grapefruit and green grape flavours.

In 2018, we launched The BaR Premium Gin, which is infused with botanicals from Spain. This gin line comes in three variants: pink with flavours of mixed berries, green infused with lime flavours, and premium dry infused with imported botanicals.

The following table displays details of The BaR brand products as of 31 March 2022.

Brand	Packaging	Description	SKU	Indicative Retail Price or Price Range	Target Market
The BaR Pink Gin		A gin infused with imported botanicals from Spain. The Bar Pink Gin is the first of its kind to be produced in the country with 27.50% ABV. This pink gin perfectly combines the taste of juniper berry, strawberry and raspberry with floral notes.	375ml 700ml	₱53-105	Young adult consumers, primarily women.
The BaR Lime Gin		A gin infused with imported botanicals from Spain. The Bar Lime Gin is the first of its kind with 27.50% ABV. This lime gin has a strong flavour of lime, with just the right blend of sweetness and zestiness, with subtle notes of mint.	375ml 700ml	₱53-105	Young adult consumers, light drinkers.
The BaR Premium Dry Gin		A gin infused with imported botanicals from Spain that gives it a delicious burst of flavour not found in local gin products with 30% ABV. Its pleasing complexity makes it a very good mixer.	375ml 700ml	₱53-105	Young adult consumers.

Brand	Packaging	Description	SKU	Indicative Retail Price or Price Range	Target Market
The BaR Fruity Mix Pink Grapefruit		Pink Grapefruit Fruity Mix by The Bar is a clear ultralight alcoholic beverage with 15% ABV produced by EDI. This ultralight beverage features a fruity flavour profile along with bursts of sharp and zesty flavours that grapefruits are known for.	700ml	₱98.89	Young adults, Soju drinkers and light drinkers, interested in Hallyu.
The BaR Fruity Mix Green Grape		Green Grape Fruity Mix by The Bar is a clear ultralight alcoholic beverage with a 15% ABV produced by EDI. This ultralight beverage has an inviting sweet aroma, with a balanced taste profile of the sweetness and sourness of grapes.	700ml	₱98.89	Young adults, Soju drinkers and light drinkers, interested in Hallyu.

Smirnoff Mule

Smirnoff Mule, a ready-to-drink blend of Smirnoff Vodka, ginger beer and lime, was launched in 2015. It is known as Mule because of its mix of premium vodka, ginger beer and lime, creating a ginger kick effect. We sell this product under a licence from Diageo North America Inc.



The following table displays details of Smirnoff Mule brand products as of 31 March 2022.

Brand	Packaging	Description	SKU	Indicative Retail Price Range	Target Market
Smirnoff Mule		Smirnoff Mule is the ready-to-drink version of the famous Moscow Mule cocktail made of Smirnoff Vodka, ginger beer, and lime with 6% ABV.	330ml	₱40-44	Ages 18-34. New and early drinkers who are adventurous and love experiencing new things while spending great times with family and friends.




Zabana Single Barrel Reserve Philippine Rum

Zabana Single Barrel Reserve Philippine Rum is an EDI store exclusive. Since its release, this product garnered several awards including the Gold Award for the 2016 Cathay Pacific Hong Kong International Wine & Spirit Competition, the Gold Award in the 2017 Monde World Selection, and the Silver recognition in the International Spirits Challenge 2017.

The following table displays details of Zabana Single Barrel Reserve Philippine Rum brand products as of 31 March 2022.

Brand	Packaging	Description	SKU	Indicative Retail Price	Target Market
Zabana Single Barrel Reserve Philippine Rum		This bold rum has flavour of toasted nuts with balanced sweetness from caramel and vanilla. It has good long pleasant finish, revealing hints of leather and tobacco with 40% ABV.	700ml	₱4,500	Male consumers, 30 years old and above, white collar in middle management level and upwardly mobile.
Zabana Small Batch 1997		This extraordinary rum is from a solera system created in 1997. The solera system ensures consistency of quality in every batch. It is handcrafted in small batches. This rum is warm and smooth on the palate. It has a complexity of maple syrup and nutty caramel with hints of smoked nutmeg that comes from the long years of maturation in wood.	700ml	₱2,500	Male consumers, 30 years old and above, white collar in middle management level and upwardly mobile.


Brand	Packaging	Description	SKU	Indicative Retail Price	Target Market
Zabana Sherry Oak Cask		This rare rum is aged and matured in the best oak barrels previously used to age sherry in Jerez de la Frontera in Spain. This rum is bold in both flavour and appearance, and at the same time, velvety smooth. A sip will reveal notes of toffee, honey and vanilla.	700ml	₱1,250	Male consumers, 30 years old and above, white collar in middle management level and upwardly mobile.
Zabana Spiced Rum		Inspired by the tropical climate of the Philippine archipelago, this special rum combines the flavours of warm spices and candied fruits together. This rum is light on the palate with a thick texture of anise, nutmeg and cinnamon blended together. It has notes of vanilla bark and a fruity finish.	700ml	₱1,250	Male consumers, 30 years old and above, white collar in middle management level and upwardly mobile.
Zabana XO		This rum is aged and matured first in American bourbon casks and then, aged again and finished in Spanish sherry casks. This striking blend has a pleasant, smoky oak and spice finish, with notes of chocolate, dried fruits, and vanilla.	700ml	₱300	Mature drinkers who prefer the original and classic.

Brand	Packaging	Description	SKU	Indicative Retail Price	Target Market
Zabana White		This award winning white rum is distilled from the purest Filipino sugarcane. This rum is crisp and fresh, making it a very good mixer. This rum has strong sugar cane character with hints of anise, citrus and tropical notes.	700ml	₱250	Mature drinkers who prefer the original and classic.
Zabana 8		This Philippine Rum is made from sugarcane grown by Filipino farmers across the country. Its natural brown colour comes from the oak barrels where it is aged in. This smooth, full-bodied rum is bold in taste. It has impressions of coffee, vanilla, chocolate and honey.	700ml	₱96.67	Young, adventure-seeking individuals.
Zabana Blanco		This white rum is proudly made from the sugarcane grown by Filipino farmers. It is very versatile and embodies the resilient nature of the Filipinos. This light flavoured rum has just the right hints of citrus and mint making it perfect for mixing.	700ml	₱96.67	Young, adventure-seeking individuals.

So Nice

So Nice is an ultralight alcohol that gives consumers a refreshing and flavourful drinking experience. This clear, colourless, distilled spirit is available in three variants – green grape, grapefruit, and original. It was launched in November 2020 catering to young persons in the Philippines who prefer a lighter drink at an affordable price.

The following table displays details of So Nice brand products as of 31 March 2022.

Brand	Packaging	Description	SKU	Indicative Retail Price Range	Target Market
So Nice Grapefruit		So Nice Grapefruit has a fruity and clean scent pleasant to the nose. The grapefruit flavours come out upon hitting the mouth, this acquired taste has fruity notes that have a clean taste. So Nice has a short and smooth finish ideal for various occasions like meals, light drinking, etc.	360ml	₱58.50	Trendy young adults in the Philippines (24-34 years old).
So Nice Green Grape		So Nice Green Grape has a candied, sweet scent. The grape flavours come out upon hitting the mouth, this familiar taste is sweet and makes the liquid easy to drink. So Nice has a short and smooth finish ideal for various occasions like meals, light drinking, etc.	360ml	₱58.50	Trendy young adults in the Philippines (24-34 years old).

Brand	Packaging	Description	SKU	Indicative Retail Price Range	Target Market
So Nice Original		So Nice Original has a clean and crisp taste that makes it great for those who are after a simple yet classic drink. So Nice has a short and smooth finish ideal for various occasions like meals, light drinking, etc.	360ml	₱58.50	Trendy young adults in the Philippines (24-34 years old).

Bodegas Fundador

The oldest winery in Jerez de la Frontera, Bodegas Fundador was established in 1730 and is best known for being the home of the first Spanish brandy. Housed in one of the oldest architectural complexes in Jerez, the winery has an integrated wine cellar. Bodegas Fundador produces brandy, sherry, spirit drink, and liquors from its manufacturing and distribution facilities in Spain. Bodegas Fundador has significantly expanded its markets in a short period. In 2016, it sold its products in 17 countries. In 2021, it sold them in more than 60 countries, including the Philippines, Spain, Mexico, UK, U.S., Canada, Middle East, and Italy.

Below is a review of all brands owned by Bodegas Fundador and details on products within each brand. For an explanation of italicised terms referred to in this section, see “—*Production Process—Brandy and Sherry—Brandy de Jerez and Sherry*”.

Fundador

Fundador brandy is a “Brandy de Jerez”. These are brandies that have matured in a *solera* system in the Jerez de la Frontera area of Andalusia, Spain. Fundador means the ‘founder’, as it was the first Spanish brandy to be marketed in 1874 by Pedro Domecq Loustau and is now distributed in 38 countries. In 2021, IWSR also ranked Fundador the number one brandy in Spain by volume sold according to the Industry Report. The brand’s range ends with the super-premium brand, Fundador Supremo.

The Fundador Supremo range comprises brandies that are matured in casks which have held only Pedro Ximenez, Amontillado, Oloroso wine or sherry for a specified number of years. It comes in three expressions: 12, 15 and 18 years. Fundador Supremo 18 was named as the best brandy in the world 2019 by the IWSC. Fundador Supremo 12 won the Gold Medal at the San Francisco World Spirits Competition in 2020. Fundador Supremo 15 and Fundador Supremo 18 each won the Double Gold Medal at the San Francisco World Spirits Competition in 2020.

The following table displays details of Fundador brand products as of 31 March 2022.

Brand	Packaging	Description	SKU	Indicative Retail Price for 70cl	Target Market
Fundador Light		Brandy with a coppery amber colour, a woody bouquet and a smooth finish. 28% ABV or 56 proof.	50cl 70cl 75cl 1 litre 1.5 litres	€5	Young, hard-working millennials.
Fundador Double Light		Brandy with a topaz colour, a complex bouquet with hints of walnuts, gently dry in the mouth with an oak-wood finish. 25.8% ABV or 51.6 proof.	50cl 70cl 75cl 1 litre 1.5 litres	€7	Young, adventure- seeking individuals.
Fundador Solera		Brandy with a golden tone with rainbow reflections, clean bouquet with a woody fragrance and smooth finish. 36% ABV or 72 proof.	70cl 75cl 1 litre 1.5 litres	€11	Drinkers who prefer the original and classic brandy de Jerez character.
Fundador Ultra Smooth		Brandy with a coppery amber colour, a balanced and clean bouquet with a wood fragrance and a very smooth finish. 30% ABV or 60 proof.	50cl 70cl 1 litre	€9	Drinkers who prefer the distinguished and unique ultra-smooth taste.

Brand	Packaging	Description	SKU	Indicative Retail Price for 70cl	Target Market
Fundador Gold Reserve		Brandy with a golden amber colour, a balanced, clean and light bouquet and a harmonious and smooth flavour. 36% ABV or 72 proof.	70cl	€12	Mature drinkers who appreciate a premium brandy and don't mind spending more for better quality.
Fundador Exclusivo		Brandy with an intense amber colour, round, strong aromas of wood and a balanced, complete, and smooth finish. 40% ABV or 80 proof.	70cl	€27	Mature Brandy consumers looking for a unique product with all the flavour and distinctive personality of sherry wines.
Fundador Double Madera (Wood)		Brandy with an amber topaz colour, structured, round, smooth and highly complex, with macaroons and full nuances of vinous sherry notes mixed with hints of vanilla and caramel. 36% ABV or 72 proof.	70cl	€11	For contemporary consumers looking for new experiences.
Fundador Triple Madera (Wood)		Brandy with a woody, beautiful and versatile colour, providing a harmonious and balanced, dry but very subtle, soft, and persistent taste. 38% ABV or 76 proof.	70cl	€16	For contemporary drinkers looking for smoothness.

Brand	Packaging	Description	SKU	Indicative Retail Price for 70cl	Target Market
Fundador Supremo 12 YO PX Sherry Cask		Brandy aged in sherry casks, with an amber topaz colour, that is soft and velvety to taste, warm and round, with notes of dark chocolate. 40% ABV or 80 proof.	70cl 1 litre	€55	Woman and Men, 35-50 years old, upper/upper-middle class.
Fundador Supremo 15 YO Amontillado Sherry Cask		Brandy with a bright and luminous golden amber colour, and subtle aromas of nuts, with almond and hazelnut notes. Round, full, balanced, and gently dry in taste. 40% ABV or 80 proof.	70cl 1 litre	€65	Woman and Men, 35-50 years old, upper/upper-middle class.
Fundador Supremo 18 YO Oloroso Sherry Cask		Brandy with an intense amber gold colour, containing a warm and round aroma, with notes of dried fruits. Smooth, powerful in taste, with persistent notes of vanilla, nuts and dried fruits. 40% ABV or 80 proof.	70cl 1 litre	€159	Upper/upper-middle class.

Terry

Terry Centenario is one of the leading brandy brands in Spain with a 29.0% market share by volume and 20.9% by value in 2021, according to the Industry Report. Centenario means centenary, and it evokes the change in the 20th century when the Terry family started producing brandies in its bodegas in Puerto de Santa María.

Terry White, launched in 2017, is a new white brandy that introduced a modern twist to the white spirits category in Spain. It is the first white-coloured brandy in Spain.

The following table displays details of Terry brand products as of 31 March 2022.



Brand	Packaging	Description	SKU	Indicative Retail Price for 70cl	Target Market
Terry Centenario BRANDY DE JEREZ		Brandy de Jerez, exported to Nigeria. Brilliant, clear, soft flavour. 40% ABV or 80 proof.	1 litre	€12	Mature drinkers who prefer the original and classic.
Terry Centenario BRANDY DE JEREZ		Brandy de Jerez, exported to Mexico. Brilliant, clear, soft flavour. 38% ABV or 76 proof.	70cl 1 litre	€12	Mature drinkers who prefer the original and classic.
Terry Centenario SPIRIT		Spirit based on brandy with a clear amber, brilliant, and bright colour that is very delicate, ethereal, and pleasant, with subtle hints of vanilla. It is soft and warm with notes of raisin, grapes, and oak. 30% ABV or 60 proof.	1 litre	€9	Drinkers focused on affordability.


Brand	Packaging	Description	SKU	Indicative Retail Price for 70cl	Target Market
Terry 1900		Brandy with a brilliant, clear, mahogany colour, and a soft, broad, strong and full bodied flavour. 38% ABV or 76 proof.	70cl	€11	Consumers that experience the moment, sharing with others in a relaxed context.
Terry White		A white brandy with a refreshing, smooth, balanced, and aromatic taste. 36% ABV or 72 proof.	70cl	€10.95	Target 22-45 years old. It is drunk mostly when in single-sex groups of 2-5 people.

Tres Cepas

Tres Cepas is a premium Brandy de Jerez launched in 1902. It is produced from a special selection of wines. In 2016, we launched Tres Cepas Light with a different bottle design and an affordable price.

The following table displays details of Tres Cepas brand products as of 31 March 2022.




Brand	Packaging	Description	SKU	Indicative Retail Price for 70cl	Target Market
Tres Cepas Light		Brandy with a bright topaz colour, clean bouquet with hints of nuts and oak, gently dry in the mouth. 28% ABV or 56 proof.	70cl 1 litre 1.5 litres 1.75 litres	€4	Young millennials.
Tres Cepas Solera		Brandy with an amber colour, and aromas of dry fruits, vanilla, caramel, and oak. Tastes fresh and fruity, with hints of vanilla caramel. 40% ABV or 80 proof.	1 litre	€10	Mature drinkers who prefer the original and classic brandy de Jerez character with high brand loyalty.





Brand	Packaging	Description	SKU	Indicative Retail Price for 70cl	Target Market
Tres Cepas VS Solera		Brandy with a bright topaz colour, clean bouquet, with hints of nuts and oak, softly dry in the mouth. 36% ABV or 72 proof.	1 litre	€8	For those who are looking to further experience a premium beverage.

Garvey

Garvey is a wine cellar founded in 1780 by William Garvey that produces brandy and spirits. In 2020, it launched Espléndido 25 with a light alcohol content, a new stylish look and design and affordable price.

The following table displays details of Garvey brand products as of 31 March 2022.

Brand	Packaging	Description	SKU	Indicative Retail Price	Target Market
Espléndido Brandy 36 ABV		Brandy Solera with penetrating and clean aroma, mild and velvety flavour, and bitter wood notes. 36% ABV or 72 proof.	1 litre	€10	Mature drinkers who prefer the original and classic brandy.
Espléndido Spirit 30 ABV		Spirit based on Brandy Espléndido with flashes of gold, smooth and velvety with nutty flavour. 30% ABV or 60 proof.	1 litre	€8	Drinkers focused on affordability.
Espléndido Spirit 25 ABV		It is a new version of Espléndido, softer and with less alcohol content. 25% ABV or 50 proof.	1 litre	€7	Consumers looking for smooth taste.

Brand	Packaging	Description	SKU	Indicative Retail Price	Target Market
Brandy Soto		Brandy Solera with bright amber colour, oak aromas, plum flavours, smooth and balanced. 38% ABV or 76 proof.	1 litre	€10	Mature drinkers who prefer the original. Loyal brand consumers.
MANZANILLA JUNCAL		Manzanilla, pale straw colour, floral, sharp, fresh. 15% ABV or 30 proof.	75cl	€4.50	Wine consumers looking for an affordable sherry.
FINO SAN PATRICIO		Pale gold, puncheon, elegant, dry and well balanced. 15% ABV or 30 proof.	75cl	€4.50	Wine consumers looking for affordable sherry.
AMONTILLADO TIO GUILLERMO		Gold amber colour, hazelnut, and raisins, dry smooth and elegant. 18.5% ABV or 37 proof.	75cl	€8.50	Sherry consumers looking for a wine for pairing with food.
OLOROSO OCHAVICO		Dark, gold, rich, and persistent with a lot of body. 19% ABV or 38 proof.	75cl	€12	Sherry consumers looking for a wine for pairing with food.

Brand	Packaging	Description	SKU	Indicative Retail Price	Target Market
CREAM FLOR DE JEREZ		Mahogany, notes of raisins, full, intense, caramel, sweet and smooth. 19% ABV or 38 proof.	75cl	€8.50	Regular sherry consumers looking for a smooth wine for cocktails.
PEDRO XIMENEZ GARVEY		Pedro ximenez variety, full bodied, caramel, coffee, toffee, dark and persistent. 15.5% or 31 proof.	75cl	€8.50	Sherry consumers looking for a wine for pairing with food.
PONCHE SOTO		Ponche, amber colour, fine and pleasant, with fruity notes, plum, orange and aromatic plants. 25% ABV or 50 proof.	1 litre	€7.50	Liquor drinkers looking for a sweet floral spirit after a meal.
LIQUOR CALISAY		Herb liquor, amber colour, fine, pleasant, with fruity notes, persistent, sweet and smooth. 30% ABV or 60 proof.	70cl	€9.50	Liquor drinkers looking for a sweet floral spirit after a meal.

Harveys

Harveys was the number one selling sherry wine in the world by volume in 2020 according to IWSR⁸ and the number one selling sherry wine in the United Kingdom in 2020 according to Nielsen.⁹ Harveys Bristol Cream brand has a value share of 31.5% in the Sherry category in the UK according to Nielsen.¹⁰ It received 13 quality awards in 2020 from International Wine Challenge and the IWSC. Harveys was founded in 1796 in an old house in Bristol's historic Denmark Street and became one of the largest importers of sherry from the Bay of Cadiz to the port of Bristol in the 19th century. The Harveys vineyards are situated in the picturesque region of Jerez in Southern Spain, part of the golden triangle of Sherry production. This brand was registered in Bristol by the Harvey family in 1886 and was the first cream sherry to be marketed. In 1895, it was granted the Royal warrant in the United Kingdom as supplier of Queen Victoria and has continued to supply each succeeding English monarch.

Harveys Bristol Cream is a proprietary blend of three sherry types: Fino, Amontillado and Oloroso, all created from the Palomino grape.

Harveys Very Old Amontillado 30-Year Old V.O.R.S. was awarded the "The Best Wine in the World" by the International Wine Challenge ("IWC") in 2016, while Harveys V.O.R.S. Palo Cortado was named the "Best Sherry" in 2015 by the IWC. In 2016, the IWSC awarded gold medals to Harveys Pedro Ximenez 30-Year Old V.O.R.S. and Harveys Rich Old Oloroso Sherry 30-Year Old V.O.R.S.

The International Wine Challenge awarded Harveys Very Old Amontillado 30-Year Old V.O.R.S. sherry the Amontillado Trophy in 2020.

8 Source: Calculation based on data from the IWSR Global Database 2022, accessed on 31 May 2022. IWSR has not provided its consent to be cited as an expert for purposes of the inclusion of the information cited and attributed to it in this document and is therefore not liable for such information. While our Company and the Joint Managers have taken reasonable actions to ensure that such information has been reproduced in its proper form and context, none of our Company, our Directors, nor the Joint Managers has verified the accuracy of the contents of such information.

9 Source: Nielsen, "Sherry market in Great Britain for the MAT period ending 26.10.20". Whyte & Mackay's calculation based in part on data reported by Nielsen through its Scantrack Service for the Sherry category for the 52-week period ending 26 December 2020, for the Great Britain Sherry market. (Copyright © 2020, Nielsen). Nielsen has not provided its consent to be cited as an expert for purposes of the inclusion of the information cited and attributed to it in this document and is therefore not liable for such information. While our Company and the Joint Managers have taken reasonable actions to ensure that such information has been reproduced in its proper form and context, none of our Company, our Directors, nor the Joint Managers has verified the accuracy of the contents of such information. Nielsen information reflects estimates of market conditions based on samples and is prepared primarily as a marketing research tool for consumer-packaged goods manufacturers and others in the consumer goods industry. Nielsen information is not a substitute for financial, investment, legal or other professional advice and should not be viewed as a basis for investments. References to Nielsen should not be considered as Nielsen's opinion as to the value of any security or the advisability of investing in any company, product or industry.



10 Source: Nielsen, "Sherry market in Great Britain for the MAT period ending 26.10.20". Whyte & Mackay's calculation based in part on data reported by Nielsen through its Scantrack Service for the Sherry category for the 52-week period ending 26 December 2020, for the Great Britain Sherry market. (Copyright © 2020, Nielsen). Nielsen has not provided its consent to be cited as an expert for purposes of the inclusion of the information cited and attributed to it in this document and is therefore not liable for such information. While our Company and the Joint Managers have taken reasonable actions to ensure that such information has been reproduced in its proper form and context, none of our Company, our Directors, nor the Joint Managers has verified the accuracy of the contents of such information. Nielsen information reflects estimates of market conditions based on samples and is prepared primarily as a marketing research tool for consumer-packaged goods manufacturers and others in the consumer goods industry. Nielsen information is not a substitute for financial, investment, legal or other professional advice and should not be viewed as a basis for investments. References to Nielsen should not be considered as Nielsen's opinion as to the value of any security or the advisability of investing in any company, product or industry.

The following table displays details of Harvey's products as of 31 March 2022.

Brand	Packaging	Description	SKU	Indicative Retail Price	Target Market
Harveys Very Old Amontillado 30-Year Old V.O.R.S.		Sherry wine with an amber topaz colour that is complex on the nose, full of bouquets of tasteful wood and hazelnuts, with a full, very dry, and long persistence of taste in the mouth. 19.5% ABV or 39 proof.	50cl	75 €	Amateur consumers.
Harveys Very Old Palo Cortado Blend Medium V.O.R.S.		Sherry wine with a bright mahogany colour that contains nutty scents with oak touches. It has a dry, balanced, sharp, and long taste. 20% ABV or 40 proof.	50cl	65 €	Amateur consumers.
Harveys Very Old Oloroso Blend Medium V.O.R.S.		Sherry wine with a dark mahogany colour that contains hazelnut scents. It is full-bodied, soft, well-balanced with a bitter ending. 20% ABV or 40 proof.	50cl	65 €	Amateur consumers.
Harveys Pedro Ximenez 30-Year Old V.O.R.S.		Sherry wine that is dark brown in appearance, it is intensely sweet on the palate, with a hint of toasted raisins for an elegant, lingering finish. 16% ABV or 32 proof.	50cl	65 €	Amateur consumers.

Brand	Packaging	Description	SKU	Indicative Retail Price	Target Market
Harveys Amontillado Premium		<p>Sherry wine with a bright topaz colour, harmonious, with a hint of nuts. The palate is sharp, full of nuances, with a long and elegant finish.</p> <p>19% ABV or 38 proof.</p>	50cl	17 €	Consumers looking for experiences pairing wines and gastronomy.
Harveys Palo Cortado Premium Sherry		<p>Sherry wine that is bright and amber in colour, with old gold trim. Contains aromas of oak, giving it great complexity. Dry, round, and balanced on the palate, very elegant and persistent.</p> <p>19% ABV or 38 proof.</p>	50cl	17 €	Consumers looking for experiences pairing wines and gastronomy.
Harveys Oloroso Premium Sherry		<p>Sherry wine with a bright amber colour, mature bouquet and with nuances of nuts and toasted notes. It is well-rounded and velvet with a long ending.</p> <p>19.5% ABV or 39 proof.</p>	50cl	17 €	Consumers looking for experiences pairing wines and gastronomy.
Harveys Pedro Ximenez Premium Sherry		<p>Sherry wine that is dark mahogany, almost black in colour, with a deep and voluptuous aroma to the nose.</p> <p>15.5% ABV or 31 proof.</p>	50cl	17 €	Consumers looking for experiences pairing wines and gastronomy.

Brand	Packaging	Description	SKU	Indicative Retail Price	Target Market
Harveys Bristol Cream		<p>Sherry wine, mahogany in colour, with flashes of old gold, and delicate, clean, fruity, and fresh in smell. It tastes smooth, creamy, elegant, and harmonious.</p> <p>17.5% ABV or 35 proof.</p>	37.5cl 75cl 1 litre 1.5 litres	9 €	General consumers.
Harveys Medium Dry Classic		<p>Sherry wine with an amber colour and flashes of old gold, it is a clever mix that shows a fine oak nose wrapped with hazelnuts. It contains elegant flavour with body, takes on a typical dry fruit character and sweetness.</p> <p>17.5% ABV or 35 proof.</p>	75cl	9 €	Consumers looking for a smooth expression while pairing with food.
Signature by Harveys 12-Y.O. Cream Sherry		<p>A cream sherry wine that is bronze with gold flashes in appearance, with a full, mellow nose ripe with complex hints of spices and dried fruit.</p> <p>19% ABV or 38 proof.</p>	50cl	18 €	General consumers.

Brand	Packaging	Description	SKU	Indicative Retail Price	Target Market
Harveys Fino Sherry Extra Dry		Sherry wine with a bright and light transparent colour, has a lively, sharp, and elegant nose. Clean, balanced and round to the palate, very dry, full of character and remarkable harmony. 15% ABV or 30 proof.	50cl	7 €	Consumers looking for experiences pairing wines and gastronomy.
Harveys Andalusian Aperitivo Orange		An orange flavoured infused sherry. 100% natural flavours. Aperitivo made with a blend of two grapes from the Jerez Area. 15% ABV or 30 proof.	75cl	9 €	For consumers who looking for a relatively low sugar/kcal content. Spritz drinkers.
Harveys Andalusian Aperitivo Pink		A flavoured infused sherry. Aperitivo, 100% natural flavours, ideal with raspberries and strawberries. Made with three varieties of grapes from the Jerez Area. 15% ABV or 30 proof.	75cl	9 €	For consumers who looking for a relatively low sugar/kcal content. Spritz drinkers.

Private label and bulk liquids

Bodegas Fundador is a label specialist supplier of many top grocery retailers and leading regional producers of wine and spirits, including Mercadona and Carrefour. It creates and designs both liquids and “look and feel” for the full range of Mercadona’s brandies and two Scotch whisky expressions and Carrefour’s sherry products. As a contract manufacturer, Bodegas Fundador develops a new product and does everything from formulating the liquid, designing the packaging, sourcing raw materials and manufacturing the product.

Bodegas Fundador also provides bulk liquids, such as grape concentrate, sherry wine and brandy. It also produces customised bottles for VIPs and private clients.

Domecq BLC

The Domecq company was founded in Jerez de la Frontera, Spain in 1730 to craft and export sherry. In that year, the company created its first cellar, Bodegas El Molino, where Patrick Murphy started producing sherry for Spanish and English royalties. In 1941, the company expanded into Latin America and set up distilleries and soleras in Mexico and South America. For many Mexican and Mexican Americans, the taste of Pedro Domecq brandy is a taste of home. According to the Industry Report, we have a combined 62.6% market share by volume of the Mexican brandy market and ranked number one in 2021. Domecq BLC produces brandy and sherry from manufacturing facilities in Mexico owned by third parties. Its products are sold in four countries: Mexico, U.S., Canada and Australia.

Domecq BLC produces three brandy brands, each associated with a single product.


Presidente was the first Mexican brandy. It is produced from a blend of the best grapes of the Hermosillo region of Mexico. Launched in 1958, it became the first brandy produced in Mexico.



Don Pedro, which has been on the market for more than 50 years, was launched during the 1960s. Its name celebrates the company's founder, Don Pedro Domecq.

Azteca De Oro, which has been on the market for more than 36 years, is the latest expression of Domecq BLC's brandy portfolio.

Our brandy products consisting of, among others, Presidente, Don Pedro and Azteca de Oro have the largest market share in Mexico by revenue in 2021 according to the Industry Report.

The following table displays details of Domecq BLC products as of 31 March 2022.

Brand	Packaging	Description	SKU	Indicative Retail Price Range	Target Market
Presidente		Brandy with a medium amber colour. Fruity on the nose with slight oak aromas and touch of caramel, and a sweet flavour that develops into a slightly bitter finish with notes of caramel and oak.	200ml 500ml 700ml 900ml 1 litre 1.75 litre	Mxp 36 – 240	Men and Women 23-35 years old.
		40% ABV or 80 proof.			

Brand	Packaging	Description	SKU	Indicative Retail Price Range	Target Market
Don Pedro		Brandy dark amber in colour with golden and red flashes. Contains an intense aroma of oak and dried fruits, combined with subtle notes of caramel. Slightly sweet on the palate with a good balance between oak, honey and dried fruits.	200ml 500ml 750ml 1 litre 1.75 litre	Mxp 40 – 292	Men +35 years old.
		40% ABV or 80 proof.			
Azteca De Oro		Brandy that is copper brown in colour, with aromas of sassafras, cola nut, chocolate and cherries. Creates a dry yet fruity medium body and a gentle, oak and caramel nut tinged finish.	200ml 700ml	Mxp 53 – 169	Men 25-35 Years old.
		40% ABV or 80 proof.			

WMG

Whyte & Mackay can trace its roots back to 1844 in Glasgow, Scotland. WMG produces Scotch whisky and other alcoholic products from its manufacturing and distribution facilities in Scotland. Its products are sold in over 100 countries and its primary markets are Asia, UK, Europe and the U.S.

WMG was the fifth largest Scotch whisky manufacturer in the world based on total Scotch production capacity in 2020 (grain and single malt liquids production only) according to the Industry Report. Led by its iconic The Dalmore brand, WMG has three brands in the top 20 single malt whisky brands in the world according to the Industry Report. It has a wide portfolio of multi-award winning whiskies, both single malt and blended, with strong market positions at various price points.

Since acquiring WMG in 2014, we have rapidly internationalised its business. For example, in 2015, 59% of WMG branded revenues (excluding duties and promotions) came from Europe, the Middle East and Africa (including the UK). In 2021, only 46% of branded revenues (excluding duties and promotions) came from that region while revenues (excluding duties and promotions) in the APAC region increased from 6% to 30% over the same period.

Below is a review of brands owned by WMG and details on products within each brand. The Dalmore, Jura, Fettercairn and Tamnavulin are single malts, while Whyte & Mackay, John Barr and Claymore are blended Scotch whiskies.


Single malt brands

The Dalmore





The Dalmore traces its heritage back to 1263 and King Alexander III of Scotland, who granted the Mackenzie Family the right to bear the very precious 12 pointed royal stag. The Mackenzie's later became custodians of The Dalmore distillery in 1867 and since that date the royal stag adorns every bottle. Today, the symbol represents a rich past while also embodying a promise that The Dalmore will remain at the pinnacle of single malt.

The Dalmore is positioned as a luxury Single Malt Scotch Whisky. The Dalmore Principal Collection consists of eight expressions for the “accessible” market (The 12, The 12 Sherry Cask Select, Port Wood Reserve, The 15, Cigar Malt Reserve, The 18, King Alexander III and The 21). Positioned at the apex of The Dalmore line is The Dalmore Constellation Collection which is an ensemble of unique vintage single malts. The Dalmore is renowned for rare editions that have sold for industry redefining prices (including one of a kind rare releases of 50- and 60-year old whiskies). The rare and aged collection includes The Dalmore 25-Year Old, The Dalmore 28-Year Old, The Dalmore 30-Year Old, The Dalmore 35-Year Old, The Dalmore 40-Year Old and The Dalmore 45-Year Old. The brand has a global footprint with a particular strength in Asia and the U.S.

The following table displays details of The Dalmore products as of 31 March 2022.

Brand	Packaging	Description	SKU	Indicative Retail Price for 70cl	Target Market
The Dalmore 12		Scotch whisky with a warm aroma full of spices, citrus fruits, and chocolate. It tastes of Seville oranges, dried fruits, and hints of vanilla, finishing with notes of roasted coffee and dark chocolate.	70cl 75cl 100cl	61.9 GBP	Super premium single malt drinkers.
		40% ABV or 80 proof.			
The Dalmore 12-Year Old Sherry Cask Select		Scotch whisky with a sweet aroma of caramelised orange, ginger, sultanas, laced with honey. It tastes of dark chocolate, nuts, and spices on the palate, finishing with notes of sweet mangos, panna cotta and lemon sponge cake.	70cl 75cl	77 GBP	Super premium single malt drinkers.
		43% ABV or 86 proof.			


Brand	Packaging	Description	SKU	Indicative Retail Price for 70cl	Target Market
The Dalmore Port Wood Reserve		Scotch whisky with a fruity and sweet aroma, reminiscent of plummy fruits and sticky toffee pudding. It tastes of nectarines, creamy caramel, roasted chestnuts and Java coffee, finishing with notes of sweet fruit. 46.5% ABV or 93 proof.	70cl 75cl	78.1 GBP	Super premium/ luxury single malt drinkers.
The Dalmore 15		Scotch whisky with a warm aroma of orange marmalade, cinnamon and nutmeg. It is fruity yet warm to taste, and finishes with hints of caramelised orange and dark chocolate. 40% ABV or 80 proof.	70cl 75cl 1 litre	108 GBP	Super premium/ luxury Single malts drinkers.
The Dalmore Cigar Malt Reserve		Scotch whisky with a warm aroma of vanilla and spices, it is fruity and creamy to taste, finishing with hints of orange zest, chocolate, and crushed spices. 44% ABV or 88 proof.	70cl 75cl 100cl	96.1 GBP	Super premium single malt drinkers/ cigar smokers.
The Dalmore 18		Scotch whisky with a fruity and warm aroma of vanilla, oranges, cinnamon and dark chocolate, it contains rich flavours of coffee and chocolate, finishing with notes of citrus and rich molasses. 43% ABV or 86 proof.	70cl 75cl 1 litre	275 GBP	Super premium/ luxury Single malts drinkers.

Brand	Packaging	Description	SKU	Indicative Retail Price for 70cl	Target Market
The Dalmore King Alexander III		Scotch whisky with a fruity aroma of berries and passion fruit, it contains tastes of citrus, vanilla, caramel and almonds, finishing with notes of warm spices. 40% ABV or 80 proof.	70cl 75cl 100cl	219.1 GBP	Super premium/ luxury single malt drinkers.
The Dalmore 14		The first single malt in the Dalmore Principal collection to be finessed in Pedro Ximenez sherry casks. It contains rich notes of citrus, liquorice and caramel as well as figs, medjool dates and maple syrup. 40% ABV or 80 proof.	75cl	89.99 GBP	New luxury consumers.
The Dalmore 20		The Scotch whisky itself was initially matured in first-fill American white oak ex-bourbon barrels, before the spirit was divided between first-fill bourbon barrels and also Tawny Port pipes from the Douro region of Portugal. 40% ABV or 80 proof.	70 cl	490.20 GBP	Luxury single malt drinkers.
The Dalmore 21		Launched in 2021 as the new pinnacle of The Principal Collection. Initially matured in American white oak ex-Bourbon before finishing in sherry casks which have held rare 30 year old Matusalem oloroso sherry. 43.8 ABV or 87.6 proof.	70cl	575 GBP	New luxury consumers.

Brand	Packaging	Description	SKU	Indicative Retail Price for 70cl	Target Market
The Dalmore 25		Scotch whisky with a complex aroma of exotic fruits, vanilla, toffee, and fig cakes, it is fruity and rich to taste, finishing with notes of dark chocolate and spiced gingerbread. 42% ABV or 84 proof.	70cl 75cl	1,200 GBP	Luxury single malt drinkers.
The Dalmore 28		Matured in American white oak casks for a decade, before being transferred to butts which previously contained Matusalem Oloroso sherry. Expect notes of raisins, milk chocolate, vanilla and cherry accompanied by a lift of zesty orange. 51.8% ABV or 103.6 proof.	70cl	4,000 GBP	HNWI luxury single malt drinkers.
The Dalmore 30		Matured in American white oak ex-Bourbon before finishing in rare Tawny port pipes which previously yielded Graham's 30 year old Tawny port. 42.8 ABV or 85.6 proof.	70cl 100cL	6,609.6 GBP	HNWI single malt drinkers.
The Dalmore Quintessence		Scotch whisky with a warm aroma, filled with soft spices and layers of yeasty bread. Notes of rich fudge and toffee, finishing with hints of brown sugar, berry jam and buttered bread. 45% ABV or 90 proof.	70cl	1,150 GBP	HNWI Luxury Spirits drinkers and collectors.

Brand	Packaging	Description	SKU	Indicative Retail Price for 70cl	Target Market
The Dalmore The Trio		Scotch whisky with a rich and fruity aroma Raspberry tart, Seville oranges and morello cherries dipped in caramel. 40% ABV or 80 proof.	100cl	69.99 GBP	Super premium/ Luxury Single malts drinkers in Travel Retail.
The Dalmore The Quartet		Scotch whisky that is rich with Madagascan vanilla pods, candied blood orange and ripe red grapes. 40% ABV or 80 proof.	70cl	84.99 GBP	Super premium/ Luxury Single malts drinkers in Travel Retail.
The Dalmore The Quintet		Scotch whisky with a rich aroma of AROMA Chunky old English marmalade, Napoleon cake and over ripe plums. 40% ABV or 80 proof.	70cl	99.9 GBP	Super premium/ Luxury Single malts drinkers in Travel Retail.
The Dalmore Distillery Exclusive Vintage 2003		Scotch Whisky showcasing a fantastic one-off expression with depths and aged qualities of rare sweet and fortified wines. A true classic of aged beauty, never to be repeated. 55.2% ABV or 110.4 proof.	70cl	350 GBP	Single malt enthusiasts and premium collectors.

Brand	Packaging	Description	SKU	Indicative Retail Price for 70cl	Target Market
The Dalmore Distillery Exclusive Vintage 2006		<p>Scotch whisky in natural colour, with a sweet and fruity aroma. It is fragrant on the palate, with tastes of vanilla, toffee, and soft liquorice, finishing with notes of ginger spice, sticky toffee pudding and Swiss white chocolate.</p> <p>55.8% ABV or 111.6 proof.</p>	70cl	150 GBP	Luxury spirit drinkers and collectors.
The Dalmore Distillery Exclusive Vintage 2007		<p>Scotch whisky with a beautifully balanced and charming combination of warm honey, soft spice and depths elevating our classic Dalmore house characters.</p>	70cl	85.24 GBP	Single malt enthusiast and premium collectors.
The Dalmore 60 Years		<p>Scotch whisky with a deep mahogany colour with flashes of copper and amber gold, it contains flavours of treacle toffee and liquorice on the nose, and pecan pie, banana fig cake and almond on the palate. Created to celebrate The Dalmore's 180th anniversary and was only available for silent bidding from 1 – 14 December 2020 from Harrods.</p> <p>42.6% ABV or 85.2 proof.</p>	70cl	460,000 GBP	UHNWI/Collectors.

Brand	Packaging	Description	SKU	Indicative Retail Price for 70cl	Target Market
Dalmore Decades		A masterpiece of time featuring a once in a lifetime collection of whiskies, including a very rare one of one sold at auction, with a series of collectable 4 and 5 set bottles available only at the finest accounts in the world. The set contains 5 unique whiskies from the decades during master blender Richard Paterson's time with the highland distillery (1967, 1979, 1980, 1995 and 2000).	5 bottle collection	200,000 GBP	Ultra HNWI single malt drinkers and collectors.

In addition to the products listed above, we sell The Dalmore products that are exclusive to certain markets.




Jura

Jura is a premium and super premium brand of Single Malt Scotch Whisky. According to the Industry Report, Jura Single Malt Scotch ranked thirteenth in 2021 in terms of volume and was the second fastest growing single malt globally, based on % growth in value in the single malt whisky category between 2019 and 2021. Its distillery is based in Jura, a remote island off the west coast of Scotland, surrounded by ancient landscape of wild mountains, peaceful lochs, and stormy seas. The 30-mile long and seven-mile wide island is framed by the wild waters of the Atlantic to the west, and serene bays, seals and sea eagles to the east. Founded in 1810 and rebuilt in 1963, the distillery embodies the true community spirit of the small island and is unique today in that it is still run by a tiny island community.

The Jura core range consists of six Single Malt Scotch Whiskies: Journey, 10 Years, 12 Years, 14 Years, Seven Wood, 18 Years and 21 Years. A new Jura expression, Jura 12 Sherry Cask, was launched in 2020 exclusively for the Taiwan market. Jura's whiskies are matured in American white oak ex-bourbon barrels and enhanced by a variety of specially selected casks from around Europe.

Jura has won many awards for its whiskies. For example, in 2020, Jura 21 Years Old – Time won a Gold award for Best Scotch Islands Single Malt, Jura 21 Years Old – Tide won a Gold award for Best Presentation Design and a Silver award for Best Travel Retail Exclusive Design and the Jura brand won a Silver award for Best Range Design. All awards were from the World Whiskies Awards.

The following table displays details of Jura products as of 31 March 2022.





Brand	Packaging	Description	SKU	Indicative Retail Price for 70cl	Target Market
Jura Journey		Scotch whisky in amber gold colour, contains aromas of vanilla spice, citrus, and a hint of light smoke, and notes of cinnamon, pears, pecans and toffee to taste. 40% ABV or 80 proof.	70cl 75cl	34 GBP	Younger mainstream single malt and American and Irish whisky drinkers.
Jura Rum Cask		Scotch whisky in rich gold amber colour. Has aromas of warm, sweet tropical fruit notes of guava and coconut, and flavours of vanilla, fudge, spiced tropical notes to taste. 40% ABV or 80 proof.	70cl 100cl	30.9 GBP	Younger mainstream single malt and American and Irish whisky drinkers.
Jura 10 Years		Scotch whisky with a copper gold colour, aromas of fruit, pepper and dark chocolate, and flavours of nectarines, ginger and coffee to taste. 40% ABV or 80 proof.	70cl 75cl	41.9 GBP	Younger mainstream single malt and American and Irish whisky drinkers.
Jura 12 Years		Scotch whisky with a golden hue with tropical aromas of chocolate, walnut, and citrus fruit, combining with tastes of honey, salted bananas and brown sugar, with a whisper of smoke. 40% ABV or 80 proof.	70cl 75cl	49.7 GBP	Premium single malt drinkers.

Brand	Packaging	Description	SKU	Indicative Retail Price for 70cl	Target Market
Jura 12 Years Sherry Cask		<p>Scotch whisky with a golden hue with tropical aromas of chocolate, walnut, and citrus fruit, combining with tastes of honey, salted bananas and brown sugar, with a whisper of smoke.</p> <p>40% ABV or 80 proof.</p>	70cl	39.1 GBP	Premium single malt drinkers. Made for the Asian market.
Jura 14 Years		<p>Scotch whisky with warm gold colour, aromas of mango, fresh mint and crushed almonds and rich flavours of hazelnut, cacao and maple syrup.</p> <p>40% ABV or 80 proof.</p>	70cl	42.25 GBP	Premium single malt drinkers.
Jura Seven Wood		<p>Scotch whisky in mahogany gold colour, with an aromatic fusion of coffee, ginger spice, and a hint of milk chocolate, containing a rich, fruity, and sweet taste, with a hint of sea-spray and smoke.</p> <p>42% ABV or 84 proof.</p>	70cl 75cl	82.4 GBP	Super premium single malt drinkers.
Jura 18 Years		<p>Scotch whisky with a rosewood gold colour, containing aromas of toffee, tropical fruits and cinnamon. It has flavours of rich black forest fruit, cocoa and coffee.</p> <p>44% ABV or 88 proof.</p>	70cl 75cl	82.4 GBP	Super premium single malt drinkers.

Brand	Packaging	Description	SKU	Indicative Retail Price for 70cl	Target Market
Jura 21 Years Old – Tide		Scotch whisky that is satin wood honey gold in colour, it has a sweet fruity aroma, with just a hint of spice, and a rich sweet taste to the palate. 46.7% ABV or 93.4 proof.	70cl 75cl	180.3 GBP	Super premium single malt drinkers and collectors.
Jura Winter Edition		Scotch whisky with a deep mahogany gold colour, with a fruity and creamy aroma. Its flavours contain notes of coffee, maple, warm spices and vanilla. 40% ABV or 80 proof.	70cl 100cl	30.9 GBP	Younger mainstream single malt and American and Irish whisky drinkers.
Jura Red Wine Cask Finish		Scotch whisky with deep mahogany gold colour, with a warm and fruity aroma containing just a hint of honey. It is fruity and warm to taste. It has flavours of raspberries, strawberries, vanilla and cinnamon. 40% ABV or 80 proof.	70cl 100cl	30.9 GBP	Younger mainstream single malt and American and Irish whisky drinkers.
Jura French Oak		Scotch whisky in a golden satin colour, with a fruity and floral aroma, and it is fruity, sweet and rich to taste. It has flavours of lime marmalade, caramel latte and vanilla. 42% ABV or 84 proof.	70cl	46.4 GBP	Super premium single malt drinkers.

Brand	Packaging	Description	SKU	Indicative Retail Price for 70cl	Target Market
Jura the Sound		Scotch whisky antique gold in tone, with aromas of roasted hazelnuts, orange and maple syrup, it contains flavours of caramel fudge, black forest fruits and milk chocolate. 42.5% or 85 proof.	100cl	37.49 GBP	Premium single malt drinkers in Global Travel Retail.
Jura the Road		Scotch whisky that is autumn gold, with aromas of fresh apricots, bergamot, and molasses, and flavours of rich coffee, toasted pistachios and cinnamon. 43.6% ABV or 87.2 proof.	100cl	46.99 GBP	Premium single malt drinkers in Global Travel Retail.
Jura the Bay		Scotch whisky that is copper gold in colour, toffee apple to the nose, and with flavours of raisin, fig, ginger spice and soft liquorice to taste. 44% ABV or 88 proof.	100cl	59.99 GBP	Super Premium single malt drinkers in Global Travel Retail.
Jura the Loch		Scotch whisky in mahogany gold colour, with a warm aroma of treacle cake, baked apple, and praline, and flavours of coffee, tropical fruits and cracked pepper. 44.5% ABV or 89 proof.	70cl	70 GBP	Super Premium single malt drinkers in Global Travel Retail.

Brand	Packaging	Description	SKU	Indicative Retail Price for 70cl	Target Market
Jura the Paps – 19-Year Old		Scotch whisky in deep mahogany gold colour, with a powerful aroma of ginger, vanilla and balsamic, and flavours of pear, fig and roasted walnut. 45.6% ABV or 91.2 proof.	70cl	87.90 – 89.90 GBP	Super Premium single malt drinkers in Global Travel Retail.
Jura 21 Years Old – Time		Scotch whisky in dark amber gold tone, with a rich and fruity aroma with salted peat smoke, and a fruity yet rich taste containing flavours of coffee, maple and dark chocolate. 47.2% ABV or 94.4 proof.	70cl	159 GBP	Super Premium single malt drinkers and collectors in Global Travel Retail.
Jura Rare Vintage 1988		Scotch whisky with a mahogany gold colour, containing aromas of black forest fruits, coffee, and blackberries, and flavours of red berries, caramel and liquorice. 53.5% ABV or 107 proof.	70cl	650 GBP	HNWI Super Premium single malt drinkers and collectors.
Jura Rare Vintage 1989		Scotch whisky with a rosewood gold colour, containing aromas of red fruits, Kirsch, pears and figs, and flavours of dark chocolate, black cherries and toasted pistachios. 52.8% ABV or 105.6 proof.	70cl	650 GBP	HNWI Super Premium single malt drinkers and collectors.

Brand	Packaging	Description	SKU	Indicative Retail Price for 70cl	Target Market
Jura Rare Vintage 1990		Scotch whisky amber gold in colour, containing aromas of peach, cinnamon, mango, liquorice and nutty marzipan, and flavours of black forest fruits, raspberries, gooseberries, vanilla custard and crushed almonds. 46.5% ABV or 93 proof.	70cl	650 GBP	HNWI Super Premium single malt drinkers and collectors.
Jura Rare Vintage 1993		Scotch whisky rich cherrywood and amber copper with golden highlights in colour, containing aromas of plums and blackcurrant with a touch of peach, and flavours of cherries, blood oranges, spiced pear and toffee pudding. 49.2% ABV or 98.4 proof.	70cl	525 GBP	HNWI Super Premium single malt drinkers and collectors.
Jura 28-Year Old		Scotch whisky in amber gold colour, with notes of lemon, fudge, pear and vanilla, and flavours of almond, pineapple, coffee and fruit cake. 47% ABV or 94 proof.	70cl	400 GBP	Super Premium single malt drinkers and collectors in Global Travel Retail.
Jura Very Rare Vintage 1975		Scotch whisky with a deep amber gold colour and crimson highlights, it contains a warm aroma of sandalwood, blood orange and toasted bananas. 46.2% or 92.4 proof.	70cl	6,880 GBP	UHNWI Super Premium single malt drinkers and collectors.

Brand	Packaging	Description	SKU	Indicative Retail Price for 70cl	Target Market
Jura Two-One-Two		Scotch whisky with a warm honey colour, and a rich and fruity aroma reminiscent of lemon cake, cinnamon spice, and creamy coffee. It has flavours of poached pear, sherbet and roasted pistachio. 47.5% ABV or 95 proof.	70cl	93 GBP	Super Premium single malt drinkers and collectors.
Jura Islander's Expression No.1		A first in the series celebrating the islanders of Jura, this edition focuses on native Amy Dunnachie who forages the land and sea to create treasures. The whisky itself is matured in ex-bourbon barrels before finishing in hand selected ex-rum casks from barbados. Travel Retail Exclusive. 40% ABV or 80 Proof.	10cl	50 GBP	Travelling whisky enthusiasts.

In addition to the products listed above, we sell Jura products that are exclusive to certain markets.

Tamnavulin

Based on the edge of the River Livet, Tamnavulin was founded when a small group of skilled craftsmen and women began creating the signature Tamnavulin malt more than half a century ago. Situated in the foothills of the Cairngorm mountain range is the namesake village, home to around 40 residents and the distillery.




Tamnavulin is a brand of Single Malt Scotch Whisky known for its double cask maturation process and is from Speyside, one of the most celebrated whisky-producing regions in Scotland. In addition to its core sherry finishes, it has spearheaded a new range of red wine finishes across Europe as well as having a rare range in limited distribution. Launched in 2016, initially in the United Kingdom, this affordable malt brand has rapidly ascended the ranking of global single malt brands, moving from the 67th spot in 2016 to the 15th since launching in September 2016 according to the Industry Report and IWSR.¹¹ Tamnavulin is the fastest growing Single Malt Scotch Whisky based on absolute value and volume growth in the Single Malt Scotch Whisky category between 2019 and 2021.

¹¹ Source: Calculation based on data from the IWSR Global Database 2022, accessed on 31 May 2022. IWSR has not provided its consent to be cited as an expert for purposes of the inclusion of the information cited and attributed to it in this document and is therefore not liable for such information. While our Company and the Joint Managers have taken reasonable actions to ensure that such information has been reproduced in its proper form and context, none of our Company, our Directors, nor the Joint Managers has verified the accuracy of the contents of such information.

The following table displays details of Tamnavulin products as of 31 March 2022.

Brand	Packaging	Description	SKU	Indicative Retail Price for 70cl	Target Market
Tamnavulin Double Cask		Scotch whisky with amber gold colour, and rich warm aromas of apple, toffee and honey, and notes of sweet marzipan and subtle tangy marmalade. It is fresh, mellow to taste, with hints of pear creamy peaches, pineapple and sugar. 40% ABV or 80 proof.	70cl 75cl 100cl	33 GBP	Blended scotch and value conscious single malt drinkers.
Tamnavulin Sherry Cask Edition		Scotch whisky with amber gold colour, warm and sweet aroma of apple, vanilla, and ginger, and flavours of nectarines, sticky toffee pudding, sugar and Seville oranges. 40% ABV or 80 proof.	70cl 100cl	33 GBP	Blended scotch and value conscious single malt drinkers.
Tamnavulin Red Wine Cask Edition		Scotch whisky tawny gold in colour, with floral aromas infused with fruits, warm spices, and nuts. It contains flavours of nectarines, plums, and gingerbread, as well as sweet red berries and banana bread. 40% ABV or 80 proof.	70cl	32 GBP	Blended scotch and value conscious single malt drinkers.

Brand	Packaging	Description	SKU	Indicative Retail Price for 70cl	Target Market
Tamnavulin White Wine		A liquid which initially matured in American oak barrels before final finishing in Sauvignon Blanc white wine casks to give a bright and fruity finish. 40% ABV or 80 proof.	70cl	46.82 GBP	Mainstream whisky consumers.
Tamnavulin Red Wine - French Cabernet Sauvignon		A Speyside whisky which is matured in American Oak casks before a finish in French Cabaret Sauvignon wine casks. 40% ABV or 80 proof.	70cl	45.44 GBP	Mainstream whisky consumers.
Tamnavulin Red Wine - USA Cabernet Sauvignon		A Speyside whisky which is matured in American Oak casks before a finish in American Cabaret Sauvignon wine casks. 40% ABV or 80 proof.	70cl	45.44 GBP	Mainstream whisky consumers.
Tamnavulin Red Wine - German Pinot Noir		A Speyside whisky which is matured in American Oak casks before a finish in German Pinot Noir wine casks. 40% ABV or 80 proof.	70cl	45.44 GBP	Mainstream whisky consumers.
Tamnavulin Red Wine - Spanish Grenache		A Speyside whisky which is matured in American Oak casks before a finish in Spanish Grenache wine casks. 40% ABV or 80 proof.	100cl	60.93 GBP	Mainstream whisky consumers.

Brand	Packaging	Description	SKU	Indicative Retail Price for 70cl	Target Market
Tamnavulin Tempranillo Cask Edition		Scotch whisky in an amber gold colour with touches of crimson, and aromatic fruits notes of berries, hints of vanilla pod and caramel. It creates a palate of warm sweet flavours of figs, maple, and toffee apple, with notes of peaches, decadent chocolate ganache and a touch of coffee. 40% ABV or 80 proof.	70cl	32 GBP	Blended scotch and value conscious single malt drinkers.
Tamnavulin The 1979		Scotch whisky in amber gold colour, with aromas of oranges, figs, almonds, and freshly baked ginger cake, and flavours of tropical pineapple, roasted coffee and decadent fruits. 46.5% ABV or 93 proof.	70cl	875.5 GBP	Super premium single malt drinkers and collectors.
Tamnavulin The 1973		Scotch whisky with a honey gold colour, ginger biscuits, sultanas, melon and marzipan aroma, and flavours of peaches, fruit cake, cinnamon, and a touch of maple and vanilla. 40% ABV or 80 proof.	70cl	1,339 GBP	Super premium single malt drinkers and collectors.

Brand	Packaging	Description	SKU	Indicative Retail Price for 70cl	Target Market
Tamnavulin The 1970		Scotch whisky with a golden copper colour, and aroma of creamy caramel, pears, and nuts, it has flavours of dark treacle, frangipane, coconut and figs. 40% ABV or 80 proof.	70cl	2,060 GBP	Super premium single malt drinkers and collectors.

In addition to the products listed above, we sell Tamnavulin products that are exclusive to certain markets.





Fettercairn



Fettercairn distillery was opened in 1824, one of the very first distilleries in Scotland to obtain a licence for Scotch whisky distillation. Situated under the Grampian foothills in the Howe of Mearns, the village of Fettercairn lies in the heart of rich farming land which has always attracted visitors, including once Queen Victoria and her husband Albert in the fall of 1861.

Fettercairn whisky is a uniquely refined Single Malt Scotch Whisky. It is positioned in the super premium segment of the Single Malt Scotch Whisky category priced between The Dalmore and Jura. Fettercairn Single Malt was relaunched in 2018 with new packaging.

The following table displays details of Fettercairn products as of 31 March 2022.

Brand	Packaging	Description	SKU	Indicative Retail Price for 70 cl	Target Market
Fettercairn 12 Years Old		Scotch whisky with a sunlight and amber honey colour, and flavours of vanilla, pear and soft spices. It has a fruity finish, combined with hints of roasted coffee, warm spices, sultanas and black toffee. 40% ABV or 80 proof.	70cl 100cl	44.3 GBP	Super premium single malt drinker.

Brand	Packaging	Description	SKU	Indicative Retail Price for 70 cl	Target Market
Fettercairn 16 Years Old		<p>Scotch whisky with amber honey colour and flavours of vanilla, ginger, and raisins, finishing with notes of peach, ginger, and caramel, ending with hints of banana, chocolate and demerara sugar.</p> <p>46.4% ABV or 92.8 proof.</p>	70cl	72 GBP	Super premium single malt drinkers.
Fettercairn 22 Years Old		<p>Scotch whisky with an amber gold colour, it has a fruity and warm flavour, including notes of citrus, fig, and ginger bread. It finishes with notes of spiced pear, orange, coffee, and hints of liquorice, cherry, plum and treacle.</p> <p>47% ABV or 94 proof.</p>	70cl	206 GBP	Super premium single malt drinkers.
Fettercairn 23 Years Old		<p>Matured for 23 years in a combination of American ex-bourbon and cognac casks to enhance the tropical distillery character derived from the unique copper cooling ring distillation process.</p> <p>48.5% ABV or 97 proof.</p>	70cl	285 GBP	Super premium single malt drinkers.
Fettercairn 28 Years Old		<p>Scotch whisky with a deep shimmering gold colour, and a fruity flavour with hints of warm spices, finishing with notes of citrus peel, pepper, nuts and warm spices.</p> <p>42% ABV or 84 proof.</p>	70cl	525 GBP	Luxury single malt drinkers and collectors.

Brand	Packaging	Description	SKU	Indicative Retail Price for 70 cl	Target Market
Fettercairn 40 Years Old		<p>Scotch whisky with a dark and intense colour and dazzling amber highlights, it contains flavours of honey, molasses and ginger, as well as toffee apple, treacle and sherry, finishing with liquorice, balsamic, citrus, and raisin, ending with hints of toffee, honey, soft spices and tropical fruits.</p> <p>48.9% ABV or 97.8 proof.</p>	70cl	3,000 GBP	HNWI Luxury single malt drinkers and collectors.
Fettercairn 46 Years Old		<p>The nose has over-ripe bananas, toasted bread, citrus fruit and plum, giving way to raisin, bitter chocolate, fig and spice. The palate is rich with flavours of spiced pear, coffee, caramelised orange and liquorice, followed by black cherries and treacle with a finish of plum, demerara sugar and chocolate.</p> <p>42.5% ABV or 85 proof.</p>	70cl	8,500 GBP	HNWI Luxury single malts drinkers and collectors.

Brand	Packaging	Description	SKU	Indicative Retail Price for 70 cl	Target Market
Fettercairn 50 Years Old		<p>Scotch whisky with a dark and rich colour, containing an enticing aroma of warm spices and fruits, leading to flavours of cherry, plums, and blackcurrants, with just a whisper of coconut and hint of pineapple. It finishes with warmed spices, coffee, toffee apple, and final notes of burnt caramel and soft chewy liquorice.</p> <p>47.9% ABV or 95.8 proof.</p>	70cl	18,000 GBP	HNWI Luxury single malt drinkers and collectors.
Fettercairn Warehouse 2 Batch 2		<p>The second release in The Collection, Warehouse 2 Batch No.002 has been crafted from a hand picked selection of 1st fill ex-American Rye barrels and 1st fill ex-Bourbon barrels; filled with spirit that flowed from the Fettercairn stills in 2009, matured in Warehouse 2, and bottled in 2021.</p> <p>40% ABV or 80 proof.</p>	70cl	82.62 GBP	Single malt enthusiast and premium collectors.

In addition to the products listed above, we sell Fettercairn products that are exclusive to certain markets.



Blended whisky

Whyte & Mackay

Whyte & Mackay's self-branded Scotch whisky held a 11.1% share of the UK blended Scotch Whisky market as of 2020 according to Nielsen.¹²

Whyte & Mackay blended Scotch whisky is produced using a unique triple maturation process that ensures a smoother, richer taste. In 2019, Whyte & Mackay Light Spirit Drink was launched in the United Kingdom to allow consumers to enjoy a high-quality taste while consuming less alcohol.

The following table displays details of Whyte & Mackay products as of 31 March 2022.

Brand	Packaging	Description	SKU	Indicative Retail Price for 70cl	Target Market
Whyte & Mackay Blended Scotch Whisky		Scotch whisky with a rich mahogany gold colour, bouquet of marzipan, Manuka honey and caramel, and flavour of tropical fruits, rose hip syrup and orange segments and a finish of peaches in syrup, liquorice and marmalade.	5cl 10cl 35cl 70cl 100cl 175cl	18 GBP	Younger Male blended scotch whisky drinkers.
		ABV of 40% or 80 proof.			
Whyte & Mackay Light Spirit Drink		Spirit drink with a smooth taste and a subtle hint of smoke.	70cl	12 GBP	Younger, well-being focused, male and female brown spirits drinkers.
		ABV of 21.5% or 43 proof.			

12 Source: Nielsen, "Blended Whisky market in Great Britain for the MAT period ending 26.12.20". Whyte & Mackay's calculation based in part on data reported by Nielsen through its Scantrack Service for the Blended Whisky category for the 52-week period ending 26 December 2020, for the Great Britain Blended Whisky market. (Copying © 2020, Nielsen). Nielsen has not provided its consent to be cited as an expert for purposes of the inclusion of the information cited and attributed to it in this document and is therefore not liable for such information. While our Company and the Joint Managers have taken reasonable actions to ensure that such information has been reproduced in its proper form and context, none of our Company, our Directors, nor the Joint Managers has verified the accuracy of the contents of such information. Nielsen information reflects estimates of market conditions based on samples and is prepared primarily as a marketing research tool for consumer-packaged goods manufacturers and others in the consumer goods industry. Nielsen information is not a substitute for financial, investment, legal or other professional advice and should not be viewed as a basis for investments. References to Nielsen should not be considered as Nielsen's opinion as to the value of any security or the advisability of investing in any company, product or industry.

Shackleton

Shackleton is a blended malt Scotch whisky brand launched in 2017. It was inspired by a 1907 whisky which was extracted after 100 years under ice. A conservation team carefully extracted crates of whisky left behind by renowned polar explorer Sir Ernest Shackleton. Whyte & Mackay master blender Richard Paterson carefully selected 20 of the finest highland malts to recreate the antique whisky supplied to the British Antarctic expedition.

The following table displays details of Shackleton products as of 31 March 2022.

Brand	Packaging	Description	SKU	Indicative Retail Price for 70cl	Target Market
Shackleton Blended Malt Scotch		A blended malt scotch with a warm and spicy aroma of vanilla, toffee apple, cinnamon and ginger, and flavours of dark sugar, dried fruits, and pineapple, finishing with notes of hot mulled wine, praline chocolate and a final whisper of bonfire smoke. 40% ABV or 80 proof.	70cl 75cl	32 GBP	Adventurous modern spirits drinkers who are looking for a more premium, storied Scotch whisky.

John Barr

John Barr is a blended Scotch whisky created in the 1970s. The Scotch whisky has won several awards, including a score of 96/100 in the Ultimate Spirits Challenge in 2016 for its Reserve version and Gold Outstanding by IWSC in 2019.

The following table displays details of John Barr products as of 31 March 2022.


Brand	Packaging	Description	SKU	Indicative Retail Price for 70cl	Target Market
John Barr Reserve		Blended Scotch whisky with a rich aroma of chocolate, baked sweet apple, and freshly baked bread, with flavours of ripe apricot, gingerbread and hazelnuts, finishing with a hint of maple. Designed to be consumed by itself. 40% ABV or 80 proof.	70cl 75cl 100cl 175cl	U.S.\$16	Mainly Latino drinkers in the U.S.

Brand	Packaging	Description	SKU	Indicative Retail Price for 70cl	Target Market
John Barr Finest		Blended Scotch whisky with a rich aroma of chocolate, baked sweet apple, and freshly baked bread, with flavours of ripe apricot, gingerbread and hazelnuts, finishing with a hint of maple. Designed to be used as a mixer.	70cl 75cl 100cl 175cl	U.S.\$15.15	Mainly Latino drinkers in the U.S.
		40% ABV or 80 proof.			

Claymore




Claymore is a good quality value-end blended Scotch whisky. A Claymore is a double-handed broadsword that was used in battle by the Scottish Highlanders between the 15th and 17th centuries. Translated from the Gaelic “claidheamh-mor” which means “Great Sword”, it is featured on our blended Scotch whisky of that name. Sales are predominantly in the UK, Middle East and Japan. Claymore’s sales has also been growing fast in the People’s Republic of China. It was ranked the ninth best-selling blended Scotch in the People’s Republic of China by volume sold in 2020, according to the Industry Report.

The following table displays details of Claymore products as of 31 March 2022.

Brand	Packaging	Description	SKU	Indicative Retail Price for 70cl	Target Market
Claymore		Blended Scotch whisky with a rich and mellow aroma, round, balanced, and woody to taste, with a hint of fresh fruit.	70cl 75cl 100cl	12 GBP	Middle to lower income 50+ year old males concerned with value for money.
		40% ABV or 80 proof.			

Other brands

WMG also owns the following brands: Cluny, Wildcat Gin, the Woodsman, Whisky Works, and Glayva. Of these brands, Glayva is the most notable due to its strong position in the UK Non-Cream Liqueurs market and its high profitability per case. The rest have minor market share positions in the UK and a limited number of European markets.

Brand	Packaging	Description	SKU	Indicative Retail Price	Target Market
Glayva		The perfect harmony of honey, spices, tangerines and blended Scotch whisky Glayva gets its name from the Gaelic 'Gle Mhath' which means 'Very Good'.	50cl	25.5 GBP	Liqueur drinkers.
		35% ABV or 70 proof.			
Woodsman		Contemporary Whisky proposition created perfect for mixing. Especially smooth blended whisky with a hint of smoke.	70cl 100cl	29-37 GBP	Bourbon and Whisky / Whiskey Drinkers.
		40% ABV or 80 proof.			
Whisky Works - King of Trees		This whisky employs a rare maturation process, using wood from two-hundred-year-old Scottish oak trees. Autumnal orchard fruit notes with a dust of sweet cinnamon and soft wood spice.	70cl	77 GBP	Whisky Enthusiasts.
		46.5% ABV or 93 proof.			

Private label and bulk liquids

Our private label business generated 18% of Scotch whisky revenue in 2021. We supply high-quality whiskies to large grocery chain retailers throughout Europe and other regions through a mix of owned names and pack designs and customer-owned designs.

WMG has been supplying the top grocery chains in the United Kingdom and other countries with relationships going back 30 years. Chains that we supply include Lidl, Tesco, Sainsbury's, Co-op, Morrisons and Waitrose. The company has been growing internationally with both bottled and bulk offerings.

The private label business improves the company's profitability through overhead absorption and supports the evolution of the high-margin branded business.

MARKETING, SALES AND DISTRIBUTION

Our markets

We distribute our products in at least 102 countries globally. Our largest markets in terms of revenue are the Philippines, Greater China, the United Kingdom and Spain.

Strengthening our brands

We believe that branding is a critical factor in a consumer's choice of beverage. Consumers are willing to pay higher prices for brands they like and trust, and the strength of these brands allows us to improve our mix of prices and generate higher returns. Active brand promotion and advertising are essential tools to build market share and establish consumer brand loyalty. We promote recognition of our brands in key established markets and launch them in new high-potential geographical regions.

We promote our products using all major forms of advertising allowed by applicable rules. We place an increasing focus on high-profile advertising mainly aimed at brand building, which relates to improving the image of a brand, rather than promotion, which relates to improving the sales of a brand, and on brand launch and consumer engagement. While traditional media (including TV, press, bill-boards and sponsorship) still play an important role in activating, building and strengthening the image of our brands, we have increased our focus on the digital media channel to increase brand visibility. We also consider the on-premise distribution channel important for activating and building brands as well as presence in strategic retail channels like Global Travel Retail and online shops to increase visibility. These channels also allow us to use the strength of one brand in our portfolio to highlight other products in our portfolio. For example, we organise tasting events at third-party retailers to increase familiarity with our products.

We are constantly seeking to launch new brands. For example, we launched the Tamnavulin Single Malt Scotch Whisky in the United Kingdom in 2016 and this brand of affordable Scotch whiskies has rapidly ascended the ranking of global single malt brands, moving from the 67th spot in 2016 to the 15th since launching in September 2016 according to the Industry Report.

Since the outbreak of the COVID-19 pandemic, our marketing activities have been reshaped with a strong focus on digital activations. Many brand-activation activities aimed at consumers and commercial partners in the on-premise and Global Travel Retail channels (duty-free shops) were suspended or postponed given the restrictive measures.

Marketing, advertising and promotional activity

Marketing, advertising and promotional activity is important for generating consumer demand for our products. We invested ₱2,647.2 million on advertising and promotion in 2021, as compared with ₱2,750.5 million in 2020 or, respectively, 4.7% and 5.2% of revenues as a result of continued restrictions on marketing activities as a result of the COVID-19 pandemic. Our investment in advertising and promotion in 2020 was lower than our investment in 2019 because COVID-19 pandemic restrictions on social gatherings limited our marketing activities.

We use multiple marketing techniques to reach our customers, including "above-the-line" techniques (which involve media being broadcast or published to large audiences, and which can reach large numbers of people) such as television and radio advertising, "below-the-line" techniques (which are more focused on smaller groups or individuals, and which can provide closer customer relationships and greater individual insights) such as influencers, local sporting

events, shot and bottle keep fairs, tastings, brand-dedicated retail stores and concerts, presence in high-end bars and first class cabins, and social media marketing which could reach large numbers of people and at the same time target specific small groups or individuals.

We believe that most consumers will discover our brands online and this has only accelerated during COVID-19. We believe that trusted places to buy online are as vital to the discovery of our brands as they are to purchase of our brands. To enhance the chances of both discovery and purchase, we focus on ensuring that all our brands are easily found, attractively displayed and well recommended.

We invest in search engine optimisation and advertisement banners, prepare and distribute ebooks, build blogs and publish articles, photos and videos on our websites, social media and YouTube to promote awareness of our brands, legacy and product characteristics, and launch market campaigns and communicate with consumers and influencers. To maximise market penetration, we use proprietary market research tools and multiple consumer research agencies and methodologies to assess consumer insight, trends, behaviour and preferences, and market our products accordingly.

We also have digital strategies to promote specific brands. For example, our digital discovery approach for all our WMG brands is based around three key growth levers: standing out in key trading periods such as Christmas, Chinese New Year and Father's Day, launching new products and branding campaigns to drive reach and consideration. To promote Harveys products, we issue press releases, offer samples, work with influencers and enter into agreements to promote our products. Offline promotions for Harveys products include featuring the products in premium gastro events and entering into agreements with fashion brands in order to associate our products with recognised and well-liked brands. We also promote Harveys by suggesting ways for consumers to prepare and consume the beverage and associating our product with a drinking ritual.

We create a bespoke promotion strategy depending upon the brand, and consider price, communication, route to consumer, route to market, and promotional activities.

Management supports creativity and innovation in product marketing by encouraging managers to take ownership of strategic geographic areas. Our creative consumer research has qualitative and quantitative aspects and includes face-to-face interviews and information gathering exercises with consumers at local neighbourhood events and gatherings.

We market the Emperador brand by emphasising its premium image and as a drink to celebrate life successes. Emperador Deluxe carries the image of luxury and class and is marketed as an affordable luxury for everyday enjoyment.

With Jura in the UK, we executed a national TV campaign in 2021. The TV advertising, supported through social media, focused on bringing to life its unique story of being made by a tiny island community and why Jura is "more than a whisky".

Fettercairn is a recent addition to our portfolio and as such our focus is on experienced single malt drinkers who want to try something new. Focusing on its unique production process and sustainable whisky making practices, we position the brand as rare, pure and enlightened.

Tamnavulin is our entry level malt so we keep our message simple: it looks great, tastes great and has a great price. Our marketing effort is focused on in-store activation and our online focus is through social content and content generated by brand consumers which shows drinkers sharing and enjoying their Tamnavulin.

The flagship brands of Bodegas Fundador, Fundador, Tres Cepas and Terry brandies are marketed using a combination of digital communication and activation, as well as more traditional ways of retail activations and marketing on site. Communication is driven to focus on the key positioning of the brands and the well-defined target consumers. By contrast, Harveys is marketed

internationally, adapting the range of products to the characteristics of each national market, using a combination of digital and traditional marketing approaches, focusing on the different core positioning of each range, which have specific target consumers.

We market our Domecq brands by associating them with Mexican identity and emphasising social history.

Sales and distribution networks

We have an extensive sales and distribution network which is one of our key strengths designed to drive our future growth. We sell our products through five channels: general trade, modern trade, on-premise, self-owned stores, and online. General trade sales points include local stores, grocery outlets, mini marts, wholesales, marketing houses, local supermarkets and local gas stations and local *sari-sari* (neighbourhood sundry) stores. Modern trade sales points include hypermarkets, traders, supermarkets, convenience stores, vending machines and chained gas stations. On-premise sales points include restaurants, bars, hotels and lounges owned by third parties. Self-owned stores are branded retailers and eateries that we own which are devoted to selling and promoting our products. Online, we sell our products through various platforms including Tmall, Boozy.ph, Lazada and Amazon.

In the Philippines, we employ our own local sales force through which we sell into the general, modern and on-premise channels. In the United Kingdom, we have a small sales team to promote WMG products and negotiate orders within the United Kingdom. In all markets where we sell our products, including the Philippines, we also work with carefully selected local third-party distributors.

Distribution in the Philippines

EDI has a nationwide distribution network operated through sales and various distribution outlets strategically located in the country, which supply national and regional customers. In addition, we distribute to restaurants, bars, and lounges and through our own branded retailers and eateries. Our brands have the highest numeric distribution in Philippines stores among other spirits manufacturers with EDI's numeric distribution at 28% as of December 2021 according to Nielsen.¹³

EDI sells products to restaurants or bars directly through its on-premise department, but also courses business through dealers. EDI employs its own sales and distribution force and vehicles fleet for direct delivery service and uses direct sales vehicles such as cash vans to cover *sari-sari* stores across the country on a cash-only basis.

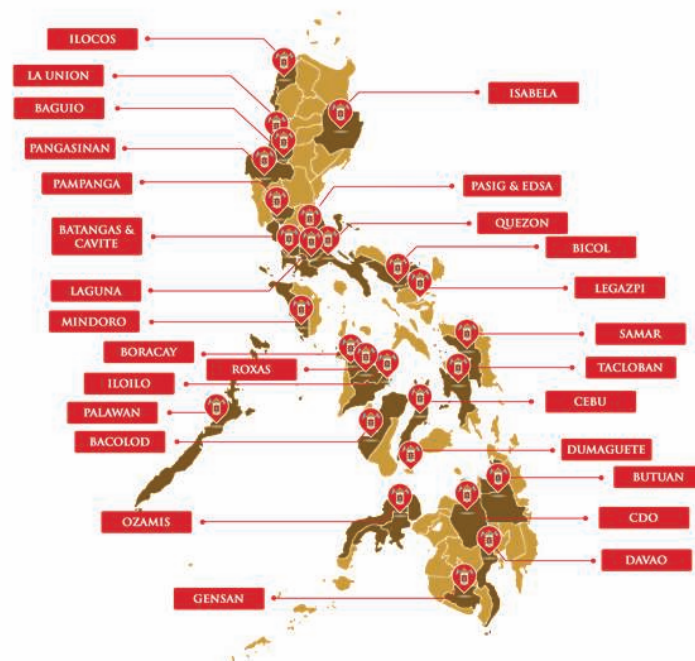
Since 2015, EDI has managed retail stores dedicated to its products. As of 31 December 2021, EDI managed 16 retail stores in the Philippines. Two of these stores have yet to commence operations and one store in Metro Manila is temporarily closed. Opened in 2017, EDI's flagship The Dalmore store is an exclusive retail venue located in Uptown Bonifacio, Taguig City, which houses some of the rarest and most expensive whisky collections in the Philippines. The Keeper's Den, a by-invite only lounge within the store, is also open to its members to enjoy their The Dalmore bottles along with their guests. In 2018, this store opened a cigar lounge.

13 Source: Nielsen, Nielsen Proprietary Information/data, 27 May 2022. Nielsen has not provided its consent to be cited as an expert for purposes of the inclusion of the information cited and attributed to it in this document and is therefore not liable for such information. While our Company and the Joint Managers have taken reasonable actions to ensure that such information has been reproduced in its proper form and context, none of our Company, our Directors, nor the Joint Managers has verified the accuracy of the contents of such information. Nielsen information reflects estimates of market conditions based on samples and is prepared primarily as a marketing research tool for consumer-packaged goods manufacturers and others in the consumer goods industry. Nielsen information is not a substitute for financial, investment, legal or other professional advice and should not be viewed as a basis for investments. References to Nielsen should not be considered as Nielsen's opinion as to the value of any security or the advisability of investing in any company, product or industry. Numeric distribution is defined as the percentage of the number of physical stores in the Philippines surveyed by Nielsen that stock Emperador.

EDI also serves its products at branded cafes. In 2018, Fundador Café was created in the Philippines and is located at Venice Grand Canal at McKinley Hill. It offers hot and cold drinks and blended ones infused with Fundador products, and sweets with Harveys Bristol Cream variances.

We believe that the day-to-day interaction the sales team has with its trade partners is essential to maintaining product availability as well as access to consumers. We have a standard volume-based pricing model that is applied evenly across all customer segments and discounts are offered on large volume transactions.

Set out below is a map indicating the distribution network for our products in the Philippines:



Distribution in the UK, Spain, Mexico and other countries

In the UK and Mexico, our in-market teams manage nationwide channels and distribute products of our own and third-party brands. In each country, key account management staff cover the off-premise channel (such as supermarkets and liquor shop chains) and specialised staff expand the presence of our products in on-premise channels (such as bars and restaurants).

In the UK, we have a dedicated sales team working with on-trade and off-trade UK customers and an international sales team working with distributor partners across the world to promote international sales and to take orders from and distribute point of sale materials to them. The sales team works with grocery chains to arrange promotional activities, product distribution across the chains, and listings of new products and negotiate prices with the grocery chains. However, we do not have any sales vehicles and our sales staff do not supply customers with goods. We ship products directly to customers in the UK and to ports for export to overseas distributors from either our bottling facility in Grangemouth or our nearby cased goods warehouse.

In Spain, we have a small team that sells Fundador products to exclusive distributors around the world who then sell our products to grocers, wholesalers and cash and carry channels. The team also sells certain private label brands directly to sales outlets. Bodegas Fundador's distribution scheme is primarily based on third-party distributors. It works with 39 such distributors. Each year, it updates its distribution agreements regarding transfer prices and recommended retail prices, route to market strategy per SKU and advertising and promotion allowance.

In Mexico, we have a small team dealing directly with grocery customers and key wholesalers for Domecq brands. We have three warehouses with our own logistics team and rely on a third party transportation company to distribute products across Mexico.

As of 31 December 2021, EDI, WMG, Bodegas Fundador and Domecq BLC have a networks of distribution partners who sell our products to over 102 countries. Such distribution partners own all inventories and interact with downstream players such as wholesalers, retailers, bars and restaurants.

In 2016, EDI took over the distribution of Fundador products in the Philippines and Asia, while WMG took over the distribution of Fundador products in the United Kingdom and Canada.

Logistics Capabilities

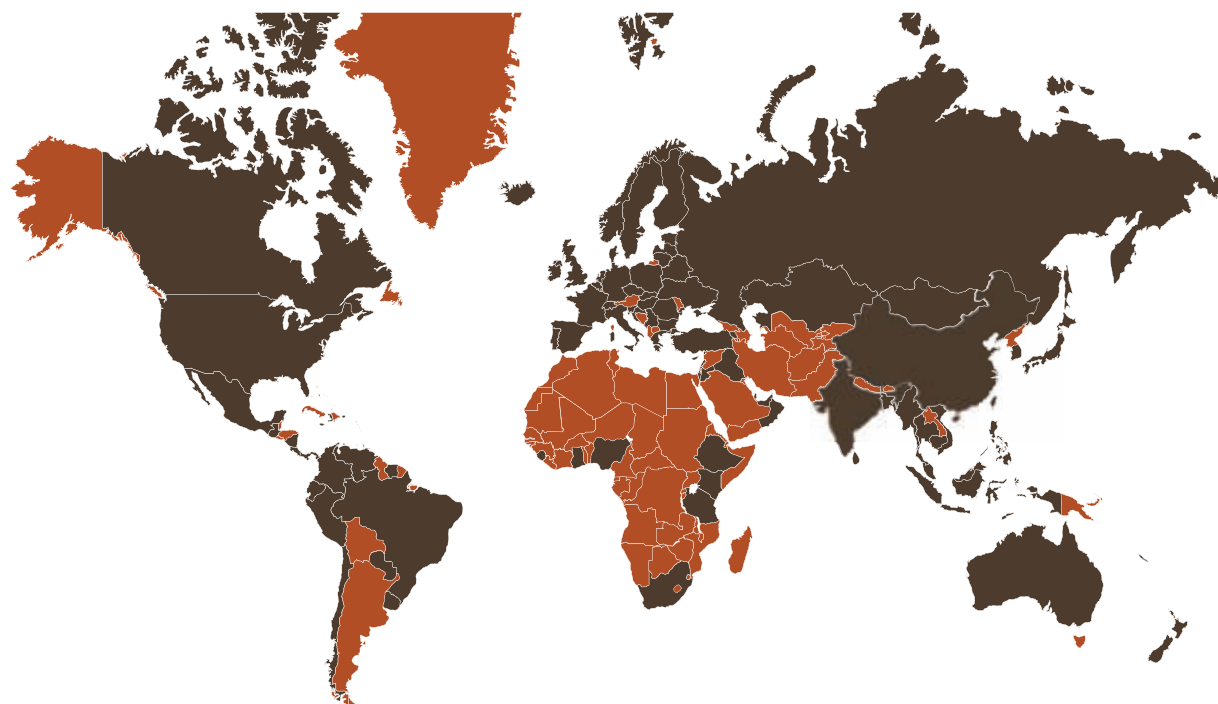
In the Philippines, we have three main logistics locations: a main hub in Manila, warehouses in Laguna and our main office in Manila. We own a truck fleet and a pool of hauling and truck providers for sales distribution. The Philippines is the only market in which we have our own distribution fleet.

In Spain, Bodegas Fundador has one logistics centre for its products. The centre can ship 7.2 million shipments of 9L standard cases per year. It has automatised loading docks to unload products from the bottling plant and push-pull tools integrated to avoid wooden pallets. It also has a specialised handling area, which can be customised for small markets, picking multi-product orders, and preparing premiums SKUs and market promotes. The centre is well connected by sea and land via the highways Algeciras Port and Madrid-Europe.

In Mexico, Domecq BLC has three warehouse locations in Mexico with its own logistics team, while transportation is outsourced.

In the UK, we have no distribution network. We ship products directly to customers from our facilities. We rely on third-party logistics companies to distribute the products across the country.

The areas in dark brown below show the countries where EDI, Bodegas Fundador, Domecq BLC and WMG products are sold.



Key features of our international distribution agreements

We look for distributors that embrace our brands and are willing to invest in them. We work closely with our distributors to gain visibility into our sales channels. In particular, we track monthly operational figures such as stock holdings and depletion data. We also conduct quarterly review sessions with distributors to evaluate quarterly performance and strategy.

Our sales to distributors are generally done through distribution agreements. These framework distribution agreements are typically entered into for terms ranging from three to five years and many roll for three years if not terminated or renegotiated. Under these agreements, our distributors agree to purchase volume targets. If the targets are not met, we have a right to terminate the agreement. Our pricing is reviewed annually.

Purchase orders we receive from our distributors pursuant to these distribution agreements include specifications we have to comply with once we accept the order. We are subject to liability provisions relating to product liability, recalls and defects and we are bound to provide to our distributors guarantees as to the quality of our products. Unless the products we deliver are defective or damaged (or if we recall products) and the distributors put us on notice as agreed under the relevant distribution agreement, distributors may not return goods once they have been delivered. These distribution agreements may be terminated by either party upon prior written notice under certain circumstances such as bankruptcy or cessation of activities. We and our distributors may also terminate these distribution agreements or any specific purchase order if either party breaches specific contractual obligations. Upon expiry or termination of our distribution agreements, we generally have an option to, but are not obliged to, purchase back from our distributors our beverage products which are part of their inventory at a price to be mutually agreed on.

We do not always enter into distribution agreements with our distributors. In certain markets, distributors cannot meet sales quotes or key performance indicators. In these instances, we will sell our products through a one-time purchase order.

E-commerce

Since the COVID-19 pandemic, we shifted our marketing activities online and worked to connect with consumers in the digital space through online tastings, virtual distillery tours, and partnerships with e-commerce sites such as Waitrose, Tesco, The Whisky Shop, The Whisky Exchange, Master of Malt and others. Several of our brands are available for purchase through e-commerce channels such as Tmall, Boozy.ph, Lazada, online platforms of our retail partners (Robinsons, S&R, Landers, SM/Savemore, etc.) in the Philippines and Amazon in the UK. Certain of our brands also have individual partnerships with online retailers where consumers can buy directly online. For example, Jura works with ReserveBar, Drizly, and Total Wine and More to distribute to consumers in the U.S. Google advertisement, Amazon advertisement and display campaigns have been launched for Terry Centenario, Fundador and Harveys brands and their products are sold at Amazon. Although WMG brands are not sold directly online, we work with online retailers and domestic stockists such as Master of Malt, The Whisky Shop, Amazon and Virgin Wines to share their products with consumers locally and internationally.

To support our e-commerce, we have in-house digital marketing teams who manage our digital presence including social media pages and engagement, create digital content and videos, make marketing promotions and collaborate with other partners digitally.

Pricing

The suggested retail prices of our products are based on category positioning (such as the luxury market, super premium market, accessible market and others) and the competitive landscape. Sales of accessible branded products are generally characterised by significant price elasticity of demand. Therefore, due to consumer expectations and a highly competitive environment, we have limited ability to increase our suggested retail prices and have to take into account the retail prices of competing products, in addition to our cost of sales and distribution costs. Our premium products generally carry higher suggested retail prices and allow us to achieve higher margins due to their positioning (as they generally appeal to more affluent end-consumers) and characteristics.

RAW MATERIALS AND PACKAGING MATERIALS

Philippines

The principal raw materials for the manufacture of alcoholic beverage products are cereals, such as wheat, maize and barley, water, yeast, grapes, molasses, distilled neutral spirit, brandy distillates, flavourings and water. We also require a regular supply of glass bottles, decanters, and packaging materials such as caps, labels, boxes, closures, cartons and cases. Our main supply of grapes and brandy distillate (which is made from grapes) for all of our brandy operations is from our vineyards in Spain, supplemented by third-party providers. Our extra neutral alcohol and molasses is supplied by various sources including Progreen Agricorn, Inc., our subsidiary. Our Group is generally not dependent on any one major third party supplier.

There have been disruptions to supply chains across the world in recent months. Thus far, we have continued to obtain the materials we need even though schedules have been disrupted and lead times have been extended. As of the date of this Introductory Document, we do not anticipate supply chain disruptions to have a material adverse impact on our operations.

All of the water for blending for our products manufactured in the Philippines is sourced from two deep wells located in the Santa Rosa, Laguna manufacturing facility, and from local water suppliers. The facilities in Laguna are located on top of one of the best fresh water supplies in the Philippines. There is also a filtration system for the water it uses at its Laguna facilities.

We source distilled neutral spirit from Progreen Agricorn Inc., a related party in the Philippines that is under common ownership, and several reliable international suppliers. We source whisky, brandy concentrate and flavouring from related parties such as WML and Alcoholera dela Mancha Vinicola, SL, and several reliable and high-quality international suppliers.

While we age our own inventory, we sometimes buy aged inventory to supplement supply or meet demand for a particular aged product.

EDI sources its bottles for its Philippines manufactured products from AWGI, a wholly owned subsidiary of EDI, which produces a majority of EDI's new glass bottles. The rest are imported. EDI also reuses returned bottles. AWGI canvasses new suppliers twice a year to seek the most competitive prices for its raw materials. While terms for different suppliers vary, AWGI generally orders raw materials to meet its projected supply requirements for one year and prices are subject to review on a quarterly basis. For imported raw materials, new purchase orders for supplies are generally sought two months prior to the expiration of existing purchase orders. For raw materials sourced in the Philippines, orders are finalised one month before existing orders terminate. At least three suppliers are maintained for major raw materials. In addition, major raw materials' suppliers typically maintain a warehouse in close proximity to the AWGI plant to cover possible delays in shipments and to prevent delivery interruptions. AWGI also maintains its own inventory of raw materials to prevent interruptions to production.

EDI sources final packing material such as carton boxes and closures from at least three different suppliers.

Scotland

For our production facilities in Scotland, the United Kingdom is the source of approximately 90% of dry goods such as bottles, labels, closures and cartons. Rigid boxes are sourced primarily from the People's Republic of China. Casks are sourced mainly from the U.S. (previously used for bourbon maturation) and from Spain (previously used for sherry maturation).

Spain

We source grapes from our own vineyards and from third parties as needed.

Mexico

We source our grapes from various suppliers, and *aguardientes* (alcoholic beverages) from Spain, Chile, Argentina and Australia.

FACILITIES AND EQUIPMENT

Overview

The table below sets forth our properties, facilities and products produced as of the Latest Practicable Date.

Material Properties

We own and lease various properties on which our office premises, production facilities and warehouses are located. The following table sets forth information relating to our material properties as of 31 March 2022. We measured materiality for the purpose of this section based on production capacity. No leases for material assets can be unilaterally terminated by the lessor.

Company that owns or leases the property	Property	Location	Area	Products Produced at Location	Nature of Possession
EDI	Main production plant of EDI for bottling and warehouses	Santa Rosa, Laguna, Philippines	57,394 sqm	Brandy products under the Emperador brand. Other alcoholic beverages under the brands, The BaR, Smirnoff Mule, So Nice, and Club Mix	Tradewind Estates Inc. (a wholly owned subsidiary of our Company) owns the land and facilities. EDI leases the property from Tradewind Estates Inc. under a ten-year lease beginning on 1 January 2014.
WML	Malt distillery and warehousing to include grazing land, mud flats and rough ground	Dalmore Distillery, Alness, Ross-shire, IV17 0VT	26,789 sqm	The Dalmore Scotch Whisky	Heritable. ⁽¹⁾

Company that owns or leases the property	Property	Location	Area	Products Produced at Location	Nature of Possession
	Distillery and warehouse	Tamnavoulin Distillery, Tomnavoulin, Ballindalloch, AB29 9JA	9,277 sqm	Tamnavulin Scotch Whisky	Heritable. ⁽¹⁾ The warehouse portion of the property is leased to Whyte and Mackay Warehousing Limited (a wholly owned subsidiary of our Company). For 20 years and one day from 30 September 2002.
	Distillery and warehouse	Invergordon, Distillery, Invergordon, Ross-Shire, IV18 0HP	126,466 sqm	Invergordon Scotch Whisky	Heritable. ⁽¹⁾
Bodegas Fundador	Distillery and warehouse	CR Albacete 38, 13700, Tomelloso, Ciudad Real, Spain	6,963 sqm	Distilled wine	Ownership of the land and facilities.
	Bottling facilities and warehouse	CL Cuatro Caminos 8 ES, Pl:00, Pt:01, 11408 Jerez de la Frontera Spain	4,410 sqm	Brandy under the brands Fundador, Terry and Tres Cepas Wine and spirits under the Garvey brand Sherry under the Harveys brand	Ownership of the land and facilities.

Note:

- (1) "Heritable" ownership is similar to freehold ownership. It relates to an interest in naturally immovable items such as land minerals, or any object attached to the land such as buildings, as opposed to movable property or chattels.

Other Properties

We also own and lease other properties and equipment. The following table sets forth information relating to these other properties as of 31 March 2022. No leases for these assets can be unilaterally terminated by the lessor.

Company that owns or leases the property	Property	Location	Area	Products Produced at Location	Nature of Possession
EDI	Annex production plant, blending, bottling and warehouse	Barangay Gimalas, Binang, Binan, Laguna, Philippines	18,000 sqm	Brandy products under the Emperador brand. Other alcoholic beverages under the brands, The BaR, Smirnoff Mule, So Nice, and Club Mix	Ownership of the land and facilities.
	Distillery	Barangay Gimalas, Balayan, Batangas, Philippines	166,693 sqm	Extra Neutral Alcohol, Bioethanol Fuel	Ownership of the land and facilities. The distillery and related assets are leased to Progreen Agricorn, Inc. (a wholly owned subsidiary of our Company), which operates the facility. Five years from 1 July 2018 to 30 June 2023, renewable for another five years.
	Distillery	Barangay Remanente, Nasugbu, Batangas, Philippines	75,101 sqm	Extra Neutral Alcohol, Bioethanol Fuel	Ownership of the land and facilities. The distillery and related assets are leased to Progreen Agricorn, Inc. (a wholly owned subsidiary of our Company), which operates the facility. Five years from 1 January 2017 to 31 December 2022, renewable for another five years.
	Warehouse	Tanza, Cavite, Philippines	50,523 sqm	Not applicable	Ownership of land (from absolute deed of sale) and warehouse. The construction is complete and we are now processing the permits to start operations.
AWGI	Glass manufacturing plant, machineries and warehouse	Canlubang, Calamba, Laguna, Philippines	15,513 sqm.	Not applicable	The property is owned by Alliance Global Group, Inc. which leases it to AWGI for a period of ten years from 1 January 2017.

Company that owns or leases the property	Property	Location	Area	Products Produced at Location	Nature of Possession
WML	Distillery and warehouse	Fettercairn Distillery, Distillery Road, Fettercairn, Laurencekirk, AB30 1YE	15,839 sqm	Fettercairn Scotch Whisky	Heritable. ⁽¹⁾ The warehouse portion of the property is leased to Whyte and Mackay Warehousing Limited (a wholly owned subsidiary of our Company). For 20 years and one day from 30 September 2002.
	Distillery and warehouse with ancillary employee accommodation	Isle of Jura Distillery, Craighouse, Jura PA60 7XT, United Kingdom	3.375 hectares	Jura Scotch Whisky	Heritable. ⁽¹⁾ The warehouse portion of the property is leased to Whyte and Mackay Warehousing Limited (a wholly owned subsidiary of our Company). For 20 years and one day from 30 September 2002.
	Bottling plant and distribution	Grangemouth Bottling Plant, South Lumley Street, Grangemouth, FK3 8BT, United Kingdom	27,768 sqm	All WML products	Heritable. ⁽¹⁾ Pursuant to a leasing and subleasing agreement dated 29 September 2006, WML leased the property to SVS for 175 years beginning 29 September 2006. SVS has the right to purchase premises for GBP1 exercisable at any time after 29 September 2057 on giving not less than three months' written notice. Pursuant to the same agreement, SVS leased back the property to WML for 30 years, also commencing on 29 September 2006. The initial lease and leaseback arrangement were entered into by the previous owners of WML. We inherited these arrangements when we purchased WML in 2014. The monthly rent on the lease agreement is GBP1 per year (a one-time payment of GBP15 million was made when the lease began) and the monthly rent on the sublease is GBP 1,207,849 per year, but is subject to periodic adjustment.
GES	Vineyards	Daramenzas, Toledo, Spain	250 hectares	Grapes	Ownership of land. This property is leased to Bodega Las Copas, S.L., a company with which we have a 50/50 joint venture, for 25 years from 25 October 2013.

Company that owns or leases the property	Property	Location	Area	Products Produced at Location	Nature of Possession
BSB	Vineyards	Bergonza, Toledo, Spain	200 hectares	Grapes	Ownership of the land. BSB has leased the land to GES since 14 March 2017. The lease is renewed annually. The plants and vines on the land are owned by BSB and GES, together with two other Gonzales Byass entities.
Bodegas Fundador	Vineyards	El Majuelo, Jerez de la Frontera, Spain	218 hectares	Grapes	Ownership of land.
	Vineyards	Santa Barbara	68 hectares	Grapes	Ownership of land.
	Vineyards	La Loba	16 hectares	Grapes	Ownership of land.
	Vineyards	Cerro Viejo	36 hectares	Grapes	Ownership of land.
	Maturing and blending cellars	Puerta de Rota, Jerez de la Frontera, Spain	52,266 sqm	Sherry and brandy	Ownership of land and facilities.
	Offices and heritage centre	San Ildefonso, Jerez de la Frontera, Spain	27,156 sqm	Not applicable	Ownership of land and facilities.
	Logistics	CR de Cartuja, Jerez de la Frontera, Spain	11,416 sqm	Not applicable	Ownership of land and facilities.
Bodega Las Copas S.L.	Distillery and warehouses	Calle de Gonzalez Byass 1, 13700, Tomelloso, Ciudad Real (Spain)	4,691 sqm	Wine distillate	Ownership of land and facilities.
Pedro Domecq, S.A. de C.V.	Winery	Ensenada, Baja California, Mexico	111,228 sqm	Wine	Ownership of land and facilities.

Note:

- (1) "Heritable" ownership is similar to freehold ownership. It relates to an interest in naturally immovable items such as land minerals, or any object attached to the land such as buildings, as opposed to movable property or chattels.

In addition to the properties listed above, we own and lease various other properties and equipment in the jurisdictions where we operate.

Philippines

Our main facility in Santa Rosa, Laguna is located on high ground that is well protected from flooding. This facility is leased for a ten-year period expiring on 31 December 2024 from Tradewind Estates, Inc. ("TEI"), which is a wholly owned subsidiary of our Company. The annex production facility in Biñan, Laguna (in close proximity to its main plant in Santa Rosa) was acquired from Diageo Philippines in May 2012. The acquisition increased our production and technical capabilities in the Philippines and further boosted our competitiveness in promoting Emperador as a global brand.

The following graphic shows our key production facilities and assets in the Philippines.

Our Production Capabilities – Philippines



The following table sets out operating details for EDI's main blending and bottling facility in Santa Rosa, Laguna for the periods indicated:

	As of 31 December			As of 31 March
	2019	2020	2021	2022
Production capacity (cases) ⁽¹⁾⁽²⁾	28,798,200	28,798,200	28,798,200	7,199,550
Number of production lines	4	4	4	4
Actual utilisation	61%	47%	47%	33%

Notes:

(1) Assumes 12 bottles of 9 litres per case.

(2) Production capacity refers to maximum theoretical output of a system in a given period under ideal conditions. The production capacity of the facility assumes operation of 300 days per year for three six-hour shifts.

The reduction in utilisation at the Santa Rosa facility in 2020 was due to the lockdown imposed by the Philippine government in the second quarter of that year in response to COVID-19. The lockdown prohibited the operation of non-essential industries, which included the production of alcoholic beverages. As a result, this plant was shut down for over one month. Thereafter, there were lockdowns imposed by local governments and localized liquor bans throughout 2020, which restricted our ability to operate at our normal capacity. Similar lockdowns and liquor bans continued in the first nine months of 2021. The plant also stopped production for two weeks between March to April 2021 due to lockdowns and liquor bans implementations. From January to March 2022, there were granular lockdowns in some LGUs all over the country as an effect of the surge of COVID cases due to the omicron variant. Due to the lockdowns, these LGUs banned the sale of alcoholic drinks and even the passing through of trucks loaded with alcoholic drinks. In particular, Santa Rosa and Binan City, where the production plants are located, were subjected to a COVID alert level 3 during such period and thus suffered from a reduced production capacity of 30%.

The following table sets out operating details for EDI's annex main blending and bottling facility in Binan, Laguna for the periods indicated:

	As of 31 December			As of 31 March
	2019	2020	2021	2021
Production capacity (cases) ⁽¹⁾⁽²⁾	10,530,000	10,530,000	10,530,000	2,632,500
Number of production lines	2	2	2	2
Actual utilisation	49%	52%	70%	44%

Notes:

(1) Assumes 12 bottles of 9 litres per case.

(2) Production capacity refers to maximum theoretical output of a system in a given period under ideal conditions. The production capacity of the facility assumes operation of 300 days per year for three 6-hour shifts.

EDI owns two distillery plants in Batangas, Philippines which are leased and operated by Progreen. The Nasugbu plant was acquired from Consolidated Distillers of the Far East in February 2013 and leased to Progreen for five years beginning 1 January 2017 and renewable for another five years. The Balayan plant is constructed in a lot acquired in 2016 and it began commercial operations in 2018. It is leased to Progreen for five years beginning 1 July 2018 and renewable for another five years. The distillery plants can produce both extra neutral alcohol and fuel ethanol. The Balayan plant has a production capacity of 200,000 litres per day. The Nasugbu plant has a production capacity of 100,000 litres per day. Together, these distilleries have a capacity of 300,000 litres per day, making EDI the biggest distillery in the Philippines. These figures assume the plant is run 24 hours a day, seven days a week for 300 days per year.

The Balayan plant has a storage capacity of 18 million litres that can accommodate up to three months full operation, while the Nasugbu plant has about six million litres capacity that can store up to two months of operation. Both plants have an operating biogas digester system that converts organic waste from molasses into biogas, which is then fed to the boiler as its fuel that produces the needed heating energy for its distillation process and at the same time produces steam to run the turbine that produces electricity for the whole plant. Only a small portion of electricity, as part of an arrangement with the local electricity provider, is sourced from outside. The remaining liquid waste is used as organic liquid fertilisers and is given free to surrounding farmlands. If there remains any liquid waste, it is disposed in accordance with government regulations and the disposal is monitored by the government. The plants can run 24 hours a day, seven days a week up to 330 days per year, allowing 30 days for repairs and maintenance. To be prudent, we only operate for 300 days per year.

AWGI also operates a glass manufacturing plant at Canlubang Industrial Estate in Calamba, Laguna, which is being leased from AGI. It has four production lines and is capable of producing 62,050 metric tons of glass per year.

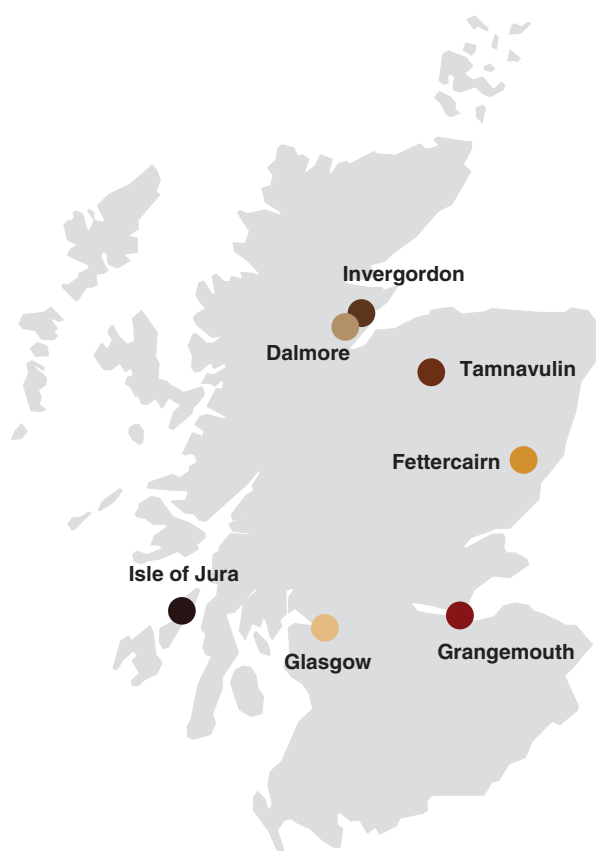
Scotland

WML owns four malt distilleries and one grain distillery in Scotland, a network of onsite warehouses and related plant and equipment within its facilities. The Dalmore malt distillery is in the Highlands. It has a maturation warehousing capacity of 11.9 million litres of alcohol (96,000 casks). It was first opened in 1839 and includes a visitor centre. Fettercairn malt distillery is also in the Highlands. It has a maturation warehousing capacity of 4.4 million litres of alcohol (36,000 casks). It first opened in 1824 and includes a visitor centre. Jura malt distillery is also in the Highlands. It has a maturation warehousing capacity of 4.1 million litres of alcohol (33,000 casks).

It first opened in 1810 and was revived in 1963. It includes a visitor centre. Invergordon grain distillery is also in the Highlands. It has a warehousing capacity of 161 million litres of alcohol (1.2 million casks). It first opened in 1961. Tamnavulin malt distillery is in Speyside, a region of the Highlands. It has a maturation warehousing capacity of five million of litres of alcohol (41,000 casks). It was first opened in 1966. Together, these five distilleries provide approximately 53 mm litres of alcohol of grain and malt whisky distilling capacity.

WML has a substantial inventory of aged stocks which mature over periods of up to 60 years. The maturing whisky stock inventory has a book value of GBP 289.0 million as of 31 December 2021 and is stored in 88 warehouses located across WML's five distilleries. Our main maturation warehouse facility is located at Invergordon. The market value of the maturing whisky stocks if WML were to sell it in bulk to other industry participants and brokers is approximately GBP 974.0 million as of 30 April 2022. In addition, we store spirit for third parties in our warehouses and hold some of our own spirit in third party warehouses.

The following map shows the locations of WML's facilities in Scotland.



As of 31 December 2022, WML's malt distilleries of The Dalmore, Tamnavulin, Fettercairn and Jura have a production capacity of 4.3, 4.2, 2.3 and 2.5 million litres of alcohol per year, respectively. Its grain distillery of Invergordon has a production capacity of 40.0 million litres of alcohol per year. Production capacity refers to maximum theoretical output of a system in a given period under ideal conditions. The production capacity of the facility refers to operating 47 weeks for seven days a week for 24 hours a day.

WML also operates a bottling facility at Grangemouth. The facility was constructed in 2006, and including the capacity of a nearby additional warehouse facility has a finished goods storage capacity of 700,000 cases (9,150 pallets) and a dry goods storage of 2,100 pallets.

The following table sets out operating details for WML's Grangemouth bottling plant for the periods indicated:

	As of 31 December			As of 31 March
	2019	2020	2021	2022
Production capacity (cases) ⁽¹⁾⁽²⁾	7,000,000	7,000,000	7,000,000	7,000,000
Number of production lines	5	5	5	5
Actual utilisation	50%	56%	54%	54%

Notes:

(1) 8.4 litres per case.

(2) Production capacity refers to maximum theoretical output of a system in a given period under ideal conditions. The production capacity of the facility assumes operation of 48 weeks x 5 days x 2 shifts/day.

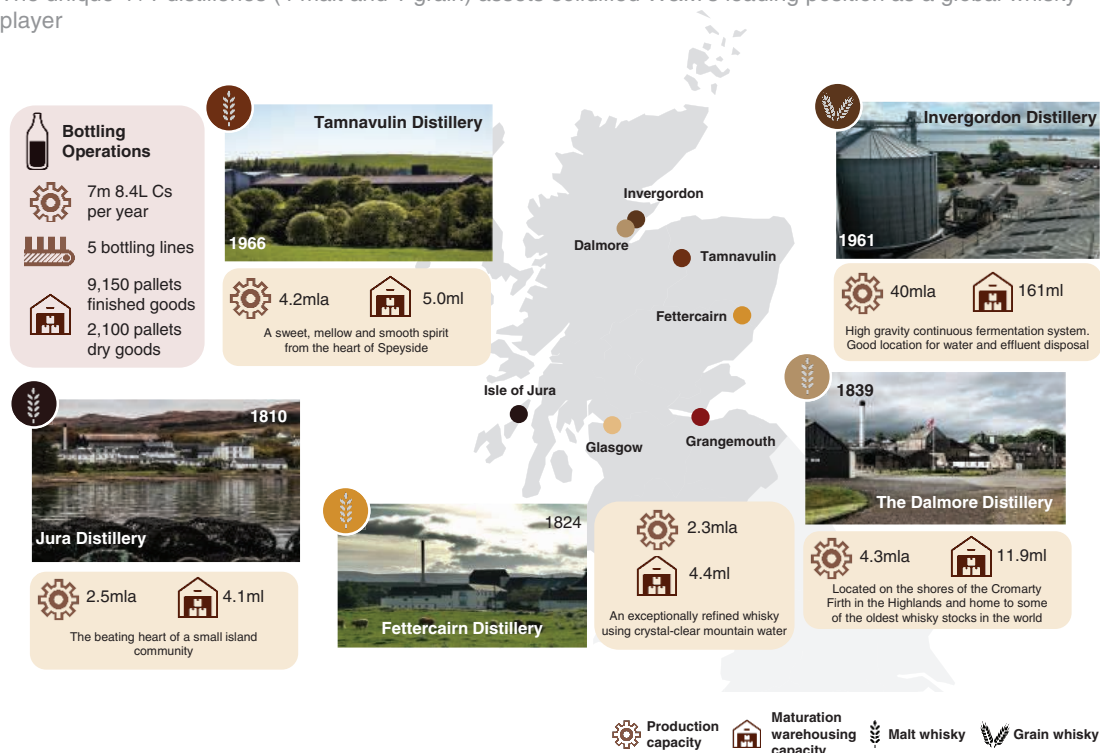
WML has maturation warehouses at its distilleries with capacity for 186 million litres of alcohol of maturing spirit and dry and cased goods storage in Grangemouth totalling 11,250 pallet spaces. WML owns the Grangemouth bottling facility, but leased it to SVS for 175 years under a lease and leaseback agreement beginning September 2006 whereby SVS sublet the property back to WML until 2036. SVS has the right to purchase the property for GBP 1 at any time after 29 September 2057 on giving not less than 3 months' notice.

WML's head office is in Glasgow.

The following graphic shows our key production facilities and assets in Scotland.

Whyte & Mackay – Production Capabilities and Heritage

The unique 4+1 distilleries (4 malt and 1 grain) assets solidified W&M's leading position as a global whisky player



Spain

GES, Bodegas Fundador's parent company, owns vineyard estates in Toledo, called 'Daramezas' and 'Bergonza' acquired in 2013. Together, the properties vineyards have a surface area of 450 hectares.

The vineyard portions of our estate in Toledo are located close to the Tajo River. Bodega Las Copas manages the Toledo properties.

Bodegas Fundador also owns a distillery in Tomelloso, Ciudad Real, which is used for wine distillation for brandy and grape must concentration for sherry and our bulk business. As of 31 December 2021, Bodegas Fundador's Tomelloso distillery had a production capacity of ten million litres of alcohol for wine and three million litres of alcohol for grape must per year. These figures assume operating for 300 days per year for three, eight-hour shifts.

Bodegas Fundador also owns several vineyards in Jerez de la Frontera, the most important of which is 'El Majuelo', which is approximately 218 hectares.

Bodegas Fundador's site in Jerez de la Frontera site has nine cellars with aggregate capacity of 47,000 barrels and also has a facility with a constructed surface area of 18,790 sqm and 31,682 sqm of floor area where brandies de Jerez, sherry and spirits are blended and bottled. Of these nine cellars, four brandy cellars containing 12,500 aging barrels, four sherry wine cellars containing 30,000 aging barrels, and one sherry cask cellar containing 4,500 barrels. Each barrel has 500 to 600 litres of capacity. Brandy and sherry wine cellars date back to the 16th and 19th centuries. They age sherry and brandy in barrels made of American oak using the traditional Jerez system of *Soleras* and *Criaderas*.

The site includes blending and bottling areas for brandy, sherry, wines, whisky, liqueur, rum and vodka. These areas are flexible and have automated blending processes for blending, mixing, organic and inorganic clarification, vacuum filtration, diatomaceous earth filtration, tangential filtration, plate frame filtration, chill filtration for each produces as brandy, sherry, spirits, flavours, syrup and natural juices.

The following table sets out operating details for Bodegas Fundador's blending and bottling facility in Jerez de la Frontera for the periods indicated:

	As of 31 December			As of 31 March
	2019	2020	2021	2022
Production capacity (cases) ⁽¹⁾⁽²⁾	7,000,000	7,000,000	7,000,000	7,000,000
Number of production lines	5	5	5	5
Actual utilisation	50%	33%	44%	50%

Notes:

(1) Assumes 9 standard litres per case.

(2) Production capacity refers to maximum theoretical output of a system in a given period under ideal conditions. The production capacity of the facility assumes operation of 48 weeks x 5 days x 2 shifts/day.

The reduction in utilisation at the Jerez de la Frontera facility in 2020 and 2021 was due to restrictions imposed by the Spanish government in response to COVID-19 that limited Bodegas Fundador's ability to operate at normal capacity.

In 2021, Bodegas Fundador installed an automatic labeller in one of its bottling lines to increase its production output by up to 25%.

Bodegas Fundador is also maximising two cellars at its facility in Jerez de la Frontera to increase capacity by approximately 5,000 casks of aging brandy to meet expected sales growth which is expected to be completed in 2022.

At the logistics centre in La Cartuja, Jerez de la Frontera, Bodegas Fundador has 9,200 sqm of warehouse space and the capacity to hold 10,000 pallets (units 1.0m x 1.2m), 600,000 stored finished products (9-litre cases), and shipping and expedition of 7.2 million per year (9-litre cases).

Bodega Las Copas owns a distillery in Tomelloso. As of 31 December 2021, this distillery had a production capacity of 11.4 million litres of distilled alcohol per year and 26.7 million litres of wine spirits per year. These figures assume operating for 300 days per year with shifts of varying lengths depending on the needs of a batch. The following graphic shows some of our key production facilities and assets in Spain.

Our Production Capabilities – Spain

Our Spanish production facilities include cellars dating back to the 16th to 19th centuries, making our production capabilities unique



Mexico

In Mexico, Domecq BLC's subsidiary owns a winery in Ensenada, Baja California on a property of 111,228 sqm. The winery is capable of producing 80,000 cases per year. This assumes one 8-hour shift with 1-hour break. Domecq BLC does not own any vineyards. Grapes are purchased from different local and national suppliers.

The brandy production process (blending, maturing, bottling and packaging) for our Domecq brands, located in Mexico City, is subcontracted through a third-party joint production agreement.

Domecq BLC houses its products in three warehouses. It owns a warehouse at Ensenada with a capacity for 2,000 pallets, 7,000 tons of grape storage capacity and the capacity to produce 500,000 9-litre cases of wine per year. It also uses a warehouse in Villahermosa with a pallet capacity of 150 and a warehouse in Mexico City with a pallet capacity of 6,000. Both of these warehouses are provided by third parties.

The following graphic shows some of our production capabilities in Mexico.

Our Production Capabilities – Mexico

Our facilities allowed us to produce brandy, through a third party joint production agreement, and wine, with full control over the process in Mexico



PRODUCTION PROCESS

Brandy and Sherry

Brandy in the Philippines

Brandy is a spirit distilled from wine, although it can also be made using other fermented fruit juices, such as apples, cherries or peaches. It typically takes three litres of wine to produce one litre of brandy. Our brandies are aged and blended to produce a distinctive aroma, flavour and quality. We have two general processes for brandy production: our standard process and the Brandy de Jerez process. The process described below is our standard process. Our standard brandy production process comprises the following stages:

Blending distilled neutral spirit, brandy concentrate and wine distillate. In the initial stage, we source and blend distilled neutral spirit, brandy concentrate. Blending consists of mixing various types and ages of distilled neutral spirit and brandy concentrate to produce consistent quality and flavour.

Ageing. The blended spirit is then aged at our ageing facilities in oak casks. The ageing facilities are located in Caloocan City, Metro Manila, Santa Rosa, Laguna and Binan, Laguna.

Final blending. Prior to bottling, we use a state-of-the-art multi-blend machine to perform the final blending of the brandy to achieve a specific alcohol volume depending on the product.

Bottling, labelling and capping. The brandy is then bottled, labelled and capped. The bottling process includes de-palletising, bottle rinsing, filling, capping, labelling, inspecting, case weighing and packing.

Finished goods warehouse. The final brandy product is stored in finished goods warehouses.

Brandy de Jerez and Sherry

Brandy of Jerez and sherry are made using distinct grapes from the Jerez region of Andalusia, Spain and a particular blending process. Brandy of Jerez is typically made with the Airen grape or with the Palomino grape. Our sherry wine is made from the Fino, Manzanilla, Oloroso, Amontillado and Pedro Ximénez grape varieties. The wine is first distilled into base spirits, which are split into three categories:

- *Holandas*: Spirits below 70% ABV and containing 2-6g of volatile substances per litre of pure alcohol. These are more fragrant, better-quality distillates.
- *Aguardiente*: Spirits between 70% and 86% ABV and with 1.3-4g of volatile substances per litre of pure alcohol.
- *Destilados*: Spirits between 86% and 94.5% ABV and with less than 1g of volatile substances per litre of pure alcohol.

All three base spirits are used for brandies. Only *destilados* is also used to fortify sherry wines.

Sherry is aged in American oak casks (475-600 litres). Brandy de Jerez is aged in the oak casks previously used for ageing sherry wines. Each style of sherry will have a different impact on the colour and flavour of the brandy. For example, casks that held Fino and Manzanilla sherries will create a light and elegant brandy with a pale colour, while Pedro Ximénez casks will contribute to a darker and richer brandy. Brandies are aged in casks that contain sherry for a minimum of three years to allow enough seasoning for the brandy.

Both Brandy de Jerez and sherry are blended in the casks according to a blending method called “*solera*”. Under the *solera* system, the casks are arranged in groups on top of each other in tiers. The bottom tier, containing the oldest wine, is called “*solera*” and the surmounting tiers are called “*criaderas*”. We take a small amount from the *solera* level to be bottled and then the same amount is refilled into the *solera* from *criadera* 1, which is then refilled from *criadera* 2 and so forth until reaching the youngest *criadera* at the top. This process ensures that the casks are never emptied and that each bottled brandy contains brandies of different ages.

There are three types of Brandy de Jerez.

- *Brandy de Jerez Solera*: Aged for a minimum of six months, minimum volatile compounds of 1.5g per 1 litre of pure alcohol and minimum 50% *holandas*. Solera has the palest colour and a delicate yet elegant aroma.
- *Brandy de Jerez Solera Reserva*: Aged for a minimum of one year, minimum volatile compounds of 2g per litre of pure alcohol and minimum 75% *holandas*. Solera Reserva has a slightly darker colour to Solera, and a sweeter aroma with a touch of coffee.
- *Brandy de Jerez Solera Gran Reserva*: Minimum average ageing of three years, minimum volatile substances of 2.5g per litre of pure alcohol and 100% *holandas*. Solera Gran Reserva is more complex in both flavour and aroma.

Scotch Whisky

Our general production process for Scotch whisky comprises the following stages:

Distillation. Malt whiskies are distilled from barley, yeast and water. Grain whiskies are distilled from wheat or maize, barley, yeast and water.

Ageing. Malt and grain whiskies are matured in oak barrels of various descriptions with a capacity not exceeding 700 litres (and on average are between 200 and 500 litres) for a minimum of three years. Many malt whiskies are moved through a range of barrel types (used previously for various wines, sherries and other spirits like bourbon). During ageing, approximately 2% of liquids, on average, evaporate per year.

Blending. For blended Scotches the malt and grain whiskies from various distilleries are blended together. For single malt whiskies, there is no blending.

Bottling, labelling and capping. Whiskies are reduced in strength for bottling. The Scotch whisky is then bottled, labelled and capped at our facility in Grangemouth. The bottling process includes de-palletising, bottle rinsing, filling, capping, labelling, inspecting, case weighing and packing.

Finished goods warehouse. The finished goods are stored for a short period prior to dispatch to the customers.

QUALITY ASSURANCE

We believe that quality is important to our business, image and taste. We are therefore committed to maintaining high quality in our raw materials, production processes and packaging. We have a team of personnel who continuously monitor our raw material supplies and production processes, and much of our production is controlled through automated, computerised, electronic systems that are regularly monitored to ensure high-quality, uniform results. For instance, all raw materials are quality tested prior to entering the warehouse. We also maintain a quality control laboratory staff to ensure quality assurance of all ingredients and final products at all points of the manufacturing process. We also utilise advanced electronic bottle inspection equipment on all of our bottling lines to constantly monitor the quality of bottling and packaging processes.

We have obtained the following quality assurance certifications for our products: EDI Binan plant received a certificate of good manufacturing practices from the Food and Drug Administration of the Philippines in 2021. Bodegas Fundador has received the ISO 9001 Bureau Veritas certification for quality in 1997, the ISO 14001 Bureau Veritas Certification for environment in 2000, the OHSAS 18001 Bureau Veritas certification for health and safety in 2002. It also received the lean manufacturing standard certification in 2011, a food safety certification from International Featured Standard and Brand Reputation through Compliance in 2008, a FSSC 22000 certificate for food safety in 2017, the IQNet SR10 certification for corporate social responsibility in 2019 and the global safe site certification for COVID-19 in 2020.

Whyte & Mackay received the Bureau Veritas Certification in relation to global standard for food safety and the British Standards Institute Certification for Occupational Health and Safety Management System ISO 45001:2018 in 2021 and a certificate of compliance with COVID-secure measures recommended by the UK government in 2020.

RESEARCH AND DEVELOPMENT

We develop new products and regularly seek to expand our existing product lines. We research new processes and test new equipment to maintain and improve the quality of our beverages. EDI has a research and development staff that conducts extensive research and development for new products, line extensions for existing products and for improved production, quality control and packaging, as well as consumer preferences, habits and trends.

Likewise, WML is committed to research and development activities in order to secure its position as one of the market leaders in the production, marketing and distribution of Scotch whisky.

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

While research and development is important to our Company, the amounts spent on research and development activities in percentage to total revenues in the years ended 31 December 2019, 2020 and 2021 and the three-month period ended 31 March 2022 is minimal.

MAJOR CUSTOMERS

We have a geographically diverse customer base. No customer accounted for more than 5% of revenue in 2019, 2020 and 2021.

MAJOR SUPPLIERS

We have a diverse supplier base. No supplier accounted for more than 5.0% of purchases in 2019, 2020 and 2021 with the exception of Alcotra S.A., which accounted for 5.0%, 7.6% and 4.2% of purchases in 2019, 2020 and 2021, respectively. Alcotra S.A. supplies us with extra neutral alcohol.

COVID-19 UPDATE

The recent outbreak of a new strain of COVID-19, with effects including potentially deadly respiratory tract infections, has disrupted and is expected to continue disrupting financial markets and the operations of businesses worldwide. On 11 March 2020, the World Health Organisation declared COVID-19 a pandemic after more and more countries across the globe reported infections. The rapid spread of COVID-19 has resulted in a rapid deterioration of the socio-economic and financial situation globally, with consequential negative impact on all markets in which we operate. Furthermore, in order to contain the spread of COVID-19, governments of the various countries concerned have introduced progressively more restrictive measures to limit the movement of, and contact among, people (including social distancing, quarantine, “shelter in place”, lockdown or similar orders and travel restrictions) and suspended productive activities in sectors defined as non-critical, allowing only essential activities and production to continue.

Several countries have begun to put in place cautious and progressive plans for a gradual return to a ‘new normal’, still expected to differ materially from the pre-COVID-19 situation. As such, restrictions to curb the spread of the coronavirus were progressively eased slightly across Asia and Europe, although adopting a very cautious approach, inviting people to limit travel and to observe social distancing measures. Nevertheless, the overall scenario still appears to be deeply uncertain as regards the possible future development of the COVID-19 pandemic within a radically changed global environmental context. In fact, the adoption of measures restricting social contact have had, and is expected to continue to have, an adverse effect on global trade and supply chains and more specifically with respect to the spirits business, a significant adverse effect on consumption trends given the sector’s natural exposure to consumption in the on-premise distribution channel mainly represented by bars and restaurants.

The main effects of the COVID-19 pandemic on our operations for the year ended 31 December 2020 and 2021 as well as the three months ended 31 March 2022 include the following:

- Quarantines and social distancing measures reduced sales in our on-premise channels. Moreover, some cities in the Philippines imposed liquor bans during the year ended 31 December 2021. In the UK and Spain, restrictions during the year ended 31 December 2021 eased and the on-trade business began to revive. Despite the continuing restrictions mandated by governments worldwide, we experienced revenue growth of 5.9% and net profit growth of 26.3% from the year ending 31 December 2020 to the same period in 2021.

- The off-premise channel (such as supermarkets and liquor shop chains) has experienced a much more resilient performance across the jurisdictions in which we sell our products given its contained exposure to the COVID-19 pandemic. The sale of spirits was not affected by lockdown restrictions, although retailers have been impacted, with intensity varying from market to market (particularly in the Philippines during the liquor bans effective for some periods during the pandemic) by changes in customer behaviour patterns, as well as by the liquidity crisis. The off-premise channel saw a positive growth in terms of sell-out trends, with consumers of our brands in our major markets starting to experiment and prepare their favourite cocktails at home. In addition, Bodegas Fundador capitalised on the change in consumption habits to sell more sherry wine in the off-premise channel in the U.S. and the UK as sherry wine is traditionally enjoyed at home. The overall strong brand momentum in the off-premise channel was also affected by destocking. Shipments have remained below positive consumption trends due to destocking. In particular, the Philippines, our largest market, saw selective destocking being undertaken by distributors in anticipation of reduced demand caused by COVID-19 and as a result of liquidity crises being faced by a number of retailers. Distribution chains are progressively arranging their warehouse space to tackle short-term priorities in consumption.
- The Global Travel Retail channel recorded a significant decline due to COVID-19. The channel is the most severely impacted by measures introduced following the outbreak of COVID-19 aimed at limiting to the maximum the movement of people through travel bans.
- Sponsorship and events have been reshaped since the outbreak of the COVID-19 pandemic. Investments in marketing activities have been promptly re-focused mainly on digital activations, including social media and e-commerce initiatives, while brand-activation events aimed at consumers and commercial partners in the on-premise channel were suspended or postponed during the outbreak.
- With regard to the supply chain, certain of our plants and operations in the Philippines experienced a temporary shutdown followed by reduced manpower capacity in 2020. For example, two of our bottling and blending plants in the Philippines were completely shut down for two months, while the glass manufacturing plant and distilleries in the Philippines operated with 50% manpower. In addition, our Grangemouth facility ceased operations temporarily after a number of staff tested positive for COVID-19. Meanwhile, Boozylife, our online business, continued online operations except in localities where there were liquor bans. After a short pause in production in order to prepare our plants for production under social distancing rules, we began operating at normal production levels. Procurement as well as logistics services remained in place, allowing regular dispatches and on-time deliveries to our clients.

We are unable to predict the ultimate impact of COVID-19 on our results of operations, financial condition, business and/or prospects. Although lockdown restrictions are temporary in nature and are gradually being eased across many countries as a result of a gradual improvement in the health crisis, restrictive measures may nonetheless continue for an extended period of time and intensify depending on developments in the COVID-19 pandemic, including potential subsequent waves of the COVID-19 outbreak and vaccine-resistant mutations. Furthermore, uncertainty remains with regards to the extent and timing of the economic recovery to pre-COVID-19 levels in the context of the gradual lifting of the restrictive measures across different markets. While we are continuing to monitor and assess the evolution of the pandemic and its effects on the macroeconomic scenario, on the markets in which we operate, on the behavioural patterns of our consumer base and on our financial position and results of operations, significant uncertainty remains around the length and extent of the restrictions in the markets in which we operate. See *“Risk Factors—Risks relating to our Business—An outbreak of disease, global or localised health pandemic or epidemic or a similar public health threat, or fear of or response measures to such an event, could have a material adverse effect on our business, financial condition and results of operations”*.

Although encouraging trends can be observed across selected markets as the restrictive measures to contain the COVID-19 pandemic are gradually lifted, a high level of uncertainty remains, as the economy may take a long time to recover to pre-COVID-19 levels. Many on-premise outlets are not yet re-opening, and although a considerable number of outlets have expanded their outdoor spaces to give customers a greater sense of safety, many potential clients are still very cautious and are avoiding public places, and social distancing is also reducing the number of potential clients that can be served. The overall scenario still appears to be deeply uncertain as regards the possible future development of the pandemic, within a radically changed global context.

Based on analyses of sell-out statistics and consumer data, other changes in consumer habits have been detected during the COVID-19 outbreak. In particular, e-commerce as well as effective digital marketing and online brand building investments, are becoming more significant and are spearheading a way forward for the future.

Our priority is, and will continue to be, to guarantee the safety of our employees and the continuity of our business. We have taken and will continue to take all necessary action to guarantee the safety of its employees and the continuity of the business by adopting all conduct and safety measures specified by the authorities in its various markets. All our plants and distilleries are currently operational and comply rigorously with the emergency health provisions in force to protect the health of employees and their families. For example, Bodegas Fundador was the first spirits company in Spain to receive the Bureau Veritas 'Global Safe Site' certification. Our aim is to continue to meet client demand and maintain the stocks necessary to tackle the crisis, while at the same time ensuring business continuity. Global supply chains are currently under pressure and have been significantly disrupted. We are experiencing longer lead times and delays in sourcing materials, disruption to transport due to shortage of drivers, and delays and disruption to container availability. Costs of certain commodities like paper and tin have increased significantly. Ongoing dialogue with the main business counterparties, including suppliers and customers, has been further strengthened to ensure business continuity. Local offices have started to gradually reopen in some geographical areas, while strictly complying with safety measures set by local authorities and, wherever possible, with the smart-working policies being recommended for office-based employees.

Donations in response to the COVID-19 pandemic

In 2020, EDI took an active part in AGI's group-wide response to combat COVID-19. EDI donated one million litres of disinfectant alcohol worth around ₱250 million to various LGUs as well as frontline workers—medical personnel, policemen, soldiers, and other community marshals. EDI also sponsored three mobile kitchens of the AFP as part of the latter's massive feeding programme initiative. Through the partnership with EDI and other donors, the AFP Mobile Kitchen was able to put together 9,000 hot meals for poor families in Pasig City, particularly in the areas of Caliwag and Villa Monique in Barangay Pinagbuhatan, Sandoval, Rodrigo, Villa Aurora, Riverside, Floodway Westbank in Barangay Maybunga, and various areas in Barangay Manggahan.

In 2020, WML produced upwards of 3.8 million litres of ethanol for hand sanitiser as a response to the COVID-19 pandemic when hand sanitisers were in short supply. This amounted to approximately 18 million 250ml bottles.

In 2020, Bodegas Fundador made several donations related to COVID-19 for food banks and medical equipment in Jerez and Tomelloso.

INSURANCE

We maintain comprehensive insurance coverage for our employees, properties and operations. In the Philippines, we maintain life, health and personal accident insurances for our employees, fire and supplementary insurances for our plants, warehouses and other properties, and vehicle insurances of use of vehicles and all-risk insurances for certain locations. In Spain, we maintain life, health and labour accident insurance, civil responsibility insurance, material damage insurance and corporate insurance. In the UK, we maintain various insurances including, among others, personal accident and travel insurances, liability insurances, property, plant and equipment insurances. We believe that we are covered by adequate property and liability policies with coverage features and insured limits that we believe are customary for our industry. However, we may experience unanticipated issues or incur liabilities beyond our current coverage and we may be unable to obtain similar coverage in the future.

SEASONALITY

In the Philippines, we experience peak consumption months during the Christmas holidays in December, Chinese New Year in January and February and fiestas which occur at various times throughout the year. In the UK and Spain, peak consumption months are October to December.

TREND INFORMATION

The COVID-19 pandemic is ongoing. It is uncertain when lockdowns and restrictions will ease or end, and we cannot predict when conditions will return to their pre-COVID-19 state. Nevertheless, global whisky and brandy trends are still in the upswing. The global spirits market including national spirits represented a growing revenue trend from 2015 to 2019 from U.S.\$309.9 billion in 2015 to U.S.\$409.6 billion in 2019 while excluding national spirits, the revenue grew at a CAGR of 5.3% between 2015 and 2019 to reach U.S.\$211.94 billion. The revenue of the global spirits market is expected to grow at a CAGR of 4.0% from 2021 to 2025. We expect no material change to current trends, as long as pandemic conditions remain neutral.

Costs of goods may increase due to impact of foreign exchange, dry materials and logistics cost as an effect of the COVID-19 pandemic. Historically, these are passed on to consumers through price adjustments.

We have sufficient liquid and dry inventory to sustain sales projection in the next 12 months.

We are contemplating the issuance of new Shares in 2022. As part of this potential offering, AGI may also sell existing Shares in our Company.

ORDER BOOK

We have established a diversified pool of customers all over the globe. Customers in our industry do not typically commit to definite and/or long-term purchase orders for our products. Accordingly, due to the nature of our business, the concept of an order book is not meaningful to us.

INFORMATION TECHNOLOGY

Information technology systems and digitalisation are important to our ability to manage our business and enable us to improve our business processes and operations, respond quickly to changes in our business and our markets, better manage our growth and interactions with our customers, and deliver results. Our current IT and digitalisation systems support a wide variety of functions, including sales and distribution, finance, human resources and warehousing and logistics.

We maintain back-up data for all of our companies as part of disaster recovery measures.

LICENCES, PERMITS AND APPROVALS

The Group has obtained all material regulatory approvals and licences. See “*Regulatory*” and “*Appendix G—Licences*”.

INTELLECTUAL PROPERTY

EDI owns approximately 40 registered trademarks, which are of material importance to the success of its business. EDI’s principal trademark is ‘Emperador’, which it purchased from Consolidated Distillers of the Far East in 2007, in addition to associated patents, its trademark for ‘Emperador’ has a fresh period of ten years expiring in 2025 after its renewal in 2015 with the Philippine Intellectual Property Office.

EDI owns trademarks registered in more than 30 countries, including markets such as the European Union, U.S., Canada, Australia, Japan, the Philippines, Vietnam, Taiwan, Hong Kong, Indonesia, Singapore, Laos and Cambodia. EDI trademarks for its brands, Emperador Brandy, Andy Player, The BaR and Zabana, are each registered in over ten countries.

WML owns approximately 700 trademarks worldwide, which includes trademarks for its products: The Dalmore, Isle of Jura, Whyte & Mackay, Shackleton, Tamnavulin, Vladivar, Glayva, Claymore, John Barr and Cluny brands. GES, through its subsidiaries, owns approximately 850 trademarks worldwide, for its brands: Fundador, Tres Cepas, Terry Centenario and Harveys.

The chain of title for certain trademarks of Fundador brands are decades-old and were not updated by the sellers when we acquired them. Under the asset purchase agreement for the trademarks, our Group has the benefit of an indemnity provided by the sellers pursuant to which the sellers shall indemnify and hold harmless our Group from and against damages which our Group may suffer or incur in connection with the lack of ownership of the relevant intellectual property by the sellers on the closing date. This indemnity is not limited with respect to a period of validity or amount. Additionally, our Company does not expect to incur any material cost in relation to the updating of such titles.

Domecq BLC owns approximately 100 trademarks in Spain, Mexico and other countries. In particular, it owns trademarks for its Presidente and Don Pedro brands. Pedro Domecq owns Azteca de Oro brands.

Trademarks are typically renewed on a ten to 20-year cycle, depending on the validity term of the trademark.

See “*Risk Factors—We may not be able to adequately establish and protect our intellectual property rights.*”

LEGAL PROCEEDINGS

We may be subject to various legal proceedings and claims that arise in the ordinary course of business. As of the date of this Introductory Document, we are not involved in any material litigation or legal proceedings the outcome of which we believe is or may become material to our business, financial position, results of operations, or prospects.

ENVIRONMENT AND SAFETY

Environment

The following efforts showcase our commitment to sustainability.

Energy Conservation Programmes

The Binan plant utilises variable speed drives to ensure energy efficiency and optimisation of equipment and machines, which helped reduce power consumption by 19% in 2020. Additionally, the plant also converted 70% of its lighting system to LED lights. In 2021, the Binan plant was able to reduce electricity consumption by a further 2%.

Progreen has made great strides in reducing the use of fossil fuels. By using naturally created biogas from the biomethanation process, Progreen was able to reduce its usage of fossil fuel, relying on the electricity produced from the biomethanation process. Additionally, Progreen uses sugarcane bagasse, a by-product from the sugarcane milling process, as an alternative sugarcane mill, serving as a substitute for coal, and thereby reducing fossil fuel dependency.

WMG's successful move to green electricity includes sourcing around 97% of its electricity usage from green electricity. Its carbon saving methods led to its first full year without the use of heavy fuel oil at its mainland distilleries in 2020. WMG also added electric cars to its list of car options and installed the first charging posts for electric cars in an effort to progressively turn its motor fleet electric. In 2021, WMG's subsidiary WML was able to reduce its consumption of heating fuels in the production process due to conservation and efficiency initiatives resulting in an energy ratio of 19.543 MJ of energy per litre of alcohol produced in 2021 compared to an energy ratio of 21.003 MJ of energy per litre of alcohol produced in 2020.

Water Conservation Programme

The total water that was reused at our plants showed a 353% increase in 2020 as compared to 2019, demonstrating the effective implementation of our various water conservation strategies. For example, in order to regulate water intensity, the vineyards in Spain have invested in controlled deficit irrigation technology that controls the water used in vine irrigation while ensuring collection and reuse of water. In 2021, we estimate that around 20% of our wastewater is being recycled.

The Binan plant now recycles reject production water for comfort rooms, reducing water usage by 385 cubic metres.

Progreen has taken various steps to reduce its water usage. Typically during washing of the fermentation vessels, up to 10% of fresh water is displaced by reverse osmosis. By using the reject water from reverse osmosis, Progreen reduced water usage by 364,320 cubic metres. Furthermore, Progreen uses the steam condensation from distillation re-boiler as feed water, and the continuous recovery of steam condensation thereby reduces process water by at least 20%, or about 200,000 cubic metres. Additionally, 10% of spent lees from distillation, which would ordinarily be considered wastewater, is reused as process water required in fermentation, helping reduce water usage by 11,418 cubic metres.

WMG helped rebuild The Dalmore weir fish ladder, which helped protect the quality of the watercourse and the Atlantic salmon population in the region. WMG is in good standing with the Environmental Protection Agency, with a "good" or "excellent" classification for all ten of its licences, resulting from its focus on reducing discharge from production.

At the Bodegas Fundador distilleries, we optimise our waste treatment plant to control and minimise our waste and at the same time increase the recovery of biogas for our distillation processes. This has allowed us to save about 30% of gas in 2020 as compared to 2019. At the Bodegas Fundador blending and bottling plants, we recovered approximately 35% of the water used in production.

Solid Waste and Hazardous Waste Management Programme

For waste management, the Binan plant makes great effort to recycle and reuse its production wastes, reducing the amount of residual waste sent to landfill from 3% in 2019 to 0.8% in 2020. In addition, the plant uses second-hand bottle for production, using 815,418 cases of second-hand bottles during the production process as well as uses reject plant water for its restrooms, which has saved the plant 674 cubic metres of water.

WMG has also focused on reducing the use of packaging and increasing recyclability of its production materials. In 2020, 274 SKUs were reviewed, and of the 1742 components, 87% were recyclable.

The Santa Rosa Plant's robust waste management programme allowed the plant to have zero environmental incidents since it started operations in 2003. As part of the programme, the plant uses second-hand bottles, repairs and reuses wooden pallets, enforces a waste segregation system, audits scrap buyers' regulatory permits and evaluates the management system regularly, ensures proper handling and label of chemical and hazardous waste, and periodically hauls accumulated waste.

Construction of New Facilities

AWGI finished construction of a cullet washing facility at Canlubang, Laguna in 2019 which allowed AWGI to increase use of recycled glass cullets in production, reduce fuel consumption, and reduce the amount of waste that would go into a landfill. In that same year, AWGI also finished construction of a new 8,170 sqm warehouse at Canlubang, Laguna which lessened the need for trucking and rental expenses, and also reduced the emissions that would otherwise occur during transportation.

Green Initiatives by Domecq BLC

Domecq BLC installed solar cells with generation capacity of approximately 53.4 kilowatt-hours, which powers internal and external lighting of production and perimeter area of the winery and enables carbon reduction and reduction of electric energy costs by approximately 30%. In addition, Domecq BLC has also been using non-ammonia compounds for its chiller system, which is more environmentally friendly. Domecq BLC also installed rainwater recovery tanks and reduced water consumption in barrel hydration using a spray sprinkler system instead of jet hoses.

Safety

At our Company, the health and safety of employees is a top priority. In 2020, for our permanent employees, our total recordable incident rate was 0.28 and the near-miss frequency rate was 0.25. For seasonal employees, the total recordable incident rate was 0.15 and the near-miss frequency rate was 0.29. In 2021 we recorded 23 work-related injuries and no work-related fatalities.

We have a safety officer that periodically organises training programmes and seminars to improve employee awareness and knowledge of health and safety at the workplace. In strategic locations in all its sites across the world, safety reminders are prominently displayed to inculcate health awareness and promotion among all employees. We also provide personnel protective equipment to all employees who need it for their work.

After every health and safety incident, the safety officer conducts a root-cause analysis of the incident and draws up an investigation report for further study and action. After identifying the cause, the safety officer debriefs the employee involved upon her return to work. In addition, the safety officer conducts a safety re-orientation session for all employees focused on the recent incident to prevent its recurrence.

CORPORATE SOCIAL RESPONSIBILITY

As a responsible corporate citizen, we undertake various local programmes aimed at improving the conditions of the communities where they operate.

In the Philippines, community programmes have been numerous and diverse. These programmes include, among others, the annual blood donation programme held at the AWGI campus in Calamba in coordination with the Philippine Red Cross and participation in the Brigada Eskwela programme of the Department of Education (“DepEd”), and “Mobile Kitchen” partnerships with the AFP, as well as mental health awareness learning sessions to employees.

Brigada Eskwela is DepEd’s annual clean-up and rehabilitation of school buildings and classrooms prior to the start of the school year. In early 2020, in response to calls for monetary donations for those affected by the eruption of Taal Volcano, our employees held a silent auction of used clothing and bags donated by employees. Proceeds of the auction were given to 13 of our employees affected by the calamity. In addition, we distributed 450 bags of relief goods to three barangays in the Batangas town of Talisay, which was badly hit by the eruption.

We have also undertaken a number of initiatives to promote responsible drinking. In the UK, Whyte & Mackay Light Spirit Drink was launched to meet the growing demand for lower ABV drinks. Recognising the problems that may arise from alcohol misuse, WML has supported the Portman Group and the Drinkaware Trust in their goal of promoting and providing advice on packaging, advertising, and safe drinking behaviour. In the Philippines, EDI launched the Emperador Double Light, a lower ABV variant of Emperador Light and Original, as well as Fundador Double Light, an even lower ABV variant for Fundador Light.

WMG identifies and supports employee-recommended causes. During the first lockdowns of 2020, WMG employees in its various locations took on the challenge of walking, running, rowing and cycling around the world virtually to raise funds for mental health charities across the globe where WMG employees work and live, including The Scottish Association of Mental Health and Mental Health America (USA) among others. A total of GBP125,000 was raised.

EMPLOYEES

The following table set out our employees by gender and region for the periods indicated.

	FY2021	FY2020
Workforce by Gender		
Male	2,361	2,679
Female	737	820
Workforce by Level		
Executive	293	296
Non-Executive	2,805	3,203

	As of 31 December			As of 31 March
	2021	2020	2019	2022
Employees by Geographical Region:				
EDI Group (Philippines)	2,214	2,656	2,597	2,185
WML (UK)	568	532	540	578
GES (Spain)	204	175	184	169
Domecq BLC (Mexico)	112	136	136	112
Total permanent employees	3,098	3,499	3,457	3,044

Our Group's finance departments as of 31 March 2022 have a total of 324 employees with 248 employees in the Philippines, 16 employees in Spain, 46 employees in the UK and 14 employees in Mexico. Our employee attrition rate (computed as the ratio of resignations over the number of permanent employees) in 2021 was 0.09%. We believe that employee training is an essential part of skills and career development. We conduct bi-annual employee performance and career development reviews to support career development, promotion, and merit enhancement. In 2021, the number of hours of training completed per employee was 3.30.

We provide our employees with the compensation and benefits mandated by national labour laws and its own rewards programme, such as leave, salary loans, employee stock options, retirement benefits, medical benefits, and other benefits.

We recognise employees' right to organise as an important component of healthy employee relations.

In the Philippines, AWGI has a collective bargaining agreement with its production employees that was entered into on 18 December 2019 and is effective from 16 January 2020 until 15 January 2025, while Progreen entered into a five-year collective bargaining agreement with its rank-and-file employees assigned in the Balayan production plant covering the period up to 31 October 2025. The parties have set the amount of the across-the-board wage increases for the years 2020, 2021 and 2022, and there are improvements on allowances (such as rice). Employees have agreed to follow established grievance procedures and to refrain from strikes during the term of the agreement.

WMG recently agreed to a three-year deal with both UNITE and GMB trade unions effective 1 January 2021. The agreement covers the Terms and Conditions of Employment for all hourly paid employees working for WML and Whyte and Mackay Warehousing Limited. The agreement is reviewed regularly and may be terminated by either party giving three months' notice in writing to the other.

In Spain, Bodegas Fundador has a collective wage agreement with trade unions.

We have not experienced any disruptive labour disputes, strikes or threats of strikes, and management believes that our relationship with our employees in general is satisfactory.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The tables below present information on our subsidiaries, associates and joint ventures as of the Latest Practicable Date.

Subsidiaries

Name	Principal Place of Business and Country of Incorporation	Principal Activities	Effective ownership interest and proportion of voting power by our Company	Issued and Paid-Up Capital/ Charter Capital
EDI Group				
Emperador Distillers, Inc. (shares of which are held by Emperador Inc.)	7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City, Philippines	Manufacturing and distribution of beverages	100% ⁽¹⁾	₱12,500,000,000
Anglo Watsons Glass, Inc. (shares of which are held by Emperador Distillers, Inc.)	7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City, Philippines	Glass container manufacturing	100% ⁽²⁾	₱400,000,000
Alcazar De Bana Holdings Company, Inc. (shares of which are held by Emperador Distillers, Inc.)	26th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue Uptown Bonifacio, Taguig City, Philippines	Holding company	100% ⁽³⁾	₱500,000,000
Progreen Agricorn, Inc. (share of which are held by Alcazar De Bana Holdings Company, Inc.)	Km. 108 Tagaytay-Balayan Road, Brgy. Gimalas, Balayan Batangas, Philippines	Production and distribution of beverages and related products	100% ⁽⁴⁾	₱500,000,000
South Point Science Park Inc. (shares of which are held by Progreen Agricorn, Inc.)	Km. 108 Tagaytay-Balayan Road, Brgy. Gimalas, Balayan, Batangas, Philippines	Property management and maintenance	100% ⁽⁵⁾	₱5,000,000

Name	Principal Place of Business and Country of Incorporation	Principal Activities	Effective ownership interest and proportion of voting power by our Company	Issued and Paid-Up Capital/ Charter Capital
The Bar Beverage, Inc. (shares of which are held by Emperador Distillers, Inc.)	7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City, Philippines	Distribution of beverages and related products	100% ⁽⁶⁾	₱625,000
Tradewind Estates, Inc. (shares of which are held by Emperador Distillers, Inc.)	7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City, Philippines	Real estate management	100% ⁽⁷⁾	₱100,000,000
Cocos Vodka Distillers Philippines, Inc. (shares of which are held by Emperador Distillers, Inc.)	7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City, Philippines	Manufacturing and distribution of beverages	100% ⁽⁸⁾	₱625,000
Zabana Rum Company, Inc. (shares of which are held by Emperador Distillers, Inc.)	7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City, Philippines	Manufacturing and distribution of beverages	100% ⁽⁹⁾	₱625,000
The World's Finest Liquor Inc. (shares of which are held by Emperador Distillers, Inc.)	7/F 1880 Eastwood Avenue, Eastwood City Cyberpark, 188 E. Rodriguez Jr. Ave., Brgy. Bagumbayan, Quezon City	Retailing and merchandising of beverages	100% ⁽¹⁰⁾	₱25,000,000

Name	Principal Place of Business and Country of Incorporation	Principal Activities	Effective ownership interest and proportion of voting power by our Company	Issued and Paid-Up Capital/ Charter Capital
EIL and offshore subsidiaries and joint venture:				
Emperador International Ltd. ("EIL") (share of which are held by Emperador Inc. and Emperador Distillers, Inc.)	Portcullis Trust Net Chambers, 4th Floor Skelton Building, 3076 Drake's Highway, Road Town, Tortola, British Virgin Islands	Investment and holding company	100%	U.S.\$789,693,000
Emperador Holdings (GB) Limited (shares of which are held by Emperador International Ltd.)	Suite 1, 3rd Floor, 11-12 St. James Square, London SW1Y 4LB, United Kingdom	Investment and holding company	100%	GBP142,000,001
Emperador UK Limited (80% shares of which are held by Emperador Holdings (GB) Limited and 20% by Emperador Europe Sarl)	No. 2 Lochrin Square, 96 Fountainbridge, Edinburgh, Midlothian, EH3 9QA, United Kingdom	Holding company	100%	GBP1,250
Whyte and Mackay Group Limited (shares of which are held by Emperador UK Limited)	4th Floor, St Vincent Plaza, 319 St. Vincent Street, Glasgow, Scotland G2 5RG, United Kingdom	Holding company	100%	GBP46,003,497.28
Whyte and Mackay Global Limited (share of which are held by Whyte and Mackay Group Limited)	4th Floor, St Vincent Plaza, 319 St. Vincent Street, Glasgow, Scotland G2 5RG, United Kingdom	Holding company	100%	GBP100
Whyte and Mackay Limited (shares of which are held by Whyte and Mackay Global Limited)	4th Floor, St Vincent Plaza, 319 St. Vincent Street, Glasgow, Scotland G2 5RG, United Kingdom	Manufacturing and distribution of beverages	100%	GBP178,973,000

Name	Principal Place of Business and Country of Incorporation	Principal Activities	Effective ownership interest and proportion of voting power by our Company	Issued and Paid-Up Capital/ Charter Capital
Whyte and Mackay Warehousing Limited (shares of which are held by Whyte and Mackay Global Limited)	4th Floor, St Vincent Plaza, 319 St. Vincent Street, Glasgow, Scotland G2 5RG, United Kingdom	Warehousing and production of beverages	100%	GBP100
Whyte and Mackay (Americas) Limited LLC (shares of which are held by Whyte and Mackay Limited)	401 Park Avenue South, 9th Floor, Suite 972, New York, NY 10001	Marketing support company	100%	U.S.\$3,000,000
Emperador Asia Pte. Ltd. (shares of which are held by Emperador International Ltd.)	1 Scotts Road, 19-06 Shaw Centre, Singapore	Distribution of beverages	100%	SGD75,311,475
Grupo Emperador Spain, S.A. (shares of which are held by Emperador Asia Pte Ltd.)	Torre Espacio Paseo de la Castellana n° 259 D Planta 28, Madrid, Spain	Holding and leasing company	100%	EUR27,660,200
Bodega San Bruno, S.L. (shares of which are held by Grupo Emperador Spain, S.A.)	Torre Espacio Paseo de la Castellana n° 259 D Planta 28, Madrid, Spain	Manufacturing of beverages and acquisition and maintenance of vineyards	100%	EUR3,000
Bodegas Fundador, S.L.U. (shares of which are held by Grupo Emperador Spain, S.A.)	Torre Espacio Paseo de la Castellana n° 259 D Planta 28, Madrid, Spain	Plantation, growing, and operation of vineyards and manufacturing and distribution of beverages	100%	EUR10,015,000
Harvey's Cellars, S.L.U. (shares of which are held by Bodegas Fundador, S.L.U.)	Spain Paseo de la Castellana 259. Planta 28. 28046 – Madrid	Dormant	100%	EUR3,000

Name	Principal Place of Business and Country of Incorporation	Principal Activities	Effective ownership interest and proportion of voting power by our Company	Issued and Paid-Up Capital/ Charter Capital
Grupo Emperador Gestion S.L. (shares of which are held by Grupo Emperador Spain, S.A.)	Torre Espacio Paseo de la Castellana n° 259 D Planta 28, Madrid, Spain	Administration and management services, and business management	100%	EUR3,000
Stillman Spirits, S.L.U. (shares of which are held by Grupo Emperador Spain, S.A.)	Torre Espacio Paseo de la Castellana n° 259 D Planta 28, Madrid, Spain	Food business operator	100%	EUR3,000
Emperador Europe Sarl (shares of which are held by Emperador International Ltd.)	7, rue Robert Stumper, L-2557 Luxembourg	Holding company	100%	GBP15,000

Notes:

- (1) Andrew L. Tan, Katherine L. Tan, Kevin Andrew L. Tan, Kendrick Andrew L. Tan and Winston S. Co are each directors of Emperador Distillers, Inc. and each own one share of the company. Philippine law requires that a director own at least one share of the company for which he or she acts as a director.
- (2) Andrew L. Tan, Katherine L. Tan, Kevin Andrew L. Tan, Kendrick Andrew L. Tan, Winston S. Co, Alec Norman M. Tempongko and Eleizer S. Joaquin are each directors of Anglo Watsons Glass, Inc. Andrew L. Tan and Katherine L. Tan each own one share of the company. The other directors each own 1,000 Shares of the company. Philippine law requires that a director own at least one share of the company for which he or she acts as a director.
- (3) Andrew L. Tan, Katherine L. Tan, Kevin Andrew L. Tan, Kendrick Andrew L. Tan, and Giancarlo C. Ngare each directors of Alcazar De Bana Holdings Company, Inc and each own one share of the company. Philippine law requires that a director own at least one share of the company for which he or she acts as a director.
- (4) Andrew L. Tan, Katherine L. Tan, Kendrick Andrew L. Tan, Dina D.R. Inting and Cherryll L. Yu are each directors of Progreen Agricorn, Inc. and each own one share in this company. Philippine law requires that a director own at least one share of the company for which he or she acts as a director.
- (5) Ferdinand B. Masi, Bobby G. Zafra, Giancarlo C. Ng, Theresa P. Dylim and Sherryll P. Salondaga are each directors of South Point Science Park Inc. and each own one share in this company. Philippine law requires that a director own at least one share of the company for which he or she acts as a director.
- (6) Andrew L. Tan, Katherine L. Tan, Kevin Andrew L. Tan, Kendrick Andrew L. Tan and Winston S. Co are each directors of The Bar Beverage, Inc., and each own one share of the company. Philippine law requires that a director own at least one share of the company for which he or she acts as a director.
- (7) Harrison M. Paltongan, Cherryll L. Yu, Susan C. Gaw, Giovanni C. Ng and Carmelo J. Canto III are each directors of Tradewind Estates, Inc. and each own one share of the company. Philippine law requires that a director own at least one share of the company for which he or she acts as a director.
- (8) Andrew L. Tan, Katherine L. Tan, Kevin Andrew L. Tan, Kendrick Andrew L. Tan and Winston S. Co are each directors of Cocos Vodka Distillers Philippines, Inc., and each own one share of the company. Philippine law requires that a director own at least one share of the company for which he or she acts as a director.
- (9) Andrew L. Tan, Katherine L. Tan, Kevin Andrew L. Tan, Kendrick Andrew L. Tan and Winston S. Co are each directors of Zabana Rum Company, Inc., and each own one share of the company. Philippine law requires that a director own at least one share of the company for which he or she acts as a director.
- (10) Winston S. Co and Kendrick Andrew L. Tan are each directors of The World's Finest Liquor Inc., and each own one share of the company. Philippine law requires that a director own at least one share of the company for which he or she acts as a director.

Associates and joint ventures

Name	Principal Place of Business and Country of Incorporation	Principal Activities	Effective ownership interest and proportion of voting power by our Company	Issued and Paid-Up Capital/ Charter Capital
EDI Group				
Boozylife Inc. ⁽¹⁾ (shares of which are held by Tradewind Estates, Inc.)	Roofdeck, Alliance Global Tower, 36th St., cor. 9th Ave., Bonifacio Global, Taguig City, Philippines	On demand beverage delivery e-commerce	61.99%	₱23,103,000 ⁽⁵⁾
EIL and offshore subsidiaries and joint venture:				
Domecq Bodega Las Copas S.L. ⁽²⁾ (shares of which are held by Grupo Emperador Spain, S.A.)	Manuel calle Maria González 12, Jerez de la Frontera, Cadiz, Spain	Holding and investment company	50% ⁽⁶⁾	EUR10,000,000
Pedro Domecq, S.A. de C.V. ⁽³⁾ (shares of which are held by Domecq Bodega Las Copas S.L.)	Av. President Masaryk 275, Col. Polanco, C.P. 11560, Del. Miguel Hidalgo, Mexico City	Manufacturing and distribution of beverages	50% ⁽⁶⁾	MXP972,824,000
Bodega Las Copas, S.L. ⁽⁴⁾ (shares of which are held by Grupo Emperador Spain, S.A.)	Manuel calle Maria González 12, Jerez de la Frontera, Cadiz, Spain	Plantation, growing, and operation of vineyards and manufacturing of beverages	50% ⁽⁷⁾	EUR16,388,000

Notes:

- (1) The other Shareholders of this entity are Kimberly Yao (11.03%); Pamela Solilapsi (11.03%); Miguel Guerrero (11.03%) and Jonathan Joson (4.94%), each of whom are unrelated third parties.
- (2) The other shareholder of this entity is Gonzales Byass S.A. (50%), our joint venture partner.
- (3) Gonzales Byass S.A., our joint venture partner, owns 50% of Pedro Domecq S.A. de C.V. indirectly through its 50% ownership of Domecq Bodega Las Copas S.L.
- (4) The other shareholder of this entity is Gonzales Byass S.A. (50%), our joint venture partner
- (5) Figures includes additional paid-in capital. Par value is only ₱612,200.
- (6) Although we effectively own 50% of the shares, GES exercises control over the entity as it has the ability to direct the relevant activities of Domecq Bodega Las Copas S.L. through appointment of key management personnel.
- (7) Although we effectively own 50% of the shares, management decisions are made by our joint venture partner, Gonzales Byass S.A., and we therefore do not have control over the entity's decisions.

REGULATORY

PHILIPPINE REGULATION

Philippine local government legislations require a licence to sell alcoholic beverages and prohibit the sale of alcoholic beverages to person under 18 years of age or within a certain distance from schools and churches. However, advertising and marketing of alcoholic beverages are largely unregulated in the Philippines, except that minors are not allowed to be employed for commercials or advertisements promoting alcoholic beverages.

In addition, approvals from the FDA are required before the Company can manufacture a new product. In addition, all new products must be registered with the BIR prior to production.

Foreign Investments Act of 1991

Republic Act No. 7042, as amended, otherwise known as the Foreign Investments Act of 1991 (“**FIA**”), liberalised the entry of foreign investment into the Philippines. Under the FIA, in domestic market enterprises, foreigners can own as much as 100% equity except in areas specified in the Eleventh Regular Foreign Investment Negative List (the “**Negative List**”). This Negative List enumerates industries and activities which have foreign ownership limitations under the FIA and other existing laws. Nationalised activities include, among others, land ownership, retail trade, telecommunications, mining and the operation of public utilities.

For the purpose of complying with nationality laws, the term “Philippine National” is defined under the FIA as any of the following:

- (a) a citizen of the Philippines;
- (b) a domestic partnership or association wholly owned by citizens of the Philippines;
- (c) a corporation organised under the laws of the Philippines of which at least 60% of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines;
- (d) a corporation organised abroad and registered as doing business in the Philippines under the Philippine Revised Corporation Code, of which 100% of the capital stock outstanding and entitled to vote is wholly owned by Filipinos; or
- (e) a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine National and at least 60% of the fund will accrue to the benefit of Philippine Nationals.

In connection with the ownership of private land, the Philippine Constitution states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organised under the laws of the Philippines at least 60% of whose capital is owned by such citizens. While the Philippine Constitution prescribes nationality restrictions on land ownership, there is generally no prohibition against foreigners owning buildings and other permanent structures. However, with respect to condominium developments, the foreign ownership of units in such developments is limited to 40%. A corporation with more than 40% foreign equity may be allowed to lease private land for a period of 25 years, renewable for another 25 years.

Foods, Drugs, and Cosmetics Act

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

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

R.A. No. 3720, as amended, defines "food" as any processed substance which is intended for human consumption and includes drink for man, beverages, chewing gum and any substances which have been used as an ingredient in the manufacture, preparation or treatment of food. Due to the nature of the business and operations of EDI, it is required to obtain a licence from the FDA.

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

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

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

FDA Rules and Regulations

Under Department of Health Administrative Order No. 0029-14 or the Rules and Regulations on the Licensing of Food Establishments and Registration of Processed Food, all food establishments are required to obtain a Licence to Operate (“**LTO**”) from the FDA. An LTO and other requirements specified in the Food Safety Act and its implementing rules and regulations are necessary for establishments engaged in the manufacturing, importation, exportation, sale, offer for sale, distribution, transfer, use, testing, promotion, advertisement, and/or sponsorship of alcoholic beverages. An initial LTO is valid for a period of two years, while a renewed licence is valid for five years.

The FDA also requires a Certificate of Product Registration (“**CPR**”) for the distribution, supply, sale, offer for sale, or use of processed food products. A CPR covering a particular health product constitutes prima facie evidence of the registrant’s marketing authority for said health product in connection with the activities permitted pursuant to the registrant’s LTO.

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

Finally, the FDA issues authorisation based on the risk categorisation of food establishments and food products. It also conducts post-market surveillance and product monitoring based on the risks presented by the food products. In this regard, the FDA follows a classification list based on the Codex Alimentarius General Standard of Food Additives and the United Nations Food and Agriculture Organization Risk Categories, wherein processed food products are classified according to microbiological risk: (a) Low Risk Food – foods that are unlikely to contain pathogenic microorganisms and will not normally support their growth because of food characteristics, and foods that are unlikely to contain harmful chemicals; (b) Medium Risk Food – foods that may contain pathogenic microorganisms but will not normally support their growth because of food characteristics; or food that is unlikely to contain pathogenic microorganisms because of food type or processing but may support the formation of toxins or the growth of pathogenic microorganisms; and (c) High Risk Food – foods that may contain pathogenic microorganisms and will support the formation of toxins or the growth of pathogenic microorganisms, and foods that may contain harmful chemicals. Alcoholic beverages are classified as Low Risk Foods.

The Food Safety Act

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

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

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

Consumer Act of the Philippines

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

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

The Consumer Act establishes quality and safety standards with respect to the composition, contents, packaging, labelling and advertisement of products and prohibits the manufacture for sale, offer for sale, distribution, or importation of products which are not in conformity with applicable consumer product quality or safety standards promulgated thereunder. Like Republic Act No. 9711, the Consumer Act also prohibits the manufacture, importation, exportation, sale, offering for sale, distribution or transfer of food products which are adulterated or mislabelled. In connection therewith, the Consumer Act provides for minimum labelling and packaging requirements for food products to enable consumers to obtain accurate information as to the nature, quality, and quantity of the contents of food products available to the general public. The Consumer Act likewise prohibits false, deceptive, or misleading advertisements and sales promotions and deceptive sales and acts and practices in connection with food products. Any person who violates the provisions of the Consumer Act shall be subject to administrative fines or imprisonment or both at the discretion of the court. Should the offence be committed by a juridical person, the chairman of the board of directors, the president, general manager, or the partners and/or the persons directly responsible therefor shall be penalised. Under the Consumer Act, the DOH also has the authority to order the recall, ban, or seizure from public sale or distribution of food products found to be injurious, unsafe or dangerous to the general public.

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

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

The Intellectual Property Code

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

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

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

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

Technology transfer arrangements that conform to the foregoing need not be registered with the Documentation, Information and Technology Transfer Bureau. Non-conformance, however, shall automatically render the technology transfer arrangement unenforceable, unless said technology transfer arrangement is approved and registered with the Documentation, Information and Technology Transfer Bureau in exceptional or meritorious cases where substantial benefits will accrue to the economy, such as high technology content, increase in foreign exchange earnings, employment generation, regional dispersal of industries and/or substitution with or use of local raw materials, or in the case of Board of Investments, registered companies with pioneer status.

Other Regulations Particular to the Alcoholic Beverage Industry

Presidential Decree No. 1619

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

FDA Circular No. 2019-006

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

- (1) All alcoholic beverages, regardless of type of packaging, shall only be displayed in designated conspicuous area in all convenience stores, supermarkets, hypermarkets, groceries and other food retailing stores with prominent signage “ALCOHOLIC BEVERAGES”. Other beverages with alcohol regardless of level of alcohol content like alcopop (flavoured beverage with alcohol content) shall likewise be displayed in this same designated area. These beverages shall not be displayed together with other products like juice drinks and must not be accessible to children;
- (2) Owners or operators of *sari-sari* stores which may not have enough space to designate an area for alcoholic beverages and other beverages with alcohol content shall be responsible to ensure that subject beverages as mentioned in Item no. (1) above are not sold to minors (below 18 years old); and
- (3) Promotional and advertising materials on alcoholic beverages and beverages with alcohol content (regardless of amount) shall clearly state or inform consumers that such beverages contain alcohol, and therefore not to be promoted and advertised to be sold to and consumed by minors. Packaging and labelling materials shall not be appealing to children.

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

Liquor Bans as COVID-19 Restrictions by LGUs

As a measure to control the spread and local transmission of COVID-19, the local governments around Metro Manila and the rest of the Philippines implemented and continue to implement temporary liquor bans within their respective jurisdictions to ensure social distancing and prevent mass gatherings in the Philippines.

Excise Tax Law

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

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

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

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

1. Effective on 1 January 2020:

- o An ad valorem tax equivalent to 22% of the net retail price (excluding the excise tax and VAT) per proof; and
- o In addition to the ad valorem tax, a specific tax of ₱42 per proof litre.

2. Effective on 1 January 2021:

- o An ad valorem tax equivalent to 22% of the net retail price (excluding the excise tax and VAT) per proof; and
- o In addition to the ad valorem tax, a specific tax of ₱47 per proof litre.

3. Effective 1 January 2022:

- o An ad valorem tax equivalent to 22% of the net retail price (excluding the excise tax and VAT) per proof; and
- o In addition to the ad valorem tax, a specific tax of ₱52 per proof litre.

4. Effective 1 January 2023:

- o An ad valorem tax equivalent to 22% of the net retail price (excluding the excise tax and VAT) per proof; and
- o In addition to the ad valorem tax, a specific tax of ₱59 per proof litre.

5. Effective 1 January 2024:

- o An ad valorem tax equivalent to 22% of the net retail price (excluding the excise tax and VAT) per proof; and
- o In addition to the ad valorem tax, a specific tax of ₱66 per proof litre.

6. Effective 1 January 2025, the specific tax of ₱66 per proof litre shall be increased by 6% every year thereafter, while the ad valorem tax shall remain the same.

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

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

The net retail price shall mean the price at which the distilled spirits are sold on retail in at least five major supermarkets in Metro Manila, excluding the amount intended to cover the applicable excise tax and the VAT. For distilled spirits which are marketed outside Metro Manila, the net retail price shall mean the price at which the distilled spirits is sold in at least five major supermarkets in the region excluding the amount intended to cover the applicable excise tax and the VAT. This shall initially be provided by the manufacturer through a sworn statement and shall be validated by the BIR through a price survey.

The net retail price shall be determined by the BIR through a biannual price survey under oath.

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

Understatement of the suggested net retail price by as much as 15% of the actual net retail price results in the manufacturer's or importer's liability for additional excise tax equivalent to the tax due and the difference between the understated suggested net retail price and the actual net retail price.

Wines are levied, assessed and collected an excise tax of ₱50 per litre effective 1 January 2020, increasing by six percent (6%) every year thereafter.

Manufacturers and importers of distilled spirits and wines, within 30 days from the effectivity of R.A. No. 11467 and within the first five days of every third month thereafter, submit to the BIR a sworn statement of the volume of sales and removals for each particular brand of distilled spirits sold at their establishment for the three-month period immediately preceding.

Any manufacturer or importer who misdeclares or misrepresents in the sworn statement any pertinent data or information shall, upon final findings by the BIR that the violation was committed, be penalised by a summary cancellation or withdrawal of the permit to engage in business as a manufacturer or importer of distilled spirits or wines. Any corporation, association or partnership liable for any of the acts or omissions in violation of the provision on excise tax for distilled spirits or wines will be fined triple the amount of deficiency taxes, surcharges and interest which may be assessed. Any person liable for, or who wilfully aids or abets a person liable for, any of the acts or omissions prohibited under the excise tax laws will be criminally liable and penalised under the Philippine Tax Code.

Excise Tax on Sweetened Beverages

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

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

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

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

Labour and Employment

Labor Code of the Philippines

The Department of Labor and Employment (“**DOLE**”) is the Philippine government agency mandated to formulate policies, implement programmes and services, and serves as the policy-coordinating arm of the Executive Branch in the field of labour and employment. The DOLE has exclusive authority in the administration and enforcement of labour and employment laws such as the Labor Code of the Philippines (“**Labor Code**”) and the Occupational Safety and Health Standards, as amended, and such other laws as specifically assigned to it or to the Secretary of the DOLE. All doubts in the implementation and interpretation of the provisions of the Labor Code shall be resolved in favour of labour. The Labor Code and other statutory laws specify the minimum statutory benefits that employers are required to grant to their employees.

On 15 March 2017, Department Order No. 174 (2017) (“**D.O. 174**”) was issued by the DOLE providing for the guidelines on contracting and subcontracting, as provided for under the Labor Code. It has reiterated the policy that Labour-only Contracting is absolutely prohibited where: (1) (a) the contractor or subcontractor does not have substantial capital, or does not have investments in the form of tools, equipment, machineries, supervision, work premises, among others; and (b) the contractor’s or subcontractor’s employees recruited and placed are performing activities which are directly related to the main business operation of the principal; or (2) the contractor or subcontractor does not exercise the right to control over the performance of the work of the employee. Subsequently, DOLE issued Department Circular No. 1 (2017) clarifying that the prohibition under D.O. 174 does not apply to business process outsourcing, knowledge process outsourcing, legal process outsourcing, IT Infrastructure outsourcing, application development, hardware and/or software support, medical transcription, animation services, and back office operations or support.

Occupational Safety and Health Standards Law

On 17 August 2018, Republic Act No. 11058 or the Occupational Safety and Health Standards Law was signed into law. It mandates employers, contractors or subcontractors and any person who manages, controls or supervises the work, to furnish the workers a place of employment free from hazardous conditions that are causing or are likely to cause death, illness or physical harm to the workers. It also requires giving complete job safety instructions or orientation and to inform the workers of all hazards associated with their work, health risks involved or to which they are exposed, preventive measures to eliminate or minimise the risks and steps to be taken in cases of emergency.

An employer, contractor or subcontractor who wilfully fails or refuses to comply with the Occupational Safety and Health Standards shall be administratively liable for a fine. Further, the liability of the employer, project owner, general contractor, contractor or subcontractor, if any, and any person who manages, controls or supervises the work, shall be solidary.

Social Security System, PhilHealth and the Pag-IBIG Fund

An employer or any person who uses the services of another person in business, trade, industry or any undertaking is required under Republic Act No. 8282 to ensure coverage of employees following procedures set out by the law and the SSS. Under the said law, social security coverage is compulsory for all employees under 60 years of age. An employer must deduct and withhold from its compulsorily covered employees their monthly contributions based on a given schedule, pay its share of contribution and remit these to the SSS within a period set by law and/or SSS regulations.

Employers are likewise required to ensure enrolment of its employees in a National Health Program administered by the Philippine Health Insurance Corporation, a government corporation attached to the DOH tasked with ensuring sustainable, affordable and progressive social health insurance pursuant to the provisions of the National Health Insurance Act of 1995, as amended by the Republic Act No. 11223, otherwise known as the Universal Health Care Act. The registration, accurate and timely deductions and remittance of contributions to the Philippine Health Insurance Corporation is mandatory as long as there is an employer-employee relationship.

Under the Home Development Mutual Fund Law of 2009, all employees who are covered by the Social Security Act of 1997 must also be registered with and covered by the Home Development Mutual Fund, more commonly referred to as the Pag-IBIG Fund. It is a national savings programme as well as a fund to provide affordable shelter financing to Filipino employees. The employer is likewise mandated to deduct and withhold, pay and remit to the Pag-IBIG Fund the respective contributions of the employees under the prescribed schedule.

Local Government Code

Republic Act No. 7160, as amended, otherwise known as the Local Government Code (“**LGC**”) establishes the system and powers of provincial, city, municipal, and barangay governments in the country. The LGC general welfare clause states that every LGU shall exercise the powers expressly granted, those necessarily implied, as well as powers necessary, appropriate, or incidental for its efficient and effective governance, and those which are essential to the promotion of the general welfare.

LGUs exercise police power through their respective legislative bodies. Specifically, the LGU, though its legislative body, has the authority to enact such ordinances as it may deem necessary and proper for sanitation and safety, the furtherance of prosperity, and the promotion of morality, peace, good order, comfort, convenience, and general welfare for the locality and its inhabitants. Ordinances can reclassify land, order the closure of business establishments, and require permits and licences from businesses operating within the territorial jurisdiction of the LGU.

An ordinance may be repealed by a subsequent ordinance expressly repealing or declaring it as invalid. An ordinance may also be repealed by implication by a subsequent ordinance that is inconsistent or contrary, in whole or in part, to the previous ordinance. Under the LGC, the *Sangguniang Panlalawigan* (provincial council) has the power to review ordinances passed by a component city council and can declare ordinances invalid, in whole or in part, if it finds that the lower council exceeded its authority in enacting the ordinance.

Philippine Competition Act

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

The PCA prohibits and imposes sanctions on:

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

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

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

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

Under the PCC Resolution No. 22-2020 adopting the rules implementing Section 4 (eee) of the Bayanihan 2 Act, mergers and acquisitions shall still be subject to compulsory notification when:

- (a) both the transaction value and the size of the ultimate parent entity of either party is at least ₱50 billion; and
- (b) the transaction is entered into prior to the effectivity of the Bayanihan 2 Act and exceeds the thresholds applicable.

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

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

EMP, as a leading player in the Philippine alcohol industry, takes into account the provisions of Republic Act No. 10667 and its implementing rules and regulations and ensures that its business decisions and operations are within the parameters set forth by the PCA and that its business objectives are aligned with the constitutional goals for the national economy.

Philippine Revised Corporation Code

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

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

- in case of transfer of shares of listed companies, the Commission may require that these corporations whose securities are traded in trading markets and which can reasonably demonstrate their capability to do so, to issue their securities or shares of stock in uncertificated or scripless form in accordance with the Rules of the Commission.

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

Data Privacy Act

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

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

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

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

The DPA IRR took effect on 9 September 2016, mandating all Philippines companies to comply with the following: (a) appointment of a Data Protection Officer; (b) conduct of a privacy impact assessment; (c) adoption of a privacy management programme and privacy policy; (d) implement privacy and data protection measures; and (e) establish a breach reporting procedure. In addition, companies with at least 250 employees or access to sensitive personal information of at least 1,000 individuals are required to register their data processing systems with the National Privacy Commission. The DPA IRR, furthermore provides the only instances when data sharing is allowed, to wit: (a) data sharing is authorised by law, provided that there are adequate safeguards for data privacy and security, and processing adheres to principles of transparency, legitimate purpose and proportionality; (b) in the private sector, data sharing for commercial purposes is allowed upon (i) consent of data subject, and (ii) when covered by a data sharing agreement; (c) data collected from parties other than the data subject for purpose of research shall be allowed when the personal data is publicly available; and (d) data sharing among government agencies for purposes of public function or provision of a public service shall be covered by a data sharing agreement.

ENVIRONMENTAL MATTERS IN THE PHILIPPINES

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

Philippine Environmental Impact Statement System

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

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

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

The Clean Water Act

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

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

The Water Code

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

The Clean Air Act

Pursuant to Republic Act No. 8749 or the Clean Air Act of 1999 and its implementing rules and regulations, enterprises that operate or utilise air pollution sources are required to obtain a Permit to Operate from the DENR with respect to the construction or the use of air pollutants. Said permit shall cover emission limitations for the regulated air pollutants to help maintain and attain the ambient air quality standards. A permit duly issued shall be valid for the period specified therein but not beyond one year from the date of issuance unless sooner suspended or revoked. It may be renewed by filing an application for renewal at least 30 days before the expiration date and upon payment of the required fees and compliance with requirements. The issuance of the permit does not, however, relieve the permittee from complying with the requirements of the Clean Air Act of 1999 and its implementing rules and regulations.

Other Environmental Laws

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

- Republic Act No. 6969 or the Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990, which regulates, restricts or prohibits the (i) importation, manufacture, processing, handling, storage, transportation, sale, distribution, use and disposal of chemical substances and mixtures that present unreasonable risk or injury to health or the environment and (ii) entry as well as transit into the Philippines, or the keeping or storage and disposal of hazardous wastes which include by-products, side-products, process residue, contaminated plant or equipment or other substances from manufacturing

operations. Under this law, before any new chemical substance or mixture can be manufactured, processed or imported for the first time, the manufacturer, processor, or importer shall first submit information pertaining to the: (i) name of chemical substance or mixture; (ii) its chemical identity and molecular structure; (iii) proposed categories of use; (iv) estimate of the amount to be manufactured, processed or imported; (v) processing and disposal thereof; and (vi) any test data related to health and environmental effects which the manufacturer, processor or importer has. The said law is implemented by the DENR.

- Republic Act No. 9003 or the Ecological Solid Waste Management Act of 2000, which provides for the proper management of solid waste which includes discarded commercial waste and non-hazardous institutional and industrial waste. The said law prohibits, among others, the transporting and dumping of collected solid wastes in areas other than prescribed centres and facilities. The National Solid Waste Management Commission, together with other Government agencies and the different LGUs, are responsible for the implementation and enforcement of the said law.
- Presidential Decree No. 856 or the Code on Sanitation of the Philippines (the “**Sanitation Code**”), which provides for sanitary and structural requirements in connection with the operation of certain establishments such as industrial and food establishments. Food establishment is defined as any establishment where food or drinks are manufactured, processed stored, sold, or served. Under the Sanitation Code, which is implemented by the Philippine Department of Health, no person, firm, corporation, or entity shall operate a food establishment without first obtaining a sanitary permit. The permit shall be valid for one year, and shall be renewed every year.
- Republic Act No. 4850 or the law creating the LLDA was issued to promote and accelerate the balanced growth of the Laguna de Bay Region. The LLDA is mandated to manage and protect the environmentally critical Laguna de Bay Region. It is empowered to pass upon and approve or disapprove all plans, programmes, and projects proposed by local government offices or agencies within the region, public corporations, and private persons or enterprises where such plans, programmes, and projects are related to the development of the region. The jurisdiction and scope of authority of the LLDA comprises the towns of Rizal and Laguna Provinces, the towns of Silang, General Mariano Alvarez, Carmona, Tagaytay City in Cavite, Lucban, Quezon, City of Tanauan, the towns of Sto. Tomas and Malvar in Batangas, Cities of Marikina, Pasig, Taguig, Muntinlupa, Pasay, Caloocan and Quezon, and the town of Pateros in Metro Manila. Accordingly, any person, natural and juridical, with existing and/or new development projects and activities within these areas is required to secure an LLDA clearance, which is issued upon submission of an application and the supporting financial documents.

UK REGULATIONS

Scotch Whisky Regulations 2009

The Scotch Whisky Regulations 2009 (“**SWR**”) came into force on 23 November 2009, replacing the Scotch Whisky Act 1988 and the Scotch Whisky Order 1990. Whereas the previous legislation had only governed the way in which Scotch Whisky must be produced, the SWR also set out rules on how Scotch Whiskies must be labelled, packaged and advertised, as well as requiring Single Malt Scotch Whisky to be bottled in Scotland, labelled for retail sale, from 23 November 2012. The SWR make clear that Scotch Whisky must be wholly matured in Scotland (i.e. it may not be matured in any country other than Scotland).

They also require that all maturation must take place in an excise warehouse or in another “permitted place” regulated by HMRC. HMRC is appointed by the SWR as the competent authority for verification of Scotch Whisky.

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

- Re-warehousing in another excise warehouse;
- Such temporary purposes and periods as HMRC allow;
- Scientific research and testing;
- Storage at other premises where under the Customs and Excise Acts goods of the same class or description may be kept without payment of excise duty; and
- Such other purpose as HMRC may permit.

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

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

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

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

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

It is an offence to promote a Scotch Whisky as belonging to a category to which it does not belong.

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

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

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

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

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

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

Excise duty

Total duty and excise tax payment makes up about 74% of the average price of a bottle of whisky. The rate is GBP28.74 of spirit duty per litre of pure alcohol and so the spirit duty paid on a one litre bottle of 40% ABV is 40% of GBP28.74, or GBP11.50.

The Scottish Government has implemented a minimum price per unit of alcohol on product sold in Scotland, which resulted in a significant increase to the price of a standard blended Scotch whisky. The minimum is 50p per unit of alcohol which means the minimum retail selling price for a one litre bottle of 40% ABV whisky is GBP20. A similar policy has been introduced in Wales; but nothing has been implemented in England yet. The Scotch Whisky Association continues to call for a review of the alcohol duty system to deliver fairness for Scotch whisky which is a unique UK product.

U.S. Tariffs

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

The U.S. suspended tariffs on UK goods, including Single Malt Scotch Whisky, for four months starting 4 March 2021.

In June 2021, a UK-U.S. deal on future aerospace subsidies was agreed which suspended the 25% tariff on Single Malt Scotch Whisky for a further five years. International trade is a key growth driver for the business and the U.S. is a key market for Scotch Whisky exports. If tariff free trade were suspended, and a tariff reintroduced, it would reduce profitability and constrain future growth in the market.

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

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

As of 1 January 2021, the UK has now left the Single Market and the Customs Union of the EU. As a result, it no longer benefits from the principle of the free movement of goods. Even with the new agreement in place, companies will face new trade barriers, which will lead to increased costs, new controls and will require adjustments to integrate supply chains from the EU and UK.

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

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

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

UK Competition Act 1998

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

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

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

The CA 98 applies throughout the UK, including Scotland.

The prohibitions under the CA 98 are broadly the same as those that apply under EU competition law. On 1 June 2022, a new “block exemption” came into force in the UK, called the Vertical Agreements Block Exemption Order. The Vertical Agreements Block Exemption Order exempts distribution and other vertical agreements from the competition law prohibition of anti-competitive agreements, provided the parties’ market shares do not exceed 30% and provided that the agreement does not contain any hard-core restrictions of competition (such as price fixing or certain restrictions on who, where or how the customer may resell the product). The UK’s principal competition authority, the Competition and Markets Authority has proposed guidance on how UK competition law applies to vertical agreements, although its guidance currently remains only in draft. The UK approach is very similar to that adopted by the European Commission under the EU competition law.

In addition to the CA 98, the UK also operates a merger control regime under the Enterprise Act 2002 (“EA 02”). In broad terms, the EA 02 applies to acquisitions of control (reflected by a relatively low test that will usually be met where there is an acquisition of a voting stake of 25% or more, but sometimes lower) over businesses where either (i) the target business achieves turnover in the UK exceeding GBP70 million or (ii) the activities of the target and the purchaser overlap and, together, they account for a 25% share of supply in the UK or a substantial part thereof. UK merger control notifications are submitted on a voluntary basis. Where the parties choose not to notify a transaction for clearance, the CMA has jurisdiction to review the transaction on competition grounds for four months from the date on which completion of the transaction is made public.

Advertising

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

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

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

WML also subscribes to voluntary codes that relate to social responsibility and self-regulation in the alcohol industry, including Drinkaware (an independent charity working to reduce alcohol misuse and harm in the UK that promotes information to consumers about consumption of alcohol) and the Portman Group (a voluntary code membership that promotes good practice and compliance with labelling and advertising of alcohol).

SPANISH REGULATIONS

Brandy de Jerez Regulations

The Andalusian Regional Department of Agriculture, Fisheries and Rural Development has approved the Order dated 28 June 2018, which contains the new Technical File regarding the Geographical Indication of “Brandy de Jerez”, replacing the former Order dated 9 February 2015. This regulation contains the technical specifications of the products, compliance with which, must be verified to enable use of the protected name. On the other hand, the new Operational Regulation of the Regulatory Board of “Brandy de Jerez” has been approved by an Order dated 16 February 2018 issued by the Andalusian Regional Department of Agriculture, Fisheries and Rural Development, replacing the former Order dated 13 June 2005.

The geographic indication “Brandy de Jerez” is protected in the European Union, in accordance with its registration as a protected geographical indication, as per regulation (EU) no. 2019/787 relating to the definition, description, presentation, labelling and protection of the geographic indication of spirit drinks.

In order to be considered a Brandy de Jerez, it must be made according to the methods set down by the Regulating Council. The area of production and ageing of Brandy de Jerez must be exclusively within the Sherry triangle, which is defined by the boundaries of Jerez de la Frontera, Sanlúcar de Barrameda and El Puerto de Santa María, and bottling must be carried out exclusively in the wineries that are registered and authorised by the Regulating Council. Its production process is based on the solera system (suelo or floor) in oak butts previously seasoned with sherry. Different types of sherry give the brandy a different flavour. The traditional ageing system of criaderas (nurseries) and soleras (suelo or floor) must be used.

In Jerez, it is possible to use wine spirits of a higher degree of alcoholic content provided that the distillate or holandas does not exceed a maximum of the 50% of the alcoholic content of the finished product. The holandas must always represent 50% minimum of the final brandy.

Brandy de Jerez can be classified into three categories as per its period of ageing:

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

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

Sherry Regulations

The Protected Designation of Origin Jerez-Xérès-Sherry is protected in the European Union, in accordance with its registration as a Protected Designation of Origin, as per regulation (EU) no 1308/2013 relating to establishing a common organisation of the markets in agricultural products.

The Delegated Regulation (EU) 2019/33 of the Commission, of 17 October 2018, which completes Regulation (EU) No. 1308/2013 of the European Parliament and the Council, regulates applications for protection of appellations of origin, geographical indications and traditional terms of the wine sector, the opposition procedure, restrictions on use, amendments to the specifications, cancellation of protection, as well as labelling and presentation. It has replaced former Commission Regulation (EC) N. 607/2009 of 14 July 2009, which established certain provisions for the application of Council Regulation (EC) No 479/2008, which regulated also protected designations of origin and geographical indications, traditional terms, the labelling and presentation of certain wine products.

The new Delegated Regulation (EU) 2019/934 of 12 March 2019 supplementing Regulation (EU) No 1308/2013 of the European Parliament and of the Council regarding wine-growing areas where the alcoholic strength may be increased, authorised oenological practices and restrictions applicable to the production and conservation of grapevine products, the minimum percentage of alcohol for by-products and their disposal, and publication of OIV files.

The Andalusian Regional Department of Agriculture, Fisheries and Rural Development has approved the Order dated 2 August 2013, which contains the Product Specification regarding the Protected Designation of Origin “Jerez-Xérès-Sherry”. This regulation contains the technical specifications of the products, compliance with which, must be verified to enable use of the protected name.

Amendment of the Food Chain Law

In 2020, the Spanish Food Chain Law has been amended, in order to include the provisions of an EU Directive on unfair commercial practices in relations between companies in the agricultural and food supply chain. Among others, it requires from now onwards that the agreed price of the sale of products always covers production costs, to sign written contracts with regard to commercial transactions of more than 2,500 Euros, broadens the catalogue of prohibited unfair commercial practices and reinforces the sanctioning procedure.

Spanish Competition Act

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

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

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

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

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

As regards vertical agreements, in order to avoid the prohibition of such legal provision, and without prejudice of the singular application of the criteria of Article 1, paragraph 3 (equivalent to Article 101.3 TFEU), it is directly applicable to the Block Exemption Regulation on Vertical restraints ("**BER**") approved by the Commission Regulation 330/2010 of 20 April 2010, on the application of Article 101(3) of the TFEU to categories of vertical agreements and concerted practices. BER will expire on 31 December 2022 and it will be replaced by a new EU regulation which draft is currently under review.

Block Exemption applies to restrict sales by wholesalers to end users and to allow wholesalers to sell to certain end users in that territory relating to agreements (i) where both parties, the supplier and the buyer, meet the market share threshold of 30%; and (ii) that do not contain hard-core restrictions.

As a general rule, the following constitute hard-core restrictions: prices fixing (except for recommendation prices), restrictions on passive sales (with some exceptions for selective distribution); restrictions on active sales (unless they concern the operation of an exclusive distribution system); restrictions of cross supplies; restrictions on components sales as spare parts to end-users. As regards territory restrictions, on the one hand, they are permitted in selective and exclusive distribution, on the other hand, suppliers are allowed.

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

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

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

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

Provisions of TFEU and EUMR are directly applied in Spain as it is a member state of the EU.

Finally, Article 3 of the Spanish Competition Act prohibits acts of unfair competition that affect public interest by distorting free competition.

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

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

Advertising

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

The Spanish alcohol related advertising regulation applicable to all the Spanish territory are the following: (a) Law 34/1988, of 11 November 1988, on General Advertising (“**General Advertising Law**”); and (b) Law 7/2010, of 31 March 2010, on General Audio-visual Communication (“**General Audio-visual Communication Law**”).

Both General Advertising Law and General Audio-visual Communication Law include provisions for the purposes of (a) preventing the advertising of alcoholic beverages over 20° alcoholic degrees by television or if the sale or consumption of such alcoholic beverages is not allowed; (b) allowing the advertising of alcoholic beverages under 20° alcoholic degrees by television only during the time between 8:30 p.m. and 6 a.m. of the following day; and (c) preventing the advertising of alcoholic beverages under 20° alcoholic degrees by any advertising media platform when it is directed at minors, encourages immoderate consumption or associates consumption with improved physical performance, social success or health.

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

OTHER REGULATIONS

GDPR

The EU General Data Protection Regulation (“**GDPR**”) replaces the Data Protection Directive 95/46/EC and is designed to: (i) harmonise data privacy laws across the EU; (ii) protect and empower all EU citizens’ data privacy; and (iii) reshape the way organisations across the region approach data privacy.

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

WMG has put policies in place, consistent with GDPR requirements, well before the deadline of 25 May 2018.

In Spain, the Data Protection and Digital Rights Guarantee Act 3/2018 covering specific issues in Spain in relation to the GDPR.

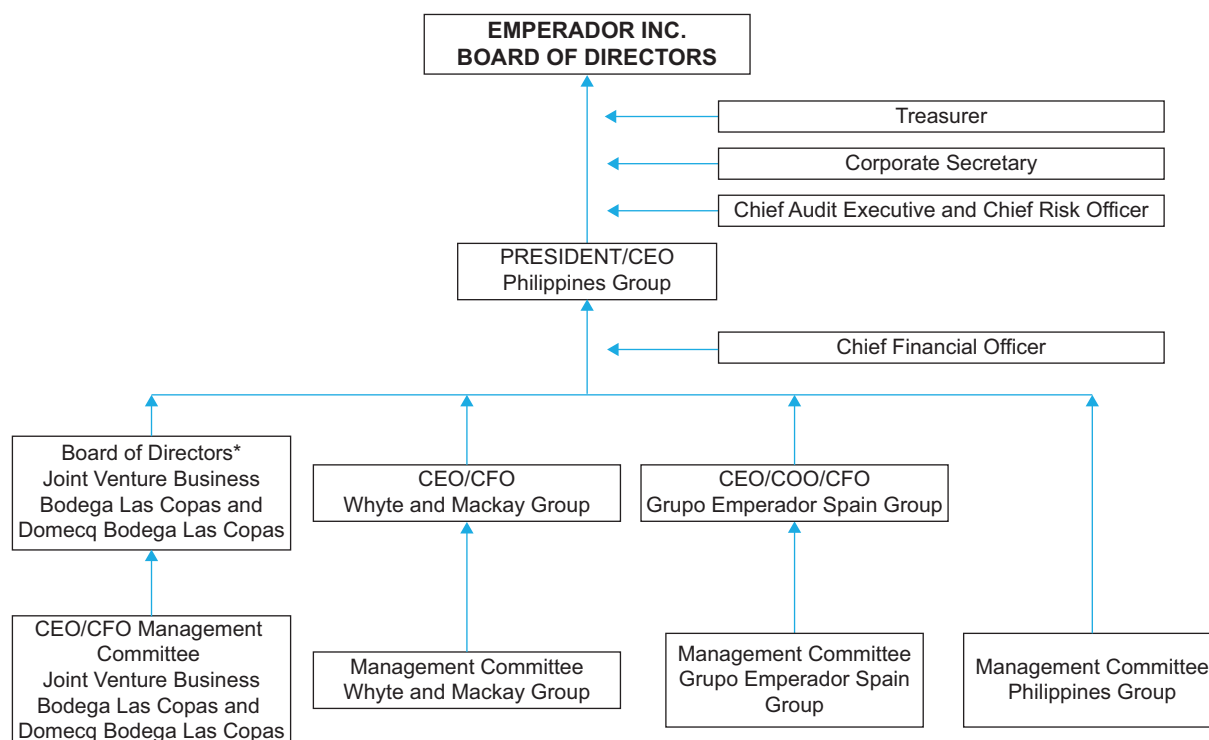
In the UK, the Data Protection Act 2018 realigns the UK legal regime with the GDPR and ensures that the UK continues to be compliant with GDPR post-Brexit.

Our Group has obtained all the requisite approvals and is in compliance with all laws and regulations that would materially affect our business operations. The renewal of certain expired licences in the Philippines has been delayed due to a physical inspection requirement, which cannot be fulfilled in a timely manner in view of the restrictions imposed in response to COVID-19. Since the delay is attributable to the pandemic situation and partly because of the government authorities’ limitations, we are confident that our business operations will not be affected.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

MANAGEMENT REPORTING STRUCTURE

The following diagram shows the management reporting structure of our Group as at the Latest Practicable Date.



Our Directors, Andrew L. Tan, Katherine L. Tan and Winston S. Co, are also members of the board of our joint venture business. The CFO directly reports to the CEO, but also directly reports the financial results of operation to the Audit Committee and the Board. The Audit Committee, the Board and the Chairman also have the authority to directly instruct the CFO without going through the CEO. Picazo Buyco Tan Fider & Santos has confirmed that current PSE rules as posted on the PSE's website do not provide a requirement or guidance regarding whether the CFO must have a direct reporting line to the Company's Audit Committee.

OUR BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

The table below sets forth certain information with respect to each of the Directors of the Board and executive officers of our Company as of the date of this Introductory Document.

Office	Name	Address	Citizenship	Age
Chairman and Non-executive Director	Andrew L. Tan	7/F, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City, 1110 Metro Manila	Filipino	72

Office	Name	Address	Citizenship	Age
Executive Director	Winston S. Co	7/F, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City, 1110 Metro Manila	Filipino	64
Executive Director	Katherine L. Tan	7/F, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City, 1110 Metro Manila	Filipino	70
Executive Director	Kendrick Andrew L. Tan	7/F, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City, 1110 Metro Manila	Filipino	41
Non-executive Director	Kevin Andrew L. Tan	7/F, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City, 1110 Metro Manila	Filipino	42
Lead Independent Director	Enrique M. Soriano III	7/F, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City, 1110 Metro Manila	Filipino	54
Independent Director	Jesli A. Lapus	7/F, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City, 1110 Metro Manila	Filipino	72
Chief Financial Officer, Compliance Officer and Corporate Information Officer	Dina D.R. Inting	7/F, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City, 1110 Metro Manila	Filipino	62
Corporate Secretary	Anna Michelle T. Llovido	7/F, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City, 1110 Metro Manila	Filipino	43

Below are summaries of the business experience and credentials of each of the Directors:

Andrew L. Tan
*Chairman and
Non-Executive
Director*

Mr. Tan was elected as a Non-Executive Director and Chairman of the Board on 28 August 2013. He is the Chairman of Emperador Distillers, Inc. since its incorporation in 2003. He has served as Director of Alliance Global Group, Inc. since 2003 and as its Chairman of the Board from September 2006 to present and Chief Executive Officer from September 2006 to June 2018 and as Vice-Chairman of the Board from August 2003 to September 2006. Mr. Tan is concurrently the Chairman of the Board and President of Megaworld Corporation, Megaworld Land, Inc., Megaworld Globus Asia, Inc., Mactan Oceanview Properties and Holdings, Inc., Richmond Hotel Group International Limited, The Bar Beverage, Inc. and Yorkshire Holdings, Inc. He is also the Chairman of Megaworld Newport Property Holdings, Inc., Alliance Global Group Cayman Islands, Inc., Empire East Land Holdings, Inc., Alliance Global Brands, Inc., Global-Estate Resorts, Inc., Suntrust Properties, Inc., Adams Properties, Inc., Consolidated Distillers of the Far East, Inc., and Townsquare Development, Inc. He sits in the boards of Infracorp Development, Inc., Eastwood Cyber One Corporation, Megaworld Cayman Islands, Inc., Megaworld Cebu Properties, Inc. (formerly known as Forbes Town Properties & Holdings, Inc.), Gilmore Property Marketing Associates, Inc., Megaworld Central Properties, Inc., Fairways & Bluewater Resort Golf & Country Club, Inc., Twin Lakes Corporation, Anglo Watsons Glass, Inc., Alcazar De Bana Holdings Company, Inc., Raffles & Company, Inc., Travellers International Hotel Group, Inc. and The Andresons Group, Inc. He is also the Vice-Chairman and Treasurer of Golden Arches Development Corporation and Golden Arches Realty Corporation and a Director and Treasurer of Andresons Global, Inc. Mr. Tan graduated Magna Cum Laude from the University of the East with a degree of Bachelor of Science in Business Administration and was conferred Doctor of Philosophy in Humanities (Honoris Causa) in 2011 by the same university.

Winston S. Co
Executive Director

Mr. Co was elected as Director and President on 28 August 2013. He is a Director and President of Emperador Distillers, Inc. since 2007. He served as Director of Alliance Global Group, Inc. from 1998 to 15 June 2022 where he previously was Vice Chairman of the Board from November 1999 to August 2003 and Chairman from June 1998 to October 1999. His field of expertise is in marketing of consumer products. He is concurrently Chairman and President of New Town Land Partners, Inc., Chairman of Anglo Watsons Glass, Inc., President of Cocos Vodka Distillers Philippines, Inc., Director of Alliance Global Brands, Inc., Raffles & Company, Inc., and The Bar Beverage, Inc.; and Senior Vice President of The Andresons Group, Inc. Mr. Co is a graduate of Jose Rizal College with a Bachelor of Science in Commerce.

Katherine L. Tan
Executive Director

Ms. Tan was elected as Director and Treasurer on 28 August 2013. She has served as Director and Treasurer of Alliance Global Group, Inc. since February 2007. She is a Director and Treasurer of Emperador Distillers, Inc. since 2003 and 2007, respectively. She is also a Director of Megaworld Corporation, MREIT, Inc., Alliance Global Brands, Inc., Yorkshire Holdings, Inc., Emperador Brandy, Inc., Progreen Agricorp, Inc., Cocos Vodka Distillers Philippines, Inc., and Zabana Rum Company, Inc. She is concurrently Chairman and President of Andresons Global, Inc. and Choice Gourmet Banquet, Inc.; Director and Corporate Secretary of The Bar Beverage, Inc., Director of Anglo Watsons Glass, Inc., and Alcazar De Bana Holdings Company, Inc.; and Director and President of The Andresons Group, Inc., Consolidated Distillers of the Far East, Inc., and Raffles & Company, Inc. Ms. Tan is not involved in the day-to-day operations of Raffles & Company, Inc. Ms. Tan graduated from St. Scholastica's College with a degree in Nutrition.

Kendrick Andrew L. Tan
Executive Director

Mr. Tan was elected as Director on 28 August 2013. He has served as Corporate Secretary and Executive Director of Emperador Distillers, Inc. since 2008 and 2011, respectively. He is also the Head of Research & Development of Emperador Distillers, Inc. He is concurrently Director of Anglo Watsons Glass, Inc., Consolidated Distillers of the Far East, Inc., Progreen Agricorp, Inc., Emperador Brandy, Inc., The Bar Beverage, Inc., The Andresons Group, Inc., Yorkshire Holdings, Inc., Andresons Global, Inc., Cocos Vodka Distillers Philippines, Inc., and Zabana Rum Company, Inc. Mr. Tan graduated from Southern New Hampshire University with a degree in Bachelor of Science in Accountancy.

Kevin Andrew L. Tan
Non-Executive Director

Mr. Tan was first elected as Director on 4 October 2017. He has over 11 years of experience in retail leasing, marketing and operations. He is currently the Executive Vice President and Chief Strategy officer of Megaworld Corporation where he is in charge of developing corporate strategies, expansion and new opportunities, as well as investors and stakeholder relations. He was formerly head of the Commercial Division of Megaworld Corporation, which markets and operates the Megaworld Lifestyle Malls, including Eastwood Mall and The Clubhouse at Corinthian Hills in Quezon City, Venice Piazza at McKinley Hill, Burgos Circle at Forbes Town Center, and Uptown Mall, all in Fort Bonifacio, California Garden Square in Mandaluyong City, Newport Mall at Resorts World Manila in Pasay City, and Lucky Chinatown Mall in Binondo, Manila. He is the Chairman and CEO of Agile Digital Ventures, Inc., Chairman and Director of Infracorp Development, Inc., Director and President of Townsquare Development, Inc., Director and Corporate Secretary of Alliance Global Brands, Inc., Director and Treasurer of Consolidated Distillers of the Far East, Inc. and Uptown Cinemas, Inc., Director of Megaworld Foundation, Inc., President and Chief Executive Officer of MREIT, Inc., and Director of Emperador Distillers, Inc., Anglo Watsons Glass, Inc., Yorkshire Holdings, Inc., The Bar Beverage, Inc., Emperador Brandy, Inc., New Town Land Partners, Inc., Eastwood Cyber One Corporation, Twin Lakes Corporation, Alcazar De Bana Holdings Company, Inc., Cocos Vodka Distillers Philippines, Inc., Zabana Rum Company, Inc., and The Andresons Group, Inc. He holds a degree in Bachelor of Arts Major in Humanities with Professional Certificate in Management, from the University of Asia and the Pacific.

Enrique M. Soriano III
*Lead Independent
Director*

Prof. Soriano was first elected as Independent Director of our Company on 16 May 2016. He is also an Independent Director of MREIT Fund Managers, Inc., Alliance Global Group, Inc. and Travellers International Hotel Group, Inc. He is a former World Bank/IFC Governance Consultant, Columnist, Book Author, former Chair of the Marketing Cluster, Programme Director for Real Estate and Professor of Global Marketing at the ATENEO Graduate School of Business. Prof Soriano is currently the Executive Director of the Wong + Bernstein Advisory Group, an APAC based Strategic Advisory firm that specialises on Family Governance and Next Generation Leadership. He is also a Senior Adviser of the Family In Business Strategic Group, Senior Fellow on Governance at the IPMI International Business School in Jakarta, Indonesia. He holds a B.A. in History from the University of the Philippines, an MBA from De La Salle University and an Executive Diploma in Directorships at the Singapore Management University. For purposes of our secondary listing on the SGX-ST, the Board has designated Prof. Soriano as our Lead Independent Director.

Jesli A. Lapus
Independent Director

Mr. Lapus was elected as Independent Director on 17 May 2021. Mr. Lapus is concurrently Chairman and Independent Director of STI Education Services Group, Inc.; Chairman of LSERV Corporation, Director of Information and Technology Academy (iAcademy); Independent Director of Alliance Global Group, Inc., Philippine Life Financial Assurance Corporation and STI Education Systems Holdings, Inc. and Adviser to Radiowealth Finance Company, Inc. Mr. Lapus has served in the cabinets of three Philippine Presidents at positions including Secretary of Department of Trade and Industry, Secretary of Department of Education, President and CEO of The Land Bank of the Philippines and Undersecretary of Department of Agrarian Reform. Mr. Lapus became Auditor-in-Charge and Management Consultant at SyCip Gorres Velayo & Company at the age of 20, became the Chief Finance Officer of Ramcar Group at the age of 23 and became the first Filipino and the youngest Managing Director of Triumph International (Philippines) in his 30s. Mr. Lapus holds a Doctor of Public Administration (Honoris Causa) from the Polytechnic University of the Philippines and Master in Business Management from the Asian Institute of Management. He also attended post graduate studies at several international academic institutions such as Harvard University.

EXPERIENCE OF OUR DIRECTORS AT LISTED COMPANIES

As our Company is listed on the PSE, all of our Directors have experience as a director of at least one public listed company in the Philippines. Andrew L. Tan is also a director of Alliance Global Group, Inc., Megaworld Corporation, Global-Estate Resorts, Inc. and Empire East Land Holdings, Inc., which are all listed on the PSE. Winston S. Co was a director of Alliance Global Group, Inc. from 1998 to 16 June 2022. Katherine L. Tan is a director of Alliance Global Group, Inc. and Megaworld Corporation. Kevin L. Tan is also a director of Alliance Global Group, Inc., Global-Estate Resorts, Inc. and Empire East Land Holdings, Inc. Jesli A. Lapus is also an independent director of Alliance Global Group, Inc. and STI Education Systems Holdings Inc., which are listed on the PSE. Enrique M. Soriano III is also an independent director of Alliance Global Group, Inc.. See “Appendix F—List of Past and Present Principal Directorships”.

Listed Company Experience

All of our Directors have been briefed on the roles and responsibilities of a director of a public-listed company in Singapore and our Company confirms that all of our Directors will undergo training in the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST.

TERMS OF OFFICE

Our officers are elected by and serve at the discretion of the Board. Our Directors are nominated by the Corporate Governance Committee and elected at the annual meeting of the stockholders to serve for a term of one year until their successors shall have been duly elected and qualified.

The table below sets forth certain information regarding the executive officers of our Company as of the date of this Introductory Document.

Position	Name	Citizenship	Age
President and Chief Executive Officer	Winston S. Co	Filipino	64
Treasurer	Katherine L. Tan	Filipino	70
Chief Financial Officer, Compliance Officer and Corporate Information Officer	Dina D. Inting	Filipino	62
Corporate Secretary	Anna Michelle T. Llovido	Filipino	43

Below are summaries of the business experience and credentials of each of our Company's key executive officers:

Winston S. Co
President

Please refer to the table of Directors above

Katherine L. Tan
Treasurer

Please refer to the table of Directors above

Dina D. Inting
*Chief Financial Officer,
Compliance Officer and
Corporate Information
Officer*

Ms. Inting was elected as Chief Financial Officer, Compliance Officer and Corporate Information Officer on 28 August 2013. She is the Chief Financial Officer, Compliance Officer and Corporate Information Officer of Alliance Global Group, Inc. She is currently a director of Progreen Agricorn, Inc. She gained an extensive experience in the fields of audit, comptrollership, treasury, finance, branch operations and personnel management from her previous employments. She is a cum laude graduate of Bachelor of Science in Commerce major in Accounting, Honours Programme, at the Philippine College of Commerce (Polytechnic University of the Philippines), and is a member of the Philippine Institute of Certified Public Accountants.

Anna Michelle T. Llovido
Corporate Secretary

Ms. Llovido was elected as Corporate Secretary on 30 April 2020. She served as Assistant Corporate Secretary from 20 May 2019 to 29 April 2020. Ms. Llovido concurrently serves as Senior Corporate Legal Counsel of Emperador Distillers, Inc. and as the Corporate Secretary of Megaworld Corporation. She is an experienced in-house counsel with 16 years of practice in mergers and acquisitions, financing, regulatory compliance, transactional contracts negotiation, data privacy, litigation, labour and intellectual property law. She is the data privacy officer of Emperador Inc. and Emperador Distillers, Inc.

Prior to her employment in Emperador Distillers, Inc., Ms. Llovido was a Manager at Reeves & Associates International Corporation and was charged with the management of its Philippine representative office. She also served as Legal Counsel to Transnational Diversified Group, Inc. from May 2008 to September 2009 where she serviced the legal requirements of over 30 companies engaged in total logistics, ship management, air and travel services, and information and communications technology. She was an Associate Lawyer at Tantoco Villanueva De Guzman & Llamas law offices from April 2006 to April 2008. Ms. Llovido obtained her bachelor's degrees in Laws in 2004 and Hotel and Restaurant Management in 1999 from the University of Santo Tomas.

PRINCIPAL COMMITMENTS

The Corporate Governance Committee is of the opinion that despite each of their multiple directorships, Mr. Andrew L. Tan, Mr. Winston S. Co, Mrs. Katherine L. Tan, Mr. Kendrick Andrew L. Tan, Mr. Kevin Andrew L. Tan, Prof. Enrique M. Soriano III and Mr. Jesli A. Lapus are able to devote sufficient time to discharge their duties as Directors of our Company. The above-mentioned individuals also confirm that they are able to devote sufficient time to discharge their duties as Directors. Mrs. Katherine L. Tan, Ms. Dina D.R. Inting and Ms. Anna Michelle T. Llovido, our Executive Officers, hold certain executive appointments outside our Group, primarily at AGI, Megaworld Corporation, Consolidated Distillers of the Far East, Inc. and Raffles & Company, Inc. However, given that (1) these individuals have been undertaking their executive positions in the AGI Group for a number of years and have been able to devote sufficient time and attention to the affairs of the Group during that period, (2) AGI is a conglomerate comprising several operating subsidiaries, each of which has its own management team handling the day-to-day business affairs and that Mrs. Tan, Ms. Inting and Ms. Llovido each have a team of supporting staff in AGI or Megaworld Corporation (as the case may be) to support their roles within the AGI Group and their concurrent executive appointments within the AGI Group do not give rise to a heavy demand on each of their time, (3) the PSE has not previously raised any concerns as to whether Mrs. Tan, Ms. Inting or Ms. Llovido have been able to devote sufficient time and attention to the affairs of the Group and (4) each of Mrs. Tan, Ms. Inting and Ms. Llovido have confirmed that he or she is able to devote sufficient time to discharge his or her duties as executive officers of the Group, the Corporate Governance Committee is also of the opinion that each of them will be able to devote sufficient time to the affairs of the Group despite their concurrent appointments. See *"Appendix F—List of Past and Present Principal Directorships"*.

FAMILY RELATIONSHIPS

Save as disclosed below, there are no family relationships between any of our Directors or Executive Officers or any of our Substantial Shareholders.

Dr. Andrew L. Tan and Mrs. Katherine L. Tan are spouses, while Messrs. Kevin Andrew L. Tan and Kendrick L. Tan are their children.

CORPORATE GOVERNANCE

The Company adheres to the corporate governance rules as promulgated by the Philippine Congress, the PSEC and the PSE. These rules are embodied in the Philippine Revised Corporation Code; SEC Memorandum Circular No. 19, series of 2016 or the Code of Corporate Governance for Publicly-Listed Companies; and the PSE Listing and Disclosure Rules, among others. The Company also abides with its Manual on Corporate Governance (revised as of 30 May 2017), which incorporates the established governance policies and practices in accordance with SEC Memorandum Circular No. 19, series of 2016.

Corporate Governance Rules that we are Subject to in the Philippines

We are subject to corporate governance rules of the Philippine CGC and Section 22(a) of the Philippine Revised Corporation Code, which requires that the board of a corporation covered by the Securities Regulation Code, such as our Company, are considered to be entities vested with public interest and therefore shall have independent directors constituting at least 20% of its board. Under the Philippine Revised Corporation Code, an independent director is a person who, apart from shareholdings and fees received from the corporation, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to materially interfere with the exercise of independent judgment in carrying out the responsibilities as a director.

As part of these requirements, we are required to prepare a Corporate Governance Manual which is submitted to the PSEC. We have complied with this requirement and have filed our Corporate Governance Manual, which is currently effective and available on our website. We must also comply or explain why we are not complying with any provision of the Philippine CGC. As part of this requirement, we are required to file annually a report with the PSEC, using the prescribed SEC Form I-ACGR (the “**Integrated Annual Corporate Governance Report**”), indicating whether we are in compliance or not in compliance with the Philippine CGC and explaining our rationale for non-compliance.

Board Composition and Related Matters

We highlight below certain selected Philippine rules, codes and company documents to which we are subject (and which have similar provisions in Chapter 2 of the Listing Manual), in relation to our Board size, number of independent directors, how independence is determined, required qualification and disqualification to be a director and board committee composition, and highlight whether we are currently in compliance:

- (a) Board size: The Philippine Revised Corporation Code sets the maximum number of directors at 15.

We currently have a Board size of seven, which is set out in our By-laws, and therefore comply with the Philippine Revised Corporation Code requirements on board size.

- (b) Number of Independent Directors: In relation to the number of independent directors, we are subject to the following:

- (i) the Philippine CGC (Recommendation 5.1), which stipulates that the Board have at least three independent directors or such number as to constitute one-third of the board, whichever is higher; and
- (ii) the Philippine Revised Corporation Code, which stipulates that companies subject to the SRC, shall have independent directors constituting at least 20% of the board.

We have two independent directors out of a Board comprising a total of seven directors, and therefore comply with the requirement of the Philippine Revised Corporation Code. In relation to Recommendation 5.1 of the Philippine CGC, the current percentage of independent directors of the board constitutes 28.5%. While the Philippine Revised Corporation Code’s requirements are mandatory, the Philippine CGC adopts a comply or explain approach. We explained in our integrated annual corporate governance report for the year ended 31 December 2020 that our two independent directors comprising 28.5% of the board satisfy SRC requirements.

(c) Determination of Independence: For the criteria for independence, we are required to comply with or subject to:

- (i) the Philippine Revised Corporation Code's definition of independence (see "*—Corporate Governance—Corporate Governance Rules that we are Subject to in the Philippines*");
- (ii) the definition of independence in our Corporate Governance Manual or otherwise explain why it is not complying through SEC Form I-ACGR; and
- (iii) the definition of independence in our By-laws.

Our current independent directors are Mr. Enrique M. Soriano III and Mr. Jesli A. Lapus and we, together with our Corporate Governance Committee, are satisfied that they are independent in accordance with the foregoing requirements. Where there are overlapping requirements, we adopt the more stringent requirement. For avoidance of doubt, our Corporate Governance Committee is also of the opinion that Mr. Enrique M. Soriano III and Mr. Jesli A. Lapus are considered independent under Rule 210(5)(d) of the Listing Manual.

(d) Qualification and Disqualification of all Directors: Directors are required to meet certain qualifications and cannot be disqualified pursuant to the following:

- (i) the Philippine Revised Corporation Code;
- (ii) the Philippine CGC;
- (iii) the Corporate Governance Manual; and
- (iv) the By-laws.

We are satisfied that our directors comply with the foregoing requirements. Where there are overlapping requirements, we adopt the more stringent requirement.

(e) Board committees: We are required to constitute certain board committees with specific member composition criteria in accordance with the following:

- (i) the Philippine CGC;
- (ii) the Corporate Governance Manual; and
- (iii) the By-laws

We are satisfied that our board committees comply with the foregoing requirements and we generally adopt the more stringent requirement if there are overlapping requirements.

As noted in our 2020 PSEC I-ACGR, we have identified certain areas where we are non-compliant, and have explained our rationale in accordance with the accepted approach of comply or explain in the Philippines. These areas do not have equivalence in Chapter 2 of the Listing Manual.

BOARD COMMITTEES

Audit Committee

The Audit Committee must be composed of at least three members of the Board who preferably have accounting, auditing, and finance backgrounds, a majority of whom must be independent directors and another with audit experience. The chair of the Audit Committee must be an independent director.

The Audit Committee has the following duties and responsibilities:

- (a) Review all interim and annual financial statements before submission to the Board and prior to disclosure to the public, with particular focus on the following:
 - (i) compliance with pertinent Philippine and internationally accepted accounting standards, internal financial management, as well as tax, legal and other regulatory requirements;
 - (ii) changes in accounting policies and practices;
 - (iii) major financial reporting issues;
 - (iv) reasonableness of estimates, assumptions, and judgments;
 - (v) significant adjustments resulting from the audit;
 - (vi) going concern assumptions;
 - (vii) review of unusual or complex transactions including significant related party transactions;
 - (viii) identification and correction of material errors, indications of fraud, and sufficiency of risk controls;
 - (ix) clarification of significant legal risks, contingencies and issues;
 - (x) disclosure of material information, subsequent events and related party transactions; and
 - (xi) review and approval of management representation letter in recognition of management's responsibility over the financial statements.
- (b) Review with management and external auditors the results of the audit, including any difficulties encountered and other issues warranting the attention of the Audit Committee, and resolve any disagreements between management and the external auditors regarding financial reporting.
- (c) Review the adequacy and effectiveness of the Group's financial and internal controls and systems including financial reporting control, information technology security and oversight and administration of the Group's whistleblowing policy, based on the state of internal controls provided by management and evaluation of internal control by the internal audit, and discuss recommendations for improving the same such as the inclusion of fraud prevention measures.

- (d) Review and make recommendations relating to any communication or report by regulatory agencies relating to the financial statements of our Group and ensure that management undertakes corrective actions, where necessary, in a timely manner.
- (e) Review, conduct investigations and make recommendations relating to any communication or report relating to any findings or major investigations on internal controls or financial reporting matters or fraud in connection therewith including issues raised by the external auditor and management's response thereto.
- (f) Review the adequacy and approve the procedures put in place related to hedging policies to be adopted by our Group.
- (g) Continually review the effectiveness of our internal control policies and procedures and outsource the internal audit function to the Independent Auditors and Reporting Accountants on a one-time basis to an external auditor to ensure the adequacy and sufficiency of the internal control policies and procedures within our Group.
- (h) Monitor and review the implementation of the recommendations raised by the internal auditors, the Independent Auditors and Reporting Accountants in respect of the internal control policies and procedures within our Group as well as the design or operation of the accounting and internal control systems of our Group.
- (i) Review with management and the head of the Internal Audit Group the qualifications of an internal auditor and the organisational structure of the internal audit function, to ensure adequacy of resources and independence of the Internal Audit Group.
- (j) Review and approve the annual audit plans prepared by the Internal Audit Group and major changes to the plans, if any, including the scope and extent of audit work to ensure adequacy of resources and independence of the Internal Audit Group and compliance with International Standards on the Professional Practice of Internal Auditing. The scope of the internal audit examination should cover the evaluation of adequacy and effectiveness of controls on governance, operations, information systems, protection of assets and compliance with applicable laws, rules and regulations.
- (k) Review with management significant findings and recommendations of the Internal Audit Group and management's response thereto including an action plan for implementation to correct weaknesses and any difficulties encountered by the auditors in the course of their audit.
- (l) Require the Internal Audit Group to submit an annual report to the Audit Committee and management of its activities and performance relative to the audit plan approved by the Audit Committee.
- (m) Review and evaluate the professional qualifications, performance and independence of the external auditor and the lead partner.
- (n) Review and approve with the external auditor, before the audit commences, the nature and scope of the audit plans, including scope, audit resources and expenses, and reporting obligations.
- (o) Review and approve the fees, remuneration and terms of engagement of the external auditor for audit and non-audit services.

- (p) Evaluate and approve non-audit work by external auditor, including the fees payable therefor, and evaluate any non-audit work undertaken to ensure that the same does not conflict with audit functions.
- (q) Review the reports or communications of the external auditors as to critical policies, alternative treatments, observations on internal controls, audit adjustments, independence, limitations on the audit work set by the management and other material issues that affect the audit and financial reporting, and ensure that management or the Board will promptly address the issues raised.
- (r) Ensure that the external auditor complies with auditing standards.
- (s) Ensure that the external auditor or the lead, engagement, or handling partner having primary responsibility for the audit or review of our Group is changed every seven years or earlier.
- (t) Recommend to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of our Group, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders.
- (u) Oversee and regularly review and assess the relevant laws and regulations for the payment and collection of STT to the Bureau of Internal Revenue, for so long as our Group has a secondary listing on the SGX-ST. Where there are material changes to the laws and regulations pertaining to the STT (including changes to the quantum of the STT payable by selling shareholders), the Company shall make timely SGXNET announcements on such changes.
- (v) Monitor the international security issues and developments between Russia, Ukraine and potential security alliances prior to resumption of our sales to Russia, if any.

The Audit Committee has full access to management, personnel and records in the performance of its duties and responsibilities ensures that, in the performance of the work of the internal auditor, he/she shall be free from interference by outside parties. The Audit Committee is composed of Enrique M. Soriano III as Chairman, with Jesli A. Lapus and Kevin Andrew L. Tan as members.

Statement on Adequacy of Internal Controls

Our Board has noted that no material weaknesses in the design or operation of the accounting and internal control systems have been raised by the Independent Auditors and Reporting Accountants in the ordinary course of their audit of the financial statements of our Group for the years ended 31 December 2019, 2020 and 2021.

Our Board has also noted that our Group has implemented measures recommended by its internal auditors, the Independent Auditors and Reporting Accountants, or implemented mitigating measures presented to the Independent Auditors and Reporting Accountants, to address the risks arising from the issues identified by the Independent Auditors and Reporting Accountants in relation to our internal control policies and procedures relating to certain financial, operational, compliance and information technology controls reviewed by the Independent Auditors and Reporting Accountants.

Based on the foregoing and the risk management and internal control policies and procedures established and maintained by our Group, work performed by the internal and external auditors of our Group and reviews performed by management, our Board, after making all reasonable enquiries and to the best of its knowledge and belief, is of the opinion that the internal controls

(including financial, operational, compliance and information technology controls) and risk management systems of our Group are adequate and effective and can address and mitigate the risks arising from the issues identified by the Independent Auditors and Reporting Accountants. Our Audit Committee concurs with our Board's opinion on the adequacy and effectiveness of our Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems.

Following the admission of our Company to the Official List of the SGX-ST, our Audit Committee will continually review the effectiveness of our internal control policies and procedures and will engage our Independent Auditors and Reporting Accountants on a one-time basis to review the adequacy and sufficiency of the internal control policies and procedures within our Group. The internal audit review to be performed by the Independent Auditors and Reporting Accountants, although limited in scope, will supplement the existing internal audit function and review procedures performed by the Independent Auditors and Reporting Accountants in the course of their audit of the Group's financial statements.

As we engaged our Independent Auditors and Reporting Accountants to perform internal audit review on a one-time basis, the remediation measures implemented by our Group will be continually reviewed by the Independent Auditors and Reporting Accountants in the course of their audit of the Group's financial statements to ensure that such measures continue to be effective following the Listing. Our Audit Committee will also monitor and review the implementation of the recommendations raised by the internal auditors, the Independent Auditors and Reporting Accountants, in respect of the internal control policies and procedures within our Group and the Independent Auditors and Reporting Accountants, in respect of the design or operation of the accounting and internal control systems of our Group.

Opinion of our Audit Committee in Relation to our CFO

In considering the suitability of Ms. Dina D.R. Inting for her role as our CFO, our Audit Committee has considered several factors, including the following: (a) her educational and professional qualifications and working experience; (b) her abilities, familiarity and diligence in relation to the financial matters of our Group; (c) the absence of negative feedback from the Independent Auditors and Reporting Accountants; and (d) the interactions of our Audit Committee with Ms. Dina D.R. Inting in her capacity as CFO.

After making all reasonable enquiries, and to the best of their knowledge and belief, nothing has come to the attention of our Audit Committee to cause them to believe that Ms. Inting does not have the competence, character and integrity expected of a chief financial officer of a listed issuer.

Corporate Governance Committee

The Corporate Governance Committee is composed of at least three members of the Board, two of whom must be independent directors, including the Chairman.

The Corporate Governance Committee has the following powers, duties and responsibilities:

- (a) Oversee the implementation of the corporate governance framework and periodically review to ensure that it remains appropriate in light of material changes to our Group's size, complexity and business strategy, as well as its business and regulatory environments;
- (b) Oversee the periodic performance evaluation of the Board and its committees as well as executive management, and conducts an annual self-evaluation of its performance;

- (c) Ensure that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;
- (d) Recommend continuing relevant education/training programmes for directors, assignment of tasks/projects to board committees, succession plan for the board members and senior officers, and remuneration packages for corporate and individual performance;
- (e) Adopt corporate governance policies and ensure that these are reviewed and updated regularly, and consistently implemented in form and substance;
- (f) Establish a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers that is consistent with our Group's culture and strategy as well as the business environment in which it operates;
- (g) Determine the nomination and election process for our Group directors and the general profile of board members that our Group may need to ensure that appropriate knowledge, competencies and expertise that complement the existing skills of the Board;
- (h) Review, evaluate, pre-screen and shortlist all candidates nominated to become a member of the Board and other appointments requiring Board approval to ensure that candidates possess all the required qualifications, including whether candidates: (1) possess the knowledge, skills, experience, and particularly in the case of non-executive directors, independence of mind given their responsibilities to the Board and in light of the entity's business and risk profile; (2) have a record of integrity and good repute; (3) have sufficient time to carry out their responsibilities; and (4) have the ability to promote a smooth interaction between Board members; and
- (i) Ensure that the following nomination and election policy and procedures are conducted:
 - (i) Nomination of independent directors shall be conducted by a committee prior to a stockholders' meeting. All recommendations shall be signed by nominating stockholders and shall bear the conformity of the nominees.
 - (ii) The committee shall pre-screen the nominees and prepare a final list of candidates.
 - (iii) The final list of candidates shall contain the business and/or professional experience of the nominees for independent directors, which list shall be made available to the Commission and to all stockholders through the filing and distribution of the Information Statement, in accordance with SRC Rule 20, or in such other reports the Company is required to submit to the Commission. The name of the person or group of persons who recommended the nominees for independent directors shall be identified in such report including any relationship to the nominees.
 - (iv) Only nominees whose names appear in the final list of candidates shall be eligible for election as independent directors. No other nominations shall be entertained after the final list of candidates shall have been prepared. No further nominations shall be entertained or allowed on the floor during the actual annual stockholders' meeting.
 - (v) The conduct of the election of independent directors shall be made in accordance with the standard election procedures of the Company in its By-laws, subject to pertinent laws, rules and regulations of the Commission.

- (vi) It shall be the responsibility of the Chairman of the Meeting to inform all stockholders in attendance of the mandatory requirement of electing independent directors. He shall ensure those independent directors are elected during the stockholders' meeting.
- (vii) In case of failure of election for independent directors, the Chairman of the Meeting shall call a separate election during the same meeting to fill up the vacancy.
- (j) Perform other duties and activities that the Board may consider appropriate in the context of its Charter.

The Corporate Governance Committee is composed of Enrique M. Soriano III as Chairman and Jesli A. Lapus and Kendrick L. Tan as members.

Board Risk Oversight Committee

The Board Risk Oversight Committee is composed of at least three members of the Board, the majority of whom must be independent directors, including the Chairman. The Chairman must not be the Chairman of the Board or of any other committee.

The Board Risk Oversight Committee is responsible for the oversight of our Company's enterprise risk management system to ensure its functionality and effectiveness.

The Board Risk Oversight Committee has the following powers, duties and responsibilities:

- (a) Develop a formal enterprise risk management plan which contains the following elements: (i) common language or register of risks, (ii) well-defined risk management goals, objectives and oversight, (iii) uniform processes of assessing risks and developing strategies to manage prioritised risks, (iv) designing and implementing risk management strategies, and (v) continuing assessments to improve risk strategies, processes and measures;
- (b) Oversee the implementation of the enterprise risk management plan and conduct regular discussions on our Company's prioritised and residual risk exposures based on regular risk management reports and assess how the concerned units or offices are addressing and managing these risks;
- (c) Evaluate and approve the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. It shall revisit defined risk management strategies, look for emerging or changing material exposures, and stay abreast of significant developments that seriously impact the likelihood of harm or loss;
- (d) Advise the Board on its risk appetite levels and risk tolerance limits;
- (e) Review and approve our Company's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impacts on the company;
- (f) Assess the probability of each identified risk becoming a reality and estimate its possible significant financial impact and likelihood of occurrence. Priority areas of concern are those risks that are the most likely to occur and to impact the performance and stability of our Group and its stakeholders;

- (g) Provide oversight over management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of our Group. This function includes regularly receiving information on risk exposures and risk management activities from management; and
- (h) Report to the Board as deemed necessary on our Company's material risk exposures, the actions taken to reduce the risks, and recommend further action or plans, as necessary.

The Board Risk Oversight Committee is composed of Jesli A. Lapus as Chairman and Enrique M. Soriano III and Kendrick Andrew L. Tan as members.

Related Party Transaction Committee

The Related Party Transaction Committee is composed of at least three directors, two of whom must be independent directors, including the Chairman.

In addition to compliance with Chapter 9 of the Listing Manual for interested person transactions, our Company, as a publicly listed company, is also required to comply with the disclosure, shareholder and/or board approval requirements in respect of related party transactions under the Material RPT Rules (as defined herein).

The Related Party Transaction Committee is tasked with reviewing all material RPTs (under the Material RPT Rules) and interested person transactions (under Chapter 9 of the Listing Manual) of our Company. For avoidance of doubt, in cases where the references in Chapter 9 of the Listing Manual is made to the audit committee, this would refer to the Related Party Transaction Committee instead.

The Related Party Transaction Committee has the following powers, duties and responsibilities:

- (a) Evaluate on an ongoing basis existing relations between and among business and counterparties to ensure that all related parties and interested persons are continuously identified, RPTs and interested person transactions are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, interested persons, RPTs, interested person transactions and changes in relationships should be reflected in the relevant reports to the Board and regulators/supervisors;
- (b) Evaluate all material RPTs and interested person transactions to ensure that these are not undertaken on more favourable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties and interested persons than similar transactions with unrelated third parties under similar circumstances and that no corporate or business resources of our Company are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating RPTs and interested person transactions, the Committee takes into account, among others, the following:
 - (i) The related party's and/or interested person's (as the case may be) relationship to the Company and interest in the transaction;
 - (ii) The material terms of the proposed RPT and/or interested person transaction (as the case may be), including the proposed aggregate value of such transaction;
 - (iii) The benefits to our Company of the proposed RPT and/or interested person transaction (as the case may be);

- (iv) The availability of other sources of comparable products or services; and
 - (v) An assessment of whether the proposed RPT and/or interested person transaction (as the case may be) is on terms and conditions that are comparable to the terms generally available to an unrelated third party under similar circumstances. Our Company should have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs and/or interested person transactions (as the case may be);
- (c) Ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to our Company's RPT and interested person transaction exposures, and policies on conflicts of interest or potential conflicts of interest. The disclosure should include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of our Company's affiliation or transactions with other related parties and interested persons;
 - (d) Report to the Board of Directors as needed the status and aggregate exposures to each related party and interested person, as well as the total amount of exposures to all related parties and interested persons;
 - (e) Ensure that transactions with related parties and interested persons, including write-off of exposures are subject to a periodic independent review or audit process;
 - (f) Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs and interested person transactions, including a periodic review of RPT and interested person transactions policies and procedures;
 - (g) Reviewing any interested person transactions as defined in the Listing Manual. See *"Interested Person Transactions and Potential Conflicts of Interest—Review Procedures for Future Interested Person Transactions"* of this Introductory Document;
 - (h) Reviewing and assessing from time to time whether additional processes are required to be put in place to manage any material conflicts of interest with our interested persons and propose, where appropriate, the relevant measures for the management of such conflicts; and
 - (i) Reviewing and ensuring adequate resolution of all actual or potential conflicts of interest matters referred to it.

The Related Party Transaction Committee is composed of Enrique M. Soriano III as Chairman and Jesli A. Lapus and Kevin Andrew L. Tan as members.

ARRANGEMENTS OR UNDERSTANDINGS

Dr. Andrew L. Tan, our Chairman, is also our ultimate Controlling Shareholder. Save for the foregoing, none of our Directors or Executive Officers has any arrangement or understanding with any of our Substantial Shareholders, customers or suppliers or other persons, pursuant to which he or she was appointed as a Director or as an Executive Officer, as the case may be.

REMUNERATION

The compensation paid by our Company and our subsidiaries to each of our Directors and each of our Executive Officers for services rendered by them in all capacities to our Company and our related corporations for the years ended 31 December 2020 and 2021 and expected to be payable by our Company and our subsidiaries to each of these Directors and Executive Officers for services rendered by them in all capacities to our Company and our related corporations for the year ending 31 December 2022, in remuneration bands⁽¹⁾, are as follows:

Directors and Executive Officers	2020 ⁽²⁾	2021 ⁽²⁾	2022 (estimated) ⁽²⁾⁽³⁾
Andrew L. Tan	A	A	A
Winston S. Co	B	B	B
Katherine L. Tan	A	A	A
Kendrick Andrew L. Tan	A	A	A
Kevin Andrew L. Tan	A	A	A
Enrique M. Soriano III	A	A	A
Jesli A. Lapus ⁽⁴⁾	N/A	A	A
Executive Officers who are not Directors			
Dina D.R. Inting.	A	A	A
Anna Michelle T. Llovido	A	A	A

Notes:

(1) Remuneration bands:

- Band A means remuneration below the equivalent of S\$250,000.
- Band B means remuneration between the equivalent of S\$250,001 and S\$500,000.

(2) Remuneration bands for the years ended 31 December 2020 and 2021 are based on the average exchange rate for the years ended 31 December 2020 and 2021, respectively, while the remuneration band for the year ending 31 December 2022 was calculated based on the exchange rate as at the Latest Practicable Date.

(3) The estimated amount of remuneration excludes any bonus or profit-sharing plan or any other profit-linked agreement or arrangement payable for the year ending 31 December 2022 as such bonuses are discretionary in nature and are determined by our Board at the end of each financial year, taking into account our Company's performance for that financial year.

(4) Mr. Lapus was elected as Independent Director on 17 May 2021.

(5) On 23 September 2015, Ms. Llovido was granted 5,000,000 options at an exercise price of ₱7 per share which will vest on her 60th birthday or upon her retirement from the Company, whichever is later, contingent on continuous service as an employee from the date of grant until the time of vesting. The value of such options has not been included in computing the compensation in the table.

Compensation figures include benefits-in-kind and any deferred compensation accrued for the financial year in question and payable at a later date.

Save as disclosed in the sections entitled "*Share Options—Employee Stock Option Plan*" in this Introductory Document, we do not have in place any formal bonus or profit-sharing plan or any other profit-linked agreement or arrangement with any of our employees and bonus is expected to be paid on a discretionary basis.

Collective Agreement with Employees

Our employees at AWGI and at our operations in Spain and the UK are unionised. The relationship and cooperation between the management and staff have been good and are expected to continue to remain so in the future. There has not been any incidence of work stoppages or labour disputes which affected our operations. For more information, see “*Business—Employees*”.

Pensions and Retirement Plans

Except for GES, which provides employee benefits through a defined contribution plan, our Group maintains a funded, tax-qualified, non-contributory retirement benefit plan which is being administered by a trustee bank that is legally separate from our Group.

We have a post-employment plan that covers all regular full-time employees of EDI, and provides a retirement benefit ranging from 85% to 150% of plan salary for every year of credited service. Employees of AWGI, Tradewind Estates, Inc., and Progreen Agricorp, Inc. are not covered by this post-employment plan, but are entitled by law to retirement pay equivalent to at least one-half month salary for every year of service. Our expected maturity of undiscounted expected benefits payments within one year increased 7.4% from ₱320,594,583 in 2020 to ₱346,340,076 in 2021 because of actuarial valuations. Our expected maturity of undiscounted expected benefits payments in more than one year, but less than five years decreased 15.7% from ₱1,328,151,573 in 2020 to ₱1,119,290,136 in 2021 and our expected maturity of undiscounted expected benefits payments in more than five years, but less than ten years increased 11.0% from ₱88,046,296 in 2020 to ₱97,766,014 in 2021 for the same reason.

The normal retirement age is 60 with a minimum of five years of credited service. The plan provides for an early retirement at the age of 50 with a minimum of ten years of credited service and likewise a late retirement age that is not beyond 65, with a minimum of five years of credited service both subject to the approval of our Company’s Board of Directors.

Actuarial valuations are made regularly to update the post-employment benefit costs and the amount of contributions. All amounts presented below and in the succeeding pages are based on the actuarial valuation reports obtained from independent actuaries.

WMG operates a defined contribution plan for its employees and contributes 10% of salary into the plan where the employee contributes a minimum of 5%. There are no legal or constructive obligations to pay further contributions should the funds underperform.

WMG also operates a Defined Benefit Pension Scheme which was closed to future accrual in April 2012. The fair value of assets and liabilities recognised in respect of this scheme are included in the consolidated statements of financial position within the amounts set out below.

	2021	2020
₱ millions		
Fair value of plan assets	16,232.0	14,795.9
Present value of the obligation	(15,318.0)	(15,155.4)
Total	<u>914.0</u>	<u>(359.5)</u>

For more details, please see Note 21.3 of the 2021 consolidated financial statements of our Company.

Save as disclosed above, no amounts have been set aside or accrued by our Company or our subsidiaries to provide for pension, retirement or similar benefits for our employees, Directors and key executives.

EMPLOYMENT AGREEMENTS

EDI has entered into separate employment arrangements (each, an “**Employment Agreement**”) with our Executive Directors, none of which contains any fixed terms or provides for benefits upon termination of employment.

Further, none of our Directors has entered, or proposes to enter, into any employment service agreement with our Company or any subsidiary or subsidiary entity of our Company which provides for benefits upon termination of employment.

Other than as disclosed in this Introductory Document, we have not made any payment to our Directors or Chief Executive Officer or immediate family member of the same in 2020 and 2021.

INTERESTED PERSON TRANSACTIONS AND POTENTIAL CONFLICTS OF INTEREST

INTERESTED PERSON TRANSACTIONS

In general, a transaction between:

- (1) an entity at risk (in this case, our Company or any of its subsidiaries or subsidiary entities or (if certain conditions set out in the definition of “*entity at risk*” in the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018, as amended or modified from time to time (“**SFR**”) are satisfied) any of the associated companies or associated entities of our Company); and
- (2) any of the interested persons of our Company (in this case (i) a director, (ii) our Chief Executive Officer, (iii) a Controlling Shareholder of our Company, or (iv) an associate of any such director, Chief Executive Officer or Controlling Shareholder),

would constitute an interested person transaction.

Certain terms such as “*associate*”, “*controlling shareholder*”, “*interested person*” and “*interested person transaction*” used in this section have the meanings as provided in the Listing Manual and the SFR, unless the context specifically requires the application of the definitions in one or the other as the case may be.

This section, as well as the section entitled “*Substantial Shareholders and Security Ownership of Directors—Termination Agreement*” sets out the past, present and on-going interested person transactions between our Group and our interested persons which are material in the context of the Introduction for the last three financial years ended 31 December 2019, 2020 and 2021 and for the period from 1 January 2022 until the Latest Practicable Date. Upon listing of our Shares on the SGX-ST, investors are deemed to have specifically approved these transactions with our interested persons (including the transactions described under “*—Present and On-going Interested Person Transactions*”) and as such these transactions are not subject to Rules 905 and 906 of the Listing Manual to the extent that there are no subsequent changes to the terms of the agreements in relation to each of these transactions.

In line with Chapter 9 of the Listing Manual, a transaction which value is less than S\$100,000 is not considered material in the context of the Introduction and is not taken into account for the purposes of aggregation in this section.

Philippine law requires that a director own at least one share of the company for which he or she acts as a director. Accordingly, members of the Tan Family each hold one share in our Philippines-incorporated subsidiaries in which they are appointed directors solely for the purpose of compliance with Philippine law. See “*Business—Subsidiaries, Associates and Joint Ventures*” for further details.

Members of our Group enter into various intra-Group transactions from time to time in the ordinary course of business (including transactions involving the abovementioned subsidiaries). Due to the definition of “*associates*” under the Listing Manual, intra-Group transactions involving the abovementioned subsidiaries in which the Tan Family and/or their associates have minority interests in would constitute interested person transactions.

Rule 915(3) of the Listing Manual exempts “a transaction between an entity at risk and an investee company, where the interested person’s interest in the investee company, other than that held through the issuer, is less than 5%” (the “**Relevant Threshold**”) from various requirements applying to interested person transactions. Accordingly, in line with the aforesaid Rule, intra-Group transactions involving the abovementioned subsidiaries where the separate interests of the Tan Family and/or their associates (which is held outside of our Group) does not exceed 5% (being the Relevant Threshold under Rule 915(3)) are also not considered material in the context of the Introduction. Such intra-Group transactions are not taken into account for the purposes of aggregation in this section.

Given that the Tan Family’s interests in our subsidiaries other than that held through our Company are below the Relevant Threshold, no intra-Group transactions will be taken into account for the purposes of aggregation in this section. A list of interested persons in respect of our past, present and on-going interested person transactions for the purposes of this section have been set out below.

Interested Person	Relationship with our Group
Dr. Andrew L. Tan	Our Chairman, Director and ultimate Controlling Shareholder
Mrs. Katherine L. Tan	Director and family member of Dr. Andrew L. Tan
Mr. Kevin Andrew L. Tan	Director and family member of Dr. Andrew L. Tan
Mr. Kendrick Andrew L. Tan	Director and family member of Dr. Andrew L. Tan
Alliance Global Group, Inc. (“ AGI ”)	Our Controlling Shareholder and an associate of Dr. Andrew L. Tan
Andresons Global Inc. (“ AGL ”)	An associate of Dr. Andrew L. Tan
Great American Foods, Inc. (“ GAFI ”)	An associate of Dr. Andrew L. Tan
Megaworld Corporation (“ MEG ”)	An associate of Dr. Andrew L. Tan
Empire East Land Holding, Inc. (“ ELI ”)	An associate of Dr. Andrew L. Tan
Great American Distillery, Inc. (“ GADI ”)	An associate of Dr. Andrew L. Tan
Traveller’s International Hotel Group (“ TIHG ”)	An associate of Dr. Andrew L. Tan
La Fuerza Inc. (“ LFI ”)	An associate of Dr. Andrew L. Tan
Suntrust Ecotown Developers, Inc. (“ SED ”)	An associate of Dr. Andrew L. Tan
Global One Real Estate, SA (“ GORES ”)	An associate of Dr. Andrew L. Tan
First Centro, Inc (“ FCI ”)	An associate of Dr. Andrew L. Tan
Consolidated Distillers of the Far East, Inc. (“ ConDis ”)	An associate of Dr. Andrew L. Tan

COMPLIANCE WITH RELATED PARTY TRANSACTIONS UNDER THE MATERIAL RPT RULES

In addition to compliance with Chapter 9 of the Listing Manual for interested person transactions, our Company, as a publicly listed company (“**PLC**”), is also required to comply with the disclosure, shareholder and/or board approval requirements in respect of related party transactions under the Material RPT Rules. For avoidance of doubt, the Company will separately comply with both the Material RPT Rules and Chapter 9 of the Listing Manual notwithstanding any differences in the requirements.

The PSEC Memorandum Circular No. 10, series of 2019 requires a PLC to comply with the PSEC's Rules on Material Related Party Transactions for Publicly-Listed Companies (the "**Material RPT Rules**").

The Material RPT Rules requires all Material Related Party Transactions ("**Material RPT**") to be approved by at least two-thirds vote of the PLC's board of directors including at least a majority of its independent directors. In case the majority of the independent directors' vote is not secured, the Material RPT may be ratified by the vote of stockholders representing at least two-thirds of the outstanding capital stock. Directors with personal interest in the transaction should abstain from voting. In case they refuse to abstain, their attendance shall not be counted for the purpose of assessing quorum and their votes shall not be counted for purposes of determining approval.

The members of the board, substantial shareholders, and officers must fully disclose to the board of directors all material facts related to material related party transactions as well as their direct and indirect financial interest in any transaction or matter that may affect or is affecting the company. Such disclosure shall be made at the board meeting where the material related party transaction will be presented for approval and before the completion or execution of the material related party transaction.

A Material RPT means any related party transaction/s, either individually, or in aggregate over a 12-month period with the same related party, amounting to 10% or higher of a PLC's total assets based on its latest audited financial statement. If the PLC is a parent company, the total assets shall pertain to its total consolidated assets.

A "related party transaction" is defined as a transfer of resources, services or obligations between a reporting PLC and a related party, regardless of whether a price is charged. It should be interpreted broadly to include not only transactions that are entered into with related parties, but also outstanding transactions that are entered into with an unrelated party that subsequently becomes a related party.

Related parties cover the PLC's directors, officers, substantial shareholders and their spouses and relatives within the fourth civil degree of consanguinity or affinity, legitimate or common-law, if these persons have control, joint control or significant influence over the PLC. It also covers the PLC's parent, subsidiary, fellow subsidiary, associate, affiliate, joint venture or an entity that is controlled, jointly controlled or significantly influenced or managed by a person who is a related party.

Substantial shareholder means any person who is directly or indirectly the beneficial owner of more than 10% of any class of a PLCs equity security.

PLCs are required to file with the PSEC and PSE an Advisement Report on Material RPTs signed by the reporting PLC's Corporate Secretary or authorised representative, within three calendar days after the execution date of the transaction.

PLCs must also disclose in its Integrated Annual Corporate Governance Report ("**I-ACGR**"), which is submitted to the PSEC and PSE every May 30 of each year, a summary of material RPTs entered into during the reporting year.

See "*Appendix E—Comparison of PSE and PSEC Regulations and Philippines Securities Law and SGX-ST Listing Rules and Singapore Securities Law*" for further details.

PAST INTERESTED PERSON TRANSACTIONS

Details of the past transactions between our Group and interested persons which are material in the context of the Introduction for the last three financial years ended 31 December 2019, 2020 and 2021, and for the period from 1 January 2022 until the Latest Practicable Date are as follows:

(a) Procurement of import and export processing services from AGL

EDI had from time to time procured import and export processing services from AGL to process EDI's importation of raw materials and finished goods and exportation of Emperador products in the ordinary course of business. AGL charges a handling fee which is a percentage of the value of the products or the invoice cost. In addition, EDI reimburses AGL for all costs incurred in importation and exportation, such as logistical expenses. In carrying out its processing agent services, AGL had also from time to time made payments to suppliers and the tax authorities in respect of duties and taxes on behalf of EDI, which EDI then reimbursed in full. Following our secondary listing on SGX-ST, AGL will no longer make such payments on behalf of EDI and EDI will make payments directly to its suppliers and the relevant tax authorities. The details of these past transactions between EDI and AGL for the financial years ended 31 December 2019, 2020 and 2021 and for the period from 1 January 2022 until the Latest Practicable Date are as follows:

(P millions)	Financial year ended 31 December			1 January 2022 until the Latest Practicable Date
	2019	2020	2021	
Aggregate value of processing agent services procured from AGL	73.0	54.2	42.9	30.8
Aggregate value of reimbursements provided to AGL	4,500	1,800	1,606	208.1

AGL is a trading firm engaged in importation and exportation of consumer goods and general merchandise as well as provision of logistics services. EDI, as a manufacturer and distributor of alcohol products, had utilised such services in the ordinary course of business to import raw materials and finished goods, such as Whyte and Mackay, Fundador, E. J. Gallo, and GAFI products and export of Emperador products. EDI had outsourced the importation and exportation process to AGL as it does not have the resources to do so.

These transactions were conducted on an arm's length basis and on normal commercial terms as the procurement of processing agent services by AGL were at the prevailing market rates and on substantially the same terms as purchases made by unrelated third parties. Accordingly, these transactions are not prejudicial to the interests of our Group and our minority Shareholders.

We intend to continue to enter into similar transactions with AGL following our listing. Such transactions will be subject to the requirements of Chapter 9 of the Listing Manual, if applicable.

(b) Sales of finished goods to interested persons by EDI

EDI had from time to time sold certain finished goods to certain interested persons and their subsidiaries (being MEG, TIHG and AGL) in the ordinary course of business. Such finished goods include, among others, Whyte and Mackay, Fundador and Emperador products.

The details of these past transactions between our Group and MEG, TIHG and AGL for the financial years ended 31 December 2019, 2020 and 2021 and for the period from 1 January 2022 until the Latest Practicable Date are as follows:

(P millions)	Financial year ended 31 December			1 January 2022 until the Latest Practicable Date
	2019	2020	2021	
Aggregate value of sale of finished goods to MEG	65.4	23.6	49.2	77.2
Aggregate value of sale of finished goods to TIHG	32.4	3.6	6.1	3.8
Aggregate value of sale of finished goods to AGL	129.8	60.0	37.9	43.7

MEG, a publicly-listed company in the Philippines, is primarily engaged in the development of large scale mixed-use planned communities or ‘townships’. As part of the ordinary course of business of MEG, it had purchased these products for distribution as corporate gifts as well as at corporate events.

TIHG is the developer and operator of Resorts World Manila, the first integrated tourism resort property in the Philippines that combines privately-operated gaming facilities with hotel, retail, dining, entertainment and other leisure amenities. As part of the ordinary course of business of TIHG, it had purchased these products for distribution as corporate gifts and sales to customers of its restaurants, hotels and casinos.

As mentioned above, AGL is a trading firm engaged in importation and exportation of consumer goods and general merchandise. AGL also owns retail stores where it sells such consumer goods and general merchandise. As part of the ordinary course of business of AGL, it had purchased these products for distribution and sales in its retail stores.

As mentioned above, EDI is a manufacturer and distributor of alcohol products, and engages in sales of such finished goods in the ordinary course of its business. These transactions were conducted on an arm’s length basis and on normal commercial terms as the sales were sold on the basis of EDI’s price lists in force and terms that would be available to unrelated third parties. No special discounts were given to MEG, TIHG and AGL on account of them being interested persons. Accordingly, these transactions are not prejudicial to the interests of our Group and our minority Shareholders.

We intend to continue to enter into similar transactions with interested persons following our listing. Such arrangements will be subject to the requirements of Chapter 9 of the Listing Manual, if applicable.

(c) Purchase of land parcels from interested persons

The following sale and purchase agreements were entered into between our Group and interested persons:

- (i) deed of absolute sale dated 11 January 2022 entered into between EDI and MEG for the purchase of certain parcels of land located in Iloilo, Philippines (with an aggregate land size of 5,191 sqm) from MEG (the “**MEG CBS Iloilo**”) for an aggregate purchase price of ₱100 million¹⁴;
- (ii) contract to buy and sell dated 15 August 2016 entered into between EDI and MEG for the purchase of certain parcels of land located in Cebu, Philippines (with an aggregate land size of 7,757 sqm) from MEG (the “**MEG CBS Cebu**”) for an aggregate purchase price of ₱106 million;
- (iii) deed of absolute sale dated 28 August 2019 entered into between EDI and LFI for the acquisition of a parcel of land located in Legazpi City, Philippines (with a land size of 1,593 sqm) from LFI (the “**2019 LFI DAS 1**”) for a purchase price of ₱37 million;
- (iv) deed of absolute sale dated 16 December 2019 entered into between EDI and LFI for the acquisition of a parcel of land located in Legazpi City, Philippines (with a land size of 292 sqm) from LFI (the “**2019 LFI DAS 2**”) for a purchase price of ₱10.1 million; and
- (v) six deeds of absolute sale, each dated 2 June 2021 entered into between EDI and SED for the acquisition of various parcels of land located in Tanza, Cavite, Philippines (with a combined total land size of 50,523 sqm) from SED (collectively, the “**SED DAS**”) for a total purchase price of ₱271.2 million.

See “*Business—Facilities and Equipment—Material Properties*” and “*Business—Facilities and Equipment—Other Properties*” for further details on the properties owned by our Group.

¹⁴ While full payment has been made by EDI to MEG in respect of MEG CBS Iloilo, these agreements have not yet completed due to a delay in transfer of legal title as a result of the enhanced community quarantine in the Philippines since 13 March 2020 due to the COVID-19 pandemic. See “*Risk Factors—Risks Relating to Our Business—An outbreak of disease, global or localised health pandemic or epidemic or a similar public health threat, or fear of or response measures to such an event, could have a material adverse effect on our business, financial condition and results of operations.*” for further details. The parcels of land to be acquired by our Group under MEG CBS Iloilo are intended to be used for our Group’s business operations. Based on our experience in purchasing land parcels in Philippines, save for the ongoing enhanced community quarantine in the Philippines and any similar restrictions in movement that may be implemented due to the COVID-19 pandemic, we are of the view that the transfer of legal title should be procedural in nature and we do not foresee any difficulty in completing the transfer of legal title, on the basis that all conditions and request for documents by the regulatory authorities during the process are fulfilled. Picazo Buyco Tan Fider & Santos, the Company’s legal advisers as to Philippine law, shares the foregoing view. We expect the legal title for MEG CBS Iloilo to be transferred to EDI within 3-6 months. There are no outstanding conditions to complete these transfers, but the BIR requires us to pay certain taxes, the Registry of Deeds requires that we complete the title transfers and local governments require that we transfer tax declarations for real property taxes. The process of fulfilling these requirements is slowed by localised lockdowns in response to the COVID-19 pandemic.

The details of these past transactions between our Group and the abovementioned interested persons for the financial years ended 31 December 2019, 2020 and 2021 and for the period from 1 January 2022 until the Latest Practicable Date are as follows:

(P millions)	Financial year ended 31 December			1 January 2022 until the Latest Practicable Date
	2019	2020	2021	
Aggregate value paid to MEG under the MEG CBS Iloilo	22.5	13.13	—	—
Aggregate value paid to MEG under the MEG CBS Cebu	23.9	13.9	—	—
Aggregate value paid to LFI under the 2019 LFI DAS 1	37.0	—	—	—
Aggregate value paid to LFI under the 2019 LFI DAS 2	—	10.1	—	—
Aggregate value paid to SED under the SED DAS	—	204.9	—	—

No amounts remain outstanding under MEG CBS Iloilo, MEG CBS Cebu, 2019 LFI DAS 1, 2019 LFI DAS 2 and SED DAS. The abovementioned transactions were conducted on an arm's length basis and on normal commercial terms as the purchase price was based on the prevailing fair market value of the land parcels. Accordingly, these transactions are not prejudicial to the interests of our Group and our minority Shareholders.

Following the listing, our Group may in the future enter into similar transactions with interested persons. Such arrangements will be subject to the requirements of Chapter 9 of the Listing Manual, if applicable.

(d) Purchase of imported raw materials and machine spare parts from AGL

AWGI had from time to time purchased imported raw materials and machine spare parts from AGL in the ordinary course of its business. The details of these past transactions between AWGI and AGL for the financial years ended 31 December 2019, 2020 and 2021 and for the period from 1 January 2022 until the Latest Practicable Date are as follows:

(P millions)	Financial year ended 31 December			1 January 2022 until the Latest Practicable Date
	2019	2020	2021	
Aggregate value of purchases of imported raw materials and machine spare parts from AGL	144.9	103.2	115.7	51.8

The imported raw materials and machine spare parts purchased were utilised for repairs and maintenance of various machineries at our Group's bottling facilities. These transactions were conducted on an arm's length basis and on normal commercial terms as the purchase of imported raw materials and machine spare parts were at the prevailing market rates and on substantially the same terms as those provided to unrelated third parties. Accordingly, these transactions are not prejudicial to the interests of our Group and our minority Shareholders.

We intend to continue to enter into similar transactions with AGL following our listing. Such arrangements will be subject to the requirements of Chapter 9 of the Listing Manual, if applicable.

(e) Advances made to and received from interested persons

ELI had, pursuant to a reimbursable expense arrangement in 2003, provided advances to Tradewind Estates, Inc., our wholly-owned subsidiary (“**TEI**” and the advances, the “**ELI Advances**”). The ELI Advances were for miscellaneous expenses incurred in connection with the preparation works for the construction of the Laguna bottling plant amounting to ₱6 million. No interest was charged under the ELI Advances. The ELI Advances were fully repaid in September 2021. As at the Latest Practicable Date, no amount remains outstanding under the ELI Advances.

TEI had, pursuant to cash vouchers provided in 2007, provided cash advances to FCI (the “**TEI Advances**”). The TEI Advances were for a total amount of ₱55.9 million. No interest was chargeable under the TEI Advances. FCI had utilised the TEI Advances for investment purposes. The TEI Advances were fully repaid in September 2021. As at the Latest Practicable Date, no amount remains outstanding under the TEI Advances.

EDI provided cash advances to GADI between 2017 to 2020 (the “**EDI Advances**”). The EDI Advances were for a total amount of ₱600.4 million. No interest was chargeable under the EDI Advances. GADI had utilised the EDI Advances for purchase of whisky barrels. The EDI Advances were fully repaid in July 2021. As at the Latest Practicable Date, no amount remains outstanding under the EDI Advances.

EIL provided cash advances to AGI between 2018 to 2019 for AGI’s investment activities (the “**EIL Advances**”). The EIL Advances were for a total amount of approximately ₱2,178.8 million. No interest was chargeable under the EIL Advances. AGI had utilised the EIL Advances for its investment purposes. EIL had provided the EIL Advances to AGI as our Group had intended to explore projects in connection with the business of our Group, which included a plan to acquire land at a strategic location in Metro Manila to build a distribution hub. However, our Group had decided later not to proceed with this plan for commercial reasons. The EIL Advances were fully repaid in September 2021. As at the Latest Practicable Date, no amount remains outstanding under the EIL Advances.

EDI had entered into a sale and purchase agreement dated 26 August 2014 with La Fuerza, Inc. (“**LFI**”) for the acquisition of certain parcels of land in Davao, Philippines from LFI for a purchase price of ₱144.8 million for the purposes of constructing a bottling facility (the “**LFI SPA**”). EDI had paid the full amount of the purchase price to LFI in 2014, however the acquisition was temporarily suspended as there was a change in the zoning regulation in Davao which prevented the Company from constructing the bottling facility. Due to the suspension of the acquisition, our Group had recorded the payment of the purchase price to LFI under the LFI SPA as an advance to LFI under its audited consolidated financial statements for FY2020 in accordance with the Philippine Financial Reporting Standards (the “**LFI Advance**”). EDI and LFI had, on 1 October 2021, entered into a deed of absolute sale to complete the acquisition. Subsequent to the acquisition, the zoning classification was changed which removed the restrictions around the construction of the bottling facility. The title transfer has been recorded with the Registry of Deeds. Pursuant to the completion of the acquisition on 1 October 2021, the LFI Advance has been reclassified as land for future use and reflected as a non-current asset under our Group’s consolidated financial statements. As at the Latest Practicable Date, no amount remains outstanding under the LFI Advance.

The amounts outstanding under the ELI Advances, TEI Advances, EDI Advances, EIL Advances and LFI Advance as at 31 December 2019, 2020 and 2021 and the largest amount outstanding during the aforesaid period is as follows:

(P millions)	Amount owing as at 31 December			Amount owing as at the Latest Practicable Date	Largest amount outstanding during the relevant period
	2019	2020	2021		
ELI Advances granted by ELI	6.0	6.0	–	–	6.0
TEI Advances granted by TEI	55.9	55.9	–	–	55.9
EDI Advances granted by EDI	595.3	600.4	–	–	600.4
EIL Advances granted by EIL	2,095.4	2,178.8	–	–	2,178.8
LFI Advance granted by EDI	144.8	144.8	–	–	144.8

TEI was a wholly-owned subsidiary of AGI up until 11 March 2016, when it became a wholly-owned subsidiary of our Group pursuant to a deed of assignment of subscription. The ELI Advances, TEI Advances, EDI Advances, EIL Advances and LFI Advance were not entered into on an arm's length basis and were not carried out on normal commercial terms given that (a) no interest was chargeable, (b) the advances were unsecured and (c) did not have a fixed repayment date.

Nevertheless, our Directors are of the opinion that the above transactions were not prejudicial to our Group and our minority Shareholders, as (i) TEI was then a wholly-owned subsidiary of AGI at the time of the provision of the ELI Advances in 2003 and the ELI Advances were granted in favour of TEI and the ELI Advances were also fully repaid in September 2021, (ii) TEI was then a wholly-owned subsidiary of AGI at the time of the provision of the TEI Advances in 2007 and the TEI Advances were fully repaid in September 2021, (iii) the EDI Advances were meant to explore projects in connection with the business of our Group and the EDI Advances were fully repaid in July 2021, (iv) the EIL Advances were meant to explore projects in connection with the business of our Group and the EIL Advances were fully repaid in September 2021 and (v) the LFI Advance was provided for the purpose of acquiring land parcels under the LFI SPA and was classified as an advance to LFI due to the Philippine Financial Reporting Standards as a result of the suspension of the acquisition under the LFI SPA, and post-acquisition the LFI Advances will be reclassified as land for future use and reflected as a non-current asset under our Group's consolidated financial statements moving forward.

Our Group does not intend to enter into similar transactions with ELI, FCI and GADI in the future. Upon the admission of our Company to the Main Board of the SGX-ST, future advances made to and received from interested persons shall be subject to the requirements of Chapter 9 of the Listing Manual, if applicable.

PRESENT AND ON-GOING INTERESTED PERSON TRANSACTIONS

Details of the present and on-going transactions between our Group and interested persons which are material in the context of the Introduction, for the financial years ended 31 December 2019, 2020 and 2021 and for the period from 1 January 2022 until the Latest Practicable Date are as follows:

(a) Provision of management and administration services

The following management and administration service agreements were entered into between our Group and interested persons (collectively, the “**Management Agreements**”):

- (i) EDI had entered into a management and administration service agreement (the “**EDI Management Agreement**”) with GAFI on 1 July 2019 pursuant to which EDI provided management and administration services to GAFI. Such management and administration services include (a) general supervision, (b) product research and development, (c) financial and accounting services and (d) marketing and sales services. The EDI Management Agreement has a term of one year and will automatically renew for successive one year periods. The EDI Management Agreement may be terminated by either party providing 30 days prior written notice. There is no penalty for early termination of the EDI Management Agreement.
- (ii) Progreen Agricorp, Inc (“**Progreen**”) had entered into an operations and management agreement (the “**Progreen Operations and Management Agreement**”) with ConDis on 1 April 2017 pursuant to which ConDis shall operate and manage the distillery plant in Nasugbu, Batangas. Pursuant to the Progreen Operations and Management Agreement, ConDis has the sole and exclusive right to (a) provide consultancy and advisory services in relation to the operation, management, and development of the distillery plant as well as (b) operate and manage the distillery plant. The Progreen Operations and Management Agreement has no fixed term and shall continue to be in effect until terminated at any time, upon mutual written agreement of the parties. There is no penalty for termination of the Progreen Operations and Management Agreement.

The details of these past transactions between our Group and interested persons for the financial years ended 31 December 2019, 2020 and 2021 and for the period from 1 January 2022 until the Latest Practicable Date are as follows:

(P millions)	Financial year ended 31 December			1 January 2022 until the Latest Practicable Date
	2019	2020	2021	
Aggregate value of management and administration services provided to GAFI.	10.2	19.3	19.8	8.8
Aggregate value of operations and management services provided to Progreen.	60.0	60.0	60.0	25.0

GAFI manufactures and distributes snack food items, and in particular the 'Pik-Nik' brand goods, and had outsourced certain management and administration services to EDI. These transactions were conducted on an arm's length basis and on normal commercial terms as the fees were charged based on the prevailing market rates for similar services, taking into account the estimated number of hours per year required to perform such management and administration services. The fees payable under the EDI Management Agreement were also reviewed by GAFI's independent external accountants and found to be in line with prevailing market rates for similar services. Accordingly, these transactions are not prejudicial to the interests of our Group and our minority Shareholders.

ConDis is primarily engaged in the business of the manufacture and sale of wine, alcoholic drinks, food products, and merchandise and commodities. Progreen had outsourced certain operations and management services of the distillery plant in Nasugbu, Batangas to ConDis. These transactions were conducted on an arm's length basis and on normal commercial terms as the fixed fees were charged based on the prevailing market rates for similar services. The fees payable under the Progreen Operations and Management Agreement were also reviewed by Progreen's independent external accountants and found to be in line with prevailing market rates for similar services. Accordingly, these transactions are not prejudicial to the interests of our Group and our minority Shareholders.

We intend to continue to with the Management Agreements following our listing. The EDI Management Agreement will be subject to the requirements of Chapter 9 of the Listing Manual, if applicable.

(b) Entry into lease agreements with interested persons

The following lease agreements were entered into between our Group and interested persons (collectively, the **"Lease Agreements"**):

- (i) one lease agreement dated 1 March 2019 and four lease agreements dated 1 June 2019 between EDI and MEG in respect of a lease by EDI for its head office space (with a floor area of 3,223.78 sqm) and parking spaces located at Eastwood CyberPark, Quezon City (collectively, the **"EDI Office Leases"**). The EDI Office Leases will expire on 31 May 2024 and may be renewed upon written agreement;
- (ii) lease agreement dated 8 July 2019 between EDI and ELI in respect of a lease by EDI of warehouse space located at Central Business Park, Pasig City (with a floor area of 9,870 sqm) (the **"EDI Warehouse Lease"**). The EDI Warehouse Lease has a lease term of four years and may be renewed upon written agreement;
- (iii) lease agreement dated 14 December 2016 between Progreen and MEG in respect of a lease by Progreen of office space located at Taguig City (with a floor area of 442.51 sqm) (the **"Progreen Office Lease"**). The Progreen Office Lease was terminated in November 2020;
- (iv) lease agreement dated 2 December 2020 and three lease agreements dated 15 November 2020 between Progreen and MEG in respect of a lease by Progreen of office space (with a floor area of 518 sqm) (the **"2020 Progreen Office Lease"**) and parking spaces (the **"2020 Progreen Parking Leases"**) located at Taguig City. The 2020 Progreen Office Lease has a lease term of five years and may be renewed upon written agreement. The 2020 Progreen Parking Leases have a lease term of one year and may be renewed upon written agreement.

- (v) lease agreement dated 27 January 2017 and as supplemented on 10 September 2021 between AWGI and AGI in respect of a lease by AWGI of a glass manufacturing plant located at Calamba, Laguna (with a floor area of 15,513 sqm) (the “**AWGI Glass Manufacturing Plant Lease**”). The AWGI Glass Manufacturing Plant Lease has a lease term of ten years and may be renewed upon written agreement; and
- (vi) lease agreement dated 8 September 2021 between GORES and GEG in respect of a provision of a coworking area by GEG located at Paseo de las Castellana, Madrid (with a floor area of 661 sq m) (the “**GEG Office Lease**”). The GEG Office Lease has a lease term of two years and shall automatically renew for successive two year periods unless otherwise notified.

Save for the 2020 Progreen Office Lease and 2020 Progreen Parking Leases, the Lease Agreements typically may be terminated by either party providing between 120 to 180 days prior written notice.

Generally, where the lessee terminates the lease before the lease term is up, it will forfeit the security deposit (if any) provided under that respective lease agreement. The security deposits under the EDI Office Leases amount to approximately ₱5.55 million. The security deposits under the 2020 Progreen Office Lease and 2020 Progreen Parking Leases amount to approximately ₱1.74 million. Save as aforementioned, there are no security deposits provided pursuant to the Lease Agreements.

See “*Business—Facilities and Equipment—Material Properties*” and “*Business—Facilities and Equipment—Other Properties*” for further details on the properties leased by our Group.

The details of these past transactions between the above-mentioned interested persons for the financial years ended 31 December 2019, 2020 and 2021 and for the period from 1 January 2022 until the Latest Practicable Date are as follows:

(P millions)	Financial year ended 31 December			1 January 2022 until the Latest Practicable Date
	2019	2020	2021	
Aggregate value of rental fees paid to MEG under the EDI Office Leases	34.2	35.7	36.7	15.6
Aggregate value of rental fees paid to ELI under the EDI Warehouse Lease	45.9	29.2	30.6	13.0
Aggregate value of rental fees paid to MEG under the Progreen Office Lease, 2020 Progreen Office Lease and 2020 Progreen Parking Leases. .	6.0	5.0	6.5	2.6
Aggregate value of rental fees paid to AGI under the AWGI Glass Manufacturing Plant Lease.	9.7	10.4	26.5	11.0
Aggregate value of rental fees paid to GORES under the GEG Office Lease	9.5	9.4	11.3	4.6

The AWGI Glass Manufacturing Plant Lease was initially not entered into on an arm's length basis and on normal commercial terms as the rental fees paid to AGI was below comparable market rates for similar premises at the relevant time. Nevertheless, our Directors are of the opinion that the AWGI Glass Manufacturing Plant Lease was not prejudicial to our Group and our minority Shareholders, as the rental fees paid by AWGI was below comparable market rates for similar premises at the relevant time. Our Company had, on 10 September 2021, entered into a supplemental agreement whereby the AWGI Glass Manufacturing Plant Lease was re-negotiated by the parties on an arm's length basis and on normal commercial terms, and the rental fees were amended to be in line with comparable market rates for similar premises at the relevant time with effect from 1 January 2021.

Save as disclosed above, the Lease Agreements were entered into on an arm's length basis and on normal commercial terms taking into consideration comparable market rates for similar premises at the relevant time and accordingly are not prejudicial to the interests of our Group and our minority Shareholders.

We intend to continue with the Lease Agreements following our listing. The Lease Agreements will be subject to the requirements of Chapter 9 of the Listing Manual, if applicable.

(c) Entry into distribution agreement with GAFI

EDI had on 1 January 2010 entered into an exclusive distribution agreement with GAFI to distribute PikNik products in the Philippines (the "**GAFI Distribution Agreement**") and had from time to time purchased PikNik products from GAFI pursuant to the exclusive distribution agreement in the ordinary course of business. GAFI also reimbursed EDI on all marketing and distribution related expenses incurred pursuant to the GAFI Distribution Agreement, such as the listing fee and display rental fees.

The details of these past transactions between EDI and GAFI for the financial years ended 31 December 2019, 2020 and 2021 and for the period from 1 January 2022 until the Latest Practicable Date are as follows:

(P millions)	Financial year ended 31 December			1 January 2022 until the Latest Practicable Date
	2019	2020	2021	
Aggregate value of purchases under the GAFI Distribution Agreement	470.0	229.8	286.4	119.6
Aggregate value of reimbursements provided by GAFI on marketing and distribution related expenses	31.3	14.3	15.2	—

The GAFI Distribution Agreement automatically renews yearly unless either party provides the other party with notice of non-renewal at least 30 days before the annual expiration of the GAFI Distribution Agreement. The GAFI Distribution Agreement does not include any other termination clause. As mentioned above, EDI is a manufacturer and distributor of alcohol products, and enters into distribution agreements in the ordinary course of its business. These transactions were conducted on an arm's length basis and on normal commercial terms as the sales were sold on the basis of GAFI's export price list in force and on terms that would be available to unrelated third parties. Accordingly, these transactions are not prejudicial to the interests of our Group and our minority Shareholders.

We intend to continue with the GAFI Distribution Agreement following our listing. The GAFI Distribution Agreement will be subject to the requirements of Chapter 9 of the Listing Manual, if applicable.

REVIEW PROCEDURES FOR FUTURE INTERESTED PERSON TRANSACTIONS

Upon listing of the Company's Shares on the SGX-ST, investors are deemed to have specifically approved the transactions set out in this Introductory Document with the Company's interested persons (including the transactions described under the section "*—Present and On-going Interested Person Transactions*") and as such these transactions are not subject to Rules 905 and 906 of the Listing Manual to the extent that there are no subsequent changes to the terms of the agreements in relation to each of these transactions. For the avoidance of doubt, any new transactions which our Group enters into by way of short-term contracts, purchase orders or otherwise which are not pursuant to existing agreements will remain subject to the review procedures set out in this section and the requirements of Chapter 9 of the Listing Manual, if applicable.

All other future interested person transactions will be reviewed and approved in accordance with the threshold limits set out under Chapter 9 of the Listing Manual, to ensure that they are carried out on normal commercial terms and are not prejudicial to our interests and the interests of our minority Shareholders. In the event that such interested person transactions require the approval of our Board and the Related Party Transaction Committee, the relevant information will be submitted to the Board or the Related Party Transaction Committee for review. In the event that such interested person transactions require the approval of shareholders, additional information may be required to be presented to shareholders and an independent financial adviser may be appointed for an opinion.

In the review of all future interested person transactions, the following procedures will be applied:

- (i) all interested person transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) below S\$100,000 will not require the approval of the Related Party Transaction Committee, unless otherwise required under the Listing Rules;
- (ii) all interested person transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) equal to or in excess of S\$100,000 in value but below 3% of the value of our Group's latest audited NTA will be subject to review by our Related Party Transaction Committee at quarterly intervals;
- (iii) all interested person transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) equal to or in excess of 3% but below 5% of the value of our Group's latest audited NTA will be reviewed by and will require approval by the Related Party Transaction Committee prior to such transactions being entered into.; and
- (iv) all interested person transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) equal to or in excess of 5% of the value of our Group's latest audited NTA will be reviewed by and will require approval by the Related Party Transaction Committee prior to such transactions being entered into, which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers.

Our Company will maintain a list of interested persons (which will be reviewed by a senior finance staff of our Company on a quarterly basis and updated as necessary) and will disclose the list to the relevant staff of our Group to enable the identification of the interested persons on a quarterly basis or as and when there are updates.

Additionally, a register will be maintained to record all interested person transactions (incorporating the basis, amount and nature, on which they are entered into). The Related Party Transaction Committee will review all interested person transactions on at least a quarterly basis to ensure that the transactions are on arm's length commercial terms and are not prejudicial to our Company and minority Shareholders. All relevant non-quantitative factors will also be taken into account by the Related Party Transaction Committee in its review. Such review includes the examination of the transaction and the relevant supporting documents or such other data deemed necessary by our Related Party Transaction Committee, which we will prepare to assist our Related Party Transaction Committee in its review. In addition, our Company will highlight any discrepancies or significant variances (as determined by our Related Party Transaction Committee) from our Group's usual business practices and pricing to our Related Party Transaction Committee.

The annual internal audit plan will also incorporate a review of all interested person transactions entered into. The Related Party Transaction Committee will review internal audit reports to ascertain that the guidelines and procedures established to monitor interested person transactions have been complied with. In addition, the Related Party Transaction Committee will also review from time to time such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that transactions between our Group and our interested persons are conducted on arm's length commercial terms.

The Related Party Transaction Committee will also ensure that all disclosure, approval and other requirements on interested person transaction, including those required by prevailing legislation, the SGX-ST Listing Manual and relevant accounting standards, are complied with.

In the event that a member of the Related Party Transaction Committee is interested in any interested person transaction, he will abstain from reviewing that particular transaction. We will also disclose the aggregate value of interested party transactions conducted during the current financial year in our annual report.

POTENTIAL CONFLICTS OF INTERESTS

Other Executive Appointments of Mrs. Katherine L. Tan, Ms. Dina D.R. Inting and Ms. Anna Michelle T. Llovido within the AGI Group

Each of Mrs. Katherine L. Tan, Ms. Dina D.R. Inting and Ms. Anna Michelle T. Llovido currently hold executive appointments within the AGI Group. Mrs. Katherine L. Tan has been an executive director and treasurer of AGI since 2007 and Megaworld Corporation since 1989, Ms. Dina D.R. Inting has been the chief financial officer, chief information officer and compliance officer of AGI since 1987, 2002 and 2005, respectively, and Ms. Anna Michelle T. Llovido has been the corporate secretary of Megaworld Corporation since 2014. Additionally, Mrs. Katherine L. Tan is also director and president (an executive function) of Consolidated Distillers of the Far East, Inc. and Raffles & Company, Inc. However, Consolidated Distillers of the Far East, Inc. has limited operations, which are directly handled by a dedicated management team and Mrs. Katherine L. Tan is not involved in the operations. Raffles & Company, Inc. is also being run by a separate management team and Katherine is not involved in the day-to-day operations. Save for the foregoing positions, each of Mrs. Katherine L. Tan, Ms. Dina D.R. Inting and Ms. Anna Michelle T. Llovido do not hold any other executive appointments in entities outside the Group which are operational.

AGI held 84.57% as of 31 March 2022 of our Company and in such circumstance, it is not uncommon, as a subsidiary of a conglomerate, for our Company to enjoy significant synergies and operational efficiencies with AGI, including by having our executive officers hold concurrent executive appointments within the AGI Group. This ensures the effective functioning of the ecosystem and value capture between our Group and the AGI Group for the benefit of our Group. Each of the AGI Group and our Company are governed by its respective boards and each ensure that they adhere to appropriate governance requirements.

Our Board of Directors, with the concurrence of our Corporate Governance Committee, has reviewed the appointments of Mrs. Katherine L. Tan, Ms. Dina D.R. Inting and Ms. Anna Michelle T. Llovido within the AGI Group, and has determined that, notwithstanding such concurrent appointments, each of them will be able to devote sufficient time and attention to the affairs of our Group, taking into account the following:

- (a) each of Mrs. Katherine L. Tan, Ms. Dina D.R. Inting and Ms. Michelle T. Llovido has been undertaking such executive positions in the AGI Group concurrently with their executive positions in our Group for a number of years, and have been able to devote sufficient time and attention to the affairs of our Group during that period;
- (b) taking into consideration the fact that (i) AGI is a conglomerate comprising of several operating subsidiaries, each of which having its own management team handling the day-to-day business affairs, and (ii) Mrs. Katherine L. Tan, Ms. Dina D.R. Inting, and Ms. Anna Michelle T. Llovido each have a team of supporting staff in AGI or Megaworld Corporation (as the case may be) to support their roles within the AGI Group, their concurrent executive appointments within the AGI Group do not give rise to a heavy demand on each of their time;
- (c) PSE has not previously raised any concerns as to whether Mrs. Katherine L. Tan, Ms. Dina D.R. Inting or Ms. Michelle T. Llovido have been able to devote sufficient time and attention to the affairs of our Group; and
- (d) each of Mrs. Katherine L. Tan, Ms. Dina D.R. Inting or Ms. Michelle T. Llovido has confirmed that he or she is able to devote sufficient time to discharge his or her duties as executive officers of our Group.

Our Board of Directors, with the concurrence of our Corporate Governance Committee, has also determined that any conflicts of interest which may potentially arise from such concurrent appointments of Mrs. Katherine L. Tan, Ms. Dina D.R. Inting and Ms. Michelle T. Llovido within the AGI Group have been mitigated and/or adequately addressed as follows:

- (a) our Group and the AGI Group do not operate competing businesses. Save as disclosed at “—Potential Conflicts of Interests—Retail Sales of our Company’s Products”, none of our Directors, Controlling Shareholders or any of their associates has an interest in any entity carrying on the same business or dealing in similar products as our Group;
- (b) the interests of AGI Group, which held approximately 84.57% of our Company as of 31 March 2022, are strongly aligned with those of our Group;
- (c) any transactions between our Group and the AGI Group would constitute interested person transactions and related party transactions, and would be subject to both the continuing requirements under Chapter 9 of the Listing Manual and Material RPT Rules respectively. See “Interested Person Transactions and Potential Conflicts of Interest” for further details;
- (d) PSE has not previously raised any concerns as to any conflicts of interest which may potentially arise from such concurrent appointments of Mrs. Katherine L. Tan, Ms. Dina D.R. Inting and Ms. Michelle T. Llovido within the AGI Group; and
- (e) the Related Party Transaction Committee will review and assess from time to time whether additional processes are required to be put in place to manage any material conflicts of interest with our Controlling Shareholders and propose, where appropriate, relevant measures for the management of such conflicts.

Retail Sales of our Company's Products

Certain associates of Dr. Andrew L. Tan (being TIHG and AGL) are involved in the retail sales of our Company's products to the general public. However, this does not conflict with our Group's businesses or activities as our Company is not involved in retail sales of its products.

Save as disclosed above, none of our Directors, Controlling Shareholders or any of their associates has an interest in any entity carrying on the same business or dealing in similar products as our Group.

Mitigation of Potential Conflicts of Interests

We believe that any potential conflicts of interest, whether with our Directors, Controlling Shareholders and their respective associates or otherwise, are further mitigated as follows:

- (a) our Directors have a duty to disclose their interests in respect of any contract, proposal, transaction or any other matter whatsoever in which they have any personal material interest, directly or indirectly, or any actual or potential conflicts of interest (including conflicts of interest that arise from any of their directorships or executive positions or personal investments in any other corporations) that may involve them. Upon such disclosure, such Directors shall not participate in any proceedings of our Board, and shall in any event abstain from voting in respect of any such contract, arrangement, proposal, transaction or matter in which the conflict of interest arises, unless and until our Related Party Transaction Committee has determined that no such conflict of interest exists;
- (b) our Related Party Transaction Committee is required to examine the internal control procedures and review procedures put in place by our Company to determine if such procedures put in place are sufficient to ensure that interested person transactions are conducted on normal commercial terms and will not be prejudicial to our Company and our minority Shareholders;
- (c) our Related Party Transaction Committee will review any actual or potential conflicts of interest that may involve our Directors as disclosed by them to our Board and exercising Directors' fiduciary duties in this respect. Upon disclosure of an actual or potential conflict of interests by a Director, our Related Party Transaction Committee will consider whether a conflict of interest does in fact exist. A Director who is a member of our Related Party Transaction Committee will not participate in any proceedings of our Related Party Transaction Committee in relation to the review of a conflict of interest relating to him. The review will include an examination of the nature of the conflict and such relevant supporting data, as our Related Party Transaction Committee may deem reasonably necessary;
- (d) upon our listing on the SGX-ST, we will be subject to Chapter 9 of the Listing Manual in relation to interested person transactions. The objective of these rules is to ensure that our interested person transactions do not prejudice the interests of our Shareholders as a whole. These rules require us to make prompt announcements, disclosures in our annual report and/or seek Shareholders' approval for certain material interested person transactions. Our Related Party Transaction Committee may also have to appoint independent financial advisers to review such interested person transactions and opine on whether such transactions are fair and reasonable to us, and not prejudicial to our interests and the interests of our minority Shareholders; and
- (e) our Directors owe fiduciary duties to us, including the duty to act in good faith and in our best interests. Our Directors are also subject to a duty of confidentiality that, save to the extent permitted under Philippine law, precludes a Director from disclosing to any third party (including any of our Shareholders or their associates) information that is confidential.

SUBSTANTIAL SHAREHOLDERS AND SECURITY OWNERSHIP OF DIRECTORS

As of the Latest Practicable Date, our Company had 15,736,471,238 outstanding Shares.

SUBSTANTIAL SHAREHOLDERS AND DIRECTORS

The table below sets out the names of each Substantial Shareholder of our Company, which means a shareholder who is known by our Company to beneficially own 5% or more of our issued Shares and each Director (including our Executive Director and Chief Executive Officer) who has an interest in the Shares, and the number and percentage of Shares in which each of them has an interest (whether direct or deemed) as at the Latest Practicable Date. Under the Philippine Revised Corporation Code, to qualify as a member of the Board, each director is required to hold at least one share in his name in the books of the corporation.

Name	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Directors				
Andrew L. Tan ⁽¹⁾	1	Nil	13,308,570,600	84.57%
Winston S. Co (CEO)	1	Nil	Nil	Nil
Katherine L. Tan	1	Nil	Nil	Nil
Kendrick Andrew L. Tan	1	Nil	Nil	Nil
Kevin Andrew L. Tan ⁽²⁾	1	Nil	13,308,570,600	84.57%
Enrique M. Soriano III	1	Nil	Nil	Nil
Jesli A. Lapus	1	Nil	Nil	Nil
Substantial Shareholders				
AGI ⁽³⁾	13,149,903,200	83.39%	158,667,400	1.01%
Arran ⁽⁴⁾	0	Nil	1,495,667,038	9.50%
The Andresons Group ⁽⁵⁾	0	Nil	13,308,570,600	84.57%

Notes:

- (1) Andrew L. Tan owned only 1 Share directly, but he held 66.95% of the issued and paid-up share capital of The Andresons Group. Accordingly, Andrew L. Tan is deemed to have an interest in all the Shares held by The Andresons Group by virtue of Section 4 of the SFA.
- (2) Kevin Andrew L. Tan owned only 1 Share directly, but he held 23.03% of the issued and paid-up share capital of The Andresons Group. Accordingly, Kevin Andrew L. Tan is deemed to have an interest in all the Shares held by The Andresons Group by virtue of Section 4 of the SFA.
- (3) AGI's deemed interest includes 158,667,400 Shares (representing 1.01% of our Company lodged with PCD Nominee Corporation (Filipino)).
- (4) Arran's deemed interest includes 1,495,667,038 Shares (representing 9.50% of our Company) lodged with PCD Nominee Corporation (Non-Filipino). Arran also holds ELS that are convertible into Shares of our Company. Please see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Indebtedness—Equity-Linked Securities" for further information.
- (5) The Andresons Group did not own any Shares directly, but it held 63.93% of the issued and paid-up share capital of AGI and AGI held 84.57% of the Shares. Accordingly, The Andresons Group is deemed to have an interest in all the Shares held by AGI by virtue of Section 4 of the SFA.

Percentage ownership is based on 15,736,471,238 Shares outstanding as at the Latest Practicable Date. As of the Latest Practicable Date, the shareholding interests of the Company held by public Shareholders was 15.01%.

Other than as disclosed above, no other person or entity has an indirect interest in 5% or more of our Company.

VOTING TRUST HOLDERS OF 5.0% OR MORE

As of the date of this Introductory Document, there were no persons holding more than 5% of a class of Shares under voting trust or similar arrangement.

CHANGES IN CONTROL

There has been no change in control of our Company since 5 September 2013.

SIGNIFICANT CHANGES IN PERCENTAGE OF OWNERSHIP

The following table sets forth the significant changes in the shareholding interests in our Company of our Substantial Shareholders as at 31 December 2019, 2020 and 2021 and for the period between 1 January 2022 and the Latest Practicable Date. Save as disclosed below, there were no significant changes in the percentage of ownership of our Company in the last three years prior to the Latest Practicable Date.

The percentage figures in the table are based on the issued share capital of our Company as of the relevant dates. Other than as disclosed below, there have been no changes in the percentage of ownership of our Company by a Substantial Shareholder, Director or Chief Executive Officer in the three years prior to the Latest Practicable Date.

Name	As at 31 December 2019 ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾				As at 31 December 2020 ⁽⁶⁾⁽⁷⁾⁽⁸⁾⁽⁹⁾⁽¹⁰⁾				As at 31 December 2021 ⁽¹¹⁾⁽¹²⁾⁽¹³⁾⁽¹⁴⁾⁽¹⁵⁾				As at the Latest Practicable Date ⁽¹⁶⁾⁽¹⁷⁾⁽¹⁸⁾⁽¹⁹⁾⁽²⁰⁾			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest		Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Substantial Shareholders																
AGI	11,923,652,400	75.66	1,431,764,995	9.09	13,122,548,100	82.85	158,667,400	1.00	13,122,548,100	83.39	186,022,500	1.18	13,149,903,200	83.56	158,667,400	1.01
Arran	-	-	1,242,391,176	7.88	-	-	1,495,667,038	9.44	-	-	1,495,667,038	9.50	-	-	1,495,667,038	9.50
The Andresons Group	-	-	13,355,417,395	84.75	-	-	13,281,215,500	83.85	-	-	13,308,570,600	84.57	-	-	13,308,570,600	84.57
Andrew L. Tan	1	-	13,355,417,395	84.75	1	-	13,281,215,500	83.85	1	-	13,308,570,600	84.57	1	-	13,308,570,600	84.57
Kevin Andrew L. Tan	1	-	13,355,417,395	84.75	1	-	13,281,215,500	83.85	1	-	13,308,570,600	84.57	1	-	13,308,570,600	84.57

Notes:

- (1) AGI beneficially owned 1,431,764,995 Shares, representing about 9.09% of our Company, held by foreign subsidiaries in 2019. AGI's direct interest was derived from share certificates.
- (2) Arran beneficially owned 1,242,391,176 Shares, representing about 7.88% of our Company, lodged with PCD Nominee Corporation (Non-Filipino) in 2019.
- (3) The Andresons Group did not own any Shares directly, but it held 46.13% of the issued and paid-up share capital of AGI directly and 16.12% of the issued and paid-up share capital of AGI indirectly through its ownership of 100% of Yorkshire Holdings, Inc. AGI held 84.75% of the Shares as of 31 December 2019. Accordingly, The Andresons Group is deemed to have an interest in all the Shares held by AGI by virtue of Section 4 of the SFA.
- (4) Andrew L. Tan owned only 1 Share directly, but he held 66.95% of the issued and paid-up share capital of The Andresons Group as of 31 December 2019. Accordingly, Andrew L. Tan is deemed to have an interest in all the Shares held by The Andresons Group by virtue of Section 4 of the SFA.
- (5) Kevin Andrew L. Tan owned only 1 Share directly, but he held 23.03% of the issued and paid-up share capital of The Andresons Group as of 31 December 2019. Accordingly, Kevin Andrew L. Tan is deemed to have an interest in all the Shares held by The Andresons Group by virtue of Section 4 of the SFA.
- (6) AGI beneficially owned 158,667,400 Shares, representing about 1.00% of our Company, lodged with PCD Nominee Corporation (Filipino) in 2020. AGI's direct interest was derived from share certificates.
- (7) Arran beneficially owned 1,495,667,038 Shares, representing about 9.44% of our Company, lodged with PCD Nominee Corporation (Non-Filipino) in 2020.
- (8) The Andresons Group did not own any Shares directly, but it held 47.08% of the issued and paid-up share capital of AGI directly and 16.31% of the issued and paid-up share capital of AGI indirectly through its ownership of 100% of Yorkshire Holdings, Inc. AGI held 83.85% of the Shares as of 31 December 2020. Accordingly, The Andresons Group is deemed to have an interest in all the Shares held by AGI by virtue of Section 4 of the SFA.
- (9) Andrew L. Tan owned only 1 Share directly, but he held 66.95% of the issued and paid-up share capital of The Andresons Group as of 31 December 2020. Accordingly, Andrew L. Tan is deemed to have an interest in all the Shares held by The Andresons Group by virtue of Section 4 of the SFA.
- (10) Kevin Andrew L. Tan owned only 1 Share directly, but he held 23.03% of the issued and paid-up share capital of The Andresons Group as of 31 December 2020. Accordingly, Kevin Andrew L. Tan is deemed to have an interest in all the Shares held by The Andresons Group by virtue of Section 4 of the SFA.

- (11) AGI beneficially owned 186,022,500 Shares, representing about 1.18% of our Company, lodged with PCD Nominee Corporation (Filipino) as of 31 December 2021. AGI's direct interest was derived from share certificates.
- (12) Arran beneficially owned 1,495,667,038 Shares, representing about 9.50% of our Company, lodged with PCD Nominee Corporation (Non-Filipino) in 2021.
- (13) The Andresons Group did not own any Shares directly, but it held 48.41% of the issued and paid-up share capital of AGI directly and 16.72% of the issued and paid-up share capital of AGI indirectly through its ownership of 100% of Yorkshire Holdings, Inc. AGI held 84.57% of the Shares as of 31 December 2021. Accordingly, The Andresons Group is deemed to have an interest in all the Shares held by AGI by virtue of Section 4 of the SFA.
- (14) Andrew L. Tan owned only 1 Share directly, but he held 66.95% of the issued and paid-up share capital of The Andresons Group as of 31 December 2021. Accordingly, Andrew L. Tan is deemed to have an interest in all the Shares held by The Andresons Group by virtue of Section 4 of the SFA.
- (15) Kevin Andrew L. Tan owned only 1 Share directly, but he held 23.03% of the issued and paid-up share capital of The Andresons Group as of 31 December 2021. Accordingly, Kevin Andrew L. Tan is deemed to have an interest in all the Shares held by The Andresons Group by virtue of Section 4 of the SFA.
- (16) AGI beneficially owned 158,667,400 Shares, representing about 1.01% of our Company, lodged with PCD Nominee Corporation (Filipino) as of the Latest Practicable Date. AGI's direct interest was derived from share certificates.
- (17) Arran beneficially owned 1,495,667,038 Shares, representing about 9.50% of our Company, lodged with PCD Nominee Corporation (Non-Filipino) as of the Latest Practicable Date.
- (18) The Andresons Group did not own any Shares directly, but it held 49.59% of the issued and paid-up share capital of AGI directly and 14.4% of the issued and paid-up share capital of AGI indirectly through its ownership of 99.99% of Yorkshire Holdings, Inc. AGI held 84.57% of the Shares as of the Latest Practicable Date. Accordingly, The Andresons Group is deemed to have an interest in all the Shares held by AGI by virtue of Section 4 of the SFA.
- (19) Andrew L. Tan owned only 1 Share directly, but he held 66.95% of the issued and paid-up share capital of The Andresons Group as of the Latest Practicable Date. Accordingly, Andrew L. Tan is deemed to have an interest in all the Shares held by The Andresons Group by virtue of Section 4 of the SFA.
- (20) Kevin Andrew L. Tan owned only 1 Share directly, but he held 23.03% of the issued and paid-up share capital of The Andresons Group as of the Latest Practicable Date. Accordingly, Kevin Andrew L. Tan is deemed to have an interest in all the Shares held by The Andresons Group by virtue of Section 4 of the SFA.

To our knowledge, save as disclosed in this Introductory Document, our Company is not directly or indirectly owned or controlled, whether severally or jointly, by any person or government.

None of our independent Directors sit on the boards of our principal subsidiaries.

TERMINATION AGREEMENT

In connection with the subscription of Shares and ELS by Arran Investment Private Limited in our Company (see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Indebtedness—Equity-Linked Securities*” for further details), our Company had, on 7 November 2014, entered into an investor rights agreement with Arran Investment Private Limited and Alliance Global Group Inc., which was amended and restated on 18 November 2014 and further amended on 27 December 2017 (the “**Investor Rights Agreement**”), which was terminated by a termination agreement dated 12 October 2021 (the “**Termination Agreement**”). The Investor Rights Agreement provides for, among others, the entitlement (but not obligation) of Arran Investment Private Limited to appoint a nominee director to our Board or to the board of AWGI as well as restrictions on transfer of Shares. The Investor Rights Agreement also provides for certain reserved matters which shall not be undertaken by the Company without the prior written approval of Arran Investment Private Limited, which includes matters such as any material change to the business of our Group, any merger, consolidation, acquisition or disposal by our Group with respect to any business, assets and/or shares in a company and/or companies with an aggregate value that exceeds U.S.\$250 million, save for certain exceptions, and any capital raising by our Company that results in the issuance of Shares or other equity securities which represents more than 7.5% of the issued and outstanding share capital of our Company (on a fully diluted basis) prior to such issuance.

The Termination Agreement provides for, among others, the termination of the Investor Rights Agreement on 12 October 2021. The termination of the Investor Rights Agreement will result in Arran Investment Private Limited and Alliance Global Group Inc.’s rights and obligations, as shareholders, becoming the same as those rights and obligations of our other Shareholders. Such rights and obligations will be governed by our Articles of Incorporation, the Listing Manual, the PSE Listing and Disclosure Rules and applicable law.

The Investor Rights Agreement and Termination Agreement were negotiated by the parties on an arms’ length basis.

DESCRIPTION OF SHARE CAPITAL

Share Capital Information

As of the Latest Practicable Date, the authorised capital stock of our Company was ₱20 billion divided into 20 billion Shares with a par value of ₱1 per share and the number of Shares issued and fully paid was 16,242,391,176 (including treasury shares). All issuances of our Shares have been for cash.

Objects and Purposes

Pursuant to our Company's Articles of Incorporation, its primary purpose is to acquire, hold, sell, exchange, deal and invest in the stocks, but not as a stock brokerage firm, bonds or securities of any government entity, or any public or private corporation, association, partnership of person, and in real or personal properties of all kinds in the same manner and to the extent as a natural person might or could do, and while the owner of said properties, stocks or interest therein, or other obligations or evidences of indebtedness, to exercise all the rights, powers and privileges of ownership, including the right to vote thereon, or consent in respect thereof, or to dispose or encumber the same for any and all purposes.

One of our Company's secondary purposes is to purchase, acquire, own, lease, sell and convey real properties such as lands, buildings, factories and warehouses and machineries, equipment and other personal properties as may be necessary or incidental to the conduct of the corporate business, and to pay in cash, shares of its capital stock, debentures and other evidences of indebtedness or other securities, as may be deemed expedient, for any business or property acquired by the corporation.

Under Philippine law, a corporation may invest its funds in any other corporation or business or for any purpose other than the purpose for which it was organised when approved by a majority of the board of directors and ratified by the stockholders representing at least two-thirds of the outstanding capital stock, at a stockholders' meeting duly called for the purpose; provided, however, that where the investment by the corporation is reasonably necessary to accomplish its purposes, the approval of the stockholders shall not be necessary.

Share Capital

A Philippine corporation may issue common or preferred shares, or such other classes of shares with such rights, privileges or restrictions as may be provided for in the articles of incorporation and the by-laws of the corporation. Subject to the approval by the PSEC, it may increase or decrease its authorised capital stock by amending its articles of incorporation, provided that the change is approved by a majority of the board of directors and by shareholders representing at least two-thirds of the outstanding capital stock of the corporation voting at a shareholders' meeting duly called for the purpose.

A corporation is empowered to acquire its own shares for a legitimate corporate purpose, provided that the corporation has unrestricted retained earnings sufficient to pay for the shares to be acquired. Examples of instances in which a corporation is allowed to purchase its own shares are: elimination of fractional shares arising out of stock dividends, the purchase of shares of dissenting shareholders exercising their appraisal right as referred to below and the collection or compromise of an indebtedness to the corporation arising out of an unpaid subscription in a delinquency sale or to purchase delinquent shares during such sale. When a corporation repurchases its own shares, the shares become treasury shares, which may be resold at a reasonable price fixed by the board of directors.

The board of directors is authorised to issue shares from treasury from time to time. Treasury shares may be issued to any person, corporation or association, whether or not a shareholder of the corporation, including its officers or employees for such consideration in money as the board of directors may determine.

Rights Relating to the Shares

Voting Rights

Our Company's Shares, other than those held in treasury, have full voting rights. Members of the Board are elected by the Shareholders at the annual Shareholders' meeting. Cumulative voting is allowed whereby a shareholder may cumulate vote by giving one candidate as many votes as the number of directors to be elected multiplied by the number of his said Shares.

The Philippine Revised Corporation Code provides that voting rights cannot be exercised with respect to shares declared delinquent, treasury shares, or if the shareholder has elected to exercise his right of appraisal referred to below.

Substantial Shareholders of our Company are not entitled to any different voting rights from the other Shareholders.

Dividend Rights

The Shares have full dividend rights. Dividends on the Shares, if any, are paid in accordance with Philippine law. Dividends are payable to all Shareholders on the basis of outstanding Shares held by them, each Share being entitled to the same unit of dividend as any other Share. Dividends are payable to Shareholders whose name are recorded in the stock and transfer book as of the record date fixed by the Board. The PSE has an established mechanism for distribution of dividends to beneficial owners of Shares which are traded through the PSE which are lodged with the PCD Nominee as required for scripless trading.

Under Philippine law, a corporation can only declare dividends to the extent that it has unrestricted retained earnings that represent the undistributed earnings of the corporation which have not been allocated for any managerial, contractual or legal purposes and which are free for distribution to the shareholders as dividends. A corporation may pay dividends in cash, by the distribution of property or by the issuance of shares. Stock dividends may only be declared and paid with the approval of shareholders representing at least two-thirds of the outstanding capital stock of the corporation voting at a shareholders' meeting duly called for the purpose.

The Philippine Revised Corporation Code generally requires a Philippine corporation with retained earnings in excess of 100% of its paid-in capital to declare and distribute as dividends the amount of such surplus. Notwithstanding this general requirement, a Philippine corporation may retain all or any portion of such surplus in the following cases: (i) when justified by definite expansion plans approved by the board of directors of the corporation; (ii) when the required consent of any financing institution or creditor to such distribution has not been secured; (iii) when retention is necessary under special circumstances, such as when there is a need for special reserves for probable contingencies; or (iv) when the non-distribution of dividends is consistent with the policy or requirement of a government office.

Philippine corporations whose securities are listed on any stock exchange are required to maintain and distribute an equitable balance of cash and stock dividends, consistent with the needs of shareholders and the demands for growth or expansion of the business.

Pre-emptive Rights

The Philippine Revised Corporation Code confers pre-emptive rights on shareholders of a Philippine corporation entitling such shareholders to subscribe for all issues or other dispositions of equity related securities by the corporation in proportion to their respective shareholdings, regardless of whether the equity related securities proposed to be issued or otherwise disposed of are identical to the shares held. A Philippine corporation may provide for the denial of these pre-emptive rights in its articles of incorporation. Such denial of pre-emptive rights is in the Company's Articles of Incorporation.

Derivative Rights

Philippine law recognises the right of a shareholder to institute proceedings on behalf of the corporation in a derivative action in circumstances where the corporation itself is unable or unwilling to institute the necessary proceedings to redress wrongs committed against the corporation or to vindicate corporate rights as, for example, where the directors themselves are the malefactors.

Appraisal Rights

The Philippine Revised Corporation Code grants a shareholder a right of appraisal in certain circumstances where he has dissented and voted against a proposed corporate action, including:

- an amendment of the articles of incorporation which has the effect of adversely affecting the rights attached to his shares or of authorising preferences in any respect superior to those of outstanding shares of any class or of extending or shortening the term of corporate existence;
- the sale, lease, exchange, transfer, mortgage, pledge or other disposal of all or substantially all the assets of the corporation;
- a merger or consolidation; and
- investment by the corporation of funds in any other corporation or business or for any purpose other than the primary purpose for which it was organised.

In these circumstances, the dissenting shareholder may demand in writing within 30 days after the date on which the vote was taken that the corporation purchase its shares at a fair value. If there is no agreement on what is the fair value, it shall be determined by three disinterested persons, one of whom shall be named by the shareholder, one by the corporation, and the third by the two thus chosen. The appraisal rights will only be available if the corporation has unrestricted retained earnings sufficient for the purchase of the shares of the dissenting shareholders. From the time the shareholder makes a written demand for payment until the corporation purchases such shares, all rights accruing on the shares, including voting and dividend rights, shall be suspended, except the right of the shareholder to receive the fair value of the share.

Right of Inspection

A shareholder has the right to inspect the records of all business transactions of the corporation and the minutes of any meeting of the board of directors and shareholders at reasonable hours on business days, and he may demand for a copy of excerpts from said records or minutes at his expense. However, the corporation may refuse such inspection if the shareholder demanding to examine or copy the corporation's records has improperly used any information secured through any prior examination, or was not acting in good faith or for a legitimate purpose in making his demand.

Right to Financial Statements

A shareholder has a right to be furnished with the most recent financial statement of a Philippine corporation, which shall include a balance sheet as of the end of the last taxable year and a profit or loss statement for said taxable year, showing in reasonable details its assets and liabilities and the result of its operations. At the meeting of shareholders, the board of directors is required to present to the shareholders a financial report of the operations of the corporation for the preceding year, which shall include financial statements, duly signed and certified by an independent certified public accountant.

Board of Directors

Unless otherwise provided by law or the Articles of Incorporation, the corporate powers of our Company are exercised, its business conducted, and its property controlled by the Board. Our Company has seven directors, at least two of which are independent directors within the meaning set forth in Section 38 of the SRC. The Board is elected during each regular meeting of Shareholders at which Shareholders representing at least a majority of the outstanding capital stock are present, either in person or by proxy.

Under Philippine law, representation of foreign ownership on the Board is limited to the proportion of the foreign shareholding. directors may only act collectively; individual directors have no power as such. Four directors, which is a majority of the Board, constitute a quorum for the transaction of corporate business. Except for certain corporate actions such as the election of officers, which shall require the vote of a majority of all the members of the Board, every decision of a majority of the quorum duly assembled as a board is valid as a corporate act.

Summary of Selected Provisions of our Articles of Association

Meetings of Shareholders

Regular meetings of stockholders, for the purpose of electing directors and for the transaction of other business as may properly come before the meeting must be on the third Monday of May of each year or, if a legal holiday, on the day following. A special meeting of stockholders for any purpose may at any time be called by any of the following: (a) the Board at its own instance, or (b) the president, at the written request of stockholders representing a majority of the outstanding capital stock of the Company. Stockholders' meetings, whether regular or special, must be held at the principal office of the Company or at any place designated by the board of directors in the city or municipality where the principal office of the Company is located. Notices for stockholders' meetings may be sent by the Company to stockholders of record by personal delivery or by mail at least two weeks prior to the date of meeting or by publication in a newspaper of general circulation subject to requirements under Philippine law. A majority of the outstanding capital stock of the Company present in person or by proxy shall constitute a quorum for a stockholders' meeting. Stockholders voting through remote communication or in absentia, electronically or otherwise, is deemed present for purposes of determining the existence of a quorum.

SHARE OPTIONS

Employee Stock Option Plan

On 15 December 2014, stockholders holding more than two-thirds of our subscribed and outstanding capital stock approved an Employee Stock Option Plan for qualified employees of our Company and its subsidiaries.

Under the Employee Stock Option Plan, as amended by the Board of Directors on 17 August 2021, stock options may be granted within ten years from approval by stockholders of our Company owning at least two-thirds of its outstanding capital stock. The exercise price shall be at a 15% discount from the volume weighted average closing price of our common shares for the nine months immediately preceding the date of grant; however, for the first batch of options to be granted, the exercise price was ₱7 per Share. We reserve up to 1 billion common shares representing 5% of the authorised capital stock for issuance pursuant to the Employee Stock Option Plan. Stock options may be exercised by the grantee beginning on his or her 60th birthday subject to the terms and conditions of the Employee Stock Option Plan.

The Employee Stock Option Plan shall be administered by the Corporate Governance Committee, which shall determine the eligible participants of the Employee Stock Option Plan for a particular calendar year as well as the number of shares to be covered by each option so granted, taking into consideration their position and responsibilities, nature and value of their services and accomplishments, and their present and potential contribution to the success of the Company, and such other factors as the Corporate Governance Committee may deem relevant.

The purpose of the Employee Stock Option Plan is to enable our qualified employees to participate in our growth, thereby encouraging long-term commitment to our Company and to encourage senior management to develop and train future leaders that will continue our business growth and success.

There are two programmes under our Employee Stock Option Plan. The Young Leadership Development Program Stock Option Plan is for regular employees or officers of our Company and/or our subsidiaries who are below 50 years old. Under this programme, options vest on the date of the option holder's 60th birthday or until the date of his or her retirement from our Company and/or its subsidiary, whichever is later, provided that the option holder had continuously served as an employee from the date of grant until his or her 60th birthday or until the date of his or her retirement from our Company and/or its subsidiary. The option holder is given five years from the date of vesting to exercise the options.

The Senior Leadership and Succession Program Stock Option Plan is for regular employees or officers of our Company and/or our subsidiaries who are 50 years old and above. Under this programme, the option shall vest on the date the option holder has rendered another 11 years of service to our Company and/or any of its subsidiaries, provided that the option holder had continuously served as an employee from the option offer date of the option until the 11th year. The option holder is given five years from the date of vesting to exercise the options. If an option holder will retire at the mandatory age of 65 years old pursuant to the Labor Code of the Philippines or our Company's retirement age of 60 years old before reaching the 11th year of service, the option holder shall appoint a "protégé/disciple" who is also part of the Young Leadership Development Program Stock Option Plan whom the option holder should train, instil the core values of our Company, and impart knowledge in order for the said "protégé/disciple" to succeed and continue the option holder's work. This successor/disciple shall continue to remain as a key employee of our Company and/or any of its subsidiaries until the date the Senior Leadership and Succession Program option holder should have reached his or her 11th year of service. If the option holder continuously served for at least 20 years before the option offer date, the option shall vest upon the earlier of (i) on the date the Option Holder has rendered another 11 years of service to the Company and/or any of its subsidiaries; or (ii) after three years from his retirement provided he appointed a successor/disciple who shall need to remain as key employee of our Company for 3 years after the option holder's retirement.

If an option holder dies before the 11th year of service, provided that such option holder had continuously served as an employee from the date of grant until the date of his death and provided, further, that his death did not result from suicide, self-inflicted injury or commission by the option holder of a criminal act, the option shall vest on the date that the option holder should have reached his 11th year of service provided that the “protégé/disciple” will continue to be an employee of the Company and/or any of its subsidiaries, or three years for an option holder who has continuously served for at least 20 years before the option offer date, and such option may be exercised within five years from the vesting date, subject to the terms and conditions of the prevailing plan.

On 23 September 2015, stock options were granted to a qualified employee of our Company and its subsidiaries giving such employee the right to subscribe to a total of 118 million common shares of the Company at the exercise price of ₱7 per share. These stock options were granted as part of both the Young Leadership Development Program Stock Option Plan and the Senior Leadership and Succession Program Stock Option Plan.

On 15 March 2021, stock options were granted to qualified employees of our Company and its subsidiaries giving them the right to subscribe to a total of 20,000,000 million common shares of the Company at the exercise price of ₱10.10 per share. These stock options were granted as part of the Young Leadership Development Program Stock Option Plan.

On 25 August 2021, stock options were granted to qualified employees of our Company and its subsidiaries giving them the right to subscribe to a total of 55,000,000 million common shares of the Company at the exercise price of ₱10.65 per share. These stock options were granted as part of both the Young Leadership Development Program Stock Option Plan and the Senior Leadership and Succession Program Stock Option Plan.

On 11 February 2022, stock options were granted to qualified employees of our Company and its subsidiaries giving them the right to subscribe to a total of 5,000,000 million common shares of the Company at the exercise price of ₱13.95 per share. These stock options were granted as part of the Young Leadership Development Program Stock Option Plan.

No grantee has exercised its option as of 30 April 2022.

The only stock options granted to a director or executive officer of our Group were to Winston S. Co, who was granted 15,000,000 options at an exercise price of ₱10.65 per share on 25 August 2021 as part of the Senior Leadership and Succession Program Stock Option Plan, and Anna Michelle T. Llovido, who was granted 5,000,000 options at an exercise price of ₱7 per Share on 23 September 2015 as part of the Young Leadership Development Program Stock Option Plan. The options of Winston S. Co will vest once he has rendered another 11 years of service to the Company and/or any of its subsidiaries, provided that he has continuously served as an employee from the date of grant until the time of vesting. The options of Anna Michelle T. Llovido will vest on her 60th birthday or upon her retirement from the Company, whichever is later, contingent on continuous service as an employee from the date of grant until the time of vesting. See “*Board of Directors and Senior Management—Remuneration*”

See “*Appendix H—Employee Stock Option Plan.*”

Executive Directors and employees are eligible to participate in the Employee Stock Option Plan, but non-executive Directors are not.

Equity-Linked Securities

In 2014, Singapore sovereign wealth fund GIC, through Arran, entered into a subscription agreement with us for the issuance of 1.1 billion Shares at a total subscription price of ₱12.3 billion and equity-linked securities at a purchase price ₱5.3 billion that are convertible into Shares of our Company. For more information see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Indebtedness—Equity-Linked Securities*”.

PHILIPPINE FOREIGN EXCHANGE AND FOREIGN OWNERSHIP CONTROLS

REGISTRATION OF FOREIGN INVESTMENTS AND EXCHANGE CONTROLS

Under current BSP regulations, an investment in Philippine securities (such as the Shares) must be registered with the BSP if the foreign exchange needed to service the repatriation of capital and/or the remittance of dividends, profits and earnings derived from such shares is to be sourced from the Philippine banking system. If the foreign exchange required to service capital repatriation or dividend remittance will be sourced outside the Philippine banking system, registration is not required. BSP Circular No. 471 (series of 2005) subjects foreign exchange dealers and money changers to R.A. No. 9160 (the Anti-Money Laundering Act of 2001, as amended) and requires these non-bank sources of foreign exchange to require foreign exchange buyers to submit, among others, the original BSP registration document ("**BSRD**") in connection with their application to purchase foreign exchange exceeding U.S.\$5,000 for purposes of capital repatriation and remittance of dividends.

Registration of Philippine securities listed on the PSE may be done directly with the BSP or through a custodian bank duly designated by the foreign investor. A custodian bank may be a universal or commercial bank or an offshore banking unit registered with the BSP to act as such and appointed by the investor to register the investment, hold shares for the investor, and represent the investor in all necessary actions in connection with his investments in the Philippines.

Applications for registration must be accompanied by: (i) purchase invoice, subscription agreement and proof of listing on the PSE (either or both); (ii) original certificate of inward remittance of foreign exchange and its conversion into Philippine pesos through an authorised agent bank in the prescribed format; and (iii) authority to disclose ("**Authority to Disclose**") in the prescribed format. The Authority to Disclose allows the custodian bank to disclose to the BSP any information that may be required to comply with post-audit requirements for the registration of Peso-denominated investments.

Upon registration of the investment, proceeds of divestments, or dividends of registered investments are repatriable or remittable immediately and in full through the Philippine banking system, net of applicable tax, without need of BSP approval. Capital repatriation of investments in listed securities is permitted upon presentation of the BSRD or BSRD Letter-Advice from the registering custodian bank and the broker's sales invoice, at the exchange rate prevailing at the time of purchase of the foreign exchange from the banking system. Remittance of dividends is permitted upon presentation of: (1) the BSRD or BSRD Letter-Advice; (2) the cash dividends notice from the PSE and the Philippine Depository and Trust Corporation (formerly the Philippine Central Depository) showing a printout of cash dividend payment or computation of interest earned; (3) the copy of the corporate secretary's sworn statement attesting to the board resolution covering the dividend declaration and (4) the detailed computation of the amount applied for in the format prescribed by the BSP. For direct foreign equity investments, the latest audited financial statements or interim financial statements of the investee firm covering the dividend declaration period need to be presented in addition to the documents enumerated above. Pending reinvestment or repatriation, divestment proceeds, as well as dividends of registered investments, may be lodged temporarily in interest-bearing deposit accounts. Interest earned thereon, net of taxes, may also be remitted in full. Remittance of divestment proceeds or dividends of registered investments may be reinvested in the Philippines if the investments are registered with the BSP or the investor's custodian bank.

The foregoing is subject to the power of BSP, with the approval of the President of the Philippines, to restrict the availability of foreign exchange during an exchange crisis, when an exchange crisis is imminent, or in times of national emergency. Furthermore, there can be no assurance that the foreign exchange regulations issued by the BSP will not be made more restrictive in the future.

The registration with the BSP of all foreign investments in the Shares shall be the responsibility of the foreign investor.

FOREIGN OWNERSHIP CONTROLS

The Philippine Constitution and related statutes set forth restrictions on foreign ownership of companies engaged in certain activities, among them the ownership of private land.

In connection with the ownership of private land, Article XII, Section 7 of the Philippine Constitution, in relation to Article XII, Section 2 of the Philippine Constitution and Chapter 4 of Commonwealth Act No. 141, states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organised under the laws of the Philippines at least 60% of whose capital is owned by such citizens.

R.A. No. 7042, as amended, and the Negative List issued pursuant thereto, reserves to Philippine Nationals all areas of investment in which foreign ownership is limited by mandate of the Philippine Constitution and specific laws. Section 3(a) of R.A. No. 7042 defines a “Philippine National” as:

- a citizen of the Philippines;
- a domestic partnership or association wholly owned by citizens of the Philippines;
- a trustee of funds for pension or other employee retirement or separation benefits where the trustee is a Philippine National and at least 60% of the fund will accrue to the benefit of the Philippine Nationals;
- a corporation organised under the laws of the Philippines of which at least 60% of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines; and
- a corporation organised abroad and registered as doing business in the Philippines under the Philippine Revised Corporation Code of which 100% of the capital stock outstanding and entitled to vote is wholly owned by Filipinos.

However, R.A. No. 7042 states that where a corporation (and its non-Filipino shareholders) own stock in a PSEC-registered enterprise, at least 60% of the capital stock outstanding and entitled to vote of both the investing corporation and the investee corporation must be owned and held by citizens of the Philippines. Further, at least 60% of the members of the board of directors of both the investing corporation and the investee corporation must be Philippine citizens in order for the investee corporation to be considered a Philippine National.

On 20 May 2013, the PSEC issued Memorandum Circular No. 8, Series of 2013 which provided guidelines (the “**Guidelines**”) on compliance with the Filipino-Foreign ownership requirements under the Philippine Constitution and other existing laws by corporations engaged in nationalised or partly nationalised activities (the “**Nationalised Corporations**”). The Guidelines provide, that for purposes of determining compliance with the foreign equity restrictions in Nationalised Corporations, the required percentage of Filipino ownership shall be applied to both: (a) the total number of outstanding shares of stock entitled to vote in the election of directors, and (b) the total number of outstanding shares of stock, whether or not entitled to vote in the election of directors. Compliance with the required ownership by Philippine Nationals of a corporation is to be determined on the basis of outstanding capital stock whether fully paid or not.

The Philippine Constitution limits ownership of land in the Philippines to Filipino citizens or to Philippine Nationals. While the Philippine Constitution prescribes nationality restrictions on land ownership, there is generally no prohibition against foreigners owning buildings and other permanent structures.

The Tan Family has agreed to hold at least 60% of the Shares of our Company in order to ensure that our Company complies with the foreign ownership restrictions.

TAXATION

PHILIPPINE TAX CONSIDERATIONS

The statements made regarding taxation in the Philippines and Singapore are based on the laws in force at the date hereof and are subject to any changes in law occurring after such date. The following summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to invest in the Shares and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rates. Prospective purchasers of the Shares are advised to consult their own tax advisers concerning the tax consequences of their investment in the Shares.

As used in this section, the term “resident alien” refers to an individual whose residence is within the Philippines and who is not a citizen thereof, while a “non-resident alien” is an individual whose residence is not within the Philippines and who is not a citizen of the Philippines. A non-resident alien who is actually within the Philippines for an aggregate period of more than 180 days during any calendar year is considered a “non-resident alien engaged in trade or business in the Philippines;” otherwise, such non-resident alien who is actually within the Philippines for an aggregate period of 180 days or less during any calendar year is considered a “non-resident alien not engaged in trade or business in the Philippines”. The term “domestic corporation” refers to a corporation created or organised in the Philippines. A “resident foreign corporation” is a non-Philippine corporation engaged in trade or business within the Philippines; and a “non-resident foreign corporation” is a corporation authorised, or existing under the laws of any country, other than the Philippines, (“**non-Philippine corporation**”) and is not engaged in trade or business within the Philippines.

Philippine Taxation

The TRAIN Law amended certain provisions of the Philippine Tax Code, including those pertaining to ordinary income tax of individuals, capital gains tax on the sale and disposition of shares of stock, estate tax, donor’s tax, and documentary stamp tax. On 26 March 2021, the second package of the Comprehensive Tax Reform programme, Republic Act No. 11534, otherwise known as the Corporate Recovery and Tax Incentives for Enterprises (“**CREATE**”) Act was signed into law, amending provisions of the Philippine Tax Code relating to, among others, lowering corporate income taxes and modernising fiscal incentives in a bid to complement the expected incremental revenues from the first package.

The salient provisions of the CREATE Act include:

- Reduction in corporate income tax (“**CIT**”) from the current 30% to 20% for domestic corporations which met the threshold for lower CIT and to 25% for other corporate taxpayers starting 1 July 2020;
- Reduction in the minimum corporate income tax rate from 2% to 1% effective 1 July 2020 until 30 June 2023; and will revert to 2% beginning 1 July 2023;
- Net capital gains derived by resident foreign corporations on the sale of shares of stock of domestic corporations not traded on the local stock exchange will be subject to a final tax of 15%, from the previous rates of 5% on the first U.S.\$2,000 and 10% on the excess thereof;
- Regional operating headquarters will be subject to regular CIT effective 1 January 2022;

- Qualified Registered Business Enterprises (“**RBE**”) will be granted an income tax holiday for four to seven years, depending on the assigned RBE category level. After the income tax holiday period, a special corporate income tax rate of 5% on gross income earned in lieu of all national and local taxes (for export enterprises), OR enhanced deductions may be availed. The duration of the special corporate income tax or enhanced deductions is ten years for export enterprises and the duration of enhanced deductions for domestic enterprises is five years.

The reduction in tax rate would result in the recognition of deferred tax expenses in the 2021 financial statements arising from the remeasurement of existing net deferred tax assets now using the 25% corporate income tax rate, in addition to the computation of current tax expense using the 25% corporate income tax rate or 1% minimum corporate income tax rate, whichever is higher.

Corporate Income Tax

A domestic corporation is subject to a tax of 25% on its net taxable income from all sources within and outside the Philippines beginning 1 July 2020, provided that domestic corporations with net taxable income not exceeding ₱5 million and with total assets not exceeding ₱100 million (excluding land on which the particular business entity’s office, plant and equipment are situated during the taxable year for which the tax is imposed) shall be taxed at 20%. Net taxable income refers to items of income specified under Section 32 (A) of the Philippine Tax Code, as amended, less allowable itemised deductions under Section 34 thereof or those allowed under special laws, or the optional standard deduction equivalent to an amount not exceeding 40% of the corporation’s gross income. Passive income of a domestic corporation is taxed as follows: (a) gross interest income from Philippine currency bank deposits and yield from deposit substitutes, trust funds and similar arrangements as well as royalties from sources within the Philippines which are generally taxed at the lower final withholding tax rate of 20% of the gross amount of such income; and (b) interest income from a depository bank under the expanded foreign currency deposit system which is subject to a final tax at the rate of 15% of such income.

Beginning 1 July 2020 and until 30 June 2023, a minimum corporate income tax of 1% of the gross taxable income for the quarter and as of the end of the taxable year is imposed on domestic and resident foreign corporations beginning on the fourth taxable year immediately following the year in which such corporation commenced its business operations. The minimum corporate income tax shall be paid in case such is greater than the regular corporate income tax. After 30 June 2023, the rate of minimum corporate income tax shall revert to 2% of the gross taxable income.

Any excess of the minimum corporate income tax, however, over the regular corporate income tax shall be carried forward and credited against the latter for the three immediately succeeding taxable years. Likewise, subject to certain conditions, the minimum corporate income tax may be suspended with respect to a corporation which suffers losses (1) on account of a prolonged labour dispute, or (2) because of force majeure, or (3) because of legitimate business reverses.

Tax on Dividends

Cash and property dividends actually or constructively received from a domestic corporation by individual shareholders who are either Filipino citizens or alien residents of the Philippines are subject to a final withholding tax at the rate of 10%, which shall be withheld by the Company. Cash and property dividends received by non-resident alien individuals engaged in trade or business in the Philippines are subject to a 20% final withholding tax on the gross amount thereof, while cash and property dividends received by non-resident alien individuals not engaged in trade or business in the Philippines are subject to tax at 25% of the gross amount, subject, however, to the applicable preferential tax rates under income tax treaties executed between the Philippines and the country of tax residence of such non-resident alien individuals and BIR’s requirements for availment of preferential tax treaty benefits.

Cash and property dividends received from a domestic corporation by another domestic corporation or by resident foreign corporations are not subject to income tax while those received by a non-resident foreign corporation are generally subject to income tax at a final withholding tax rate of 25% effective 1 January 2021. Such dividend tax rate may be reduced to a tax sparing rate of 15% if (i) the country in which the non-resident foreign corporation is domiciled imposes no taxes on foreign sourced dividends, or (ii) the country in which the non-resident foreign corporation is domiciled allows a credit against the tax due from the non-resident foreign corporation for taxes deemed to have been paid in the Philippines equivalent to at least 10%.

In order to avail of the 15% tax sparing rate, Revenue Memorandum Order No. 46-2020 provides that the domestic corporation may remit outright the dividends to the non-resident foreign corporation and apply thereon the reduced rate of 15% without securing a ruling from the BIR. However, the domestic corporation must determine whether the country of residence complied with the above requirements for tax sparing rate. Within 90 days from the remittance of the dividends or from the determination by the foreign tax authority of the deemed paid tax credit/non-imposition of tax because of the exemption, whichever is later, the non-resident foreign corporation or its authorised representative shall file with the BIR, through the International Tax Affairs Division (“ITAD”), a request for confirmation of the applicability of the reduced dividend rate of 15%.

The tax sparing rate is without prejudice to applicable preferential tax rates under income tax treaties in force between the Philippines and the country of tax residence of the non-resident holder. Please see discussion on tax treaties below. See “—*Tax Treaties*” below.

If the regular tax rate is withheld by the Company instead of the reduced rates applicable under an income tax treaty, the non-resident, or its authorised representative, should file a Tax Treaty Relief Application with complete documentary requirements and a claim for refund with the BIR at any time after the payment of the withholding but not later than the two-year prescriptive period for refund. However, because the refund process in the Philippines requires the filing of an administrative claim and the submission of supporting information, and may also involve the filing of a judicial appeal, it may be impractical to pursue such a refund.

Transfer taxes (e.g. documentary stamp tax and local transfer tax) may be payable depending on the type of property distributed as dividends. Stock dividends distributed pro rata to any holder of shares of stock are generally not subject to Philippine income tax. However, the sale, exchange or disposition of shares received as stock dividends by the holder is subject to STT if the transfer is through a local stock exchange; or if the transfer is made outside the exchange, capital gains tax and documentary stamp tax.

Sale, Exchange or Disposition of Shares

Stock Transaction Tax on Sale of Shares traded on the SGX-ST

In BIR Ruling No. OT-331-2021 specifically issued to the Company, the BIR confirmed that our Shares which are to be traded on the SGX-ST is covered by Sec. 127 of the Philippine Tax Code, as amended which imposes STT on the sale of shares listed and traded through the local stock exchange. Therefore, the trading of our Shares on the SGX-ST shall be subject to STT of 0.6% of the gross selling price or gross value in money of the Shares sold. The term gross selling price or gross value in money refers to the total amount of money or its equivalent which the purchaser pays the selling shareholder as consideration for the Shares.

The STT is a final tax due on and payable by the seller of the shares, and the STT is required to be collected by and paid to the Philippine tax authorities by the selling stockbroker on behalf of the seller. Pursuant to Sections 248 and 249 of the NIRC, any amount of STT not paid when due is subject to a surcharge of 25% and interest at the rate of 12% per annum until fully paid. As

clarified in RMC No. 43-2022, 25% surcharge shall not be imposed to an amendment of a tax return if the taxpayer was able to file the initial tax return with the BIR on or before the prescribed due date for its filing. There are no obligations on the selling shareholders to file such tax return. Pursuant to Section 255 of the NIRC, if a taxpayer wilfully fails to pay the tax, the taxpayer may, upon conviction, be punished by a fine of not less than ₱10,000 and suffer imprisonment of not less than 1 year but not more than 10 years. Please also refer to *“Risk Factors—Risks relating to an Investment in our Shares—Stock transaction tax is payable by selling shareholders and required to be collected by selling stockbrokers. Failure by shareholders or Singapore brokers to pay or to remit stock transaction tax payable to the BIR may result in a breach of law and/or contract.”*

For avoidance of doubt, corporate actions such as rights issues and take-over offers do not require the Company to pay STT as these are not sales of shares listed and traded on the SGX-ST. STT also does not apply to off-market transactions.

Pursuant to Section 255 of the NIRC, the failure by the selling stockbroker to collect and/or remit the STT to the BIR may attract a range of penalties, including, among others, a penalty equal to the total amount of STT not remitted, a fine of not less than ₱10,000 and imprisonment of not less than one year but not more than 10 years. Such penalties are in addition to the surcharge of 25% (if no STT return was filed or initially paid on or before the prescribed due date for filing) and interest at the rate of 12% per annum until the STT is fully paid. For avoidance of doubt, pursuant to Section 10(a) of the BIR Revenue Regulations No. 6-2008, the selling stockbroker, and not the selling shareholder, will be liable for such surcharge and interest.

Both Picazo Buyco Tan Fider & Santos, the Company's legal advisers as to Philippine law, and Punongbayan & Araullo, the Independent Tax Adviser, have advised that the transfer between seller and buyer of the beneficial ownership of shares traded on the SGX-ST will not be affected and/or invalidated by the non-payment of STT.

For completeness, Section 11 of BIR Revenue Regulations No. 6-2008 which provides, among others, that no sale, exchange, transfer or similar transaction intended to convey ownership of, or title to any share of stock shall be registered in the books of the corporation unless the receipts of payment of STT imposed is filed with and recorded by the stock transfer agent or secretary of the corporation does not apply to a transfer of beneficial ownership of shares traded on the SGX-ST as the transfer of shares through SGX-ST occurs via electronic book-entry changes in the shareholder's securities accounts maintained with CDP, and not in the books of the Company.

Both Picazo Buyco Tan Fider & Santos, the Company's legal advisers as to Philippine law, and Punongbayan & Araullo, the Independent Tax Adviser, have advised that there is no specific regulation imposing liability on the selling shareholder or the Company as a result of the failure by the selling stockbroker to collect and/or remit the STT to the BIR in respect of our Shares sold on the SGX-ST that they are aware of.

If an applicable income tax treaty exempts such sale of shares from STT, an application for tax treaty relief has to be filed with the BIR in accordance with BIR regulations, and approved by the BIR, to avail of the exemption. (Please see discussion below in *“Tax Treaties”*.) A prospective investor should consult its own tax adviser with respect to the applicable rates under the relevant tax treaty.

Sale of shares of stocks in a Philippine domestic corporation, can either be subject to capital gains tax or STT. Given that the trading of our Shares on the SGX-ST is subject to STT, it is not subject to capital gains tax. See *“– Capital gains tax, if sale was made outside the PSE (local stock exchange)”* for further details.

Collection and payment of STT on the Sale of Shares traded on the SGX-ST to the BIR

The STT payable by the selling shareholder of our Shares traded on the SGX-ST will be collected and withheld by his Singapore broker on his behalf at the date of settlement of the trade, being the second Market Day following the transaction date.¹⁵ Please also refer to “*Risk Factors—Risks relating to an Investment in our Shares—Stock transaction tax is payable by selling shareholders and required to be collected by selling stockbrokers. Failure by shareholders or Singapore brokers to pay or to remit stock transaction tax payable to the BIR may result in a breach of law and/or contract.*”

Singapore brokers may remit the collected STT to the BIR via BDO Securities Corporation, which has been appointed by our Company on a non-exclusive basis as the receiving and remitting agent (the “**Receiving Agent**”) for the STT payable on the sale of our Shares traded on the SGX-ST. Pursuant to the contractual arrangements to be entered into between the Receiving Agent and the Singapore brokers that choose to remit the collected STT to the BIR via the Receiving Agent, such Singapore brokers will remit the total amount of STT collected and withheld by each of them in respect of our Shares traded on the SGX-ST onwards to a nominated Singapore bank account maintained by the Receiving Agent (the “**Received STT Amount**”).

The Receiving Agent will remit the Received STT Amount received from Singapore brokers to a Philippines bank account maintained by the Receiving Agent with BDO Unibank, Inc. in the Philippines. The Receiving Agent will, if necessary, convert the Received STT Amount into the Philippine pesos equivalent valued at the date of receipt of funds, and remit the Received STT Amount to the BIR’s authorised agent bank and file the corresponding STT report in the form prescribed by the BIR by no later than the fourth Philippines business day following the date of receipt by the Receiving Agent of the Received STT Amount from the Singapore brokers.

Under Section 10(a) of the BIR Revenue Regulations 6-2008, the selling stock broker who effected the sale has the duty to collect the tax from the seller upon issuance of the confirmation of sale, issue the corresponding official receipt thereof and remit the same to the BIR within five banking days from the date of collection thereof and to submit a weekly report to PSE a true and complete return, which shall contain a declaration, that is made under the penalties of perjury, of all the transactions effected through the selling stockbroker during the preceding week and of taxes collected by him and turned over to the BIR. **Pursuant to clarifications received from the BIR, as substituted compliance with the provisions of Section 10(a) of the BIR Revenue Regulations 6-2008, the Receiving Agent as well as Singapore brokers who do not utilise the services of the Receiving Agent are required to submit the aforementioned weekly report in respect of our Shares traded on the SGX-ST to our Company’s Corporate Secretary (instead of to the PSE). The Company’s Corporate Secretary shall in turn keep and compile the submissions of the Receiving Agent and the Singapore brokers who do not utilise the services of the Receiving Agent, file a reconciliation statement of the trades of the Singapore brokers with the reports received from either the Receiving Agent or directly from Singapore brokers who do not utilise the services of the Receiving Agent, and file and transmit to the BIR a consolidated return of all transactions by the Receiving Agent and the Singapore brokers who do not utilise the services of the Receiving Agent in respect of our Shares traded on the SGX-ST on a monthly basis.**

There may be uncertainty surrounding how the Philippine tax authorities or other regulators will regulate or enforce the collection of STT on Singapore brokers and selling shareholders, including Section 10(a) of the BIR Revenue Regulations 6-2008. See “*Risk Factors—Risks relating to an investment in our Shares—Stock transaction tax is payable by selling shareholders and required to be collected by selling stockbrokers. Failure by shareholders or Singapore brokers to pay or to*

¹⁵ Settlement of trades on a normal “ready” basis on the SGX-ST generally takes place on the second Market Day following the transaction date, and payment for the securities is generally settled on the following business day. See “*Clearance and Settlement*” for further details on clearance and settlement of our Shares on the SGX-ST.

remit stock transaction tax payable to the BIR may result in a breach of law and/or contract.” and “Risk Factors—Risks relating to the Philippines and Other Jurisdictions—There are uncertainties regarding the interpretation and enforcement of laws, rules and regulations in some jurisdictions in which we do business.” for further details.

Both Picazo Buyco Tan Fider & Santos, the Company’s legal advisers as to Philippine law, and Punongbayan & Araullo, the Independent Tax Adviser, have advised that it is uncertain how the Philippine tax authorities will enforce the obligations under Section 10(a) of the BIR Revenue Regulations No. 6-2008 on the Singapore brokers, and the failure by Singapore brokers to provide on a weekly basis a report on the total STT paid to the BIR by such selling stockbroker in relation to our Shares traded on the SGX-ST for that week may attract interest charges, fines and civil and/or criminal liability.

Picazo Buyco Tan Fider & Santos, the Company’s legal advisers as to Philippine law, has also advised that it is unaware of a specific rule or guideline imposing penalties on the Receiving Agent or the selling stockbroker for failure to submit the report to PSE as required under Section 10(a) of BIR Revenue Regulations No. 6-2008 or to our Company’s Corporate Secretary pursuant to the clarifications received from the BIR. In the event that our Company’s Corporate Secretary fails to submit the abovementioned monthly report to BIR in a timely manner, Picazo Buyco Tan Fider & Santos, the Company’s legal advisers as to Philippine law, has further advised that it is unaware of a specific rule or guideline imposing penalties on the selling stockbroker who had furnished the reports to our Corporate Secretary and/or the selling shareholders who had made payment for the STT. Under Section 275 of the Tax Code, any person who violates any provision of the Tax Code or any rule or regulation promulgated by the Department of Finance, for which no specific penalty is provided by law, shall, upon conviction for each act or omission, be punished by a fine of not more than One Thousand pesos (₱1,000) or suffer imprisonment of not more than six months, or both. In the event of inaccuracies in the information contained in the report, the selling stockbroker or Receiving Agent may be liable under perjury and may also be subject to fines. There are no Philippine laws and regulations which invalidate the sale and purchase of the Shares traded on the SGX-ST due to such inaccuracies.

The Company will, on a monthly basis, announce on SGXNET a list of all Singapore brokers who are utilising the services of the Receiving Agent. The announcement will also include clear notice of the responsibilities and liabilities of Singapore brokers who choose not to utilise the services of the Receiving Agent when trading our Shares on the SGX-ST.

For avoidance of doubt, it is not necessary for Singapore brokers to remit the STT to the BIR via the Receiving Agent, and they may remit the collected STT to the BIR via other avenues, such as through their Philippines affiliated brokers. For Singapore brokers that choose to remit the STT to the BIR via the Receiving Agent, in addition to the STT payable, the Receiving Agent intends to charge a 0.03% processing fee of the gross selling price or gross value in money of the shares of stock sold for its services provided in respect of, among others, foreign exchange¹⁶, remittance, processing and BIR reporting (the **“Receiving Agent Fee”**). The Singapore broker may either absorb the Receiving Agent Fee or pass the costs on to the selling shareholder. In the event of the latter, the Receiving Agent Fee will be collected and withheld by the selling shareholder’s Singapore broker on his behalf at the date of settlement of the trade and will be remitted onwards to the Receiving Agent together with the Received STT Amount. Any implications arising from the failure by the Singapore brokers and/or the selling shareholders to collect and/or remit such Receiving Agent Fees to the Receiving Agent will be governed by the contractual arrangements to be entered into between the selling shareholders, Singapore brokers and the Receiving Agent.

16 Where the STT is collected and remitted in Singapore Dollars, it will need to be converted and paid to the BIR in Philippine pesos. Accordingly, the Receiving Agent or Singapore brokers who remit the STT to the BIR would be exposed to the risks of foreign currency fluctuations and conversion in relation to any differential between BIR’s expected Philippine pesos equivalent of the Singapore Dollar STT and the Receiving Agent or Singapore brokers actual cost of currency conversion. In the event of any shortfall in the said amount, the Receiving Agent or the Singapore brokers would have to top up the difference.

In particular, failure by selling shareholders to pay such Receiving Agent Fees (if any) will be governed by the contractual arrangements entered into between the selling shareholder and the Singapore broker. Selling shareholders will not enter into a direct contractual arrangement with the Receiving Agent in respect of the Receiving Agent Fee. Please also refer to *“Risk Factors—Risks relating to an Investment in our Shares—Stock transaction tax is payable by selling shareholders and required to be collected by selling stockbrokers. Failure by shareholders or Singapore brokers to pay or to remit stock transaction tax payable to the BIR may result in a breach of law and/or contract.”*

For avoidance of doubt, the Receiving Agent Fee will not be charged to selling shareholders that trade through Singapore brokers that remit the collected STT to the BIR via other avenues, such as through their Philippines affiliated brokers, although separate charges for such remittance services may apply (if any).

The Receiving Agent Fee may be subject to adjustment depending on the commercial arrangements entered into between the Receiving Agent and the Singapore broker. Investors are advised to consult with their respective Singapore brokers in respect of the STT payable to the BIR as well as additional fees and charges (if any) that may apply. Investors are further advised that the salient terms of the contractual arrangements that will be entered into between themselves and the Singapore broker may differ depending on the terms and conditions of each Singapore broker. Where there is any change to these contractual arrangements, it is envisaged that such changes will be made known to the investors in accordance with the relevant Singapore brokers' internal policies and processes, and investors should consult their respective Singapore brokers accordingly.

Where the Singapore brokers utilise the Receiving Agent's services, upon receipt of the Received STT Amount from the Singapore brokers, it is the responsibility of the Receiving Agent to ensure that the filing and payment of the Received STT Amount to the BIR is conducted in accordance with the relevant laws and regulations and failure to do so may result in the Receiving Agent being liable under such laws and regulations. See *“Sale, Exchange or Disposition of Shares—Stock Transaction Tax on Sale of Shares traded on the SGX-ST”*. Both Picazo Buyco Tan Fider & Santos, the Company's legal advisers as to Philippine law, and Punongbayan & Araullo, the Independent Tax Adviser, have advised that there is no specific regulation imposing liability on the selling shareholder, the Company and/or the selling stockbroker in the event of a failure by the Receiving Agent to remit the STT to the BIR in respect of our Shares sold on the SGX-ST that they are aware of. For avoidance of doubt, where the Receiving Agent fails to remit the STT to the BIR, the selling stockbroker may still remain liable under the relevant Philippine laws and regulations in respect of the payment of STT.

Pursuant to the agreement between our Company and BDO Securities Corporation, our Company may terminate BDO Securities Corporation's appointment as Receiving Agent if it fails to perform its contractual obligations, including its obligation to remit the STT received from Singapore brokers to the BIR. Upon notice of termination, BDO Securities Corporation is required to continue as Receiving Agent for 12 months unless our Company appoints a replacement at an earlier date. BDO Securities Corporation is expected to provide an orderly turnover to the replacement. The Board will regularly review the performance of the Receiving Agent's contractual obligations, including its obligation to remit the STT received from Singapore brokers to the BIR.

While there is no fixed term for the Receiving Agent's appointment, the appointment may be terminated by either party providing not less than 12 months advance written notice to the other party. The Company will announce the termination of the Receiving Agent's appointment immediately on SGXNET in a timely manner. In the event of that BDO Securities Corporation's appointment as Receiving Agent is terminated, the Company intends to appoint another receiving and remitting agent for the collection and remittance of STT as soon as practicable.

The Company intends to ensure that the appointment of a receiving and remitting agent for the STT payable on the sale of our Shares traded on the SGX-ST is maintained at all times, including that a new receiving and remitting agent will be appointed prior to the effective date of cessation of the incumbent receiving and remitting agent. The Company further intends to ensure that the termination notice period of the new receiving and remitting agent will similarly be 12 months. Any appointment and termination of the receiving and remitting agent will be announced via SGXNET in a timely manner.

A change in our Company's Corporate Secretary will not require the agreement and/or consent of the BIR, nor will we be required to notify the BIR of the change. For completeness, our Company is required under the PSE Listing and Disclosure Rules to release an announcement in respect of any change to our Corporate Secretary. Our Company's Corporate Secretary is appointed by the Board after the annual general meeting on a yearly basis. While there is no termination notice period, we intend to ensure that the position of Corporate Secretary is maintained at all times, including that a new corporate secretary will be appointed prior to the effective date of cessation of the incumbent corporate secretary. Any appointment, replacement and termination of our Company's Corporate Secretary will be announced via SGXNET in a timely manner. The Board will have oversight of the Corporate Secretary's obligations in respect of, among others, the filing and transmission of the abovementioned reports and statements to the BIR within the specified time period.

We will announce on SGXNET in a timely manner where there are any changes to the requirement to submit the weekly report by the Receiving Agent as well as Singapore brokers who do not utilise the services of the Receiving Agent in respect of our Shares traded on the SGX-ST to our Company's Corporate Secretary (instead of to the PSE) as substituted compliance with the provisions of Section 10(a) of the BIR Revenue Regulations 6-2008, and the revised arrangement in place (if any) for compliance with the provisions of Section 10(a) of the BIR Revenue Regulations 6-2008.

On a monthly basis, the Audit Committee will be provided with a daily trade volume transaction report in respect of our Shares traded on the SGX-ST for each trading day of that month so that in the event of any discrepancy in respect of the STT paid to the BIR, the Audit Committee will be able to reconcile the details of the trades in respect of our Shares traded on the SGX-ST received from the Receiving Agent and Singapore brokers who do not utilise the services of the Receiving Agents.

Capital gains tax, if sale was made outside the PSE (local stock exchange)

Pursuant to the TRAIN Law and CREATE Act, the net gains realised by a citizen, resident alien, non-resident alien, whether or not engaged in trade or business within the Philippines, or a domestic corporation (other than a dealer in securities) during each taxable year from the sale, exchange or disposition of shares of stock outside the facilities of the PSE (local stock exchange), are subject to capital gains tax at the rate of 15% of the net gains realised during the taxable year.

Furthermore, if the fair market value of the shares of stock in a Philippine corporation sold outside the facilities of the local stock exchange is greater than the consideration received by the seller or the selling price, the amount by which the fair market value of the shares exceeds the selling price shall be deemed a gift that is subject to donor's tax under Section 100 of the Philippine Tax Code; provided, however, that a sale, exchange or other transfer of such shares outside the facilities of the local stock exchange made in the ordinary course of business (a transaction which is bona fide, at arm's length and free from donative intent) will be considered as made for an adequate and full consideration in money or money's worth and will not be subject to donor's tax.

Gains from the sale or disposition of shares in a Philippine corporation may be exempt from capital gains tax or subject to a preferential rate under a tax treaty. If an applicable income tax treaty exempts net gains from such sale from capital gains tax, a request for confirmation on the entitlement under the tax treaty has to be filed with the BIR in accordance with BIR regulations.

(Please see discussion below in “*Tax Treaties*”).) A prospective investor should consult its own tax adviser with respect to the applicable rates under the relevant tax treaty.

The transfer of shares shall not be recorded in the books of the Company unless the BIR has issued a Certificate Authorising Registration (“**CAR**”), certifying that the capital gains and documentary stamp taxes relating to the sale or transfer have been paid or, where applicable, tax treaty relief has been confirmed by the International Tax Affairs Division of the BIR in respect of the capital gains tax or other conditions have been met.

As set out in “—*Stock Transaction Tax on Sale of Shares traded on the SGX-ST*”, sale of shares of stocks in a Philippine domestic corporation, can either be subject to capital gains tax or STT. In BIR Ruling No. OT-331-2021 specifically issued to our Company, the BIR confirmed that our Shares that are to be traded in SGX is covered by Sec. 127 of the Philippine Tax Code, as amended, which imposes STT on sale of shares listed and traded through the local stock exchange. As the trading of our Shares on the SGX-ST is subject to STT, capital gains tax is not payable on the trading of our Shares on the SGX-ST. Both Picazo Buyco Tan Fider & Santos, the Company’s legal advisers as to Philippine law, and Punongbayan & Araullo, the Independent Tax Adviser, share the foregoing view.

Taxes on transfer of shares listed and traded through the PSE

Unless an applicable tax treaty exempts the sale from income tax and/or STT (please see discussion below in “*Tax Treaties*”), a sale, barter, exchange or other disposition of shares of stock through the facilities of the PSE (including the sale or disposition of treasury shares) by a resident or a non-resident individual or a domestic or foreign corporation; other than a dealer in securities, is subject to STT at the rate of six-tenths of one percent (6/10 of 1%) of the gross selling price or gross value in money of the shares of stock sold or otherwise disposed which shall be paid by the seller or transferor. This tax is required to be collected by and paid to the Philippines Government by the selling stockbroker on behalf of his client. The STT is classified as a percentage tax in lieu of a capital gains tax. Under certain tax treaties, the exemptions from capital gains tax may not be applicable to STT.

In addition, a VAT of 12% is imposed on the commission earned by the PSE-registered broker, which tax is generally passed on to the client, the selling stockholder, or transferor.

Under Section 10(a) of the BIR issued Revenue Regulations 6-2008, the selling stockbroker who effected the sale has the duty to collect the tax from the seller upon issuance of the confirmation of sale, issue the corresponding official receipt thereof and remit the same to the BIR within five banking days from the date of collection thereof and to submit a weekly report to PSE a true and complete return, which shall contain a declaration, that is made under the penalties of perjury, of all the transactions effected through the selling stockbroker during the preceding week and of taxes collected by him and turned over to the BIR.

The STT will not apply if the shares are sold outside the facilities of the PSE, including during a trading suspension. PSE Memorandum CN-No. 0046-12 dated 22 August 2012 provides that, immediately after 31 December 2012, the PSEC shall impose a suspension for a period of not more than six months, on shares of a listed company that has not complied with the rule on MPO which requires listed companies to maintain a minimum percentage of listed securities held by the public of the listed companies issued and outstanding shares at all times. In accordance with PSEC Memorandum Circular No. 13, Series of 2017 published on 5 December 2017, effective on 5 December 2017, the MPO requirement on companies that undertake initial public offerings was increased from 10% to 20% while existing publicly listed companies remain to be subject to the 10% MPO. Under the 2020 MPO Guidelines, the MPO was further adjusted depending on the market capitalisation. The PSE rule on MPO requires that listed companies shall, at all times, maintain a minimum percentage of listed securities held by the public of 10% or 20% or 33%, as

applicable, of the listed companies' issued and outstanding shares, exclusive of any treasury shares. As of the date of this Introductory Document, the MPO requirement applicable to our Company is 10%. As of 31 March 2022, 15.43% of our Shares were owned by the public. The sale of such listed company's shares during the trading suspension may be effected only outside the trading system of the PSE and shall therefore be subject to taxes on the sale of shares that are not listed or traded at the stock exchange (i.e. capital gains tax, documentary stamp tax, and possible donor's tax) if the fair market value of the shares of stock sold is greater than the consideration or the selling price, as the amount exceeding the selling price shall be deemed a gift subject to donor's tax under Section 100 of the Philippine Tax Code, unless the transaction is a bona fide, at arm's length, and free from any donative intent. Companies which do not comply with the MPO after the lapse of the trading suspension shall be automatically delisted.

The STT will also not apply if the shares sold are issued by a corporation that does not meet the MPO requirement, even if the sale is done through the facilities of the PSE. On 7 November 2012, the BIR issued Revenue Regulations No. 16-2012 ("RR 16-12"), which provides that the sale, barter, transfer, and/or assignment of shares of listed companies that fail to meet the Minimum Public Ownership requirement after 31 December 2012 will be subject to capital gains tax and documentary stamp tax. RR 16-12 also requires publicly-listed companies to submit quarterly public ownership reports to the BIR within 15 days after the end of each quarter.

Tax Treaties

The following table lists some of the countries with which the Philippines has tax treaties and the tax rates currently applicable to non-resident holders who are tax residents of those countries:

Jurisdiction	Dividends	STT on sale or disposition effected through the PSE⁽⁹⁾	Capital gains tax due on disposition of shares outside the PSE
	%		
Canada	25 ⁽¹⁾	May be Exempt ⁽¹⁰⁾	May be Exempt ⁽¹⁴⁾
People's Republic of China . . .	15 ⁽²⁾	Exempt ⁽¹¹⁾	May be Exempt ⁽¹⁴⁾
France	15 ⁽³⁾	Exempt ⁽¹²⁾	May be Exempt ⁽¹⁴⁾
Germany	15 ⁽⁴⁾	Exempt ⁽¹³⁾	May be Exempt ⁽¹⁴⁾
Japan	15 ⁽⁵⁾	May be Exempt ⁽¹⁰⁾	May be Exempt ⁽¹⁴⁾
Singapore	25 ⁽⁶⁾	May be Exempt ⁽¹⁰⁾	May be Exempt ⁽¹⁴⁾
United Kingdom	25 ⁽⁷⁾	May be Exempt ⁽¹⁰⁾	Exempt ⁽¹⁵⁾
United States	25 ⁽⁸⁾	May be Exempt ⁽¹⁰⁾	May be Exempt ⁽¹⁴⁾

Notes:

- (1) 15% if recipient company controls at least 10% of the voting power of the company paying the dividends; 25% in all other cases.
- (2) 10% if the beneficial owner is a company which holds directly at least 10% of the capital of the company paying the dividends; 15% in all other cases.
- (3) 10% if the recipient company (excluding a partnership) holds directly at least 10% of the voting shares of the company paying the dividends; 15% in all other cases.
- (4) 5% if the recipient company (excluding a partnership) holds directly at least 70% of the capital of the company paying the dividends; 10% if the recipient company (excluding a partnership) owns directly at least 25% of the capital of the company paying the dividends; 15% in all other cases.
- (5) 10% if the recipient company holds directly at least 10% of either the voting shares of the company paying the dividends or of the total shares issued by that company during the period of six months immediately preceding the date of payment of the dividends, or dividends paid by a company, being a resident of the Philippines, registered with

the Board of Investments and engaged in preferred pioneer areas of investment under the investment incentives laws of the Philippines to a resident of Japan, who is the beneficial owner of the dividends; 15% in all other cases.

- (6) 15% if during the part of the paying company's taxable year which precedes the date of payment of dividends and during the whole of its prior taxable year at least 15% of the outstanding shares of the voting stock of the paying company was owned by the recipient company; 25% in all other cases. Notwithstanding the rates provided under the Convention between the Republic of the Philippines and the Republic of Singapore with respect to Taxes on Income, corporations which are residents of Singapore may avail of the 15% withholding tax rate under the tax-sparing clause of the Philippine Tax Code provided certain conditions are met.
- (7) 15% if the recipient company is a company which controls directly or indirectly at least 10% of the voting power of the company paying the dividends; 25% in all other cases.
- (8) 20% if during the part of the paying corporation's taxable year which precedes the date of payment of dividends and during the whole of its prior taxable year at least 10% of the outstanding shares of the voting stock of the paying corporation was owned by the recipient corporation; 25% in other cases. Notwithstanding the rates provided under the Convention between the Government of the Republic of the Philippines and the Government of the United States of America with respect to Taxes on Income, corporations which are residents of the United States may avail of the 15% withholding tax rate under the tax-sparing clause of the Philippine Tax Code provided certain conditions are met.
- (9) If the STT is not expressly included in the tax treaty, the income recipient will be subject to STT at the rate of 0.6% of the gross selling price as provided under Section 127 of the Tax Code as amended by Section 39 of the TRAIN.
- (10) Article 2(4) of the Agreement between the Government of the Republic of the Philippines and the Government of Canada for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income was signed on 11 March 1976, with Japan signed on 13 February 1980, with Singapore signed on 1 August 1977, with the United Kingdom signed on 10 June 1976, with the United States of America signed on 1 October 1976; ITAD Ruling No. 165-00.
- (11) Article 2(2)(b) of the Agreement between the Government of the Republic of the Philippines and the Government of the People's Republic of China for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income was signed on 18 November 1999.
- (12) Article 1 of the Protocol to the Tax Convention between the Government of the Republic of the Philippines and the Government of the French Republic signed on 9 January 1976 was signed in Paris, France on 26 June 1995.
- (13) Article 2 (3)(a) of Agreement between the Government of the Republic of the Philippines and the Federal Republic of Germany for the Avoidance of Double Taxation with Respect to Taxes on Income and Capital signed on 9 September 2013.
- (14) Capital gains are taxable only in the country where the seller is a resident, provided that the shares are not those of a corporation, the assets of which consist principally of real property situated in the Philippines, in which case the sale is subject to Philippine taxes.
- (15) Under the Republic of the Philippines-UK Tax Treaty, capital gains on the sale of the stock of Philippine corporations are subject to tax only in the country where the seller is a resident, irrespective of the nature of the assets of the Philippine corporation.

When availing of exemption or lower preferential tax rates under tax treaties, a tax treaty relief application/request for confirmation is required. Note, however, that the application/request must be made on the basis of an actual transaction. Such application cannot be based on hypothetical situations which are considered no-ruling areas by the BIR.

For sale of shares made outside the PSE, a CAR from the BIR is required before the transfer is registered in the stock and transfer book. The BIR issues the CAR only after verifying that the applicable taxes have been paid. Thus, in lieu of proof of payment of capital gains tax, the tax treaty relief ruling should be submitted to the BIR office processing the CAR.

The requirements for a tax treaty relief application/request for confirmation are set out in Revenue Memorandum Order No. 14-2021 (Streamlining the Procedures and Documents for the Availment of Treaty Benefits dated 31 March 2021) and Revenue Memorandum Circular No. 77-2021 (Clarifies Certain Provisions of Revenue Memorandum Order No. 14-2021 dated 15 June 2021). These include BIR Forms 0901, proof of residence in the country that is a party to the income tax treaty. Proof of residence consists of a consularised/apostilled certification from the tax authority of the country of residence of the seller of shares which provides that the seller is a tax resident of such country under the applicable income tax treaty. If the seller is a juridical entity, authenticated certified true copies of its articles of incorporation or association issued by the proper government authority should also be submitted to the BIR in addition to the certification of its residence from the tax authority of its country of residence.

For capital gains tax/STT, the tax treaty relief application/request for confirmation has to be filed with the BIR at any time after the transaction but shall not be later than the last day of the fourth month following the close of the taxable year when the income is paid or when the transaction is consummated.

With respect to the availment of preferential rates for dividends under an income tax treaty, most tax treaties to which the Philippines is a party provide for a reduced tax rate of 15% in cases where the dividend arises in the Philippines and is paid to a resident of the other contracting state. Most income tax treaties also provide that reduced withholding tax rates shall not apply if the recipient of the dividend, who is a resident of the other contracting state, carries on business in the Philippines through a permanent establishment and the holding of the relevant dividend earning interest is effectively connected with such permanent establishment.

The preferential treaty rates on dividends shall be applied by the withholding agent/income payor provided that the non-resident income recipient submits BIR Form 0901-D, Tax Residency Certificate duly issued by the foreign tax authority, and the relevant provision of the applicable tax treaty. Subsequently, the Company shall file a request for confirmation with the BIR on the correct withholding tax rates applied on the dividend at any time after the close of the taxable year but not later than the last day of the fourth month following the close of such taxable year when the income is paid or becomes payable, or when the expense/asset is accrued or recorded in the books, whichever comes first.

Documentary Stamp Tax

The original issue of shares of stock is subject to documentary stamp tax (“**DST**”) of ₱2 for each ₱200 par value or a fraction thereof, of the shares of stock issued. The transfer of shares of stock is subject to a documentary stamp tax of ₱1.50 for each ₱200 par value or a fractional part thereof of the share of stock transferred. The documentary stamp tax is imposed on the person making, signing, issuing, accepting or transferring the document and is thus payable either by the vendor or the purchaser of the shares.

However, pursuant to R.A. No. 9648 in relation to the Philippine Tax Code, as amended, the sale, barter or exchange of shares of stock listed and traded at the PSE shall not be subject to documentary stamp tax. Accordingly, the sale, barter or exchange of shares, if made through the facilities of the PSE shall be exempt from documentary stamp tax. Otherwise, such sale or other disposition of the shares will be subject to a documentary stamp tax of ₱1.50 for each ₱200 par value of the shares sold or disposed.

However, the transfer of shares of listed companies that are non-compliant with the MPO requirement and whose shares have been suspended from trading, will be subject to documentary stamp tax of ₱1.50 for each ₱200 par value or a fractional part thereof of the share of stock transferred.

BIR Ruling No. OT-331-2021 which was specifically issued to the Company did not mention whether the trading of our Shares on the SGX-ST is exempt from DST. However, given that the STT was made applicable on the basis that the transaction is deemed as a sale of shares listed and traded through a local stock exchange, then the DST exemption for the sale of shares listed and traded through a local stock exchange should also be applicable for the trading of our Shares on the SGX-ST. Trading of our Shares on the PSE is also exempt from DST. Both Picazo Buyco Tan Fider & Santos, the Company’s legal advisers as to Philippine law, and Punongbayan & Araullo, the Independent Tax Adviser, share the foregoing view.

Estate and Gift Taxes

Shares issued by a domestic corporation are deemed to have a Philippine situs and their transfer by way of a succession or donation, even if made by a non-resident decedent or donor outside the Philippines, is subject to Philippine estate and donor's taxes.

The transfer of shares of stock upon the death of an individual holder to his heirs by way of succession, whether such holder was a citizen of the Philippines or an alien, regardless of residence, is subject to estate tax, which is levied on the net estate of the deceased at a uniform rate of 6%. An investor shall be subject to donor's tax at a uniform rate of 6% based on the value of the total gifts (such as shares of stock) in excess of ₱250,000 made during a calendar year, regardless of the relationship (by blood or by affinity) between the donor and the donee.

The estate or donor's taxes payable in the Philippines may be credited with the amount of any estate or donor's taxes imposed by the authority of a foreign country, subject to limitations on the amount to be credited, and the tax status of the donor.

Estate and donors' taxes, however, shall not be collected in respect of intangible personal property, such as shares of stock: (a) if the decedent at the time of his death or the donor at the time of the donation was a citizen and resident of a foreign country which at the time of his death or donation did not impose a transfer tax of any character, in respect of intangible personal property of citizens of the Philippines not residing in that foreign country, or (b) if the laws of the foreign country of which the decedent or donor was a citizen and resident at the time of his death or donation allows a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in that foreign country.

In the case the shares of stock are transferred for less than an adequate and full consideration in money or money's worth, the amount by which the fair market value of the shares of stock exceeded the value of the consideration may be deemed a gift, and donor's taxes may be imposed on the transferor of the shares of stock, based on Section 100 of the Philippine Tax Code, provided that a transfer of property made in the ordinary course of business (a transaction which is bona fide, at arm's length, and free from any donative intent), will be considered as made for an adequate and full consideration in money or money's worth.

Taxation Outside the Philippines

Shares of stock in a domestic corporation are considered under Philippine law as situated in the Philippines and any gains derived from their sale is entirely from Philippine sources; hence, such gain is subject to Philippine income tax and the transfer of such shares by gift (donation) or succession is subject to the donors' or estate taxes, each as stated above.

The tax treatment of a non-resident holder of shares of stock in jurisdictions outside the Philippines may vary depending on the tax laws applicable to such holder by reason of domicile or business activities and such holder's particular situation. This Introductory Document does not discuss the tax considerations on non-resident holders of shares of stock under laws other than those of the Philippines.

EACH PROSPECTIVE HOLDER SHOULD CONSULT WITH ITS OWN TAX ADVISER AS TO THE PARTICULAR TAX CONSEQUENCES TO SUCH HOLDER OF PURCHASING, OWNING AND DISPOSING OF THE SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL AND NATIONAL TAX LAWS.

SINGAPORE TAXATION

Corporate Income Tax

Corporate taxpayers are subject to Singapore income tax on income accruing in or derived from Singapore and foreign-source income received or deemed to be received in Singapore from outside Singapore, unless specifically exempted from tax on meeting certain conditions under the foreign-sourced income exemption (“**FSIE**”) scheme. The prevailing corporate income tax rate in Singapore is 17%. With effect from Year of Assessment (“**YA**”) 2020, the first S\$200,000 of a company’s normal chargeable income is exempt from tax as follows:

- (a) 75% of up to the first S\$10,000 of chargeable income; and
- (b) 50% of up to the next S\$190,000 of chargeable income.

Notwithstanding the above, for a qualifying private company (specifically a new start-up company that is at least 10% owned by individual shareholders and not an investment holding company or a company that undertakes property development for sale or investment or for both), 75% of the first S\$100,000 of normal chargeable income and 50% of the next S\$100,000 of normal chargeable income is exempted from tax, subject to meeting the relevant conditions. The remaining chargeable income (after deducting the applicable tax exemption on the first S\$200,000 of chargeable income) will be taxed at the prevailing corporate tax rate, currently at 17%.

A company is regarded as tax resident in Singapore if the control and management of the company’s business is exercised in Singapore. “Control and management” is the making of decisions on strategic matters, such as those on company policy and strategy.

Currently, tax exemption will be granted to a Singapore tax resident corporate taxpayer on its foreign sourced dividends, foreign branch profits and foreign-sourced service income (“**specified foreign income**”) received or deemed to be received in Singapore under the FSIE scheme, subject to meeting the following qualifying conditions:

- (a) the specified foreign income has been subject to income tax in the foreign jurisdiction from which the income is received;
- (b) at the time the specified foreign income is received in Singapore, the headline tax rate (i.e. highest corporate income tax rate) of the foreign jurisdiction from which the income is received is at least 15%; and
- (c) the Comptroller of Income Tax (the “**Comptroller**”) is satisfied that the tax exemption would be beneficial to the Singapore tax resident corporate taxpayer.

Pursuant to a tax concession granted with effect from 30 July 2004, the above foreign-sourced income exemption has been extended to include specified foreign income which is exempted from income tax in the foreign jurisdiction as a result of a tax incentive granted by that foreign jurisdiction for carrying out substantive business activities in that foreign jurisdiction. If foreign-sourced income is subject to tax in Singapore and does not qualify for tax exemption, a Singapore tax resident corporate taxpayer may be entitled to claim foreign tax credit (“**FTC**”) for the foreign tax paid on such foreign income, subject to meeting the relevant conditions. The amount of FTC available to a Singapore tax resident corporate taxpayer is based on the lower of:

- (a) the Singapore tax payable on the particular source of income which qualifies for foreign tax credit; or
- (b) the actual foreign tax suffered on the same income.

Under the FTC pooling system, Singapore tax resident companies may elect to claim FTC on a pooled basis on any items of its foreign-sourced income, rather than the usual source-by-source and country-by-country basis, subject to meeting the relevant conditions as follows:

- (a) income tax must have been paid on the income in the foreign jurisdiction from which the income is derived;
- (b) at the time the foreign-sourced income is received in Singapore, the headline tax rate of that foreign jurisdiction from which the income is received is at least 15%;
- (c) there must be Singapore income tax payable on the foreign-sourced income; and
- (d) the taxpayer is entitled to claim foreign tax credits under sections 50, 50A or 50B of the Singapore Income Tax Act (the “SITA”) on its foreign-sourced income.

The amount of FTC to be granted under the FTC pooling system is based on the lower of the total Singapore tax payable on the pooled foreign income and the pooled foreign taxes paid on those income.

Individual Income Tax

An individual taxpayer (both tax resident and non-tax resident of Singapore) is subject to Singapore income tax on income accruing in or derived from Singapore, subject to certain exceptions.

Foreign-sourced income received or deemed received in Singapore by an individual taxpayer is generally exempt from income tax in Singapore, except for such income received through a partnership in Singapore by Singapore tax resident individuals.

An individual is regarded as a tax resident in Singapore in a YA if he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more in the preceding calendar year, or if he ordinarily resides in Singapore except for temporary absences.

A Singapore tax resident individual is subject to tax at the progressive rates, ranging from 0% to 22%, after deductions of qualifying personal reliefs where applicable.

A non-Singapore tax resident individual is generally taxed at the rate of 22% (24% with effect from Year of Assessment 2024) except that Singapore sourced employment income which is taxed at either a flat rate of 15% (without deductions for personal relief), or at the progressive rates as a tax resident (with deductions for personal relief), whichever yields a higher tax.

Dividend Distributions

Singapore does not impose withholding tax on dividend payment.

As our Company is incorporated in Philippines and should not be tax resident in Singapore, dividends paid by our Company would be considered as foreign-sourced income. Dividends paid by our Company will be exempt from Singapore income tax when received by an individual investor regardless of whether the individual investor is resident or non-resident of Singapore, except for such income received through a partnership in Singapore by Singapore tax resident individual investors.

Dividends paid by our Company and received in Singapore by a Singapore corporate investor will be subject to Singapore income tax unless exempt under the FSIE scheme exemption (as explained above).

Shareholders/investors are advised to consult their own tax advisers in respect of the tax laws of their respective countries of residence which are applicable on such dividends received by them and the applicability of any double taxation agreement.

Bonus shares

Under current Singapore income tax law and practice, a capitalisation of profits followed by the issue of new shares, credited as fully paid, pro rata to shareholders ("**bonus issue**") does not represent a distribution of dividends by a company to its shareholders. Therefore, a Singapore resident shareholder receiving shares by way of a bonus issue should not have a liability to Singapore income tax.

When a dividend is to be satisfied wholly or in part in the form of an allotment of ordinary shares credited as fully paid, the dividend declared will be treated as income to its shareholders. Similarly, when shareholders are given the right to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash, the allotment of ordinary shares will be treated as dividend income to its shareholders. Please refer to "*Taxation—Singapore Taxation—Dividend Distributions*" above for the Singapore income tax treatment of dividend distributions.

Capital Gains Tax

Singapore currently does not impose tax on capital gains. Any gains from the disposal of our Shares, if regarded as capital gains, are not taxable in Singapore.

There are no specific laws or regulations which deal with the characterisation of whether a gain is income or capital in nature. Gains from the disposal of our Shares are taxable in Singapore if the seller is regarded as having derived gains of an income nature in Singapore. Generally, gains arising from the disposal of our Shares which are derived from any trade, business, vocation or profession carried on by that person, if accruing in or derived from Singapore, are taxable as such gains are considered revenue in nature. Gains derived from the disposal of our Shares may also be taxable if they constitute any gains or profits of an income nature under section 10(1)(g) of the SITA.

Section 13W of the SITA provides a safe harbour in the form of an exemption of gains or profits arising from the disposal of ordinary shares for disposals made up to 31 December 2027. To qualify for the tax exemption, the divesting company must have legally and beneficially held at least 20.0% of the ordinary shares of the company whose shares are being disposed ("**investee company**") for a continuous period of at least 24 months immediately prior to the date of disposal such shares.

The abovementioned "safe harbour rule" is not applicable under the following scenarios:

- the disposal of shares during the period from 1 June 2012 to 31 May 2022 of an unlisted investee company which is in the business of trading or holding Singapore immovable properties (other than the business of property development);
- the disposals of shares from 1 June 2022 of an unlisted investee company which is in the business of trading, holding or developing immovable properties in Singapore or abroad, subject to certain exceptions;

- the disposal of shares by a divesting company in the insurance business industry (as referred to under section 26 of the SITA); and
- the disposal of shares by a partnership, limited partnership or limited liability partnership where one or more of the partners is a company or are companies.

Shareholders who have adopted or are required to adopt Financial Reporting Standard 109 Financial Instruments or Singapore Financial Reporting Standard (International) 9 Financial Instruments (as the case may be) for financial reporting purposes may for Singapore income tax purposes, be required to recognise gains or losses (not being gains or losses that are capital in nature) on our Shares, irrespective of whether there is actual disposal. If so, the gains or losses so recognised may be taxed or allowed as a deduction even though they are unrealised depending on the tax profile of the Shareholders.

Shareholders should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their ownership and disposal of our Shares.

Stamp Duty

There is no stamp duty payable on the subscription for, allotment or holding of our Shares.

Stamp duty is payable on the instrument of transfer of shares at the rate of 0.2%, to the extent that the transferee company does not primarily hold assets in Singapore residential properties, otherwise additional stamp duty would be payable. This is computed on the consideration paid for or market value of our Shares, whichever is higher.

The purchaser is liable for stamp duty, unless there is an agreement to the contrary.

In our case, as our Shares will be scripless shares listed on the SGX-ST and be traded on SGX-ST under the scripless settlement system of CDP, such electronic entry made by the CDP to effect the transfer of scripless shares is exempt from stamp duty pursuant to the Stamp Duties (Exempt Record) Rules 2018.

Estate Duty

Singapore estate duty had been abolished with effect from 15 February 2008.

GST

The sale of our Shares by a GST-registered investor belonging in Singapore through an SGX-ST member to another person belonging in Singapore is an exempt supply, which is not subject to GST. Any input GST incurred by the GST-registered investor which is directly attributable to the making of such an exempt supply is generally not recoverable from the Comptroller of GST and will become an additional cost to the investor unless the investor satisfies certain conditions, prescribed under the GST Act, subsidiary legislation or by the Comptroller of GST.

The exempt sale of shares may also restrict the input tax recovery on the investor's overhead costs, as the investor may become partially exempt.

Further, partially exempt GST-registered businesses are also subject to the reverse charge mechanism and must self-account for GST on applicable services procured from overseas suppliers.

Where our Shares are sold by a GST-registered investor to a person who belongs outside Singapore, and for the direct benefit of either a person belonging outside Singapore (and that person is outside Singapore at the time of supply) or a GST-registered person who belongs in Singapore, the sale is a taxable supply subject to GST but is eligible for at zero-rating (i.e. GST at 0%). Any input GST incurred by the GST registered investor, which is directly attributable to the making of such a zero-rated supply, subject to the provisions of the GST act and subsidiary legislation, may be recovered from the Comptroller of GST.

Services consisting of arranging, broking, underwriting or advising on the issue, allotment or transfer of ownership of our Shares rendered by a GST-registered person to an investor belonging in Singapore will be subject to GST at the prevailing standard rate of 7% (8% with effect from 1 Jan 2023 and 9% with effect from 1 Jan 2024). Similar services contractually rendered by a GST-registered person to an investor belonging outside Singapore, and for the direct benefit of either a person belonging outside Singapore (and that person is outside Singapore at the time of supply) or a GST-registered person who belongs in Singapore is subject to GST but should be eligible for at zero-rating (i.e. GST at 0%).

Investors should seek their own tax advice on the recoverability of GST incurred on expenses in connection with the purchase and sale of our Shares.

CLEARANCE AND SETTLEMENT

A letter of eligibility has been obtained from the SGX-ST for the listing and quotation of our Shares. For the purpose of trading on the SGX-ST, a board lot of our Shares will comprise 100 Shares.

CDP, a wholly owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the Securities Accounts maintained by such accountholders with CDP.

Our listing on the SGX-ST is a secondary listing. We are and will continue to remain listed on the PSE, where we maintain our primary listing.

TRADING, SETTLEMENT AND REGISTRATION OF SHARES

Upon listing and quotation on the SGX-ST, our Shares will be traded on the PSE and the SGX-ST. The principal register of Shareholders will be maintained in the Philippines. The transfers of our Shares between the Philippines and the SGX-ST will be carried out on a scripless basis. The procedures for the transfers into the CDP system to facilitate trading on the SGX-ST and the transfers out of the CDP system to facilitate trading on the PSE are set out in the following paragraphs.

CLEARANCE AND SETTLEMENT ON THE SGX-ST

Upon listing and quotation on the SGX-ST, Shares that are traded on the SGX-ST will be cleared and settled under the book-entry settlement system of CDP, and all dealings in and transactions of the Shares through the SGX-ST will be effected in accordance with the terms and conditions for the operation of Securities Accounts with CDP, and the terms and conditions for CDP to act as depository for foreign securities as amended from time to time.

The Shares that are traded on the SGX-ST will be scripless shares held by CDP for and on behalf of persons who maintain, either directly or through Depository Agents, Securities Accounts with CDP. Under Philippine law, the PCD Nominee, which holds legal title to our Shares, is regarded as our Shareholder in respect of the Shares which are listed and traded on the SGX-ST, rather than CDP or CDP Depositors and Depository Agents in the Depository Register maintained by CDP. See *“Clearance and Settlement—Voting Instructions for Shares Held Through CDP”* for more information about how investors who hold Shares through CDP are treated under Philippine law. All Shares deposited with CDP, for purposes of determining our foreign shareholding levels, will be regarded as being held by CDP, a non-Filipino entity.

CLEARING FEES ON THE SGX-ST

A Singapore clearing fee for trades in our Shares on the SGX-ST is payable at the prevailing rate of 0.0325% of contract value. The clearing fee, instrument of transfer deposit fee and share withdrawal fee may be subject to GST at the prevailing rate of 7.0% (or such other rate prevailing from time to time).

VOTING INSTRUCTIONS FOR SHARES HELD THROUGH CDP

Investors who trade Shares listed on the SGX-ST would hold their Shares through the CDP system. Investors holding Shares through the CDP system may only exercise the voting rights for the deposited Shares through the submission of Voting Instruction Form or Form of Proxy to CDP and in accordance with the terms and conditions for the operation of Securities Accounts with CDP, and the terms and conditions for CDP to act as depository for foreign securities as amended from time to time.

A shareholder of a company with a primary listing on the SGX-ST would normally be entitled to attend and vote at a general meeting of shareholders if his name appears on the Depository Register maintained by CDP prior to the prescribed cut off timings. However, this entitlement will not apply to our Shareholders as we are a company incorporated in the Philippines and governed by Philippine law and our primary listing is on the PSE.

In connection with our Company's listing on the Main Board of the SGX-ST, CDP has appointed the Singapore Custodian to hold Shares which are listed and traded on the SGX-ST for CDP Depositors via an omnibus account held by the Philippines Custodian. Pursuant to Section 62 of the Philippine Revised Corporation Code, PCD Nominee will be the only holder on record of the Shares held by the investors through CDP and, accordingly, the only person or entity recognised as a Shareholder and legally entitled to vote on any matter to be submitted to the vote of our Shareholders at a general meeting of Shareholders. Please see "*—Dealing of Shares on the PSE—Scripless Trading on the PSE*" for further details on the operation of the book-entry settlement system in the PDTC. Accordingly, the investors of any Shares held through the Philippines Custodian will not be able to attend such shareholders' meeting in their own names. The Philippines Custodian will act as CDP's proxy during a general meeting of Shareholders and CDP will instruct such Philippines Custodian, through the Singapore Custodian, to split its votes in accordance with the instructions that CDP receives from investors holding Shares through CDP. The operation of a CDP Securities Account is subject to the terms and conditions for the operation of Securities Accounts with CDP, and the terms and conditions for CDP to act as depository for foreign securities as amended from time to time. For additional information regarding the voting rights of our Shareholders, see "*Description of Share Capital—Rights Relating to the Shares—Voting Rights*".

Under Philippine law, only persons or entities recognised as a Shareholder will be legally entitled to attend general meetings of our Company and to vote on any matter submitted to the vote of our Shareholders at a general meeting of Shareholders. Accordingly, investors who hold Shares through the CDP system will not be able to attend such Shareholders' meetings in their own names. Nevertheless, the PCD Nominee, as Shareholder under Philippine law and our By-laws, is entitled to appoint proxies and thus may accord such voting rights to CDP Depositors, who are the beneficial owners of the Shares, by executing instruments of proxies in order to give such investors the rights to attend and vote at such Shareholders' meetings. This right to appoint proxies to vote at general meetings is provided in our By-laws. CDP has made arrangements for the Philippines Custodian, through the Singapore Custodian, to split the votes of Shares held through the CDP system and to appoint the CDP Depositors as proxies in accordance with Philippine law and our Articles of Incorporation.

CDP Depositors who are not individuals can only be represented at a general meeting of our Company if their nominees are appointed by the Philippines Custodian, through the Singapore Custodian, as proxies. CDP Depositors who are unable to personally attend general meetings of our Company may enable their nominees to attend as proxies of the Philippines Custodian or forward their completed forms to CDP or our Singapore Share Transfer Agent in good order before the prescribed cut-off timings.

CDP Depositors who desire to exercise their voting rights under their own names with regard to Shares that are credited to their Securities Account with CDP and held through the Philippines Custodian will be required to transfer their Shares out of the CDP system in Singapore into the PDTC system in the Philippines and have the shares uplifted from the PDTC at their own cost.

All documents issued by the Company to its Shareholders will also be dispatched by the Company to persons who are CDP Depositors, subject to compliance with all applicable rules and regulations. No share certificate will be issued to the CDP Depositors whose names appear in the Depository Register maintained by CDP and such CDP Depositors will not be deemed to be shareholders under Philippine law.

Our Company, through our Singapore Share Transfer Agent, will send notices of Shareholders' meetings and voting instruction forms to CDP Depositors by post. CDP Depositors must complete and return such voting instruction forms to CDP by the relevant deadline in order for their votes to be cast by the Philippines Custodian in accordance with such instructions.

TRANSFER OF SHARES INTO CDP IN SINGAPORE FOR TRADING ON THE SGX-ST

Transfers of Shares for trading on the SGX-ST will only be carried out on a scripless basis. Shareholders whose Shares are not held through CDP and who wish to trade their Shares on the SGX-ST must first arrange to transfer their Shares into their own Singapore Securities Account with CDP. Such Singapore Securities Account can be held by the shareholder either directly with CDP or indirectly through Depository Agents in Singapore.

The following sets out the procedure for effecting such transfer of Shares:

- The shareholder shall contact his PDTC Participant, e.g. Philippines broker or bank in order to transfer his Shares to CDP's account with the Philippines Custodian.
- The shareholder shall contact CDP or his Singapore broker in the following manner:
 - (a) where the shareholder holds a direct Securities Account with CDP, the shareholder shall complete a "Request for Cross-Border Securities Transfer (Others)" form as prescribed by CDP, and submit the completed form together with the relevant payment to CDP directly or via his Singapore broker; or
 - (b) where the shareholder holds a securities sub-account with a Depository Agent, the Depository Agent shall complete and deliver the "Request for Cross-Border Securities Transfer (Others)" form to CDP.

Barring unforeseen circumstances, assuming that such transfer request is received by CDP by 9 a.m. (Singapore time) on a market day, if there are sufficient Shares for delivery and the transfer request is in order, CDP will typically credit the Shareholders' Singapore Securities Account by the end of the following market day after CDP receive such transfer request, subject always to the prevailing process and rules of cross border transfer of Shares between Singapore and the Philippines.

Our Company will comply with the foreign shareholding limit set out in R.A. No. 7042 by way of an undertaking by AGI dated 3 June 2022 to hold at least 66.67% of the Shares. AGI held 84.57% of our Shares as of 31 March 2022. See "*Philippine Foreign Exchange and Foreign Ownership Controls—Foreign Ownership Controls*". Furthermore, it is not necessary for Philippines brokers to determine whether the shares are to be considered as foreign shares for the purposes of determining if the foreign shareholding limit would be breached as we will consider all the SGX listed shares as foreign.

DEALING OF SHARES ON THE SGX-ST

Dealings in the Shares will be carried out in Singapore Dollars and will be effected for settlement in CDP on a scripless basis. Settlement of dealings through the CDP system may be effected only by Depository Agents or Shareholders who have their own direct Securities Accounts with CDP, and shall be made in accordance with the terms and conditions for the operation of Securities Accounts with CDP, and the terms and conditions for CDP to act as depository for foreign securities, as amended from time to time.

All direct Securities Account holders must deal directly with member companies of the SGX-ST. Shareholders without direct Securities Accounts with CDP are advised to deal with brokers that maintain sub-accounts with Depository Agents.

CDP holds securities on behalf of CDP Depositors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with any Depository Agent. A Depository Agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

SCCP settles PSE trades on a three-day rolling settlement environment, which means that settlement of trades takes place three trading days after the transaction date ("**T+3**"). The deadline for settlement of trades is 12 noon (Philippines time) of T+3. Settlement of trades on a normal "ready" basis on the SGX-ST generally takes place on the second Market Day following the transaction date ("**T+2**"), and payment for the securities is generally settled on the following business day. Investors who trade our Shares on the SGX-ST should therefore note that there is a shorter settlement time for our Shares compared to the settlement time for Shares traded on the PSE.

In addition, Shareholders should ensure that the Shares to be dealt in and traded on the SGX-ST are credited to their own direct Securities Account with CDP or their brokers' sub-account with a Depository Agent before dealing in the Shares.

REMOVAL OF SHARES OUT OF CDP IN SINGAPORE FOR TRADING ON THE PSE

Transfers of Shares for trading on the PSE will only be carried out on a scripless basis.

A shareholder whose Shares are held through CDP and wishes to trade his Shares on the PSE must first arrange to transfer his Shares into his Securities Account opened with his PDTC Participant.

The following sets out the procedure for effecting such transfer of Shares:

- The shareholder shall contact his Singapore broker or CDP in the following manner:
 - (a) where the shareholder holds a direct Securities Account with CDP, the shareholder shall complete a "Request for Cross-Border Securities Transfer (Others)" form as prescribed by CDP and submit the completed form together with the relevant supporting documents and fees to CDP directly or via his Singapore broker; or
 - (b) where the shareholder holds a securities sub-account with a Depository Agent, the Depository Agent shall complete and deliver the "Request for Cross-Border Securities Transfer (Others)" form and supporting documents to CDP.
- The shareholder shall contact his PDTC Participant in order to prepare the PDTC Participant for receiving Shares from CDP's account with the Philippines Custodian.

Barring unforeseen circumstances, assuming that such transfer request is received by CDP by 9 a.m. (Singapore time) on a market day, if there are sufficient Shares for delivery and the transfer request is in order, CDP will instruct for the transfer out of the Shares from CDP's account with the Philippines Custodian to the shareholder's securities account opened with his PDTC Participant for delivery typically by the end of the following market day after CDP receives such transfer request, subject always to (a) the prevailing process and rules of cross border transfer of Shares between Singapore and the Philippines and (b) the services of the shareholder's PDTC Participant and PDTC. Shareholders are advised to follow up with their PDTC Participant on receipt of such Shares.

DEALING OF SHARES ON THE PSE

BRIEF HISTORY OF THE PHILIPPINE STOCK MARKET

The Philippines initially had two stock exchanges, the Manila Stock Exchange, which was organised in 1927, and the Makati Stock Exchange, which began operations in 1963. Each exchange was self-regulating, governed by its respective Board of Governors elected annually by its members.

Several steps initiated by the Philippine government have resulted in the unification of the two bourses into the PSE. The PSE was incorporated in 1992 by officers of both the Makati and the Manila Stock Exchanges. In March 1994, the licences of the two exchanges were revoked. The PSE maintains a single, unified trading floor in Bonifacio Global City in Taguig City.

In June 1998, the PSEC granted Self-Regulatory Organisation status to the PSE, allowing it to impose rules as well as implement penalties on erring trading participants and listed companies. On 8 August 2001, the PSE completed its demutualisation, converting from a non-stock member-governed institution into a stock corporation in compliance with the requirements of the SRC.

The PSE has an authorised capital stock of ₱120,000,000.00. As of 31 March 2022, the PSE has 85,090,163 issued and outstanding shares, of which 3,513,952 are treasury shares, resulting in 81,576,211 total shares outstanding. Each of the then 184 member-brokers was granted 50,000 common shares of the new PSE at a par value of ₱1.00 per share. In addition, a trading right evidenced by a “Trading Participant Certificate” was immediately conferred on each member broker allowing the use of the PSE’s trading facilities. As a result of the demutualisation, the composition of the PSE Board of Governors was changed, requiring the inclusion of seven brokers and eight non-brokers, one of whom is the President of the PSE.

On 15 December 2003, the PSE listed its shares by way of introduction at its own bourse as part of a series of reforms aimed at strengthening the Philippine securities industry.

Classified into financial, industrial, holding firms, property, services, and mining and oil sectors, companies are listed either on the PSE’s Main Board or the Small, Medium and Emerging (“SME”) Board. In 2013, the PSE issued Rules on Exchange Traded Funds (“ETF”) which provides for the listing of ETFs on an ETF Board separate from the PSE’s existing boards. Previously, the PSE allowed listing on the First Board, Second Board, or the SME Board. With the issuance by the PSE of Memorandum No. CN-No. 2013-0023 dated 6 June 2013, revisions to the PSE Listing Rules were made, among which changes are the removal of the Second Board listing and the requirement that lock-up rules be embodied in a company’s articles of incorporation of the Company. Each index represents the numerical average of the prices of component shares.

The PSE has a benchmark index, referred to as the PSEi (previously “PHISIX”), which as at the date thereof reflects the price movements of selected shares listed on the PSE, based on traded prices of shares from the various sectors. The PSE shifted from full market capitalisation to free float market capitalisation effective 3 April 2006, simultaneous with the migration to the free float index and the renaming of the PHISIX to PSEi. The PSEi is composed of shares of 30 selected companies listed on the PSE. On 26 July 2010, the PSE launched a new trading system, PSE Trade.

With the increasing calls for good corporate governance and the need to consistently provide full, fair, accurate and timely information, the PSE has adopted an online daily disclosure system to support the provision of material information coming from listed companies and enhance access to such reports by the investing public. In December 2013, the PSE replaced its online disclosure System with a new disclosure system, the PSE Electronic Disclosure Generation Technology

(“**EDGE**”). The PSE EDGE, a new disclosure system co-developed with the Korea Exchange, went live. The PSE EDGE system provided a dedicated portal for listed company disclosures and also offered a free-to-download mobile application for easy access by investors, with a variety of features to (i) further standardise the disclosure reporting process of listed companies on the PSE, (ii) improve investors’ disclosure searching and viewing experience, and (iii) enhance overall issuer transparency in the market.

The main index for PSE is the PSEi, which is a capitalisation-weighted index composed of stocks representative of the Industrial, Properties, Services, Holding Firms, Financial and Mining & Oil Sectors of the PSE. It measures the relative changes in the free float-adjusted market capitalisation of the 30 largest and most active common stocks listed at the PSE. The selection of companies in the PSEi is based on a specific set of public float, liquidity and market capitalisation criteria. There are also six sector-based indices as well as a broader all shares index.

In June 2015, the PSE Trade system was replaced by PSE Trade XTS which utilises NASDAQ’s X- stream Technology. The PSEtrade XTS, which replaced the NSC trading platform provided by NYSE Euronext Technologies SAS, is equipped to handle large trading volumes. It is also capable of supporting the future requirements of the PSE should more products and services be introduced.

In November 2016, the Exchange received regulatory approvals to introduce new products in the stock market – the Dollar Denominated Securities and the Listing of PPP Companies.

In June 2018, the PSE received approval from the PSEC to introduce short selling in the equities market.

The PSE also launched its Corporate Governance Guidebook in November 2010 as another initiative of the PSE to promote good governance among listed companies. It is composed of ten guidelines embodying principles of good business practice and is based on internationally recognised corporate governance codes and best practices.

In February 2018, the PSE transferred to its new office located at the PSE Tower, Bonifacio Global City, Taguig City, which currently houses the unified trading floors in Makati City and Pasig City.

The table below sets out movements in the composite index as of the last business day of each calendar year from 2001 to 2021 and shows the number of listed companies, market capitalisation, and value of shares traded for the same period:

Year	Composite Index at Closing	Number of Listed Companies	Aggregate Market Capitalisation	Combined Value of Turnover
			(in ₱ billions)	(in ₱ billions)
2001	1,168.1	231	2,141.4	159.6
2002	1,018.4	234	2,083.2	159.7
2003	1,442.4	236	2,973.8	145.4
2004	1,822.8	235	4,766.3	206.6
2005	2,096.0	237	5,948.4	383.5
2006	2,982.5	239	7,173.2	572.6
2007	3,621.6	244	7,977.6	1,338.3
2008	1,872.9	246	4,069.2	763.9

Year	Composite Index at Closing	Number of Listed Companies	Aggregate Market Capitalisation (in ₱ billions)	Combined Value of Turnover (in ₱ billions)
2009	3,052.7	248	6,029.1	994.2
2010	4,201.1	253	8,866.1	1,207.4
2011	4,372.0	245	8,697.0	1,422.6
2012	5,812.7	254	10,952.7	1,771.7
2013	5,889.8	257	11,931.3	2,546.2
2014	7,230.6	263	14,251.7	2,130.1
2015	6,952.1	265	13,465.1	2,172.5
2016	6,840.6	265	14,438.8	1,929.5
2017	8,558.4	267	17,583.1	1,958.4
2018	7,466.0	267	16,146.7	1,736.8
2019	7,815.3	271	16,710.0	1,770.0
2020	7,139.7	271	15,890.0	1,770.0
2021	7,122.6	276	18,081.1	2,232.5

Source: Philippine Stock Exchange, Inc. and PSE Annual Reports

TRADING ON THE PSE

The PSE is a double auction market. Buyers and sellers are each represented by stockbrokers. To trade, bid or ask prices are posted on the PSE's electronic trading system. A buy (or sell) order that matches the lowest asked (or highest bid) price is automatically executed. Buy and sell orders received by one broker at the same price are crossed at the PSE at the indicated price. Payment of purchases of listed securities must be made by the buyer on or before the third trading day (the settlement date) after the trade.

Generally, equities trading on the PSE starts at 9:00 a.m. until 12 p.m., when there will be a one-and-a-half-hour lunch break. In the afternoon, trading resumes at 1:00 p.m. and ends at 3:00 p.m., with a ten-minute extension during which transactions may be conducted, provided that they are executed at the last traded price and are only for the purpose of completing unfinished orders. Trading Days are Monday to Friday, except legal holidays and days when the BSP clearing house is closed and such other days as may be declared by the PSEC or the PSE, to be a non-trading day.

Minimum trading lots range from five to 1,000,000 shares depending on the price range and nature of the security traded. The minimum trading lot for a company's shares is 100 shares. Odd-sized lots are traded by brokers on a board specifically designed for odd-lot trading.

To maintain stability in the stock market, daily price swings are monitored and regulated. Under current PSE regulations, when the price of a listed security moves up by 50% or down by 50% in one day (based on the previous closing price or last posted bid price, whichever is higher), the price of that security is automatically frozen by the PSE, unless there is an official statement from the corporation or a government agency justifying such price fluctuation, in which case the affected security can still be traded but only at the frozen price. If the subject corporation fails to submit such explanation, a trading halt is imposed by the PSE on the listed security the following day. Resumption of trading shall be allowed only when the disclosure of the subject corporation is disseminated, subject again to the trading ban.

In cases where an order has been partially matched, only the portion of the order that will result in a breach of the trading threshold will be frozen. Where the order results in a breach of the trading threshold, the following procedures shall apply:

- (i) In the case the static threshold is breached, the PSE will accept the order, provided the price is within the allowable percentage price difference under the implementing guidelines of the Revised Trading Rules (i.e. 50% of the previous day's reference or closing price, or the last adjusted closing price); otherwise, such order will be rejected. In cases where the order is accepted, the PSE will adjust the static threshold to 60%. All orders breaching the 60% static threshold will be rejected by the PSE.
- (ii) In the case the dynamic threshold is breached, the PSE will accept the order if the price is within the allowable percentage price difference under the existing regulations (i.e. 20% for security cluster A and newly-listed securities; 15% for security cluster B; and 10% for security cluster C); otherwise, such order will be rejected by the PSE.

NON-RESIDENT TRANSACTIONS ON THE PSE

When the purchase or sale of Philippine shares involves a non-resident, whether the transaction is effected in the domestic or foreign market, it will be the responsibility of the securities dealer/broker to register the transaction with the BSP. The local securities dealer/broker shall file with the BSP, within three business days from the transaction date, an application in the prescribed registration form. After compliance with other required undertakings, the BSP shall issue a Certificate of Registration. Under BSP rules, all registered foreign investments in Philippine securities including profits and dividends, net of taxes and charges, may be repatriated. See *"Philippine Foreign Exchange and Foreign Ownership Controls—Registration of Foreign Investments and Exchange Controls"* for further details.

SETTLEMENT OF TRADES ON THE PSE

The SCCP is a wholly owned Subsidiary of the PSE, and was organised primarily as a clearance and settlement agency for SCCP-eligible trades executed through the facilities of the PSE. SCCP received its permanent licence to operate on 17 January 2002. It is responsible for:

- (i) synchronising the settlement of funds and the transfer of securities through delivery versus payment clearing and settlement of transactions of clearing members, who are also PSE trading participants;
- (ii) guaranteeing the settlement of trades in the event of a PSE trading participant's default through the implementation of its fails management system and administration of the Clearing and Trade Guaranty Fund; and
- (iii) performance of risk management and monitoring to ensure final and irrevocable settlement.

SCCP settles PSE trades on a three-day rolling settlement environment, which means that settlement of trades takes place three trading days after the transaction date ("**T+3**"). The deadline for settlement of trades is 12 noon of T+3. Securities sold should be in scripless form and lodged under the book-entry system of the PDTC. Each PSE trading participant maintains a cash settlement account with one of the nine existing settlement banks of SCCP, which are Banco de Oro Unibank, Inc. ("**BDO**"), Rizal Commercial Banking Corporation ("**RCBC**"), Metropolitan Bank and Trust Company ("**Metrobank**"), Deutsche Bank ("**DB**"), The Hong Kong Shanghai Banking Corporation Limited ("**HSBC**"), Unionbank of the Philippines ("**Unionbank**"), and Maybank Philippines Inc. ("**Maybank Philippines**"), Asia United Bank Corporation, and China Banking Corporation. Payment for securities bought should be in good, cleared funds and should be final and irrevocable. Settlement is presently on a broker level.

SCCP implemented its CCCS system on 29 May 2006. CCCS employs multilateral netting, whereby the system automatically offsets “buy” and “sell” transactions on a per issue and a per flag basis to arrive at a net receipt or a net delivery security position for each clearing member. All cash debits and credits are also netted into a single net cash position for each clearing member. Novation of the original PSE trade contracts occurs, and SCCP stands between the original trading parties and becomes the central counterparty to each PSE-eligible trade cleared through it.

SCRIPTLESS TRADING ON THE PSE

In 1995, the PDTC (formerly the Philippine Central Depository, Inc.), was organised to establish a central depository in the Philippines and introduce scripless or book-entry trading in the Philippines. On 16 December 1996, the PDTC was granted a provisional licence by the PSEC to act as a central securities depository.

All listed securities at the PSE have been converted into book-entry settlement in the PDTC. The depository service of the PDTC provides the infrastructure for lodgement (deposit) and upliftment (withdrawal) of securities, pledge of securities, securities lending and borrowing and corporate actions including shareholders’ meetings, dividend declarations and rights offerings. The PDTC also provides depository and settlement services for non-PSE trades of listed equity securities. For transactions on the PSE, the security element of the trade will be settled through the book-entry system, while the cash element will be settled through the current settlement banks, BDO, RCBC, Metrobank, DB, HSBC, Unionbank, and Maybank Philippines.

In order to benefit from the book-entry system, securities must be immobilised in the PDTC system through a process called lodgement. Lodgement is the process by which shareholders transfer legal title (but not beneficial title) over their shares in favour of the PCD Nominee, a corporation wholly owned by the PDTC, whose sole purpose is to act as nominee and legal title holder of all shares lodged in the PDTC. “Immobilisation” is the process by which the warrant or share certificates of lodging holders are cancelled by the transfer agent and the corresponding transfer of beneficial ownership of the immobilised shares in the account of the PCD Nominee through the PDTC participant will be recorded in the issuing corporation’s registry. This trust arrangement between the participants and the PDTC through the PCD Nominee is established by and explained in the PDTC Rules and Operating Procedures approved by the PSEC. No consideration is paid for the transfer of legal title to the PCD Nominee. Once lodged, transfers of beneficial title of the securities are accomplished via book-entry settlement.

Under the current PDTC system, only participants (e.g., brokers and custodians) will be recognised by the PDTC as the beneficial owners of the lodged equity securities. Shareholders holding shares through a participant are not recognised by PDTC as beneficial owners of the lodged equity securities, and they only have beneficial ownership to the shares pursuant to the contractual arrangements entered into between such shareholders and the participants. Thus, each shareholder holding shares through his participant, will be the beneficial owner to the extent of the number of shares held by such shareholder in the records of the participant. All lodgements, trades, and uplifts on these shares will have to be coursed through a participant. Ownership and transfers of beneficial interests in the shares will be reflected, with respect to the participant’s aggregate holdings, in the PDTC system, and with respect to each beneficial owner’s holdings, in the records of the participants. Beneficial owners are thus advised that in order to exercise their rights as beneficial owners of the lodged shares, they must rely on their participant-brokers and/or participant-custodians.

In connection with our Company’s listing on the Main Board of the SGX-ST, CDP has appointed the Singapore Custodian to hold Shares which are listed and traded on the SGX-ST for CDP Depositors via an omnibus account held by the Philippines Custodian. Accordingly, the Philippines Custodian is recognised by PDTC as the beneficial owner of the lodged equity securities.

Any beneficial owner of shares who wishes to trade his interests in the shares must course the trade through a participant. The participant can execute PSE trades and non-PSE trades of lodged equity securities through the PDTC system. All matched transactions in the PSE trading system will be fed through the SCCP, and into the PDTC system. Once it is determined on the settlement date (T+3) that there are adequate securities in the securities settlement account of the participant-seller and adequate cleared funds in the settlement bank account of the participant-buyer, the PSE trades are automatically settled in the SCCP CCCS system, in accordance with the SCCP and PDTC Rules and Operating Procedures. Once settled, the beneficial ownership of the securities is transferred from the participant-seller to the participant-buyer without the physical transfer of stock certificates covering the traded securities.

If a shareholder wishes to withdraw his shareholdings from the PDTC system, the PDTC has a procedure of upliftment under which the PCD Nominee will transfer back to the shareholder the legal title to the shares lodged. The uplifting shareholder shall follow the Rules and Operating Procedures of the PDTC for the upliftment of the shares lodged under the name of the PCD Nominee. The transfer agent shall prepare and send a Registry Confirmation Advice to the PDTC covering the new number of shares lodged under the PCD Nominee. The expenses for upliftment are for the account of the uplifting shareholder.

The difference between the depository and the registry is in the recording of ownership of the shares in the issuing corporations' books. In the depository set-up, shares are simply immobilised, wherein customers' certificates are cancelled and a confirmation advice is issued in the name of the PCD Nominee to confirm new balances of the shares lodged with the PDTC. Transfers among/between broker and/or custodian accounts, as the case may be, will only be made within the book-entry system of the PDTC. However, as far as the issuing corporation is concerned, the underlying certificates are in the PCD Nominee's name. In the registry set-up, settlement and recording of ownership of traded securities are directly made in the corresponding issuing company's transfer agents' books or system. Likewise, recording will already be at the beneficiary level (whether it be a client or a registered custodian holding securities for its clients), thereby removing from the broker its current "de facto" custodianship role.

AMENDED RULE ON LODGEMENT OF SECURITIES WITH THE PSE

On 24 June 2009, the PSE apprised all listed companies and market participants through Memorandum No. 2009-0320 that, commencing on 1 July 2009, as a condition for the listing and trading of the securities of an applicant company, the applicant company shall electronically lodge its registered securities with the PDTC or any other entity duly authorised by the PSEC, without any jumbo or mother certificate in compliance with the requirements of Section 43 of the SRC. In compliance with the foregoing requirement, actual listing and trading of securities on the scheduled listing date shall take effect only after submission by the applicant company of the documentary requirements stated in Article III Part A of the PSE Revised Listing Rules.

Pursuant to the said amendment, the PDTC issued an implementing procedure in support thereof to wit:

- For a new company to be listed at the PSE as of 1 July 2009, the usual procedure will be observed but the transfer agent of the corporation shall no longer issue a certificate to the PCD Nominee but shall issue a registry confirmation advice, which shall be the basis for the PDTC to credit the holdings of the depository participants on the listing date.
- For an existing listed company, the PDTC shall wait for the advice of the transfer agent that it is ready to accept surrender of the PCD Nominee jumbo certificates and upon such advice the PDTC shall surrender all PCD Nominee jumbo certificates to the transfer agent for cancellation. The transfer agent shall issue a registry confirmation advice to the PDTC evidencing the total number of shares registered in the name of the PCD Nominee in the listed company's registry as of the confirmation date.

Further, the PSE apprised all listed companies and market participants on 21 May 2010 through Memorandum No. 2010-0246 that the Amended Rule on Lodgement of Securities under Section 16 of Article III, Part A of the Revised Listing Rules of the PSE shall apply to all securities that are lodged with the PDTC or any other entity duly authorised by the PSE.

For listing applications, the amended rule on lodgement of securities is applicable to:

- The offer shares/securities of the applicant company in the case of an initial public offering;
- The shares/securities that are lodged with the PDTC, or any other entity duly authorised by the PSE in the case of a listing by way of introduction;
- New securities to be offered and applied for listing by an existing listed company; and
- Additional listing of securities of an existing listed company.

Pursuant to the said amendment, the PDTC issued an implementing procedure in support thereof, to wit:

“For new companies to be listed at the PSE as of 1 July 2009 the usual procedure will be observed but the Transfer Agent of the companies shall no longer issue a certificate to PCD Nominee but shall issue a Registry Confirmation Advice, which shall be the basis for the PDTC to credit the holdings of the Depository Participants on listing date.”

“On the other hand, for existing listed companies, the PDTC shall wait for the advice of the Transfer Agents that it is ready to accept surrender of PCNC jumbo certificates and upon such advice the PDTC shall surrender all PCNC jumbo certificates to the Transfer Agents for cancellation. The Transfer Agents shall issue a Registry Confirmation Advice to PCNC evidencing the total number of shares registered in the name of PCNC in the Company’s registry as a confirmation date.”

ISSUANCE OF STOCK CERTIFICATES FOR CERTIFICATED SHARES

On or after the listing of the shares on the PSE, any beneficial owner of the shares may apply with the PDTC through his broker or custodian-participant for withdrawal from the book-entry system and return to the conventional paper-based settlement. If a shareholder wishes to withdraw his shareholdings from the PDTC system, the PDTC has a procedure of upliftment under which the PCD Nominee will transfer back to the shareholder the legal title to the shares lodged. The uplifting shareholder shall follow the Rules and Operating Procedures of the PDTC for the uplifting of the shares lodged under the name of the PCD Nominee. The transfer agent shall prepare and send a registry confirmation advice to the PDTC covering the new number of shares lodged under the PCD Nominee.

Upon the issuance of stock certificates for the shares in the name of the person applying for upliftment, such shares shall be deemed to be withdrawn from the PDTC book-entry settlement system, and trading on such shares will follow the normal process for settlement of certificated securities. The expenses for upliftment of the shares into certificated securities will be charged to the person applying for upliftment. Pending completion of the upliftment process, the beneficial interest in the shares covered by the application for upliftment is frozen and no trading and book-entry settlement will be permitted until the relevant stock certificates in the name of the person applying for upliftment shall have been issued by the relevant company’s transfer agent.

AMENDED RULE ON MINIMUM PUBLIC OWNERSHIP

On 1 December 2017, the PSEC issued SEC Memorandum Circular No. 13, Series of 2017 (“**SEC MC 13-2017**”) on the rules and regulations on MPO on initial public offerings.

Under SEC MC 13-2017, companies filing a registration statement pursuant to Sections 8 and 12 of the SRC and with the intention to list their shares for trading in an exchange shall apply for registration with a public float of at least 20% of the companies’ issued and outstanding shares. It shall, at all times, maintain an MPO of at least 20%. If the MPO of the company falls below 20% at any time after registration, such company shall bring the public float to at least 20% within a maximum period of 12 months from the date of such fall.

The determination of whether shareholdings are considered public or non-public is based on: (a) the amount of shareholdings and its significance to the total outstanding shares; (b) the purpose of investment; and (c) the extent of involvement in the management of the company.

The shares held by the following are generally considered as held by the public: (i) individuals whose shares are not of significant size and which are non-strategic in nature; (ii) PSE trading participants (such as brokers) whose shareholdings are non-strategic in nature; (iii) investment funds and mutual funds; (iv) pension funds which hold shares in companies other than the employing company or its affiliates; (v) the PCD Nominee provided that none of the beneficial owners of the shares has significant holdings (i.e. shareholdings by an owner of 10% or more are excluded and considered non-public); and (vi) Social Security funds.

If an investment in a listed company is meant to partake of sizable shares for the purpose of gaining substantial influence on how the company is being managed, then the shareholdings of such investor are considered non-public. Ownership of 10% or more of the total issued and outstanding shares of a listed company is considered significant holding and therefore non-public.

Listed companies which become non-compliant with the minimum public ownership requirement will be suspended from trading for a period of not more than six months and will be automatically delisted if it remains non-compliant with the said requirement after the lapse of the suspension period.

Notwithstanding the quarterly public ownership report requirement of the PSE, listed companies listed on the PSE are required to: (a) establish and implement an internal policy and procedure to monitor its MPO levels on a continuous basis; and (b) immediately report to the PSEC within the next business day if its MPO level falls below 20%. Listed companies are also required to submit to the PSEC, within ten days from knowledge that its MPO has become deficient, a time-bound business plan describing the steps that the company will take to bring the public float to at least 20% within a maximum period of 12 months from the date of such decline. Listed companies are also required to submit to the PSEC a public ownership report and progress report on any such submitted business plan within 15 days after the end of each month until such time that its MPO reaches the required level.

The MPO requirement also forms part of the requirement for the registration of securities. Non-compliance with these MPO requirements subject publicly-listed companies to administrative sanctions, including suspension and revocation of their registration with the PSEC.

On 4 August 2020, the PSE issued Guidelines on MPO Requirement for Initial and Backdoor Listings, effective immediately. Under the guidelines, companies applying for initial listing through an IPO are required to have a minimum public offer size of 20% to 33% of its outstanding capital stock, as follows:

Market Capitalisation	Minimum Public Offer
Not exceeding ₱500M	33% or ₱50M, whichever is higher
Over ₱500M to ₱1B	25% or ₱100M, whichever is higher
Over ₱1B	20% or ₱250M, whichever is higher

A company listing through an IPO is required to maintain at least a 20% public ownership level at all times, whether the listing is initial or through backdoor listing. For companies doing a backdoor listing, the 20% MPO requirement shall be reckoned from the actual issuance or transfer (as may be applicable) of the securities which triggered the application of the Backdoor Listing Rules or from actual transfer of the business in cases where the Backdoor Listing Rules are triggered by a substantial change in business.

LEGAL MATTERS

Certain legal matters as to Philippine law will be passed upon for our Company by Picazo Buyco Tan Fider & Santos, legal counsel to our Company, and for the Joint Managers by Angara Abello Concepcion Regala & Cruz, legal counsel to the Joint Managers.

Certain legal matters as to Singapore law will be passed upon for our Company by Allen & Overy LLP, legal counsel to our Company, and for the Joint Managers by Allen & Gledhill LLP, legal counsel to the Joint Managers. In rendering its opinion, each of Allen & Overy LLP and Allen & Gledhill LLP may rely upon the opinions of Picazo Buyco Tan Fider & Santos and Angara Abello Concepcion Regala & Cruz as to all matters of Philippine law.

Certain legal matters as to United States federal law and New York State law will be passed upon for our Company by Allen & Overy LLP, legal counsel to our Company, and for the Joint Managers by Latham & Watkins LLP, legal counsel to the Joint Managers. In rendering its opinion, each of Allen & Overy LLP, Latham & Watkins LLP and Allen & Gledhill LLP may rely upon the opinions of Picazo Buyco Tan Fider & Santos and Angara Abello Concepcion Regala & Cruz as to all matters of Philippine laws.

Picazo Buyco Tan Fider & Santos, named as our legal advisers as to Philippine law, has given and has not withdrawn its consent to the issue of this Introductory Document with the inclusion herein of, (i) its name and all references thereto, and (ii) the statements attributed to it in the sections entitled “*Board of Directors and Senior Management—Management Reporting Structure*”, “*Interested Person Transactions and Potential Conflicts of Interest—Past Interested Person Transactions—Purchase of land parcels from interested persons*”, “*Taxation—Philippine Tax Considerations—Sale, Exchange or Disposition of Shares—Stock Transaction Tax on Sale of Shares traded on the SGX-ST*”, “*Taxation—Philippine Tax Considerations—Sale, Exchange or Disposition of Shares—Capital gains tax, if sale was made outside the PSE (local stock exchange)*”, “*Taxation—Philippine Tax Considerations—Sale, Exchange or Disposition of Shares—Documentary Stamp Tax*”, and “*General and Statutory Information—Waivers from the SGX-ST*” in the form and context in which they are included in this Introductory Document and to act in such capacity in relation to this Introductory Document. The statements attributed to it in the sections entitled “*Board of Directors and Senior Management—Management Reporting Structure*”, “*Interested Person Transactions and Potential Conflicts of Interest—Past Interested Person Transactions—Purchase of land parcels from interested persons*”, “*Taxation—Philippine Tax Considerations—Sale, Exchange or Disposition of Shares—Stock Transaction Tax on Sale of Shares traded on the SGX-ST*”, “*Taxation—Philippine Tax Considerations—Sale, Exchange or Disposition of Shares—Capital gains tax, if sale was made outside the PSE (local stock exchange)*”, “*Taxation—Philippine Tax Considerations—Sale, Exchange or Disposition of Shares—Documentary Stamp Tax*”, and “*General and Statutory Information—Waivers from the SGX-ST*” were prepared for the purpose of incorporation in this Introductory Document.

INDEPENDENT AUDITORS AND REPORTING ACCOUNTANTS

The Independent Auditors and Reporting Accountants audited our Company's consolidated financial statements without qualification as of 31 December 2019, 2020 and 2021 and for the years ended 31 December 2019, 2020 and 2021 and reviewed our Company's interim consolidated financial statements as of 31 March 2022 and for the three-month periods ended 31 March 2022 and 2021, included in this Introductory Document.

The Independent Auditors and Reporting Accountants do not have any direct or indirect interest in our Company.

The Independent Auditors and Reporting Accountants, as independent auditors, have given and have not withdrawn their written consent to the issue of this Introductory Document with the inclusion herein of, (i) their name and all references thereto, (ii) the Independent Auditors' Report and Audited Consolidated Financial Statements of Emperor Inc. and its Subsidiaries as at and for the Financial Years ended 31 December 2019, 2020 and 2021 set out in Appendix A of this Introductory Document, (iii) the Independent Auditors' Review Report and Unaudited Consolidated Financial Statements of Emperor Inc. and its Subsidiaries at 31 March 2022 and for the Three-Month Periods ended 31 March 2022 and 2021, set out in Appendix B of this Introductory Document, and (iv) the statements attributed to it in the sections entitled "*Presentation of Financial Information*" and "*General and Statutory Information—Waivers from the SGX-ST*" in the form and context in which they appear in this Introductory Document and to act in such capacity in relation to this Introductory Document. The above-mentioned reports and the statements attributed to it in the sections entitled "*Presentation of Financial Information*" and "*General and Statutory Information—Waivers from the SGX-ST*" were prepared for the purpose of incorporation in this Introductory Document.

Our Company has undertaken to engage SGX RegCo on whether a joint auditor is to be appointed pursuant to Rule 712(2A) of the Listing Manual where there are any changes to the appointment of Punongbayan & Araullo as the external auditors of our Company after the Listing.

GENERAL AND STATUTORY INFORMATION

INFORMATION ON DIRECTORS AND CONTROLLING SHAREHOLDERS

1. As at the date of this Introductory Document, none of our Directors, Executive Officers or Controlling Shareholders has:
 - (a) at any time during the last ten years, had an application or a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within two years from the date he ceased to be a partner;
 - (b) at any time during the last ten years, had an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within two years after the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding-up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;
 - (c) any unsatisfied judgment against him;
 - (d) ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty, which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose;
 - (e) ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach;
 - (f) at any time during the last ten years, had judgment entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;
 - (g) ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;
 - (h) ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;
 - (i) ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity;
 - (j) ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:
 - (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;

- (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;
- (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or
- (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,

in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust; or

- (k) been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.

LITIGATION

- 2. From time to time our group companies may be party to or the subject of litigation, arbitration or administrative proceedings. As at the Latest Practicable Date, neither our Company nor any of our subsidiaries is engaged in any legal or arbitration proceedings as plaintiff or defendant, including those which are pending or known to be contemplated, which may have or have had in the 12 months immediately preceding the date of this Introductory Document a material effect on the financial position or the profitability of our Group.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

- 3. The details of our subsidiaries, associates and joint ventures companies are set out in “*Business—Subsidiaries, Associates and Joint Ventures*” of this Introductory Document.
- 4. None of our Independent Directors sits on the board of our principal subsidiaries based in jurisdictions other than Singapore.

SHARE CAPITAL

- 5. As at the date of this Introductory Document, there is only one class of Shares in the capital of our Company. All of our Shares are in registered form. The rights and privileges attached to our Shares are stated in the Articles of Incorporation of our Company. There are no founder, management or deferred shares. Substantial Shareholders of our Company are not entitled to any different voting rights from the other Shareholders.
- 6. Except as disclosed below, there were no changes in the issued and paid-up capital of our Company and each entity in the Group within the three years preceding the Latest Practicable Date.

Since 2019, there have been no changes in our issued and paid-up share capital, but we purchased existing Shares in the market pursuant to a share buy-back programme. In the years ended 31 December 2019, 2020 and 2021, we repurchased 225.9 million, 174.2 million, 101.7 million Shares for P1.6 billion, P2.1 billion and P1.6 billion respectively. We have not repurchased any Shares since 30 June 2021. Shares repurchased have been held as treasury shares and have not been cancelled, resulting in no change of issued and paid-up share capital. In addition, on 5 February 2020, we issued 253.3 million Shares from our treasury shares to Arran, as the Tranche 1 Conversion Shares and we agreed to issue the remaining balance of ELS shares as Tranche 2 Conversion Shares to Arran on or before 12 August 2022. Our issued and paid-up share capital did not change as a result of these transactions.

Since 2018, there were 789,693,000 issued and outstanding shares of Emperador International Ltd., ranking *pari passu*, with equal voting rights, each of par value U.S.\$1.00 and fully paid up. Out of the 789,693,000 shares, 124,677,000 were held by EDI and 665,016,000 were held by our Company. On 25 August 2021, the 124,677,000 shares held by EDI were designated as preferred shares and the 665,016,000 shares held by our Company remained common shares. The issued and paid-up share capital did not change. Common shares and preferred shares carry different rights to participate in distributions. Both classes of shares confer on the holder the right to one vote at a meeting of the members of the Company or on any resolution of the members.

Anglo Watson Glass, Inc.

Date of Redemption	Number of Shares Redeemed	Issue Price per Share (pesos)	Resultant issued and paid-up Share Capital (pesos)	Purpose of Redemption
1 May 2018	57,500,000 preferred shares redeemed	₱0.05	₱400,000,000	Redemption of preferred shares

Domecq BLC

Date of Issue	Number of Shares Issued	Issue Price per Share (Euros)	Resultant issued and paid-up Share Capital (Euros)	Purpose of Issue
7 January 2020	6,000,000	€1	€ 10,000,000	Share capital increase

Pedro Domecq, S.A. de C.V.

Date of Issue/Change	Number of Shares Issued	Issue Price per Share (MXP)	Resultant issued and paid-up Share Capital (MXP)	Purpose of Issue/Change
27 March 2019	N/A. There was a reduction of \$52,900,000 MXP in Series B variable capital.	N/A	\$1,004,331,754 MXP	Repatriation of funds to Domecq Bodega Las Copas, S.L
8 April 2021	N/A. There was a reduction of \$69,100,000 MXP in Series B variable capital.	N/A	\$935,231,754 MXP	Repatriation of funds to Domecq Bodega Las Copas, S.L

Pedro Domecq, S.A. de C.V.

Date of Issue/ Change	Number of Shares Issued	Issue Price per Share (MXP)	Resultant issued and paid-up Share Capital (MXP)	Purpose of Issue/Change
26 July 2021	N/A. There was an increase of variable capital and modification of par value of the shares to \$1,000 MXP	N/A	\$935,232,000 MXP	See second column
22 October 2021	51 Series A shares and 37,541 Series B shares	\$1,000.00 MXP each Series A and Series B shares	\$972,824,000 MXP	Merger of Pedro Domecq, S.A. de C.V. and and Domecq Distribución de Bebidas, S.A. de C.V.

The World's Finest Liquor Inc.

Date of Issue	Number of Shares Issued	Issue Price per Share (pesos)	Resultant issued and paid-up Share Capital (pesos)	Purpose of Issue
17 May 2022	25,000,000 common shares	₱1	₱25,000,000	Incorporation of The World's Finest Liquor Inc.

Other than the Employee Stock Option Plan, neither our Company nor any company in our Group has any contracts whereby a person can subscribe for or purchase securities or securities-related derivatives.

7. Except as disclosed below and in the section entitled “*Board of Directors and Senior Management—Remuneration*”, no option to subscribe for any Shares in, or debentures of, our Company or our subsidiaries has been granted to, or was exercised by any Director or Executive Officer within the two financial years preceding the date of this Introductory Document.

The following options have been granted to employees of our Company under the Employee Stock Option Plan, but have not been exercised as at the Latest Practicable Date.

Date of grant of options	Exercise Price (Philippine pesos)	Number of shares comprised in the options	Expiry Date
23 September 2015	₱ 7.00	118,000,000	The Option Holder is given five years from the date of vesting to exercise the Options.
15 March 2021	₱10.10	20,000,000	
25 August 2021	₱10.65	25,000,000	
15 September 2021	₱10.65	15,000,000	
22 September 2021	₱10.65	12,000,000	
10 May 2022	₱13.95	5,000,000	

Please also refer to the section entitled “*Share Options—Employee Stock Option Plan*” for further information.

WORKING CAPITAL

- Our directors are of the reasonable opinion that, as at the date of this Introductory Document, after taking into consideration the expected cash flows to be generated from operations, our present cash and cash equivalents and the loan facilities currently available to our Group, the working capital available to our Group is sufficient to meet our present and anticipated working capital requirements, capital expenditures, and debt repayment obligations for at least the next 12 months. In making this determination, our directors considered our planned dividend payout ratio of at least 40%.

MATERIAL CONTRACTS

- There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by our Company or our subsidiaries, during the two years preceding the date of this Introductory Document.

MISCELLANEOUS

- There is no known arrangement, the operation of which may, at a subsequent date, result in a change of control of the Company.
- There has not been any public take-over offer, by a third party in respect of our Shares or by our Company in respect of the shares of another corporation or the units of a business trust, which has occurred during the year ended 31 December 2019 and up to the Latest Practicable Date.
- No expert is employed on a contingent basis by our Company or any of our subsidiaries, or has a material interest, whether direct or indirect, in the shares of our Company or our subsidiaries, or has a material economic interest, whether direct or indirect, in our Company, including an interest in the success of the Introduction.

13. In the reasonable opinion of our Directors, J.P. Morgan and UBS AG do not have a material relationship with our Company save as below:
- (a) J.P. Morgan and UBS AG are the Joint Managers;
 - (b) The Joint Managers and their respective affiliates have, from time to time, engaged in transactions with, and/or performed services for any member of our Group, their respective affiliates and/or our Shareholders in the ordinary course of business and have engaged, and may in the future engage, in commercial banking, lending or investment banking transactions and/or other commercial transactions for which they have received or made payment of, or may in the future receive or make payment of, customary fees;
 - (c) In addition, the Joint Managers may, from time to time, be appointed as placement agent and/or underwriter for equity fundraising exercises conducted by our Group. Such roles, if any, will not be contingent and inter-conditional on J.P. Morgan and UBS AG's appointment as Joint Managers. Details of any such equity fundraising will be included in a separate offering document to be issued in connection with such equity fundraising if and when it is undertaken; and
 - (d) The Joint Managers and their respective affiliates have engaged in, and may in the future engage in, a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers in the ordinary course of business, and such investment and securities activities may involve securities and instruments. However, the Joint Managers and their respective affiliates do not have an exclusive relationship with the Group. The Joint Managers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to their clients that they acquire, long and/or short positions in such securities and instruments.
14. Save as disclosed in this Introductory Document, and barring any unforeseen circumstances, our Directors are not aware of any known trends, uncertainties, demands, commitments or events which have occurred since 31 March 2022 and up to the Latest Practicable Date, that are reasonably likely to have a material effect on the net sales or revenues, profitability, liquidity or capital resources for the current financial year, or that would cause our financial information disclosed in this Introductory Document to be not necessarily indicative of our future operating results or financial condition.
15. Our business and/or profitability is not materially dependent on any patent, licence, industrial, commercial or financial contract (including a contract with a customer or supplier) or new manufacturing process.

16. The directors and auditors of our Group's principal subsidiaries are as follows:

Name of principal subsidiary	Name of directors	Name of auditors
Emperador Distillers Inc.	1) Dr. Andrew L. Tan 2) Katherine L. Tan 3) Winston S.Co 4) Kevin Andrew L. Tan 5) Kendrick Andrew L. Tan	Punongbayan & Araullo
Emperador Holdings (GB) Ltd	1) Bryan Harold Donaghey 2) Dr. Andrew L. Tan 3) Michael Robert William Sloan	Grant Thornton UK LLP
Emperador UK Limited	1) Bryan Harold Donaghey 2) Winston S. Co 3) Michael Robert William Sloan	Grant Thornton UK LLP
Whyte and Mackay Group Limited	1) Bryan Harold Donaghey 2) Winston S. Co 3) Andrew Chong Buan Lim 4) Jorge Domecq 5) Juan Cortes	Grant Thornton UK LLP
Whyte and Mackay Global Limited	1) Bryan Harold Donaghey 2) Michael Robert William Sloan 3) Winston S. Co 4) Kendrick Andrew L. Tan	Grant Thornton UK LLP
Whyte and Mackay Limited	1) Bryan Harold Donaghey 2) Winston S. Co 3) Dr. Andrew Chong Buan Lim 4) Jorge Domecq 5) Juan Cortes	Grant Thornton UK LLP

The above information identifying in name only the current directors and auditors of the principal subsidiaries is provided solely to provide additional information to investors apart from what is expressly required under the SFA. For the avoidance of doubt, the directors and auditors of our subsidiaries can and may change, and the provision of such information should not be treated as implying otherwise or of the merits of such individuals or entities or of the merits or materiality of their respective appointments and roles.

17. The names, addresses and professional qualifications (including any membership in a professional body) of the auditors of our Company are set out below:

Name, Membership and Address	Membership in Professional Organisations	Partner-in-charge/ Professional Qualification
Punongbayan & Araullo 19th & 20th Floor, Tower 1, The Enterprise Center, 6766 Ayala Avenue, Makati City 1200 Philippines	Philippine Institute of Certified Public Accountants Association of CPA in Public Practice Tax Management Association of the Philippines	Romualdo Murcia/ Certified Public Accountant (CPA)

CONSENTS

18. J.P. Morgan and UBS AG, the Issue Managers and Joint Managers to the Introduction, have given and have not withdrawn their written consent to the issue of this Introductory Document with the inclusion herein of their names and references thereto, in the form and context in which it appears in this Introductory Document and to act in such capacity in relation to this Introductory Document.
19. Frost & Sullivan, the industry consultant to our Company, has given and has not withdrawn its written consent to the issue of this Introductory Document with the inclusion herein of, (i) its name and all references thereto, (ii) the Industry Report set out in Appendix I of this Introductory Document, and (iii) the statements attributed to it in the sections entitled “*Summary*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Overview*” and “*Business*” in the form and context in which they appear in this Introductory Document and to act in such capacity in relation to this Introductory Document. The Industry Report and statements attributed to it in the sections entitled “*Summary*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Overview*”, “*Business*” were prepared for the purpose of incorporation in this Introductory Document.
20. The Independent Tax Adviser has given and has not withdrawn its written consent to the issue of this Introductory Document with the inclusion herein of, (i) its name and all references thereto and (ii) the statements attributed to it in the sections entitled “*Taxation—Philippine Tax Considerations—Sale, Exchange or Disposition of Shares—Stock Transaction Tax on Sale of Shares traded on the SGX-ST*”, “*Taxation—Philippine Tax Considerations—Sale, Exchange or Disposition of Shares—Capital gains tax, if sale was made outside the PSE (local stock exchange)*”, and “*Taxation—Philippine Tax Considerations—Sale, Exchange or Disposition of Shares—Documentary Stamp Tax*”, in the form and context in which they appear in this Introductory Document and to act in such capacity in relation to this Introductory Document. The statements attributed to it in the sections entitled “*Taxation—Philippine Tax Considerations—Sale, Exchange or Disposition of Shares—Stock Transaction Tax on Sale of Shares traded on the SGX-ST*”, “*Taxation—Philippine Tax Considerations — Sale, Exchange or Disposition of Shares—Capital gains tax, if sale was made outside the PSE (local stock exchange)*”, and “*Taxation—Philippine Tax Considerations—Sale, Exchange or Disposition of Shares—Documentary Stamp Tax*” were prepared for the purpose of incorporation in this Introductory Document.

WAIVERS FROM THE SGX-ST

21. We have obtained from the SGX-ST waivers from compliance with the following listing rules under the Listing Manual:
 - (a) Rule 210(5)(d)(iii)(B) of the Listing Manual, which requires that the continued appointment as an independent director, for an aggregate period of more than nine years (whether before or after listing), must be sought and approved in separate resolutions by (A) all shareholders and (B) shareholders excluding directors, the chief executive officer, and their associates subject to (i) a written undertaking from our Company (1) to comply with SEC Memorandum Circular No. 4, Series of 2017 (“**Circular No. 4**”) on the matter; (2) to consult SGX RegCo on the validity of the waiver of Rule 210(5)(d)(iii)(B) of the Listing Manual should there be a change in the relevant laws and regulations under Circular No. 4 and Recommendation 5.4 of the Philippine CGC (the “**Compliance Undertaking**”) and (ii) disclosure in this Introductory Document of the bases of the waiver sought and the Compliance Undertaking. Where we do not comply with Circular No. 4, the continued application of the waiver would be subject to further consideration by SGX RegCo at the juncture.

Under Recommendation 5.4 of the Philippine CGC, the board's independent directors should serve for a maximum cumulative term of nine years, after which, the independent director should be perpetually barred from re-election in the same company, but may continue to qualify for nomination and election as a non-independent director. If a company wants to retain an independent director who has served for nine years, the board should provide meritorious justification(s) and seek Shareholders approval during the annual shareholders meeting.

Our Company had sought a waiver from Rule 210(5)(d)(iii)(B) of the Listing Manual given that the Philippine CGC is similar to Rule 210(5)(d)(iii) of the Listing Manual other than for limb (B) of Rule 210(5)(d)(iii) of the Listing Manual which requires a separate resolution of all shareholders where directors, the chief executive officer and their associates must abstain from voting. Picazo Buyco Tan Fider & Santos, the Company's legal advisers as to Philippine law, has advised that in order for such provision requiring their abstention to be given proper effect, they should be included in our By-laws, otherwise a dispute can arise as to whether a director was properly appointed. It would be unduly burdensome for our Company to have to amend our By-laws and to justify to our Shareholders the obligation to comply with a foreign requirement. Picazo Buyco Tan Fider & Santos, the Company's legal advisers as to Philippine law, has advised that such amendment would also have to be approved by the PSEC.

- (b) Rules 211A(2) and (3) of the Listing Manual, which requires (i) in respect of a secondary listing, the financial statements submitted with the listing application, and future periodic financial reports, need only be reconciled to SFRS(I), or IFRS, or US GAAP; and (ii) the annual financial statements must be audited by certified public accountants in accordance with SSA, ISA, or U.S. Generally Accepted Auditing Standards, as the case may be, subject to disclosure in this Introductory Document of the bases for the waiver sought and the Independent Auditors and Reporting Accountants' confirmation that there is no difference between PFRS and IFRS and PSA and ISA.

Our Company had sought a waiver from Rules 211A(2) and (3) of the Listing Manual for the following reasons:

- (i) our Company prepares our financial standards in accordance with PFRS which are audited by our auditors in accordance with PSA; and
- (ii) the Independent Auditors and Reporting Accountants are of the opinion that:
 - (A) PFRS is adopted from IFRS and that there are no material differences between PFRS and IFRS, except on the aspect of revenue recognition under IFRS 15 for real estate companies that avail of the relief granted by the PSEC; and
 - (B) PSA is adopted from ISA and that there are no material differences between PSA and ISA.

See "*Presentation of Financial Information*" for further details.

- (c) Rule 221 of the Listing Manual, which requires a foreign issuer to have at least two independent directors, resident in Singapore, subject to (i) a written undertaking by our Company to appoint one resident independent director in Singapore within 12 months from our Company's secondary listing on SGX-ST (the "**ID Undertaking**"); (ii) a written confirmation by our Company that it has appointed a compliance adviser which is experienced in advising on compliance with the relevant Listing Rules in respect of the Company's secondary listing on SGX-ST, and will seek the prior approval of the SGX-ST before the change in appointment of the compliance advisory firm; and (iii) disclosure in this Introductory Document of the bases for the waiver sought and the ID Undertaking.

Our Company had sought a waiver from Rule 221 of the Listing Manual for the following reasons:

- (i) our Company currently has two independent directors out of a Board comprising a total of seven directors. The two independent directors are based in the Philippines. Our Company intends to appoint a Singapore compliance adviser upon our listing on the SGX-ST, as well as a Singapore share registrar, who can function as the Company's contact persons for the SGX-ST; and
- (ii) our Company's Articles of Incorporation sets the maximum number of Board members at seven. As our Company has a primary listing on the PSE, it is appropriate for our Company to have at least two independent directors who are based in the Philippines. To add further independent directors who are resident in Singapore would require our Company to increase the size of the Board, to beyond seven directors. This would require an amendment to the Articles of Incorporation, which will require the approval of the majority of the Board and stockholders representing at least two-thirds of the outstanding capital stock as well as the approval of the PSEC.

Our Company has appointed Allen & Overy LLP as the compliance advisory firm and will seek the prior approval of the SGX-ST before a change of such appointment. Our Company has also appointed Boardroom Corporate & Advisory Services Pte Ltd as the Singapore Share Transfer Agent.

In addition, our Company will amend our Articles of Incorporation within 12 months from our Company's secondary listing on SGX-ST to increase the size of the Board to beyond seven directors in order to be able to comply with the ID Undertaking.

- (d) Rule 210(5)(c) of the Listing Manual, which requires that independent directors must comprise at least one-third of the issuer's board, subject to disclosure in this Introductory Document of the basis for the waiver sought including (i) the reasons why Recommendation 5.1 of the Philippine CGC has not been complied with; and (ii) Picazo Buyco Tan Fider & Santos' opinion that the Company is not in breach of any rules as a consequence of not complying in full with Recommendation 5.1 of the Philippine CGC.

Our Company had sought a waiver from Rule 210(5)(c) of the Listing Manual for the following reasons:

- (i) our Company is subject to (A) Recommendation 5.1 of the Philippine CGC which stipulates that the Board should have at least three independent directors or such number as to constitute one-third of the Board, whichever is higher, and (B) the Philippine Revised Corporation Code which stipulates that companies subject to the Securities Regulation Code shall have independent directors constituting at least 20% of its board;

- (ii) our Company has two independent directors out of a Board comprising a total of seven directors, constituting 28.5% of the Board, and therefore complies with the mandatory requirements of the Philippine Revised Corporation Code; and
- (iii) while we are not fully in compliance with Recommendation 5.1 of the Philippine CGC, Picazo Buyco Tan Fider & Santos, the Company's legal advisers as to Philippine law, has confirmed that our Company is not in breach of any rules in the Philippines as a consequence of not complying in full with Recommendation 5.1 of the Philippine CGC since the Philippine CGC adopts a comply or explain approach.

EXEMPTIONS FROM THE FIFTH SCHEDULE TO THE SFR

22. The SGX-ST has no comments on our Company's compliance with Rule 607 of the Listing Manual, which requires this Introductory Document to comply with the prospectus disclosure requirements in the SFA, with respect to the disclosure requirements under Paragraph 6(b) of Part 5 of the Fifth Schedule to the Securities and Futures (Offers of Investments) (Securities and Securities-Based Derivatives Contracts) Regulations 2018 (the "**Fifth Schedule**") on the extent of utilisation of our Company's distilleries, subject to disclosure in this Introductory Document of the exemption granted with respect to the extent of utilisation of our Company's distilleries and the reason(s) why our Company is unable to comply with Paragraph 6(b) of Part 5 of the Fifth Schedule.

Paragraph 6(b) of Part 5 of the Fifth Schedule (read with Rule 607 of the Listing Manual) requires that in the case of a production facility, the productive capacity and extent of utilisation of the facility for each of the three most recently completed financial years, and for any interim period for which financial statements have been included in the introductory document, or, if the productive capacity or extent of utilisation for any of those financial years cannot be determined or is not meaningful, an explanation why, be disclosed in the introductory document.

Our Company had sought the SGX-ST's confirmation on our Company's compliance with Rule 607 of the Listing Manual in respect of compliance with the disclosure requirements under Paragraph 6(b) of Part 5 of the Fifth Schedule with respect to the extent of utilisation of our Company's distilleries in this Introductory Document, which we are unable to comply with for the following reasons:

- (i) the utilisation figures for our Company's distilleries are commercially sensitive as they provide our Company's competitors with insights as to our Company's future plans. Our Company does not disclose such utilisation figures in our annual report or financial statements; and
- (ii) the distillation products are considered raw materials (instead of finished products) at the point of production since they require further ageing before they can be blended and bottled. Accordingly, the utilisation figures for our Company's distilleries would not be meaningful in providing investors with an overview of the production capacities of the finished products of our Company. For the avoidance of doubt, our Company has disclosed the utilisation figures for our blending and bottling facilities, which would be more meaningful in providing investors with an overview of our Company's production capacities in respect of finished products. See "*Business—Facilities and Equipment*" for further details.

RESPONSIBILITY STATEMENT BY OUR DIRECTORS

23. The Directors collectively and individually accept full responsibility for the accuracy of the information given herein and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Introductory Document constitutes full and true disclosure of all material facts about the Introduction, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statements in this Introductory Document misleading. Where information in this Introductory Document has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Introductory Document in its proper form and context.

RESPONSIBILITY STATEMENTS BY THE JOINT MANAGERS TO THE INTRODUCTION

24. To the best of the knowledge and belief of J.P. Morgan and UBS AG, this Introductory Document constitutes full and true disclosure of all material facts about the Introduction, the Company and its subsidiaries, and J.P. Morgan and UBS AG are not aware of any facts the omission of which would make any statements in this Introductory Document misleading.

DOCUMENTS AVAILABLE FOR INSPECTION

25. Copies of the following documents may be inspected at 1 Scotts Road #19-06 Shaw Centre Singapore 228208 during normal business hours for a period of six months from the date of this Introductory Document:
- (a) our Articles of Incorporation;
 - (b) the letters of consent referred to in “*General and Statutory Information—Consents*”;
 - (c) the report entitled “Independent Market Research (IMR) on Selected Spirits/Liquor Industries Globally and in Select Markets including Mainland China and the Philippines” prepared by Frost & Sullivan and dated June 2022;
 - (d) the audited consolidated financial statements of the Company and each of its subsidiaries for the years ended 31 December 2021, 2020 and 2019 and the unaudited interim consolidated financial statements of the Company and its subsidiaries for the three-month periods ended 31 March 2022 and 2021;
 - (e) the “*Independent Auditors’ Report on the Audited Consolidated Financial Statements for the Financial Years ended 31 December 2019, 2020 and 2021*” and “*Independent Auditors’ Report on the Interim Condensed Consolidated Financial Statements for the Three-Month Period Ended 31 March 2022 and 31 March 2021*” as set out in Appendices A and B of this Introductory Document respectively; and
 - (f) the Employment Agreements entered into between each of our Executive Directors and our Company referred to in the section entitled “*Management and Corporate Governance—Employment Agreements*”.

**APPENDIX A: INDEPENDENT AUDITORS' REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF EMPERADOR INC.
AND ITS SUBSIDIARIES AS AT AND FOR THE FINANCIAL YEARS ENDED
31 DECEMBER 2019, 2020 AND 2021**

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Consolidated Financial Statements and
Independent Auditors' Report

Emperador Inc. and Subsidiaries

December 31, 2021, 2020 and 2019

Report of Independent Auditors

Punongbayan & Araullo

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The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

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

Opinion

We have audited the consolidated financial statements of Emperador Inc. and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2021 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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of consolidated 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.

Certified Public Accountants
Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd.

Offices in Cavite, Cebu, Davao
BOA/ PRC Cert of Reg. No. 0002
SEC Accreditation No. 0002

grantthornton.com.ph

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(a) Impairment Assessment of Goodwill and Trademarks with Indefinite Useful Lives

Description of the Matter

Under Philippine Accounting Standard 36, *Impairment of Assets*, the Group is required to annually test the carrying amounts of its goodwill and trademarks with indefinite useful lives for impairment. As of December 31, 2021, goodwill amounted to P9.4 billion, while the trademarks with indefinite useful lives amounted to P20.0 billion. We considered the impairment of these assets as a key audit matter because the amounts of goodwill and trademarks are material to the consolidated financial statements. In addition, management's impairment assessment process involved significant judgement and high estimation uncertainty based on the assumptions used. The significant assumptions include the determination of the discount rate, growth rate and cash flow projections used in determining the value-in-use of the trademarks and goodwill and the cash-generating units over which the goodwill was allocated. The assumptions used by management are generally affected by expected future market and economic conditions.

The Group's policy on impairment assessment of goodwill and trademarks with indefinite useful lives is more fully described in Note 2 to the consolidated financial statements; the estimation uncertainty on impairment of non-financial assets, including trademarks and goodwill with indefinite useful lives, is presented in Note 3 to the consolidated financial statements; while their corresponding carrying amounts are presented in Note 10 to the consolidated financial statements.

How the Matter was Addressed in the Audit

Our audit procedures to address the risk of material misstatement relating to the goodwill and trademarks with indefinite useful lives included, among others, the following:

- Evaluated the appropriateness and reasonableness of methodology and assumptions used in determining the value-in-use of cash-generating units attributable to the trademarks and goodwill, which include the discount rate, growth rate and the cash flow projections, by comparing them to external and historical data, with assistance from our Firm's valuation specialists;
- Tested the calculation of valuation model for mathematical accuracy and validated the appropriateness and reliability of inputs and amounts used; and,
- Performed independent sensitivity analysis of the projections and discount rate using the valuation model used to determine whether a reasonably possible change in assumptions could cause the carrying amount of cash generating units to exceed the recoverable amount.

(b) Revenue Recognition

Description of the Matter

Revenue is one of the key performance measures used to assess business performance. There is a risk that the amount of revenues presented in the consolidated financial statements is higher than what was actually earned by the Group. Revenue from sales in 2021 amounted to P54.8 billion and represented 98% of the Group's total revenues during the same year. Revenue from sales is recognized when control over the goods has been transferred at a point in time to the customer, i.e., generally when the customer has acknowledged receipt of the goods.

In our view, revenue recognition is significant to our audit because the amount is material to the consolidated financial statements. It also involves voluminous transactions at any given period of time, requires proper observation of cut-off procedures and testing of validity of transactions, and directly impacts the Group's profitability.

The Group's disclosures about its revenues and related receivables, and revenue recognition policies are included in Notes 2, 6 and 18.

How the Matter was Addressed in the Audit

Our audit procedures to address the risk of material misstatement relating to revenue recognition included, among others, the following:

- Tested the design and operating effectiveness of the Group's processes and controls over revenue recognition, approval and documentation, including the implemented information technology general and application controls over automated systems that record the revenue transaction;
- Evaluated the appropriateness of the Group's revenue recognition policy in accordance with the requirements of PFRS 15, *Revenue from Contracts with Customers*;
- Tested, on a sample basis, sales invoices, delivery receipts and cash receipts of sales transactions throughout the current reporting period to determine whether sale of goods is valid and existing;
- Confirmed trade receivables using positive confirmation, on a sample basis, and performed alternative procedures for non-responding customers, such as, examination of evidence of subsequent collections, or corresponding sales invoices and proof of deliveries;
- Tested sales invoices and delivery receipts immediately prior and subsequent to the current period to determine whether the related sales transactions are recognized in the proper reporting period; and,
- Performed substantive analytical review procedures over revenues such as, but not limited to, yearly and monthly analyses of sales per product/brand and location, and sales mix composition based on our expectations and following up variances from our expectations; and, verified that the underlying data used in the analyses are valid.

(c) Existence and Valuation of Inventories

Description of the Matter

Inventories as of December 31, 2021 amounts to P34.0 billion, which represent 26% of the Group's total assets as of that date. The valuation of inventories is at the lower of cost or net realizable value (NRV). The Group's core business is subject to changes in market factors that directly affect the demand for alcoholic beverages such as purchasing power of consumers, degree of competition, and other market-related factors. Future realization of inventories is affected by price changes and the costs necessary to complete and make a sale. Due to the significance of the volume of transactions and the balance of the carrying amount of inventories, and the high level of judgment in estimating its NRV, we considered the existence and valuation of inventories as significant to our audit.

The Group's disclosures on accounting policy, estimation uncertainty on determination of NRV of inventories, and Inventories account are presented in Notes 2, 3, and 8, respectively, to the consolidated financial statements.

How the Matter was Addressed in the Audit

Our audit procedures to address the risk of material misstatement relating to the existence and valuation of inventories included, among others, the following:

On existence of inventories:

- Observed physical inventory count procedures, obtained relevant cut-off information and copy of count control documents, and verified inventory movements during the intervening periods between the actual count date and reporting date to further test the quantities of inventory items as of the end of the reporting date; and,
- Performed substantive analytical review procedures over inventory-related ratios such as, but not limited to, inventory turnover and current period's components of inventories; and, verified that the underlying data used in the analyses are valid.

On valuation of inventories:

- Tested the design and operating effectiveness of processes and controls over inventory costing, reconciliation, data entry and review, including the implemented information technology general and application controls over automated systems that record the inventory transaction;
- Evaluated the appropriateness of the method used by management for inventory costing and valuation of the lower of cost or NRV and assessed the consistency of their application from period to period;
- Performed, on a sample basis, a price test of inventory items by examining supporting documents such as, but not limited to, purchase contracts, invoices and relevant importation documents, and by verifying movements affecting the inventory costing;
- Performed detailed analysis of the Group's standard costing of inventories through analytical review procedures of actual costs during the current period against the budgeted standard, and tested significant actual costs, on a sample basis, by agreeing with contracts and invoices; and,
- Evaluated the appropriateness and sufficiency of the amount of allowance for inventory write-down by testing the reasonableness of key assumptions used on the expected realization of inventories.

Certified Public Accountants

Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd.

(d) Consolidation Process*Description of the Matter*

The Group's consolidated financial statements comprise the financial statements of Emperador Inc. and its subsidiaries, as discussed in Note 1 to the consolidated financial statements, after the elimination of material intercompany transactions. The Group's consolidation process is significant to the audit because of its complexity. It also involves translation of foreign currency denominated financial statements of certain subsidiaries into the Group's functional and presentation currency, and identifying and eliminating several intercompany transactions and balances, to properly reflect the consolidated financial position of the Group and its consolidated financial performance and consolidated cash flows in accordance with PFRS.

The Group's policies on the basis of consolidation and translation of foreign currency denominated financial statements of foreign subsidiaries are more fully described in Note 2 to the consolidated financial statements.

How the Matter was Addressed in the Audit

Our audit procedures to address the risk of material misstatement arising from the consolidation process included, among others, the following:

- Obtained an understanding of the Group structure and its consolidation policy and process, including restructuring done during the year and the procedures for identifying intercompany transactions and reconciling intercompany balances;
- Tested the mathematical accuracy of the consolidation done by management and verifying financial information used in the consolidation based on the audited financial statements of the components of the Group and evaluating the consistency of the accounting policies applied by the entities within the Group;
- Tested the accuracy and appropriateness of intercompany elimination entries, the translation of the financial statements of foreign subsidiaries of the Group, and other significant consolidation adjustments;
- Performed analytical procedures at the consolidated level; and,
- Evaluated the sufficiency and adequacy of disclosures in the Group's consolidated financial statements in accordance with PFRS.

(e) Conduct of Remote Audit*Description of the Matter*

As disclosed in Note 1 of the consolidated financial statements, the Group, particularly those entities operating in the Philippines, Spain and United Kingdom where the Group has significant operations, has been significantly exposed to the risks brought about by a novel strain of coronavirus (COVID-19). This COVID-19 has rapidly spread worldwide which causes governments across the world to implement community quarantine and social distancing measures and restrictions. This prompted management and the audit team to have most of the audit conducted remotely.

The change in working conditions is relevant and significant to our audit since it creates an increased risk of misstatement due to less in-person access to the Group's management and personnel, and lack of access to certain physical records and original documents. Given the changes in how the audit was performed, the audit requires exercising enhanced professional skepticism.

How the Matter was Addressed in the Audit

Our audit procedures to address the risk of performing a significant portion of the audit remotely included the following:

- Considered the nature of the engagement and the engagement team's knowledge of the entity and its environment when determining whether it is possible to perform a significant portion, if not all, of the engagement remotely;
- Intensified the application of PSA requirements, especially in respect of providing proper supervision and review;
- Obtained information through electronic means, which included sending and receiving of confirmation letters electronically, obtaining calculations in electronic form to check the mathematical accuracy, scanning of hard-copy items for review and using real-time inspection technology such as video and screen-sharing;
- Determined the reliability of audit evidence provided electronically using enhanced professional skepticism and techniques designed to reinforce the skills of assistants in evaluating audit evidence obtained electronically;
- Performed inquiries through video conference call in order to more effectively assess the facial expressions and body language of people being interviewed as well as to make the interaction more effective;
- Reviewed workpapers of component auditors remotely through share screening and constant and regular communication to clarify certain matters;
- Examined critical hard copy documents (e.g., contracts, billing invoices, purchase invoices and official receipts) physically in response to the risk in revenues, receivables, inventories and costs, which are considered to be significant; and,
- Adhered to and applied strictly the Firm's reinforced and enhanced quality control process.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2021 are expected to be made available to us after the date of this auditors' report.

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

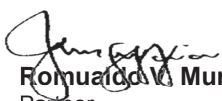
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Mr. Romualdo V. Murcia III.

PUNONGBAYAN & ARAULLO


By: Romualdo V. Murcia III
Partner

CPA Reg. No. 0095626
TIN 906-174-059
PTR No. 8852339, January 3, 2022, Makati City
SEC Group A Accreditation
Partner - No. 0628-AR-4 (until Sept. 4, 2022)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-22-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

April 22, 2022

EMPERADOR INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020
(Amounts in Philippine Pesos)

	Notes	2021	2020
<u>A S S E T S</u>			
CURRENT ASSETS			
Cash and cash equivalents	5	P 9,333,783,438	P 7,561,169,140
Trade and other receivables - net	6	20,345,854,801	22,013,800,294
Financial assets at fair value through profit or loss	7	3,294,192	52,551,232
Inventories - net	8	34,013,144,005	30,959,999,370
Prepayments and other current assets	11.1	1,249,119,654	1,373,977,625
Total Current Assets		64,945,196,090	61,961,497,661
NON-CURRENT ASSETS			
Property, plant and equipment - net	9	27,866,668,685	26,435,845,480
Intangible assets - net	10	29,438,539,142	28,365,766,133
Investment in a joint venture	12	3,482,644,617	3,293,862,431
Retirement benefit asset - net	21	914,000,495	-
Deferred tax assets - net	22	133,659,465	144,894,759
Other non-current assets - net	11.2	773,927,777	1,288,545,176
Total Non-current Assets		62,609,440,181	59,528,913,979
NON-CURRENT ASSETS HELD FOR SALE	13	961,740,550	961,740,595
TOTAL ASSETS		P 128,516,376,821	P 122,452,152,235
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Interest-bearing loans	14	P 3,411,082,346	P 5,288,395,845
Trade and other payables	16	17,888,331,330	15,256,516,254
Equity-linked debt securities	15	-	3,443,750,000
Lease liabilities	9.3	205,206,504	173,763,731
Income tax payable		2,018,777,418	1,645,950,536
Total Current Liabilities		23,523,397,598	25,808,376,366
NON-CURRENT LIABILITIES			
Interest-bearing loans	14	21,430,348,300	25,091,948,760
Lease liabilities	9.3	887,743,550	1,289,130,534
Provisions	17	404,419,596	222,999,552
Retirement benefit obligation - net	21	-	359,528,946
Deferred tax liabilities - net	22	3,552,232,410	2,315,851,761
Total Non-current Liabilities		26,274,743,856	29,279,459,553
Total Liabilities		49,798,141,454	55,087,835,919
EQUITY			
Equity attributable to owners of the parent company	24	77,718,065,873	66,585,804,689
Non-controlling interest		1,000,169,494	778,511,627
Total Equity		78,718,235,367	67,364,316,316
TOTAL LIABILITIES AND EQUITY		P 128,516,376,821	P 122,452,152,235

See Notes to Consolidated Financial Statements.

EMPERADOR INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019
(Amounts in Philippine Pesos)

	Notes	2021	2020	2019
REVENUES AND OTHER INCOME	18	P 55,936,272,323	P 52,834,305,306	P 51,565,480,173
COSTS AND EXPENSES				
Costs of goods sold	19	34,808,570,656	35,398,674,605	33,334,124,597
Selling and distribution expenses	20	4,840,055,978	5,263,040,976	6,021,050,010
General and administrative expenses	6, 20	2,205,657,298	2,108,245,409	2,924,385,791
Interest expense	9.5,			
	14, 15, 21	782,713,575	548,979,806	781,494,014
Other charges	9.1	404,097,703	79,638,897	24,455,158
		43,041,095,210	43,398,579,693	43,085,509,570
PROFIT BEFORE TAX		12,895,177,113	9,435,725,613	8,479,970,603
TAX EXPENSE	22	2,746,817,808	1,399,085,656	1,647,434,352
NET PROFIT		10,148,359,305	8,036,639,957	6,832,536,251
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will be reclassified subsequently to profit or loss				
Translation gain (loss)		2,983,857,367	(2,541,071,944)	(1,251,530,761)
Items that will not be reclassified subsequently to profit or loss				
Net actuarial gain (loss) on retirement benefit plan	21	1,027,464,256	(799,604,759)	176,881,507
Tax expense on remeasurement of retirement benefit plan	22	(262,686,166)	(51,531,692)	(87,253,112)
		764,778,090	(851,136,451)	89,628,395
		3,748,635,457	(3,392,208,395)	(1,161,902,366)
TOTAL COMPREHENSIVE INCOME		P 13,896,994,762	P 4,644,431,562	P 5,670,633,885
Net profit attributable to:				
Owners of the parent company		P 9,971,065,303	P 7,967,261,504	P 6,725,536,563
Non-controlling interest		177,294,002	69,378,453	106,999,688
		P 10,148,359,305	P 8,036,639,957	P 6,832,536,251
Total comprehensive income (loss) attributable to:				
Owners of the parent company		P 13,675,336,895	P 4,755,451,905	P 5,664,076,401
Non-controlling interest		221,657,867	(111,020,343)	6,557,484
		P 13,896,994,762	P 4,644,431,562	P 5,670,633,885
Earnings Per Share for the Net Profit Attributable to Owners of the Parent Company -				
Basic and Diluted	25	P 0.63	P 0.50	P 0.42

See Notes to Consolidated Financial Statements.

EMERALDON INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019
(Amounts in Philippine Pesos)

	Attributable to Owners of the Parent Company										Non-controlling Interest (see Note 24.6)	Total Equity
	Capital Stock (see Note 24.1)	Additional Paid-in Capital (see Note 24.1)	Depreciation Expense Stock Subscription - P.I.S.	Treasury Shares (see Note 24.2)	Conversion Outstanding (see Notes 3 and 15)	Share Outstanding (see Note 24.4)	Commitment Adjustments (see Note 2)	Reserves (see Note 2)	Other Reserves (see Note 2)	Retained Earnings Unappropriated (see Note 24.5)	Total	
Balance at January 1, 2021	P 16,242,391.17%	P 23,106,377.402	P -	(P 3,745,384.182)	P 88,498,401	P 138,841,593	(P 6,088,016,235)	(P 924,611,866)	P 114,994,796	P 36,832,913,174	P 66,585,804,689	P 67,364,316,316
Movements during the year	-	-	-	-	-	-	-	-	27,407,776	-	27,407,776	27,407,776
Issuances during the year	-	-	-	-	-	4,927,978	-	-	-	-	4,927,978	4,927,978
Issuances during the year	-	-	3,443,790,000	-	-	-	-	-	-	-	3,443,790,000	3,443,790,000
Acquisition of treasury shares during the year	-	-	-	(1,002,129,721)	-	-	-	-	-	-	(1,002,129,721)	(1,002,129,721)
Total comprehensive income for the year	-	-	-	-	-	-	2,393,493,302	764,778,990	-	9,971,065,303	9,971,065,303	13,675,336,895
Reversal of appropriation	-	-	-	-	-	-	-	-	-	800,000,000	-	-
Appropriation during the year	-	-	-	-	-	-	-	-	-	(1,200,000,000)	-	-
Cash dividends declared during the year	-	-	-	-	-	-	-	-	-	(5,057,031,744)	-	(5,057,031,744)
Balance at December 31, 2021	P 16,242,391.17%	P 23,106,377.402	P 3,443,790,000	(P 4,747,13,903)	P 88,498,401	P 183,769,571	(P 3,128,422,533)	(P 159,833,776)	P 144,406,572	P 41,346,946,733	P 77,710,065,873	P 78,710,236,367
Balance at January 1, 2020	P 16,242,391.17%	P 23,088,754,847	P -	(P 3,487,839,412)	P 136,151,386	P 111,888,425	(P 3,707,343,087)	(P 73,475,415)	P 120,364,326	P 30,616,668,304	P 63,817,525,510	P 64,716,757,520
Issuances during the year	-	47,652,865	-	-	(47,652,865)	26,938,168	-	-	-	-	1,863,208,168	1,863,208,168
Movements during the year	-	-	-	-	-	-	-	(3,309,530)	-	-	(3,309,530)	(3,309,530)
Acquisition of treasury shares during the year	-	-	-	(2,093,394,770)	-	-	(2,560,671,148)	(851,136,451)	-	7,967,261,504	(2,693,894,770)	(2,693,894,770)
Total comprehensive loss for the year	-	-	-	-	-	-	-	-	-	(1,751,016,634)	-	(1,751,016,634)
Appropriation during the year	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividends declared during the year	-	-	-	-	-	-	-	-	-	-	-	-
Balance at December 31, 2020	P 16,242,391.17%	P 23,106,377.402	P -	(P 3,745,384,182)	P 88,498,401	P 138,841,593	(P 6,088,016,235)	(P 924,611,866)	P 114,994,796	P 36,832,913,174	P 66,585,804,689	P 67,364,316,316
Balance at January 1, 2019	P 16,242,391.17%	P 23,088,754,847	P -	(P 1,849,768,100)	P 136,151,386	P 84,925,255	(P 2,556,254,550)	(P 163,103,810)	P 15,792,199	P 24,879,090,010	P 60,447,944,433	P 61,340,622,919
Issuances during the year	-	-	-	-	-	26,938,170	-	-	104,572,127	-	104,572,127	104,572,127
Acquisition of treasury shares during the year	-	-	-	-	-	-	-	-	-	-	26,958,170	26,958,170
Acquisition of treasury shares during the year	-	-	-	(1,638,071,312)	-	-	(1,151,088,557)	89,626,395	-	(1,638,071,312)	-	(1,638,071,312)
Total comprehensive loss for the year	-	-	-	-	-	-	-	-	-	6,725,536,563	6,725,536,563	5,070,633,685
Appropriation during the year	-	-	-	-	-	-	-	-	-	(200,000,000)	-	-
Cash dividends declared during the year	-	-	-	-	-	-	-	-	-	(787,958,269)	-	(787,958,269)
Balance at December 31, 2019	P 16,242,391.17%	P 23,088,754,847	P -	(P 3,487,839,412)	P 136,151,386	P 111,888,425	(P 3,707,343,087)	(P 73,475,415)	P 120,364,326	P 30,616,668,304	P 63,817,525,510	P 64,716,757,520

See Notes to Consolidated Financial Statements.

EMPERADOR INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019
(Amounts in Philippine Pesos)

	Notes	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 12,895,177,113	P 9,435,725,613	P 8,479,970,603
Adjustments for:				
Depreciation and amortization	19, 20	1,545,528,317	1,565,710,426	1,544,043,919
Interest expense	9, 14, 15, 21	782,713,575	548,979,806	781,494,014
Share in net profit of a joint venture	12	(161,824,100)	(185,108,059)	(239,168,070)
Interest income	5, 7, 18	(86,442,812)	(183,009,956)	(345,272,714)
Impairment losses on inventories	8, 19	58,114,232	44,775,076	8,321,687
Share option benefits expense	24	44,927,978	26,958,168	26,958,170
Provisions	17	38,060,790	56,331,220	-
Impairment losses on trade and other receivables	6	11,561,171	109,087,408	12,453,267
Amortization of trademarks	10	1,615,391	1,615,391	1,615,391
Loss (gain) on sale of property, plant and equipment	9	(108,820)	(139,000)	5,832,899
Impairment losses on trademarks	10	-	-	272,402,000
Operating profit before working capital changes		15,129,322,835	11,420,926,093	10,548,651,166
Decrease (increase) in trade and other receivables		1,543,684,078	1,066,338,675	(4,675,574,908)
Decrease (increase) in financial instruments				
at fair value through profit or loss		62,713,243	(86,578,013)	1,174,321,007
Increase in inventories		(2,001,700,341)	(1,301,858,714)	(1,429,246,615)
Decrease (increase) in prepayments and other current assets		264,770,607	656,312,114	(642,474,819)
Decrease (increase) in other non-current assets		(69,354,771)	(301,999,867)	55,606,199
Increase (decrease) in trade and other payables		3,046,172,296	(2,069,683,156)	3,939,851,258
Decrease in retirement benefit obligation		(256,644,163)	(241,119,114)	(168,073,470)
Cash generated from operations		17,718,963,784	9,142,338,018	8,803,059,818
Cash paid for income taxes		(1,304,546,457)	(1,590,213,311)	(650,265,112)
Net Cash From Operating Activities		16,414,417,327	7,552,124,707	8,152,794,706
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of property, plant and equipment	9	(1,738,787,193)	(1,013,759,803)	(2,867,267,563)
Interest received	5, 7	84,440,144	173,304,315	243,885,422
Proceeds from sale of property, plant and equipment	9	58,050,463	107,483,016	356,289,983
Dividends received from a joint venture	12	-	-	282,499,965
Net Cash Used in Investing Activities		(1,596,296,586)	(732,972,472)	(1,984,592,193)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayments of interest-bearing loans	14	(6,732,937,709)	(2,741,784,226)	(3,226,111,642)
Dividends paid	24	(5,057,031,744)	(2,530,247,949)	-
Proceeds from interest-bearing loans	14	1,194,023,750	1,182,290,245	1,151,150,000
Acquisition of treasury shares	24	(1,002,129,721)	(2,093,994,770)	(1,638,071,312)
Interest paid	31	(846,195,552)	(597,970,866)	(705,636,523)
Repayments of lease liabilities	9	(601,235,467)	(216,881,185)	(237,157,272)
Net Cash Used in Financing Activities		(13,045,506,443)	(6,998,588,751)	(4,655,826,749)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		1,772,614,298	(179,436,516)	1,512,375,764
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		7,561,169,140	7,740,605,656	6,228,229,892
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 9,333,783,438	P 7,561,169,140	P 7,740,605,656

Supplemental information on non-cash investing and financing activities is fully disclosed in Note 31 to the consolidated financial statements.

See Notes to Consolidated Financial Statements.

EMPERADOR INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021, 2020 AND 2019
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

Emperador Inc. (“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.

EMP 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 tourism-entertainment and gaming businesses.

The registered principal office of EMP 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 EMP and AGI were first listed for trading in the Philippine Stock Exchange (PSE) on December 19, 2011 and April 19, 1999, respectively.

1.1 Subsidiaries

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

Names of Subsidiaries	Explanatory Notes	Percentage of Effective Ownership	
		2021	2020
EDI and subsidiaries (EDI Group)			
Emperador Distillers, Inc. (“EDI”)	(a)	100%	100%
Anglo Watsons Glass, Inc. (“AWGI”)	(b)	100%	100%
Alcazar De Bana Holdings Company, Inc. (“Alcazar De Bana”)	(c)	100%	100%
<i>Progreen Agricorp Inc. (“Progreen”)</i>	(c)	100%	100%
<i>South Point Science Park Inc. (“SSPI”)</i>	(c)	100%	100%
The Bar Beverage, Inc.		100%	100%
Tradewind Estates, Inc. (“TEI”)	(d)	100%	100%
<i>Boozylife Inc. (“Boozylife”)</i>	(d)	62%	62%
Cocos Vodka Distillers Philippines, Inc.		100%	100%
Zabana Rum Company, Inc.		100%	100%

Names of Subsidiaries	Explanatory Notes	Percentage of Effective Ownership	
		2021	2020
EIL and offshore subsidiaries and joint venture:			
Emperador International Ltd. (“EIL”)	(e)	100%	100%
Emperador Holdings (GB) Limited (“EGB”)	(f)	100%	100%
<i>Emperador UK Limited (“EUK”)</i>	(f)	100%	100%
<i>Whyte and Mackay Group Limited (“WMG”)</i>	(g), 10	100%	100%
<i>Whyte and Mackay Global Limited (“WMGL”)</i>	(g), (h)	100%	100%
<i>Whyte and Mackay Limited (“WML”)</i>	(i)	100%	100%
<i>Whyte and Mackay Warehousing Limited (“WMWL”)</i>	(j)	100%	100%
Emperador Asia Pte. Ltd. (“EA”)	(k)	100%	100%
Grupo Emperador Spain, S.A. (“GES”)	(l), 10	100%	100%
<i>Bodega San Bruno, S.L. (“BSB”)</i>	(m)	100%	100%
<i>Bodegas Fundador, S.L.U. (“BFS”)</i>	(l), (n), (o)	100%	100%
<i>Grupo Emperador Gestion S.L. (“GEG”)</i>	(m)	100%	100%
<i>Stillman Spirits, S.L. (“Stillman”)</i>	(s)	100%	100%
<i>Domecq Bodega Las Copas, S.L. (“DBLC”)</i>	(p), 10	50%	50%
<i>Bodegas Las Copas, S.L. (“BLC”)</i>	(q)	50%	50%
<i>Complejo Bodeguero San Patricio SLU (“CBSP”)</i>	(n), (r), (o), 10	-	-
Emperador Europe Sarl (“EES”)	(t)	100%	100%

Explanatory notes:

- (a) EDI and its subsidiaries are engaged in businesses related to the main business of EDI in the Philippines. EDI became a wholly owned subsidiary on August 28, 2013 when EMP acquired it from AGI as a condition to AGI's subscription to EMP shares (see Note 24.1). EDI was incorporated in the Philippines on June 6, 2003 to primarily engage in the manufacturing and trading of brandy, wine or other similar alcoholic beverage products. EDI's brands include Emperador brandy, The BaR flavored alcoholic beverage, Andy Player whisky, So Nice and Smirnoff Mule (under license). EDI also imports and sells the products of EIL's offshore subsidiaries.

EDI's registered office, which is also its principal place of business, is located at 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City, where its subsidiaries, except Boozylife and Alcazar De Bana and subsidiaries, also have their registered offices and principal places of business.

- (b) AWGI is a domestic corporation presently engaged in flint glass container manufacturing and primarily supplies EDI's bottle requirements.
- (c) Alcazar De Bana is a domestic holding entity and presently holds 100% ownership interest in Progreen, a domestic corporation engaged in the business of alcohol and alcohol-related products, who in turn holds 100% ownership interest in SSPI, a domestic corporation engaged in management and maintenance of office, commercial, industrial and institutional developments in a certain science park.

Alcazar De Bana's registered office and principal place of business is located at 26th Floor, Alliance Global Tower 4, 36th Street cor. 11th Avenue Uptown Bonifacio, Taguig City.

- (d) TEI is a domestic corporation presently engaged in leasing its land and manufacturing complex in Sta. Rosa, Laguna. In 2018, TEI acquired 51% ownership in Boozylife for a total consideration of P45.0 million. The acquired identifiable net assets are not material to the Group's consolidated financial statements. In January 2020, TEI increased its ownership to 62% [see Notes 3.1(e) and 24.6].
- (e) EIL is a foreign entity incorporated in the British Virgin Islands. EIL is presently the parent company of the Group's offshore subsidiaries. EIL is effectively a wholly owned subsidiary of EMP through EMP's 84% direct ownership and EDI's 16% direct ownership.

EIL's registered office is at the offices of Portcullis TrustNet (BVI) Limited, which is currently located at Portcullis Trust Net Chambers, 4th Floor Skelton Building, 3076 Drake's Highway, Road Town, Tortola, British Virgin Islands.

- (f) EGB is a foreign entity incorporated in the UK to operate as an investment holding entity. It is the ultimate UK parent undertaking and controlling entity. It holds 100% ownership interest over EUK which in turn holds 100% ownership interest over WMG [see Note 1.1(g)].

In 2019, EGB changed its registered office from 20-22 Bedford Road, London, United Kingdom to Suite 1, 3rd Floor, 11-12 St. James Square, London SW1Y 4LB.

- (g) WMG is a foreign entity incorporated in the UK on August 7, 2001 and presently operating as an investment holding entity. WMG and its subsidiaries (collectively referred to as “WMG Group”) are all engaged in businesses related to the main business of production, marketing and distribution of Scotch whisky, vodka, liqueurs and other alcoholic drinks. On September 5, 2019, the Group’s Board of Directors (“BOD”) approved WMG’s restructuring by transferring its 100% direct ownership in WML and WMWL to its newly-incorporated wholly owned subsidiary, WMGL, through share exchange agreement [(see Note 1.1(h))]. The Group accounted for this business combination under common control using pooling-of-interests method [see Note 2.13(b)]. As a result of the restructuring, WMGL now holds 100% ownership in WML and WMWL while WMG holds 100% ownership in WMGL. EUK acquired WMG from United Spirits (Great Britain) Limited on a deal signed on May 9, 2014 and closed on October 31, 2014 for a total cash consideration of P30.3 billion.

WMG Group’s registered office is located at St. Vincent Plaza, 319 St. Vincent Street, Glasgow, Scotland.

- (h) WMGL is a foreign holding company established in 2018 in the UK to effect WMG Group’s restructuring in 2019 [see Note 1.1(g)].
- (i) WML is a foreign entity incorporated in the UK to carry out the production, marketing and distribution of Scotch whisky, vodka, liqueurs and other alcoholic drinks. WML holds 100% ownership interest in 41 dormant companies, all incorporated in the UK, and one active company, Whyte and Mackay Americas LLC, which handles the distribution of Whyte and Mackay brands within the United States of America.
- (j) WMWL is a foreign entity incorporated in the UK to carry out warehousing for WML and third party customers.
- (k) EA is a foreign entity incorporated in Singapore on July 10, 2013 as a limited private company with principal activity as a wholesaler of liquor, food and beverages, and tobacco. It holds 100% ownership interest in GES [see Note 1.1(l)].

EA’s registered office is located at 1 Scotts Road, 19-06 Shaw Centre, Singapore.

- (l) GES is a foreign entity incorporated on September 28, 2011 as a small limited liability company and subsequently changed to a large liability company on February 5, 2014. GES carries out activities related to the production of wines, fortified wines, brandies, and all types of alcoholic drinks, as well as the purchase, ownership and operations of any type of land, particularly, vineyards.

On November 27, 2015, GES reached a definitive agreement with Beam Suntory Spain, S.L. to purchase its Spanish brandy and sherry business (the Fundador Business Unit) in Jerez de la Frontera (Jerez), the brandy capital of Spain. GES assigned its rights and obligations under the agreement to its direct wholly owned subsidiary, BFS, on January 28, 2016. The purchase was subsequently completed on February 29, 2016 for a total cash consideration of P14.7 billion (see Note 10).

GES’s registered office, which is also its principal place of business, is located at Torre Espacio – Paseo de la Castellana n° 259 D Planta 28, Madrid, Spain. GES currently holds direct interests in BSB, BFS, GEG, DBLC, Stillman, and BLC which were established in Spain with activities similar or related to its main business.

- (m) Subsidiaries with registered office and principal place of business located at Torre Espacio – Paseo de la Castellana n° 259 D Planta 28, Madrid, Spain.
- (n) Subsidiaries with registered office located at Torre Espacio – Paseo de la Castellana n° 259 D Planta 28, Madrid, Spain and principal place of business located in Jerez de la Frontera, Cadiz, Spain.
- (o) BFS has a wholly owned subsidiary, Harvey’s Cellars S.L.U. (changed name from Destilados de la Mancha S.L. on February 12, 2021). On January 1, 2020, CBSP, existing subsidiary of GES, was merged with BFS through merger by absorption wherein the latter is the absorbent or surviving entity [see Note 1.1(r)]. The Group accounted for this business combination under common control using pooling-of-interests method [see Note 2.13(b)].

- (p) DBLC is a foreign entity incorporated in Spain in later part of 2017 to operate as an investment holding entity with registered office located at Manuel Calle Maria González 12, Jerez de la Frontera, Cadiz, Spain. It presently holds 100% ownership interest in Mexican entities namely: Pedro Domecq S.A. de C.V. (“Pedro Domecq”) and Domecq Distribucion De Bebidas S.A. de C.V. (“DDDB”), with registered office at Calle Presa Pabellón, 38, Mexico DF.

The acquisition of Domecq brand portfolio and its related assets in Mexico (“Domecq Acquisition”) was signed by Pernod Ricard with BLC on December 1, 2016 and completed on March 30, 2017 by BLC and its two incorporated Mexican subsidiaries. The acquisition is treated as an asset acquisition [see Notes 2.13(c), 3.1(e) and 24.6]. Pedro Domecq and Bodega Domecq S.A. de C.V. (“Bodega Domecq”) are foreign entities created by BLC on March 15, 2017 in relation to the Domecq Acquisition. These entities, together with DDDB, existing subsidiary of BLC, were subsequently transferred to DBLC effectively on September 1, 2017 through spin-off acquisition.

On June 30, 2019, Bodega Domecq was merged by absorption with Pedro Domecq wherein the latter is the absorbent or surviving entity. The Group accounted for this business combination under common control using pooling-of-interests method. On December 15, 2021, Pedro Domecq merged with DDDB with the former as the surviving entity. [See Note 2.13(b)].

- (q) Jointly controlled entity with registered office located at Torre Espacio – Paseo de la Castellana n° 259 D Planta 28, Madrid, Spain and principal place of business located in Jerez de la Frontera, Cadiz, Spain (see Note 12). BLC presently holds 100% ownership interests in Alcoholera dela Mancha Vinícola, S.L. and Vinedos del Rio Tajo S.L., which are both established in Spain with activities similar and related to the main businesses of GES and BLC.
- (r) CBSP acquired from the previous owners (collectively referred to as “Grupo Garvey”) certain tangible assets in Spain, including trademarks of well-known brands (“Garvey Acquisition”) on January 19, 2017. The Garvey Acquisition is treated as an asset acquisition [see Notes 2.13(c) and 3.1(e)]. In 2020, CBSP was merged with BFS [see Note 1.1(o)].
- (s) Stillman is a foreign entity established in Spain on March 20, 2019. Stillman is responsible for carrying the business of GES in the UK, following UK’s exit from the European Union.
- (t) EES is a foreign entity incorporated in Luxembourg as a private limited liability company, primarily to operate as an investment holding entity.

EES’ registered office is located at L-1449 Luxembourg, 18, Rue de l’Eau.

1.2 Continuing Impact of COVID-19 Pandemic on the Group’s Business

The Group and other businesses in the world have been significantly exposed to the challenges brought about by the COVID-19 pandemic. Initially concentrated in China in December 2019, the outbreak became a Public Health Emergency of International Concern in January 2020 and declared as a pandemic by the World Health Organization (“WHO”) on March 11, 2020. The pandemic which put the Philippines in a state of calamity is still sweeping globally as of date of this report and has been confirmed in almost every country and territory around the world, including the Philippines, United Kingdom (UK) and Spain where the Group has significant operations. Immediately, governments across the world have implemented safety protocols, stay-at-home orders and varying stages and degrees of lockdowns (called community quarantines in the Philippines) in order to control the movement of and close interaction among people and to protect their borders/localities.

In 2021 and 2020, the Group has taken the following measures to mitigate the adverse effects of the COVID-19 pandemic to the Group’s business:

- resumed business operations in accordance with the government directives and safety protocols amidst the localized lockdown measures which include non-essential business suspension, limited public transportation and public gathering restrictions;

- implemented work-from-home and rotation shifts based on nature of work;
- observed and laid out the required physical distancing in the premises and put in place no-contact-greeting and no-visitors-allowed policies;
- provided transport service and health and safety guards (face masks and face shields, alcohol/sanitizers, vitamin C and personal protective equipment) for those who report to work;
- implemented cost-saving measures which resulted in lower operating costs and expenses to manage the Group's cash flows;
- conducted most of business activities on digital platforms, including meetings, marketing campaigns and online selling; and,
- maximized business opportunities with the opening up of borders for travel across the regions in Europe, United States of America and Asia and the relaxing in-country social lockdowns and restrictions.

Management believes the Group was able to effectively manage its business operation amidst the changes and challenges brought about by the pandemic. Consequently, the Group was able to generate P55.9 billion revenues in 2021, which is 6% and 8% higher as compared to 2020 and 2019, respectively, and P10.1 billion net profit, which is 26% and 49% higher than in 2020 and 2019, respectively. In addition, the Group has higher return on assets of 8% and current ratio of 2.8x than in prior year. Management projects that the Group would continue to report positive results of operations and would remain liquid to meet current obligations as they fall due. It has not determined a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

1.3 Approval of the Consolidated Financial Statements

The consolidated financial statements of the Group as of and for the year ended December 31, 2021 (including the comparative consolidated financial statements as of December 31, 2020 and for the years ended December 31, 2020 and 2019) were authorized for issue by the Parent Company's BOD on April 22, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarized below and in the succeeding pages. The policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Consolidated Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

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

The consolidated 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.

(b) Presentation of Consolidated Financial Statements

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

The Group presents a third consolidated statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the consolidated statement of financial position at the beginning of the preceding period. The related notes to such third consolidated statement of financial position are not required to be disclosed. The Group presented only one comparative period as none of these situations are applicable.

(c) Functional and Presentation Currency

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

Items included in the consolidated financial statements of the Group are measured using the Parent Company’s functional currency (see Note 2.17). Functional currency is the currency of the primary economic environment in which the Parent Company operates.

2.2 Adoption of Amended Standards

(a) Effective in 2021 that are Relevant to the Group

The Group adopted for the first time the following amendments to existing standards, which are mandatorily effective for annual periods beginning on or after January 1, 2021:

PFRS 9, PFRS 7, and	
PFRS 16 (Amendments) :	Interest Rate Benchmark Reform Phase 2 Financial Instruments, Financial Instruments: Disclosures, and Leases
PFRS 16 (Amendments) :	Leases – COVID-19-Related Rent Concessions beyond June 30, 2021

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

- (i) PFRS 9 (Amendments), *Financial Instruments*, PFRS 7 (Amendments), *Financial Instrument: Disclosures*, and PFRS 16 (Amendments), *Leases – Interest Rate Benchmark Reform Phase 2*. The amendments address issues that may affect financial reporting during the interest rate benchmark reform, including the effect of changes to contractual cash flows or hedging relationships resulting from the replacement of the London Interbank Offered Rate (LIBOR) with alternative benchmark rates. The Phase 2 amendments had no significant impact to the Group's consolidated financial statements.
- (ii) The Group opted to early adopt the application of the amendments to PFRS 16, *Leases – COVID-19-Related Rent Concessions beyond June 30, 2021*, which is effective from April 1, 2021. The amendments extend for one year the use of practical expedient of not assessing whether rent concessions reducing payments up until June 30, 2022 occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The application of these amendments had no significant impact to the Group's consolidated financial statements.

(b) *Effective Subsequent to 2021 but not Adopted Early*

There are amendments and annual improvements to existing standards effective for annual periods subsequent to 2021, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Group's consolidated financial statements:

- (i) PFRS 3 (Amendments), *Business Combinations – Reference to the Conceptual Framework* (effective from January 1, 2022)
- (ii) PAS 16 (Amendments), *Property, Plant and Equipment – Proceeds Before Intended Use* (effective from January 1, 2022)
- (iii) PAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract* (effective from January 1, 2022)
- (iv) Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, the following amendments, which are effective from January 1, 2022, are relevant to the Group:
 - a. PFRS 9 (Amendments), *Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Liabilities*
 - b. Illustrative Examples Accompanying PFRS 16, *Leases – Lease Incentives*
- (v) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2023)
- (vi) PAS 1 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies* (effective from January 1, 2023)
- (vii) PAS 8 (Amendments), *Accounting Estimates – Definition of Accounting Estimates* (effective from January 1, 2023)

- (viii) PAS 12 (Amendments), *Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction* (effective from January 1, 2023)
- (ix) PFRS 10 (Amendments), *Consolidated Financial Statements*, and PAS 28 (Amendments), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets Between an Investor and its Associates or Joint Ventures* (effective date deferred indefinitely)

2.3 Basis of Consolidation

The Group's consolidated financial statements comprise the accounts of EMP, and its subsidiaries as enumerated in Note 1.1, after the elimination of material intercompany transactions. All intercompany balances and transactions with subsidiaries, including income, expenses, dividends and unrealized profits and losses from intercompany transactions that are recognized in assets are eliminated in full on consolidation. Intercompany losses that indicate impairment are recognized in the consolidated financial statements.

The financial statements of subsidiaries are prepared for the same reporting period as that of the Parent Company, using consistent accounting principles. Financial statements of a certain entity in the Group that are prepared as of a date different from that of the date of these consolidated financial statements were adjusted to recognize the effects of significant transactions or events that occur between that date of their reporting period and the date of these consolidated financial statements. Adjustments are also made to bring into line any dissimilar accounting policies that may exist.

The Group accounts for its investments in subsidiaries, investment in a joint venture, and transactions with non-controlling interest ("NCI") as follows:

(a) Investments in Subsidiaries

Subsidiaries are entities (including structured entities) over which the Group has control. The Group 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 acquisition method is applied to account for acquired business subsidiaries [see Notes 2.13(a) and 3.1(e)]. Subsidiaries are consolidated from the date the Parent Company obtains control.

The Parent 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. Accordingly, entities are deconsolidated from the date that control ceases.

(b) Investment in a Joint Venture

A jointly controlled entity is a corporation, partnership, or other entity in which two or more venturers have an interest, under a contractual arrangement that establishes joint control over the entity. Each venturer usually contributes cash or other resources to the jointly controlled entity. Those contributions are included in the accounting records of the venturer and recognized in the venturer's financial statements as an investment in the jointly controlled entity.

Investment in a joint venture is initially recognized at cost and subsequently accounted for using the equity method (see Note 12).

Acquired investment in the jointly controlled entity is subject to the purchase method. The purchase method involves the recognition of the jointly controlled entity's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the financial statements prior to acquisition. Goodwill represents the excess of acquisition cost over the fair value of the venturer's share of the identifiable net assets of the joint venture at the date of acquisition. Any goodwill or fair value adjustment attributable to the venturer's share in the joint venture is included in the amount recognized as investment in a joint venture.

All subsequent changes to the ownership interest in the equity of the joint venture are recognized in the venturer's carrying amount of the investments. Changes resulting from the profit or loss generated by the joint venture are credited or charged against Equity share in net profit of joint venture, which is presented as part of Revenues and Other Income or Costs and Expenses section (under Other Charges account) in the consolidated statement of comprehensive income.

Impairment loss is provided when there is objective evidence that the investment in a joint venture will not be recovered (see Note 2.18).

Changes resulting from other comprehensive income of the jointly controlled entity or items recognized directly in the jointly controlled entity's equity are recognized in other comprehensive income or equity of the venturer, as applicable. However, when the venturer's share of losses in a joint venture equals or exceeds its interest in the associate, including any other unsecured receivables, the venturer does not recognize further losses, unless it has incurred obligations or made payments on behalf of the jointly controlled entity. If the jointly controlled entity subsequently reports profits, the venturer resumes recognizing its share of those profits only after its share of the profits exceeds the accumulated share of losses that has previously not been recognized.

Distributions received from the jointly controlled entity are accounted for as a reduction of the carrying value of the investment.

(c) *Transactions with Non-controlling Interest*

The Group's transactions with NCI that do not result in loss of control are accounted for as equity transactions – that is, as transaction with the owners of the Group in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recognized in equity. Disposals of equity investments to NCI result in gains and losses for the Group that are also recognized in equity.

When the Group ceases to have control over a subsidiary, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in consolidated profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

The Parent Company holds interests in various subsidiaries and in a joint venture as presented in Notes 1 and 12, respectively.

2.4 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's strategic executive committee, its chief operating decision-maker. The strategic executive committee is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally follows the Group's product lines, which represent the main products provided by the Group. Each of these operating segments is managed separately as each of these product lines requires different processes and other resources as well as marketing approaches. All intersegment transfers are carried out at arm's length prices.

The measurement policies the Group use for segment reporting under PFRS 8, *Operating Segments*, are the same as those used in its consolidated financial statements. There have been no changes from prior period in the measurement methods used to determine reported segment profit or loss.

2.5 Financial Assets

Financial assets are recognized when the Group becomes a party to the contractual terms of the financial instrument. For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments: Presentation*. All other non-derivative financial instruments are treated as debt instruments.

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

Interest income is calculated using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The effective interest rate is applied to the gross carrying amount of the financial assets, except for those that are subsequently identified as credit-impaired where the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). If the asset is no longer credit-impaired, the calculation of interest income reverts to gross basis.

For financial assets that were credit-impaired on initial recognition (purchased or originated), interest income is calculated by applying a credit-adjusted effective interest rate to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis even if the credit risk of the asset subsequently improves.

Dividend income is recognized when the Group's right to receive dividends is established, it is probable that economic benefits associated with the dividends will flow to the Group, and the amount of dividend can be measured reliably.

Interest and dividend earned on these investments are presented as Other income in the Revenues and Other Income section in the consolidated statement of comprehensive income.

(a) *Classification and Measurement of Financial Assets*

The classification and measurement of financial assets is driven by the Group's business model for managing the financial assets ("business model test") and the contractual cash flow characteristics of the financial assets ("cash flow characteristics test") to achieve a particular business objective. The business model is determined at a higher level of aggregation (portfolio or group of financial assets managed together) and not on an instrument-by-instrument approach to classification (i.e., not based on intention for each or specific characteristic of individual instrument) in order to achieve the stated objective and, specifically, realize the cash flows.

Financial assets, other than those designated and effective as hedging instruments, are initially measured at fair value and then subsequently measured either at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"), depending on the classification determined at initial recognition. The initial measurement includes transaction costs, except for those at FVTPL in which the related transaction costs are recognized in profit or loss.

(i) *Financial Assets at Amortized Cost*

Financial assets are classified at amortized cost if both of the following conditions are met:

- Business model test: the asset is held within the Group's business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect"); and,
- Cash flow characteristics test: the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

Except for trade and other receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, *Revenue from Contracts with Customers*, all financial assets meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at amortized cost using the effective interest method, less allowance for expected credit loss ("ECL").

The Group's financial assets at amortized cost are presented in the consolidated statement of financial position as Cash and Cash Equivalents (see Note 5), Trade and Other Receivables [except Advances to suppliers (see Note 2.7) and Advances to officers and employees] (see Note 6), and Property mortgage receivable and Refundable security deposits [presented as part of Other Non-current Assets (see Note 11.2)].

For purposes of cash flows reporting and presentation, cash and cash equivalents comprise accounts with original maturities of three months or less, including cash. These generally include cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Financial assets at amortized cost are included in current assets, except for those with maturities greater than 12 months after the end of reporting period, which are classified as non-current assets.

(ii) Financial Assets at Fair Value

Financial assets are classified at FVOCI if both of the following conditions are met:

- Business model test: asset is held within the Group's business model whose objective is achieved by both collecting contractual cash flows and selling the financial asset ("hold to collect and sell"); and,
- Cash flow characteristics test: SPPI on the principal amount outstanding.

Financial assets are classified at FVTPL if they do not meet the conditions for measurement at amortized cost or FVOCI; instead, these are held within a business model whose objective is to realize changes in fair values through the sale of the assets. These include financial assets that are held for trading, which are acquired for the purpose of selling or repurchasing in the near term; designated upon initial recognition as FVTPL; or mandatorily required to be measured at fair value. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

The Group occasionally uses derivative financial instruments, such as foreign exchange forward contracts, to manage its risks associated with fluctuations in foreign currency. Derivative assets and derivative liabilities arise from foreign exchange margins trading spot and forward contracts entered into by the Group. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative [see Note 2.11(a)]. The term of these forward contracts is usually one month to one year.

The Group's derivative instruments provide economic hedges under the Group's policies but are not designated as accounting hedges. Consequently, any gains or losses arising from changes in fair value are taken directly to consolidated profit or loss for the period.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for any disposal costs. Changes in fair value, including foreign exchange component, are recognized in other comprehensive income, net of any effects arising from income taxes, and reported as part of Revaluation Reserves account in Equity. When the asset is disposed of, the cumulative gain or loss previously recognized in the Revaluation Reserves is transferred to profit or loss.

Financial assets at FVTPL are measured at fair value with fair value gains or losses recognized as part of Other income in the Revenues and Other Income section or Other Charges in Costs and Expenses section in the consolidated profit or loss. The fair values of these financial assets are determined by reference to active market transactions or by the use of a valuation technique where no active market exists.

(b) *Impairment of Financial Assets*

At the end of each reporting period, the Group assesses impairment using ECL model on a forward-looking basis associated with its financial assets carried at amortized cost. The carrying amount of the financial asset at amortized cost would be reduced either directly or through the use of an allowance account. Recognition of credit losses is no longer dependent on the identification of a credit loss event. Instead, a broader range of information is considered in assessing credit risk and measuring ECL, including past events, current conditions, and reasonable and supportable forecasts that affect collectibility of the future cash flows of the financial assets. The Group considers all reasonable and supportable information that is available without undue cost or effort, as well as observable market information about the credit risk of the particular financial instrument or similar financial instruments.

Since the Group's financial assets measured at amortized cost have no significant financing component, the Group applies the simplified approach in measuring ECL, which uses a lifetime ECL allowance for all trade receivables using provision matrix approach and loss rates approach, as the case may be. The lifetime ECL is estimated based on the expected cash shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. To calculate the ECL, the Group uses its historical experience, external indicators and forward-looking information. The Group also assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics, and have been grouped based on the days past due [see Notes 3.1(b) and 27.2].

For the other financial assets measured at amortized cost, the Group applies the low credit risk simplification and measures the ECL on the financial assets based on the credit losses expected to result from default events that are possible within the next 12 months, unless there has been a significant increase in credit risk since origination, in that case, the loss allowance will be based on lifetime ECL.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. The key elements used in the calculation of ECL are as follows:

- *Probability of Default* – It is an estimate of likelihood of a counterparty defaulting at its financial obligation over a given time horizon, either over the next 12 months or the remaining lifetime of the obligation.
- *Loss Given Default* – It is an estimate of loss arising in case where a default occurs at a given time. It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the Group would expect to receive, including the realization of any collateral or effect of any credit enhancement.
- *Exposure at Default* – It represents the gross carrying amount of the financial instruments subject to the impairment calculation which pertains to its amortized cost.

(c) *Derecognition of Financial Assets*

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

(d) *Reclassification of Financial Assets*

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

- From amortized cost to FVTPL: Fair value is measured at reclassification date, with the difference between the amortized cost and fair value recognized as gain or loss in profit or loss.
- From amortized cost to FVOCI: Fair value is measured at reclassification date, with the difference between the amortized cost and the fair value recognized as gain or loss in other comprehensive income ("OCI"). The effective interest rate and the measurement of ECL remain the same.
- From FVTPL to amortized cost: Fair value at the reclassification date becomes its new gross carrying amount. The effective interest rate is determined on the basis of the fair value at reclassification date, which is now treated as the date of initial recognition.
- From FVTPL to FVOCI: The financial asset continues to be measured at fair value.
- From FVOCI to amortized cost: Fair value at the reclassification date becomes its new gross carrying amount. The cumulative gain or loss previously recognized in OCI is removed from equity and adjusted against the fair value of the financial asset at reclassification date. As a result, the measurement at reclassification date is as if the financial asset had always been measured at amortized cost. This adjustment affects OCI but does not affect profit or loss and therefore is not a reclassification adjustment. The effective interest rate and the measurement of ECL remain the same.
- From FVOCI to FVTPL: The financial asset continues to be measured at fair value. The cumulative gain or loss previously recognized in OCI is reclassified to profit or loss as a reclassification adjustment at reclassification date.

There were no reclassifications of financial assets in 2021 and 2020.

2.6 Inventories

Inventories (see Note 8) are valued at the lower of cost and net realizable value (“NRV”). Cost is determined using the first-in, first-out method. Finished goods and work-in-process include the cost of raw materials, direct labor and a proportion of manufacturing overhead (including an element of depreciation), based on normal operating capacity. The cost of raw materials includes all costs directly attributable to acquisitions, such as the purchase price, import duties and other taxes that are not subsequently recoverable from taxing authorities.

NRV of finished goods is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. NRV of raw materials is the current replacement cost [see Note 3.2(c)].

2.7 Other Assets

Other assets (see Note 11) pertain to other resources controlled by the Group as a result of past events. They are recognized in the consolidated financial statements when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably.

Where future economic benefits are expected to flow to the Group beyond one year after the end of the reporting period (or in the normal operating cycle of the business, if longer), these assets are classified as non-current assets.

Advances to suppliers that will be applied as payment for purchase of inventories or services to be rendered in the future are classified and presented under the Trade and Other Receivables account. On the other hand, advances to suppliers that will be applied as payment for purchase of items under property and equipment are classified and presented under the Other Non-current Assets account. These classification and presentation are based on the eventual realization of the asset to which it was advanced for.

2.8 Property, Plant and Equipment

Property, plant and equipment (see Note 9) are carried at acquisition cost and, except for land, less accumulated depreciation, amortization and any impairment losses (see Note 2.18). As no definite useful life for land can be determined, the related carrying amount (which is cost less any impairment losses) is not depreciated.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use, including borrowing costs (see Note 2.21). Expenditures for additions, major improvements and renewals are capitalized, while expenditures for repairs and maintenance are charged to expense as incurred.

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets as follows [see Note 3.2(d)]:

Buildings and improvements	25 to 50 years
Land improvements	10 years
Machinery and equipment (including tools and other equipment)	2 to 20 years
Transportation equipment	3 to 10 years
Office furniture and fixtures	3 to 10 years

Moulds and dies are depreciated using their expected usage for the period. The total usage during the period multiplied by rate results to depreciation expense for the period. The rate is computed by dividing cost by estimated cases to be produced.

Right-of-use assets are depreciated over the term of the lease ranging from two to seven years.

Leasehold improvements are amortized over the estimated useful life of the improvements of 5 to 10 years or the lease term, whichever is shorter.

Construction in progress represents properties under construction and is stated at cost. This includes costs of construction, applicable borrowing costs (see Note 2.21) and other direct costs. The account is not depreciated until such time that the assets are completed and available for use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.18).

The residual values, estimated useful lives and methods of depreciation and amortization of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property, plant and equipment, including the related accumulated depreciation, amortization and any impairment losses, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the consolidated statement of comprehensive income in the year the item is derecognized.

2.9 Intangible Assets

Intangible assets include trademarks and goodwill, which are accounted for under the cost model (see Note 10). The cost of the trademarks is the amount of cash or cash equivalents paid or the fair value of the other considerations given up to acquire an asset at the time of its acquisition or production. Capitalized costs for trademarks with definite lives are amortized on a straight-line basis over their estimated useful lives of ten years. Capitalized costs for trademarks with indefinite useful lives are not amortized. The useful lives are reviewed each reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment. Changes in the useful life assessment from indefinite to definite, if any, are accounted for as change in accounting estimate. In addition, trademarks and goodwill are subject to impairment testing as described in Note 2.18.

When an intangible asset, such as trademarks, is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset and is recognized in consolidated profit or loss.

2.10 Non-current Assets Held for Sale

Non-current assets held for sale pertain to land and building previously classified as property, plant and equipment that the Group intends to sell within one year, except when delay is caused by events or circumstances beyond the Group's control, from the date of reclassification as held for sale.

The Group classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. In the event that the sale of the asset is extended beyond one year, the extension of the period required to complete the sale does not preclude an asset from being classified as held for sale if the delay is caused by events or circumstances beyond the Group's control and there is sufficient evidence that the Group remains committed to its plan to sell the asset.

Non-current assets held for sale are measured at the lower of their carrying amounts, immediately prior to their classification as held for sale, and their fair value less costs to sell. The Group shall recognize an impairment loss for any initial or subsequent write-down of the asset at fair value less cost to sell. Gain from any subsequent increase in fair value less cost to sell of an asset is recognized to the extent of the cumulative impairment loss previously recognized. Assets classified as held for sale are not subject to depreciation.

If the Group has classified an asset as held for sale, but the criteria for it to be recognized as held for sale are no longer satisfied, the Group shall cease to classify the asset as held for sale.

The gain or loss arising from the sale or re-measurement of held for sale assets is recognized in profit or loss in the consolidated statement of comprehensive income.

2.11 Financial Liabilities

The categories of financial liabilities relevant to the Group are more fully described as follows:

(a) Financial Liabilities at FVTPL

Financial liabilities are classified in this category if they are held for trading or derivative transactions that are not accounted for as accounting hedges, or when the Group elects to designate a financial liability under this category (see Note 7).

The Group's financial liabilities at FVTPL pertain to derivative financial instruments which are carried as liabilities when the fair value is negative and are presented as Financial Liabilities at Fair Value Through Profit or Loss account in the consolidated statement of financial position [see Note 2.5(a)(ii)].

(b) Financial Liabilities at Amortized Cost

This category pertains to financial liabilities that are not held for trading or not designated as financial liabilities at FVTPL upon inception of the liability. This includes interest-bearing loans (see Note 14), trade and other payables [except output value-added tax ("VAT") and other tax-related payables] (see Note 16), lease liabilities (see Note 9.3), dividends payable (see Note 24.3) and the financial liability component of equity-linked securities ("ELS") instrument (see Note 15), and is recognized when the Group becomes a party to the contractual agreements of the instrument.

Financial liabilities are initially recognized at their fair values and subsequently measured at amortized cost using effective interest method for maturities beyond one year, less settlement payments.

The financial liability component of the ELS is recognized initially as the present value of the contractual stream of future cash flows, less any directly attributable transaction costs, and is subsequently measured at amortized cost using the effective interest method.

All interest-related charges, if any, are recognized as an expense under the Interest Expense in the consolidated statement of comprehensive income.

Dividend distributions to stockholders are recognized as financial liabilities on the record date set upon declaration by the Group.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the consolidated statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in consolidated profit or loss.

2.12 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the consolidated statement of financial position when the Group has a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and must be legally enforceable for both entity and all counterparties to the financial instruments. The Group does not have offsetting arrangements and had not offset any financial asset and financial liability in the periods reported.

2.13 Business Combination and Asset Acquisition

Business acquisitions are accounted for using the acquisition or pooling-of-interest method of accounting. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members and participants.

(a) Accounting for Business Combination using the Acquisition Method

The acquisition method requires recognizing and measuring the identifiable assets acquired, the liabilities assumed and any NCI in the acquiree. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group, if any. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred and subsequent change in the fair value of contingent consideration is recognized directly in consolidated profit or loss.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any NCI in the acquiree, either at fair value or at the NCI's proportionate share of the recognized amounts of acquiree's identifiable net assets [see Note 2.3(c)].

Goodwill is recognized if the consideration transferred, the amount of any NCI in the acquiree and the acquisition-date fair value of any existing equity interest in the acquiree are in excess of the acquisition-date fair value of identifiable net assets acquired. Negative goodwill, as in the case of a bargain purchase, is recognized if the consideration transferred is less than the fair value of the net assets of the subsidiary acquired; such difference is recognized directly as gain in consolidated profit or loss.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The cash-generating units or groups of cash-generating units are identified according to operating segment.

Gains and losses on the disposal of an interest in a subsidiary include the carrying amount of goodwill relating to it.

If the business combination is achieved in stages, the acquirer is required to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in the consolidated profit or loss or consolidated other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, either in consolidated profit or loss or as a change to consolidated other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

(b) *Accounting for Business Combination using the Pooling-of-interest Method*

Business combinations arising from transfers of interests in entities that are under the common control of the principal stockholder are accounted for under the pooling-of-interest method. Transfers of assets between commonly-controlled entities are accounted for under historical cost accounting; hence, the assets and liabilities are reflected in the consolidated financial statements at carrying values and no adjustments are made to reflect fair values or recognized any new assets or liabilities, at the date of the combination that otherwise would have been done under the acquisition method.

No restatements are made to the financial information in the consolidated financial statements for periods prior to the business combination as allowed under Philippine Interpretations Committee (PIC) Question & Answer (Q&A) No. 2012-01, PFRS 3.2 – *Application of Pooling of Interest Method for Business Combination of Entities under Common Control in Consolidated Financial Statements* (as amended by PIC Q&A No. 2015-01, *Conforming Changes to PIC Q&As – Cycle 2015*, and PIC Q&A No. 2018-13, *Conforming Changes to PIC Q&As – Cycle 2018*); hence, the profit and loss of the acquiree is included in the consolidated financial statements for the full year, irrespective of when the combination took place. Also, no goodwill is recognized as a result of the business combination and any excess between the net assets of the acquiree and the consideration paid is accounted for as “equity reserves”. Also, any pre-acquisition income and expenses of a subsidiary are no longer included in the consolidated financial statements. The Group used this method in accounting for the merger between Pedro Domecq and DDDDB in 2021, the merger between BFS and CBSP in 2020, the merger between Pedro Domecq and Bodega Domecq in 2019 and the restructuring of WMG in 2019 [see Note 1.1(g), (o) and (p)].

(c) *Accounting for Asset Acquisition*

Acquisition of assets in an entity which does not constitute a business is accounted for as an asset acquisition. Under the asset purchase accounting, the purchase costs are allocated to identifiable assets and liabilities based on relative fair values of individual items; any goodwill or gain on bargain purchase is not recognized; and transaction costs are capitalized.

2.14 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.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the consolidated financial statements. Similarly, possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the consolidated financial statements. On the other hand, any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

2.15 Revenue and Expense Recognition

Revenue arises mainly from the sales of goods and services, rental income, interest income, dividend income and trading gains.

Revenue is recognized in a manner that depicts the pattern of goods and services to customers at an amount to which the Group expects to be entitled in exchange for those goods and services. The focus of revenue recognition is on the transfer of control of goods or services, which could be at a point in time or over time, following this five-step process:

- (1) identify the contract with a customer;
- (2) identify the performance obligation (distinct goods or services promised) in the contract;
- (3) determine the transaction price (including fixed amounts or variable amounts, or both, financing components, non-cash consideration, consideration payable to customer, if any);
- (4) allocate the transaction price to the performance obligations; and,
- (5) recognize revenue when (or as) performance obligations are satisfied (at a point in time or over time).

In identifying whether a contract with a customer exists, the following five gating criteria must be present:

- (i) the parties to the contract have approved the contract and committed to perform their respective obligations;
- (ii) each party's rights in relation to the goods or services to be transferred or performed can be identified;
- (iii) the payment terms can be identified;
- (iv) the contract has commercial substance (i.e., the Group expects the risk, timing or amount of the future cash flows to change as a result of the contract); and,
- (v) collection of the consideration in exchange of the goods and services is probable (i.e., more likely than not to occur).

A contract, for purposes of revenue recognition, does not exist if each party has a unilateral enforceable right to terminate a wholly unperformed contract without compensating the other party.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

- (i) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- (ii) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
- (iii) the Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

Revenue from sale of goods are recognized at a point in time, when the customer has acknowledged the receipt of the goods, while services are recognized over time based on the measure of progress of services rendered to the customer. Payment terms for sale of goods on credit vary as to number of days after receipt by the customer.

As applicable, when the Group is required to refund the related purchase price for returned goods, it recognizes a refund liability for the expected refunds by adjusting the amount of revenues recognized during the period. Also, if applicable, the Group recognizes a right of refund asset on goods to be recovered from customers with a corresponding adjustment to Costs of Goods Sold account. However, there were no contracts that contain significant right of return arrangements that remain outstanding as of the end of the reporting periods.

Costs and expenses (see Notes 19 and 20) are recognized in consolidated profit or loss upon utilization of goods or rendering of services or at the date these are incurred. All finance costs are reported in consolidated profit or loss on an accrual basis, except capitalized borrowing costs which are included as part of the cost of the related qualifying asset (see Note 2.21).

In obtaining customer contracts, the Group incurs incremental costs. When the expected amortization period of these costs if capitalized would be less than one year, the Group uses the practical expedient by recognizing such costs as incurred. The Group also incurs costs in fulfilling contract with customers (i.e., freight and handling), which are accounted for in accordance with accounting policies related to those assets (see Notes 2.6, 2.8 and 2.9).

2.16 Leases

The Group accounts for its leases as follows:

(a) Group as Lessee

For any new contracts entered into, the Group considers whether a contract is, or contains, a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

To apply such definition, the Group assesses whether the contract meets the following three key evaluations:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- there is a right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering the rights within the defined scope of the contract; and,
- there is a right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At commencement date of the lease, a right-of-use asset and a lease liability are recognized in the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

Subsequently, the right-of-use asset is depreciated on a straight-line basis from the lease commencement date to the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist (see Note 2.18).

On the other hand, the lease liability is measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease, if that rate is readily available, or the Group's incremental borrowing rate. Lease payments include fixed payments (including in-substance fixed) less lease incentives receivable, if any, variable lease payments based on an index or rate, amounts expected to be payable under a residual value guarantee, and payments arising from options (either renewal or termination) reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

On the consolidated statement of financial position, Right-of-use assets are presented as part of Property, Plant and Equipment while Lease Liabilities are presented as separate line item under the Current and Non-current Liabilities sections.

(b) Group as Lessor

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized in profit or loss on a straight-line basis over the lease term.

The Group determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific or identified asset or assets and the arrangement conveys a right to use the asset for a period of time in exchange for consideration.

2.17 Foreign Currency Transactions and Translation

(a) Transactions and Balances

Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of comprehensive income as part of profit or loss.

(b) Translation of Financial Statements of Foreign Subsidiaries

The consolidated operating results and financial position of offshore subsidiaries (see Note 1.1), which are measured using the United States (“U.S.”) dollar, British pound sterling (“GBP”) and European Union euro (“EUR”), their functional currencies, are translated to Philippine pesos, the Parent Company’s functional currency, as follows:

- (i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
- (ii) Income and expenses for each profit or loss account are translated at the monthly average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and,
- (iii) All resulting translation adjustments are recognized in other comprehensive income and in a separate component of equity under the Accumulated Translation Adjustments account.

When a foreign operation is partially disposed of or sold, such exchange differences are recognized in the consolidated statement of comprehensive income as part of the gain or loss on sale.

The translation of the financial statements into Philippine pesos should not be construed as a representation that the foreign currency amounts could be converted into Philippine peso amounts at the translation rates or at any other rates of exchange.

2.18 Impairment of Non-financial Assets

Property, plant and equipment (see Note 9.1), right-of-use assets (see Note 9.2), intangible assets (see Note 10), investment in a joint venture (see Note 12), and other non-financial assets (see Note 11) are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of those assets may not be recoverable, except for goodwill and intangible assets with indefinite useful lives, which are required to be tested for impairment annually.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized in profit or loss for the amount by which the asset’s or cash-generating unit’s carrying amount exceeds its recoverable amounts, which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows.

The data used for impairment testing procedures are directly linked to the Group’s latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management’s assessment of respective risk profiles, such as market and asset-specific risk factors.

Except for goodwill and intangible assets with indefinite useful lives, all assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

2.19 Employment Benefits

The Group's post-employment benefits to its employees are as follows:

(a) Post-employment Defined Benefit Plan

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Group, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Group's retirement cost accrual covers all regular full-time employees. The pension plan is tax-qualified, noncontributory and administered by a trustee.

The liability recognized in the consolidated statement of financial position for defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period, less the fair value of plan assets. The defined benefit obligation is calculated regularly by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows for expected benefit payments using a discount rate derived from the interest rates of zero coupon government bonds, using the reference rates published by Bloomberg using its valuation technology, Bloomberg Valuation ("BVAL"), that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability. BVAL provides evaluated prices that are based on market observations from contributed sources.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions) and the return on plan assets (excluding amount included in net interest) are reflected immediately in the consolidated statement of financial position with a charge or credit recognized in consolidated other comprehensive income in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period, unless there is a plan amendment, curtailment or settlement during the reporting period. The calculation also takes into account any changes in the net defined benefit liability or asset during the period as a result of contributions to the plan or benefit payments. Net interest is reported as part of Interest Expense account in the consolidated statement of comprehensive income. Past service costs are recognized immediately in the consolidated statement of comprehensive income in the period of a plan amendment or curtailment.

(b) *Post-employment Defined Contribution Plan*

A defined contribution plan is a post-employment plan under which the Group pays fixed contributions into an independent entity. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

(c) *Short-term Employee Benefits*

Short-term employee benefits include wages, salaries, bonuses, and non-monetary benefits provided to current employees, which are expected to be settled before 12 months after the end of the annual reporting period during which an employee services are rendered, but does not include termination benefits. The undiscounted amount of the benefits expected to be paid in respect of services rendered by employees in an accounting period is recognized in profit or loss during that period and any unsettled amount at the end of the reporting period is included as part of Accrued expenses under the Trade and Other Payables account in the consolidated statement of financial position.

(d) *Bonus Plans*

The Group recognizes a liability and an expense for bonuses based on a formula that takes into consideration the Group's profits after certain adjustments. The Group recognizes a provision where it is contractually obliged to pay the benefits, or where there is a past practice that has created a constructive obligation.

(e) *Compensated Absences*

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of the reporting period. They are included in Trade and Other Payables account in the consolidated statement of financial position at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

2.20 *Share-based Employee Remuneration*

The Parent Company grants share options to qualified employees of the Group eligible under a share option plan. The services received in exchange for the grant, and the corresponding share options, are valued by reference to the fair value of the equity instruments granted at grant date. This fair value excludes the impact of non-market vesting conditions (e.g., profitability and sales growth targets and performance conditions), if any. The share-based remuneration is recognized as an expense in the consolidated profit or loss with a corresponding credit to Share Options Outstanding account under the Equity section of the consolidated statement of financial position.

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

Upon exercise of share option, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to capital stock with any excess being recorded as additional paid-in capital ("APIC").

Upon expiration of the unexercised share option, the value assigned to the stock option is transferred to APIC.

2.21 Borrowing Costs

Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset (see Notes 9 and 14). The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

2.22 Income Taxes

Tax expense comprises the sum of current tax and deferred tax recognized in the consolidated profit or loss (see Note 22).

Current tax assets or current tax liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or current tax liabilities are recognized as a component of tax expense in the consolidated statement of comprehensive income.

Deferred tax is accounted for, using the liability method, on temporary differences at the end of each reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax assets, whether recognized or unrecognized, are reassessed at the end of each reporting period and are recognized or reduced, as the case may be, to the extent that it has become probable that future taxable profit will be available to allow all or part of such deferred tax assets to be utilized [see Note 3.2(f)].

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, provided such tax rates have been enacted or substantially enacted at the end of the reporting period.

Most changes in deferred tax assets or deferred tax liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if the Group has a legally enforceable right to set-off current tax assets against current tax liabilities and the deferred taxes relate to the same entity and the same taxation authority.

2.23 Related Party Transactions and Relationships

Related party transactions are transfers of resources, services or obligations between the Group and its related parties, regardless whether a price is charged (see Note 23).

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Group; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group, (d) close members of the family of any such individual; and, (e) the Group's funded retirement plan.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

Transactions, individually or in aggregate, amounting to 10% or more of the total assets based on the latest audited consolidated financial statements that were entered into with related parties are considered material.

All individual material related party transactions shall be approved by at least two-thirds vote of the BOD, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors' vote is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock. For aggregate related party transactions within a one year period that breaches the 10% materiality threshold, the same board approval would be required for the transaction(s) that meets and exceeds the materiality threshold covering the same related party.

Directors with personal interest in the transaction should abstain from participating in discussions and voting on the same. In case they refuse to abstain, their attendance shall not be counted for the purposes of assessing the quorum and their votes shall not be counted for purposes of determining approval.

2.24 Equity

Capital stock represents the nominal value of shares that have been issued (see Note 24.1).

APIC includes any premium received on the issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from APIC, net of any related income tax benefits. Excess of proceeds from sale of treasury shares over acquisition cost of such treasury shares is also added to APIC (see Note 24.1).

Deposit on future stock subscription – Equity-linked securities represents the remaining portion of ELS subject for future issuance of shares [see Notes 3.2(h) and 15].

Treasury shares are EMP shares reacquired by the Group but not cancelled. These are carried at cost of reacquiring such shares and are deducted from equity attributable to the Parent Company's equity holders until the shares are cancelled, reissued or disposed of (see Note 24.2).

Conversion options outstanding represent the equity component of ELS. This will eventually be closed to APIC upon settlement or conversion of the ELS [see Note 3.2(h)].

Share options outstanding represent the accumulated total of employee share options' amortizations over the vesting period as share-based employee remuneration are recognized and reported in the consolidated statement of comprehensive income (see Note 24.4). This will eventually be closed to APIC upon exercise or expiration.

Accumulated translation adjustments represent the translation adjustments resulting from the translation of foreign currency-denominated financial statements of foreign subsidiaries into the Group's functional and presentation currency [see Note 2.17(b)(iii)].

Revaluation reserves comprise gains and losses due to remeasurements of post-employment defined benefit plan.

Other reserves include legal reserves that represent the statutory requirements in Luxembourg, which comprise of net wealth tax reserve and capital reserve. Certain statutory requirements based on Spanish legislation were also included as part of this account.

Retained earnings, the appropriated portion of which is not available for dividend declaration (see Note 24.5), represent the current and all prior period results of operations as reported in the consolidated profit or loss section of the consolidated statement of comprehensive income, reduced by the amounts of dividends declared.

NCI represent the portion of the net assets and profit or loss not attributable to the Parent Company's stockholders which are presented separately in the Group's consolidated statement of comprehensive income and within the equity in the Group's consolidated statement of financial position and consolidated statement of changes in equity (see Note 24.6).

2.25 Earnings Per Share

Basic earnings per share ("EPS") is determined by dividing the net profit attributable to equity holders of the Parent Company by the weighted average number of common shares issued and outstanding, adjusted retroactively for any stock dividend, stock split or reverse stock split declared and shares reacquired during the current year (see Note 25).

Diluted EPS is computed by adjusting the weighted average number of shares outstanding to assume conversion of dilutive potential shares. The Group has dilutive potential shares outstanding related to its employee share options and convertible ELS, which are deemed to have been converted to common shares at the date of issuance of the options.

2.26 Events After the End of the Reporting Period

Any post year-end event that provides additional information about the Group's consolidated financial position at the end of the reporting period (adjusting event) is reflected in the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

3.1 Critical Management Judgments in Applying Accounting Policies

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

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

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

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

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

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

The Group applies the ECL methodology which requires certain judgments in selecting the appropriate method in determining the amount of ECL. In measuring ECL, the Group considers a broader range of information which include past events, current conditions, and reasonable and supportable forecasts that affect collectability of the future cash flows of the financial assets. The Group uses loss rates and provision matrix to calculate ECL.

The provision matrix and loss rates are based on the Group's historical observed default rates. The Group's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions). Details about the ECL on the Group's trade and other receivables are disclosed in Notes 2.5(b) and 27.2(b).

(c) *Determination of Lease Term of Contracts with Renewal and Termination Options*

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option.

Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

For leases of bottling plant, warehouses, office spaces, commercial buildings, vehicles, fitting and equipment, the factors that are normally the most relevant are (a) if there are significant penalties should the Group pre-terminate the contract, and (b) if any leasehold improvements are expected to have a significant remaining value, the Group is reasonably certain to extend and not to terminate the lease contract. Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased assets.

The lease term is reassessed if an option is actually exercised or not exercised or the Group becomes obliged to exercise or not exercise it. In assessing the enforceability of the option, an entity should consider whether the lessor can refuse to agree to a request from the lessee to extend the lease. Accordingly, if the lessee has the right to extend or terminate the lease, there are enforceable rights and obligations beyond the initial non-cancellable period and thus, the parties to the lease would be required to consider those optional periods in their assessment of the lease term.

(d) *Distinction Between Business Combination and Asset Acquisition*

The Group determines whether an acquisition of an entity constitute a business combination or an asset acquisition. The accounting treatment for the acquisition is determined by assessing whether the transaction involved a purchase of a "business" taking into consideration the substance of the transaction. Failure to make the right judgment will result in misstatement of assets and other accounts that could have been affected by the transactions (see Note 2.13).

The groups of assets acquired in the Domecq Acquisition and Garvey Acquisition do not include an integrated set of activities that are capable of being managed. In addition, the group of assets acquired under the Garvey Acquisition was previously under receivership from various third parties. Accordingly, management has assessed that the Domecq Acquisition and Garvey Acquisition, as disclosed in Note 1.1(p) and (r), are to be accounted for as asset acquisition since these do not constitute a purchase of business; hence, no goodwill or gain on acquisition was recognized.

Conversely, EUK's purchases of ownership in WMG, EDI's acquisition of full equity ownership in TEI, TEI's acquisition of 51% ownership in Boozylife, and BFS's purchases of Fundador Business Unit as disclosed in Notes 1.1(d), (g), (l) and 10, are accounted for as business combinations using the acquisition method. On initial recognition, the assets and liabilities of the acquired business and the consideration paid for them are included in the consolidated financial statements at their fair values. In measuring fair value, management uses estimates of future cash flows and discount rates. Any subsequent change in these estimates would affect the amount of goodwill if the change qualifies as a measurement period adjustment. Any other change would be recognized in consolidated profit or loss in the subsequent period.

Moreover, the transfers of ownership interest over WML and WMWL from WMG to WMGL, the merger between CBSP and BFS, the merger between Pedro Domecq and Bodega Domecq and the merger between Pedro Domecq and DDDDB are accounted for as business combinations using pooling-of-interest method as these are transfers of interests in entities that are under the common control and there is no change of control before and after the restructuring or mergers [see Note 1.1(g), (o) and (p)].

(e) *Determination of Control or Joint Control*

Judgment is exercised in determining whether the Group has control or joint control over an entity. In assessing each interest over an entity, the Group considers voting rights, representation on the BOD or equivalent governing body of the investee, participation in policy-making process and all other facts and circumstances, including terms of any contractual agreement.

Management considers that the Group has control over DBLC because it holds 50% of the common shares. The Parent Company, through its wholly owned subsidiary, GES, exercises control over the entity because GES has the ability to direct the relevant activities of DBLC through appointment of key management personnel (see Note 1.1).

Management considers that the Group has joint control over BLC because the agreement involves contractually agreed sharing of control and that decisions about relevant activities require the unanimous consent of the parties sharing control.

(f) *Classification of Non-current Assets as Held for Sale*

The Group classifies an asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets (or disposal group) and its sale must be highly probable.

For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset (or disposal group), and an active program to locate a buyer and complete the plan must have been initiated. Further, the asset (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification, except when delay is caused by events or circumstances beyond the Group's control and there is sufficient evidence that the Group remains committed to its plan to sell the asset (or disposal group). The actions required to complete the plan should also indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Based on management's assessment, the letter of intent dated December 27, 2020 which provides the Group's commitment to sell certain land and buildings to a related party are the main consideration for classifying these assets as non-current assets held for sale as of December 31, 2021 and 2020 (see Note 13).

(g) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish the difference between provisions and contingencies. Policies on recognition of provisions and contingencies are discussed in Note 2.14 and disclosures on relevant provisions and contingencies are presented in Notes 17 and 26.

3.2 Key Sources of Estimation Uncertainty

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

(a) Impairment of Financial Assets at Amortized Cost

In measuring ECL, the Group added significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of counterparties defaulting and the resulting losses), as further detailed in Note 27.2. The Group evaluated impairment based on available facts and circumstances affecting collectability of accounts, including but not limited to, the length of the Group's relationship with the counterparties, counterparties' credit status, age of accounts and collection and historical loss experience. Based on the management's review, appropriate allowance for ECL has been recognized on the Group's financial assets in 2021, 2020 and 2019 (see Notes 2.5 and 6).

(b) Fair Value Measurement of Financial Instruments

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

The carrying values and amounts of fair value changes recognized during the years presented on the Group's financial instruments at FVTPL [see Notes 2.5(a)(ii) and 2.11(a)] are disclosed in Note 7.

(c) *Determination of Net Realizable Values of Inventories*

In determining the net realizable values of inventories (see Note 2.6), management takes into account the most reliable evidence available at the times the estimates are made. The Group's core business is subject to changes in market factors that directly affect the demand for alcoholic beverages such as purchasing power of consumers, degree of competition, and other market-related factors. Future realization of inventories is affected by price changes in the costs incurred necessary to produce the inventories and make a sale. These aspects are considered as key sources of estimation uncertainty and may cause significant adjustments to the Group's inventories within the next reporting period. A reconciliation of the allowance for inventory write-down is presented in Note 8.

(d) *Estimation of Useful Lives of Property, Plant and Equipment, Right-of-Use Assets and Trademarks*

The Group estimates the useful lives of property, plant and equipment, right-of-use assets and trademarks based on the period over which the assets are expected to be available for use. Certain trademarks were determined to have indefinite useful lives because these brands have been in existence for more than 100 years.

The estimated useful lives of property, plant and equipment, right-of-use assets and trademarks are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets [see Notes 2.8, 2.9 and 2.16(a)]. The carrying amounts of property, plant and equipment, right-of-use assets and trademarks are presented in Notes 9.1, 9.2 and 10, respectively.

(e) *Determination of Appropriate Discount Rate in Measuring Lease Liabilities*

The Group measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Group's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

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

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Management assessed that the deferred tax assets recognized as of December 31, 2021 and 2020 will be fully utilized in the subsequent reporting periods. The carrying value of deferred tax assets as of those dates is disclosed in Note 22.

(g) *Impairment of Non-financial Assets*

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 2.18). Though management believes that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

No impairment losses were recognized on non-financial assets in 2021, 2020 and 2019, except for impairment of certain intangible assets in 2019 as shown in Note 10, based on management's assessment.

(h) *Recognition of Financial Liability and Equity Components of Compound Financial Instruments*

The ELS [see Notes 2.11(b) and 15] contains both a financial liability, which is the Group's contractual obligation to pay cash, and an equity component, which is the holder's option to convert it into the Parent Company's common shares. The value of the financial liability component is determined separately, which is deducted from the fair value of the compound instrument as a whole, and the residual amount is assigned as the value of the equity component.

Valuation techniques are used to determine the fair values, which are validated and periodically reviewed. To the extent practicable, models use observable data, however, areas such as own credit risk, volatilities and correlations require management to make estimates. The Group uses judgment to select a variety of methods and make assumptions that are mainly based on conditions existing at the date of the issuance of the ELS.

Initially, the Group determined the carrying amount of the financial liability component by measuring the present value of the contractual stream of future cash flows, using the interest rate of similar liabilities that do not have an associated equity component. When the fair value of the financial liability is compared with the fair value of the compound financial instrument as a whole, which is equivalent to the issue price, there was no residual amount such that no value was assigned to the equity component; hence, no equity component was recognized in the consolidated financial statements at that time. Subsequently, the financial liability was measured at amortized cost.

In 2017, as a result of the amendment of the ELS, management reassessed the compound financial instrument and recomputed the fair values of the components at the time of amendment, which resulted in a revalued financial liability component [see Note 2.11(b)] and an equity component with value (see Note 2.24). Accordingly, the Group presented the components separately as Equity-linked Debt Securities (see Note 15) and Conversion Options Outstanding accounts under the Current Liabilities and Equity sections, respectively, of the 2020 consolidated statement of financial position.

On December 4, 2019, the Group exercised the option to extend the redemption date of ELS until December 4, 2021 which did not result to substantial modification of terms. On December 3, 2021, the financial liability component of the ELS amounting to P3.4 billion was derecognized and an equity component was recognized amounting to P3.4 billion, which is presented as Deposit on Future Stock Subscription – Equity-linked Securities under the Equity section of the 2021 consolidated statement of financial position (see Note 15). The actual conversion pertaining to issuance of ELS shares is expected to happen in 2022.

(i) *Valuation of Post-employment Defined Benefit*

The determination of the Group's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by management and actuaries in calculating such amounts. Those assumptions include, among others, discount rates, salary rate increase, and employee turnover rate. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or losses and the carrying amount of the post-employment benefit obligation in the next reporting period.

The amounts of post-employment defined benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment defined benefit, as well as the significant assumptions used in estimating such obligation are presented in Note 21.3.

(j) *Fair Value Measurement of Share Options*

The Group estimates the fair value of the share option by applying an option valuation model, taking into account the terms and conditions on which the share option was granted. The estimates and assumptions used are presented in Note 24.4 which include, among others, the option's time of expiration, applicable risk-free interest rate, expected dividend yield, and volatility of the Parent Company's share price. Changes in these factors can affect the fair value of share options at grant date.

Details of employee share option plan and the amount of fair value recognized is presented in Note 24.4.

(k) *Determination of Provision for Onerous Lease*

The Group determines the provision for leasehold properties which are no longer used in the business for which the recoverable amount of the interest in the property is expected to be insufficient to cover future obligations relating to the lease using discounted cash flows and assumptions relating to future sublease income expectations. A significant change in the credit-adjusted risk-free rate used in discounting the estimated cost and sublease assumptions would result in a significant change in the amount of provision recognized with a corresponding effect in consolidated profit or loss.

In 2019, these provisions were directly adjusted against the beginning balance of the Group's right-of-use assets in accordance with PFRS 16. In 2021 and 2020, additional provision was recognized due to changes in assumptions arising from the impact of COVID-19. An analysis of the Group's provision for onerous lease is presented in Note 17.1.

(l) Determination of Provision for Restoration of Leased Property

Determining provision for leased property restoration requires estimation of the cost of dismantling and restoring the leased properties to their original condition. The estimated cost was initially determined based on a recent cost to restore the facilities and is being adjusted to consider the estimated incremental annual costs up to the end of the lease term. A significant change in the credit-adjusted risk-free rate used in discounting the estimated cost would result in a significant change in the amount of provision recognized with a corresponding effect in profit or loss.

An analysis of the Group's provisions for leased property restoration cost is presented in Note 17.2.

4. SEGMENT INFORMATION

4.1 Business Segments

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

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

4.2 Segment Assets and Liabilities

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

4.3 Intersegment Transactions

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

4.4 Analysis of Segment Information

Segment information for the years ended December 31, 2021, 2020 and 2019 (in millions) are presented below.

	BRANDY			SCOTCH WHISKY			SEGMENT TOTALS		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
REVENUES AND OTHER INCOME									
External customers	P 37,232	P 36,891	P 37,627	P 18,704	P 15,943	P 13,938	P 55,936	P 52,834	P 51,565
Intersegment sales*	730	714	786	64	70	241	794	784	1,027
	37,962	37,605	38,413	18,768	16,013	14,179	56,730	53,618	52,592
COSTS AND EXPENSES									
Costs of goods sold	24,378	25,913	25,662	10,431	9,486	7,672	34,809	35,399	33,334
Intersegment cost of goods sold*	64	70	241	730	714	786	794	784	1,027
Selling and distribution expenses	2,546	3,321	3,649	2,294	1,942	2,372	4,840	5,263	6,021
General and administrative expenses	1,075	1,111	1,986	1,131	997	938	2,206	2,108	2,924
Interest expense and other charges	1,005	413	633	181	215	173	1,186	628	806
	29,068	30,828	32,171	14,767	13,354	11,941	43,835	44,182	44,112
SEGMENT PROFIT BEFORE TAX	8,894	6,777	6,242	4,001	2,659	2,238	12,895	9,436	8,480
TAX EXPENSE	1,314	992	1,377	1,433	407	271	2,747	1,399	1,648
SEGMENT NET PROFIT	P 7,580	P 5,785	P 4,865	P 2,568	P 2,252	P 1,967	P 10,148	P 8,037	P 6,832
TOTAL ASSETS*	P 136,220	P 134,298	P 133,045	P 54,471	P 50,500	P 49,469	P 190,692	184,798	182,514
TOTAL LIABILITIES*	50,855	27,080	55,292	11,864	41,148	13,846	62,718	68,228	69,138
Depreciation and amortization	1,222	1,254	1,241	325	313	305	1,547	1,567	1,546
Interest expense*	597	441	659	186	108	122	783	549	781
Equity share in net income of joint venture	162	185	239	-	-	-	162	185	239

*Intersegment accounts are eliminated in consolidation. Numbers may not add up due to rounding. See reconciliation in Note 4.5 below.

The Group's revenues and other income in the years presented range from 65% to 69% 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 years presented.

4.5 Reconciliations

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

	Segment Totals	Intercompany Accounts	Consolidated Balances
2021			
Revenues and other income	P 56,730	(P 794)	P 55,936
Costs and expenses	43,835	(794)	43,041
Total assets	190,692	(62,175)	128,516
Total liabilities	62,718	(12,920)	49,798
Other segment information:			
Depreciation and amortization	1,547	-	1,547
Interest expense	783	-	783
Share in net profit of joint venture	162	-	162

		Segment Totals	Intercompany Accounts	Consolidated Balances
<u>2020</u>				
Revenues and other income	P	53,618	(P 784)	P 52,834
Costs and expenses		44,182	(784)	43,398
Total assets		184,798	(62,346)	122,452
Total liabilities		68,228	(13,140)	55,088
Other segment information:				
Depreciation and amortization		1,567	-	1,567
Interest expense		549	-	549
Share in net profit of joint venture		185	-	185
<u>2019</u>				
Revenues and other income	P	52,592	(P 1,027)	P 51,565
Costs and expenses		44,112	(1,027)	43,085
Total assets		182,514	(56,467)	126,047
Total liabilities		69,138	(7,807)	61,331
Other segment information:				
Depreciation and amortization		1,546	-	1,546
Interest expense		781	-	781
Share in net profit of joint venture		239	-	239

5. CASH AND CASH EQUIVALENTS

This account includes the following components:

	<u>2021</u>	<u>2020</u>
Cash on hand and in banks	P 4,485,605,267	P 4,319,014,811
Short-term placements	<u>4,848,178,171</u>	<u>3,242,154,329</u>
	<u>P 9,333,783,438</u>	<u>P 7,561,169,140</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 64 days and earn effective annual interest rates ranging from 0.5% to 0.6% in 2021, from 0.5% to 3.8% in 2020, and from 3.1% to 6.6% in 2019. Interest earned amounted to P86.4 million, P183.0 million and P315.8 million in 2021, 2020 and 2019, respectively, and is presented as part of Interest income under the Revenues and Other Income section of the consolidated statements of comprehensive income (see Note 18).

6. TRADE AND OTHER RECEIVABLES

Details of this account are as follows [see Note 2.5(a)(i)]:

	Notes	2021	2020
Trade receivables	23.3	P 13,930,847,017	P 14,890,213,702
Advances to suppliers	2.7	6,147,264,154	5,036,539,368
Advances to officers and employees	23.4	103,446,030	44,299,252
Accrued interest receivable		378,467	587,867
Advances to ultimate parent company	23.6	-	2,178,819,411
Other receivables		356,571,487	52,781,978
		20,538,507,155	22,203,241,578
Allowance for impairment	3.2(a)	(192,652,354)	(189,441,284)
		P 20,345,854,801	P 22,013,800,294

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

All of the Group's trade and other receivables have been assessed for impairment using the ECL model adopted by the Group [see Notes 2.5(b), 3.1(b) and 3.2(a)]. Certain trade and other receivables were found to be impaired using the ECL methodology as determined by the management; hence, adequate amounts of allowance for impairment have been recognized (see Note 27.2).

A reconciliation of the allowance for impairment at the beginning and end of 2021 and 2020 is shown below.

	2021	2020
Balance at beginning of year	P 189,441,284	P 88,686,826
Recoveries	(15,546,909)	(7,575,360)
Impairment losses	11,561,171	109,087,408
Translation adjustment	7,196,808	(757,590)
Balance at end of year	P 192,652,354	P 189,441,284

Recoveries pertain to collections of certain receivables previously provided with allowance, which are presented as part of Other income under Revenues and Other Income in the consolidated statements of comprehensive income (see Note 18). There were no write-offs of receivables in 2021 and 2020.

Impairment losses on trade and other receivables are presented as Impairment losses on financial assets under the General and Administrative Expenses account in the consolidated statements of comprehensive income (see Note 20).

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

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group's financial assets at FVTPL as of December 31, 2021 and 2020 pertain to derivative instruments amounting to P3.3 million and P52.6 million, respectively [see Note 2.5(a)(ii)].

The net changes in fair values and interest income earned on these financial instruments are presented in the consolidated statements of comprehensive income as part of Other income and Interest income, respectively, in the Revenues and Other Income section (see Notes 18 and 23.11). The Group recognized fair value losses amounting to P52.5 million in 2021 and fair value gains amounting to P61.7 million in 2020 and P34.4 million in 2019. The Group also recognized interest income from these financial instruments amounting to P29.4 million in 2019 (nil in 2021 and 2020).

The fair value of the derivative financial instruments at FVTPL are measured through valuation techniques using the net present value computation [see Notes 3.2(b) and 29.2].

8. INVENTORIES

The details of inventories which are valued at lower of cost and net realizable value, are shown below [see Notes 2.6 and 3.2(c)].

	Notes	2021	2020
At cost:			
Finished goods	19, 23.1	P 4,451,219,952	P 4,351,980,903
Work-in-process	9.1, 19, 21.1	24,225,660,910	21,071,773,814
Raw materials	19, 23.1	3,385,062,670	3,953,242,460
Packaging materials	19	393,555,813	333,083,936
Machinery spare parts, consumables and factory supplies		<u>319,884,044</u>	<u>287,281,059</u>
		<u>32,775,383,389</u>	<u>29,997,362,172</u>
At net realizable value:			
Finished goods			
Cost	19, 23.1	1,123,522,860	807,474,886
Allowance for impairment		(186,047,864)	(155,596,608)
Packaging materials			
Cost	19	431,128,500	413,938,824
Allowance for impairment		(<u>130,842,880</u>)	(<u>103,179,904</u>)
		<u>1,237,760,616</u>	<u>962,637,198</u>
		<u>P 34,013,144,005</u>	<u>P 30,959,999,370</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 P19.7 billion and P17.0 billion as of December 31, 2021 and 2020, 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 2021, 2020 and 2019 is presented in Note 19.

A reconciliation of the allowance for inventory write-down is shown below.

	<u>Note</u>	<u>2021</u>	<u>2020</u>
Balance at beginning of year		P 258,776,512	P 214,001,436
Impairment losses	19	<u>58,114,232</u>	<u>44,775,076</u>
Balance at end of year		<u>P 316,890,744</u>	<u>P 258,776,512</u>

The Group recognized losses on inventory write-down amounting to P58.1 million, P44.8 million and P8.3 million in 2021, 2020 and 2019, respectively, which are presented as Impairment losses under the Costs of Goods Sold account in the consolidated statements of comprehensive income (see Note 19). There were no reversals of impairment losses in 2021, 2020 and 2019.

9. PROPERTY, PLANT AND EQUIPMENT

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

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
Property, plant and equipment	9.1	P 26,841,829,799	P 25,465,059,928
Right-of-use assets	9.2	<u>1,024,838,886</u>	<u>970,785,552</u>
		<u>P 27,866,668,685</u>	<u>P 26,435,845,480</u>

No impairment losses were recognized in 2021, 2020 and 2019 for the Group's property, plant and equipment. As of December 31, 2021 and 2020, certain right-of-use assets which are considered as onerous lease were fully impaired through direct offset of portion of provision for onerous lease (see Notes 9.2 and 17.1).

9.1 Carrying Values of Property, Plant and Equipment

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

	Land	Land Improvements	Buildings and Improvements	Leasehold Improvements	Machinery and Equipment	Transportation Equipment	Office Furniture and Fixtures	Moulds and Dies	Construction in Progress	Total
December 31, 2021										
Cost	P 6,934,892,520	P 29,078,186	P 12,180,416,457	P 226,930,047	P 19,340,430,582	P 582,039,725	P 903,353,870	P 85,754,687	P 1,270,268,607	P 41,553,164,681
Accumulated depreciation and amortization	-	(25,835,973)	(3,394,303,680)	(96,613,842)	(10,186,335,879)	(411,643,527)	(550,341,151)	(46,260,830)	-	(14,711,334,882)
Net carrying amount	<u>P 6,934,892,520</u>	<u>P 3,242,213</u>	<u>P 8,786,112,777</u>	<u>P 130,316,205</u>	<u>P 9,154,094,703</u>	<u>P 170,396,198</u>	<u>P 353,012,719</u>	<u>P 39,493,857</u>	<u>P 1,270,268,607</u>	<u>P 26,841,829,799</u>
December 31, 2020										
Cost	P 6,073,906,086	P 29,078,186	P 11,210,680,623	P 211,699,399	P 18,139,646,211	P 653,059,659	P 680,608,649	P 92,080,387	P 1,170,778,831	P 38,261,538,031
Accumulated depreciation and amortization	-	(22,928,155)	(3,060,454,886)	(89,798,677)	(8,778,306,134)	(426,207,293)	(366,515,973)	(52,266,985)	-	(12,796,478,103)
Net carrying amount	<u>P 6,073,906,086</u>	<u>P 6,150,031</u>	<u>P 8,150,225,737</u>	<u>P 121,900,722</u>	<u>P 9,361,340,077</u>	<u>P 226,852,366</u>	<u>P 314,092,676</u>	<u>P 39,813,402</u>	<u>P 1,170,778,831</u>	<u>P 25,465,059,928</u>
January 1, 2020										
Cost	P 6,862,403,632	P 29,078,186	P 10,933,307,413	P 185,659,001	P 17,981,196,764	P 659,562,281	P 663,089,701	P 83,945,086	P 1,224,332,802	P 38,622,574,866
Accumulated depreciation and amortization	-	(20,020,336)	(2,479,834,634)	(69,449,304)	(7,969,341,890)	(353,414,603)	(298,587,290)	(48,766,546)	-	(11,239,414,603)
Net carrying amount	<u>P 6,862,403,632</u>	<u>P 9,057,850</u>	<u>P 8,453,472,779</u>	<u>P 116,209,697</u>	<u>P 10,011,854,874</u>	<u>P 306,147,678</u>	<u>P 364,502,411</u>	<u>P 35,178,540</u>	<u>P 1,224,332,802</u>	<u>P 27,383,160,263</u>

A reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the reporting periods is shown below and in the succeeding page.

	Land	Land Improvements	Buildings and Improvements	Leasehold Improvements	Machinery and Equipment	Transportation Equipment	Office Furniture and Fixtures	Moulds and Dies	Construction in Progress	Total
Balance at January 1, 2021,										
net of accumulated depreciation and amortization	P 6,073,906,086	P 6,150,031	P 8,150,225,737	P 121,900,722	P 9,361,340,077	P 226,852,366	P 314,092,676	P 39,813,402	P 1,170,778,831	P 25,465,059,928
Additions	651,867,406	-	720,871,296	23,768,992	353,379,618	11,888,358	99,283,149	13,784,550	465,898,035	2,340,741,404
Translation adjustment	209,119,028	-	226,829,824	-	336,402,873	618,003	17,521,541	-	(219,224)	790,272,045
Disposals	-	-	-	-	(18,689,007)	(24,365,439)	(104,949)	(3,147,696)	(11,634,552)	(57,941,643)
Reclassifications of construction in progress	-	-	343,299,083	-	11,021,850	-	233,550	-	(354,554,483)	-
Depreciation and amortization charges for the year	-	(2,907,818)	(655,113,163)	(15,353,509)	(889,360,708)	(44,597,090)	(78,013,248)	(10,956,399)	-	(1,696,301,935)
Balance at December 31, 2021,	<u>P 6,934,892,520</u>	<u>P 3,242,213</u>	<u>P 8,786,112,777</u>	<u>P 130,316,205</u>	<u>P 9,154,094,703</u>	<u>P 170,396,198</u>	<u>P 353,012,719</u>	<u>P 39,493,857</u>	<u>P 1,270,268,607</u>	<u>P 26,841,829,799</u>
net of accumulated depreciation and amortization										

	Land	Land Improvements	Buildings and Improvements	Leasehold Improvements	Machinery and Equipment	Transportation Equipment	Office Furniture and Fixtures	Moulds and Dies	Construction in Progress	Total
Balance at January 1, 2020, net of accumulated depreciation and amortization	P 6,862,403,632	P 9,057,850	P 8,453,472,779	P 116,209,697	P 10,011,854,874	P 306,147,678	P 364,502,411	P 35,178,540	P 1,224,332,802	P 27,383,160,263
Additions	607,842,161	-	90,677,358	26,040,398	161,187,897	5,284,091	30,886,010	20,576,570	71,265,318	1,013,759,803
Translation adjustment	(547,451,697)	-	231,638,061	-	130,570,839	-	(11,823,154)	-	1,855,896	(195,210,055)
Disposals	-	-	-	-	(67,470,929)	(8,438,142)	(553,379)	-	(30,881,566)	(107,344,016)
Reclassifications of construction in progress	-	-	67,910,376	-	27,883,243	-	-	-	(95,793,619)	-
Reclassifications to non-current assets held for sale	(848,888,010)	-	(112,852,585)	-	-	-	-	-	-	(961,740,595)
Depreciation and amortization charges for the year	-	(2,907,819)	(580,620,252)	(20,349,373)	(902,685,847)	(76,141,261)	(68,919,212)	(15,941,708)	-	(1,667,565,472)
Balance at December 31, 2020, net of accumulated depreciation and amortization	<u>P 6,073,906,086</u>	<u>P 6,150,031</u>	<u>P 8,150,225,737</u>	<u>P 121,900,722</u>	<u>P 9,361,340,077</u>	<u>P 226,852,366</u>	<u>P 314,092,676</u>	<u>P 39,813,402</u>	<u>P 1,170,778,831</u>	<u>P 25,465,059,928</u>
Balance at January 1, 2019, net of accumulated depreciation and amortization	P 7,032,607,877	P 11,965,669	P 8,192,186,263	P 103,945,757	P 9,795,590,455	P 331,424,129	P 274,767,364	P 26,870,616	P 1,431,738,532	P 27,201,096,662
Additions	147,285,611	-	471,429,945	24,543,078	1,588,314,583	42,505,874	168,500,509	26,659,154	398,028,809	2,867,267,563
Translation adjustment	(99,206,065)	-	(246,761,611)	-	(339,440,696)	(4,103,543)	(17,308,376)	-	(1,761,672)	(708,581,963)
Disposals	(218,832,143)	-	(696,102)	-	(64,085,994)	(4,478,507)	(323,187)	-	(73,706,949)	(362,122,882)
Reclassifications of construction in progress	548,352	-	341,714,363	956,540	186,155,063	-	591,600	-	(529,965,918)	-
Depreciation and amortization charges for the year	-	(2,907,819)	(304,400,079)	(13,235,678)	(1,154,678,537)	(59,200,275)	(61,725,499)	(18,351,230)	-	(1,614,499,117)
Balance at December 31, 2019, net of accumulated depreciation and amortization	<u>P 6,862,403,632</u>	<u>P 9,057,850</u>	<u>P 8,453,472,779</u>	<u>P 116,209,697</u>	<u>P 10,011,854,874</u>	<u>P 306,147,678</u>	<u>P 364,502,411</u>	<u>P 35,178,540</u>	<u>P 1,224,332,802</u>	<u>P 27,383,160,263</u>

With the adoption of PFRS 16 in 2019, the Group reclassified its capitalized dilapidations with carrying amount of P46.8 million, presented as part of Buildings and improvements as of January 1, 2019, to Right-of-use assets (see Note 9.2).

In 2021, 2020 and 2019, the Group wrote-off certain fully-depreciated moulds and dies with original cost amounting to P20.1 million, P12.4 million and P5.0 million, respectively.

The amount of depreciation and amortization is allocated as follows:

	Notes	2021	2020	2019
Costs of goods sold	19	P 1,134,012,397	P 1,045,975,108	P 802,312,571
Selling and distribution expenses	20	74,964,770	81,683,576	61,946,694
General and administrative expenses	20	<u>114,195,168</u>	<u>210,617,039</u>	<u>429,791,618</u>
		1,323,172,335	1,338,275,723	1,294,050,883
Capitalized as part of work-in-process inventories	8	<u>373,129,600</u>	<u>329,289,749</u>	<u>320,448,234</u>
		<u>P 1,696,301,935</u>	<u>P 1,667,565,472</u>	<u>P 1,614,499,117</u>

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

In 2021, 2020 and 2019, certain property, plant and equipment with carrying amounts of P57.9 million, P107.3 million and P362.1 million, were sold for P58.1 million, P107.5 million, and P356.3 million, respectively. The resulting gain on disposals for 2021 and 2020 both amounting to P0.1 million was recognized as part of Other income under the Revenues and Other Income section in the 2021 and 2020 consolidated statements of comprehensive income (see Note 18); while the resulting loss on disposals amounting to P5.8 million in 2019 was recognized as part of Other Charges account under the Costs and Expenses section in the 2019 consolidated statement of comprehensive income.

9.2 Right-of-use Assets

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

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the 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 insure the leased assets and incur maintenance fees on such items in accordance with the lease contracts.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognized in the consolidated statements of financial position.

	Number of right-of-use assets leased	Range of remaining term	Average remaining lease term	Number of leases with extension options	Number of leases with termination options
December 31, 2021					
Plant	1	5 years	7 years	1	-
Warehouses	27	1 to 5 years	2 years and 10 months	3	4
Building space	9	2 to 3 years and 5 months	2 to 5 years and 5 months	1	-
Buildings	4	1 year to 15 years and 9 months	1 year to 17 years and 9 months	-	1
Vehicles, fittings and equipment	72	1 to 3 years	1 to 3 years	-	-
December 31, 2020					
Plant	1	6 years	7 years	1	-
Warehouses	27	1 to 5 years	2 years and 10 months	3	4
Building space	9	2 to 4 years and 5 months	2 to 5 years and 5 months	1	-
Buildings	4	1 year to 16 years and 9 months	1 year to 17 years and 9 months	-	1
Vehicles, fittings and equipment	72	1 to 4 years	1 to 4 years	-	-

The carrying amounts of the Group's right-of-use assets as at December 31, 2021 and 2020 and the movements during the period are shown below and in the succeeding page.

	Plant	Warehouses	Building Space	Buildings	Vehicles, Fittings and Equipment	Total
December 31, 2021						
Cost						
Balance at beginning of year	P 62,775,915	P 285,087,021	P 199,052,259	P 942,297,767	P 71,235,714	P 1,560,448,676
Additions	-	37,323,562	-	104,245,149	-	141,568,711
Translation adjustment	-	-	-	(49,271,082)	-	(49,271,082)
Termination	-	(13,375,979)	-	-	-	(13,375,979)
Lease modification	92,397,741	-	-	-	-	92,397,741
Balance at end of year	<u>155,173,656</u>	<u>309,034,604</u>	<u>199,052,259</u>	<u>997,271,834</u>	<u>71,235,714</u>	<u>1,731,768,067</u>
Accumulated amortization						
Balance at beginning of year	14,601,278	222,781,874	64,434,521	274,981,502	12,863,949	589,663,124
Amortization for the year	23,428,729	68,937,826	36,709,507	86,571,990	6,707,930	222,355,982
Termination	-	(10,700,783)	-	-	-	(10,700,783)
Translation adjustment	-	-	-	(94,598,765)	209,623	(94,389,142)
Balance at end of year	<u>38,030,007</u>	<u>281,018,917</u>	<u>101,144,028</u>	<u>266,954,727</u>	<u>19,781,502</u>	<u>706,929,181</u>
Carrying amount at						
December 31, 2021	<u>P 117,143,649</u>	<u>P 28,015,687</u>	<u>P 97,908,231</u>	<u>P 730,317,107</u>	<u>P 51,454,212</u>	<u>P 1,024,838,886</u>

		Plant	Warehouses	Building Space	Buildings	Vehicles, Fittings and Equipment	Total
<u>December 31, 2020</u>							
Cost							
Balance at beginning of year	P	52,577,374	P 658,079,824	P 199,052,259	P 914,528,719	P 71,235,714	P 1,895,473,890
Additions		-	20,853,719	-	20,708,561	-	41,562,280
Translation adjustment		-	-	-	7,060,487	-	7,060,487
Lease modification		10,198,541	(393,846,522)	-	-	-	(383,647,981)
Balance at end of year		<u>62,775,915</u>	<u>285,087,021</u>	<u>199,052,259</u>	<u>942,297,767</u>	<u>71,235,714</u>	<u>1,560,448,676</u>
Accumulated amortization							
Balance at beginning of year		6,572,172	122,125,987	29,430,591	126,950,587	6,917,554	291,996,891
Amortization for the year		8,029,106	100,655,887	35,003,930	77,799,385	5,946,395	227,434,703
Translation adjustment		-	-	-	70,231,530	-	70,231,530
Balance at end of year		<u>14,601,278</u>	<u>222,781,874</u>	<u>64,434,521</u>	<u>274,981,502</u>	<u>12,863,949</u>	<u>589,663,124</u>
Carrying amount at							
December 31, 2020	P	<u>48,174,637</u>	P <u>62,305,147</u>	P <u>134,617,738</u>	P <u>667,316,265</u>	P <u>58,371,765</u>	P <u>970,785,552</u>

Upon adoption of PFRS 16, the Group has relied on its historical assessments as to whether leases were onerous immediately before the date of initial application as alternative to performing an impairment review on right-of-use assets, and accordingly reclassified portion of its provision for onerous lease amounting to P355.6 million against the January 1, 2019 balance of right-of-use assets causing these assets to be fully impaired. In 2021 and 2020, additional onerous lease provisions are recognized and is presented as part of Provisions under General and Administrative Expenses account in the 2021 and 2020 consolidated statements of comprehensive income (see Note 17.1)

Provision for dilapidation amounting to P58.4 million and P11.6 million was capitalized as part of right-of-use assets in 2021 and 2020, respectively (see Note 17.2).

The Group also reclassified certain prepaid rent amounting to P6.3 million to right-of-use assets as adoption of PFRS 16 in 2019 (see Note 11.1).

In 2021 and 2020, the Group and its lessors have agreed for certain lease modifications pertaining to leased plant and warehouses, which were not accounted for as a separate lease since the modification only involved specific adjustments on the amount of consideration of the leases. Accordingly, the modification resulted in the remeasurement of both lease liabilities and right-of-use assets amounting to P92.4 million and P383.6 million, respectively.

The amount of amortization is allocated as follows:

	Notes	2021	2020
Costs of goods sold	19, 23.2	P 92,129,660	P 168,702,433
Selling and distribution expenses	20	52,342,878	51,121,698
General and administrative expenses	20	77,883,444	7,610,572
		P 222,355,982	P 227,434,703

9.3 Lease Liabilities

Lease liabilities are presented in the consolidated statements of financial position as at December 31, 2021 and 2020 as follows:

	<u>2021</u>	<u>2020</u>
Current	P 205,206,504	P 173,763,731
Non-current	<u>887,743,550</u>	<u>1,289,130,534</u>
	<u>P 1,092,950,054</u>	<u>P 1,462,894,265</u>

The use of extension and termination options gives the Group added flexibility in the event it has identified more suitable premises in terms of cost and/or location or determined that it is advantageous to remain in a location beyond the original lease term. An option is only exercised when consistent with the Group's regional markets strategy and the economic benefits of exercising the option exceeds the expected overall cost.

The lease liabilities are secured by the related underlying assets and by a property mortgage (see Note 11.2). The undiscounted maturity analysis of lease liabilities at December 31 is as follows:

	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>2 to 3 years</u>	<u>3 to 4 years</u>	<u>4 to 5 years</u>	<u>More Than 5 years</u>	<u>Total</u>
<u>December 31, 2021</u>							
Lease liabilities	P 281,040,355	P 255,118,593	P 198,168,195	P 261,250,830	P 146,996,000	P 431,965,723	P 1,574,539,695
Finance charges	(75,833,851)	(64,003,203)	(54,192,875)	(47,822,922)	(39,816,791)	(199,920,000)	(481,589,641)
Net present values	<u>P 205,206,504</u>	<u>P 191,115,390</u>	<u>P 143,975,320</u>	<u>P 213,427,908</u>	<u>P 107,179,209</u>	<u>P 232,045,723</u>	<u>P 1,092,950,054</u>
<u>December 31, 2020</u>							
Lease liabilities	P 251,041,010	P 236,072,333	P 212,171,261	P 254,018,628	P 139,325,933	P 864,841,167	P 1,957,470,332
Finance charges	(77,277,279)	(66,451,417)	(55,824,650)	(47,248,448)	(41,198,768)	(206,575,505)	(494,576,067)
Net present values	<u>P 173,763,731</u>	<u>P 169,620,916</u>	<u>P 156,346,611</u>	<u>P 206,770,180</u>	<u>P 98,127,165</u>	<u>P 658,265,662</u>	<u>P 1,462,894,265</u>

9.4 Lease Payments Not Recognized as Liabilities

The Group has elected not to recognize a lease liability for short-term leases or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

The expenses relating to short-term leases and low-value assets in 2021 and 2020 is allocated as follows:

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
Costs of goods sold	19	P 158,095,637	P 104,148,917
Selling and distribution expenses	20	26,617,174	42,682,558
General and administrative expenses	20	<u>9,614,890</u>	<u>6,554,670</u>
		<u>P 194,327,701</u>	<u>P 153,386,145</u>

The future minimum rentals payable of the Group arising from short-term leases amounted to P128.51 million and P101.43 million as of December 31, 2021 and 2020, respectively.

9.5 Additional Profit or Loss and Cash Flow Information

The total cash outflow in respect of lease liabilities amounted to P601.2 million, P216.9 million and P237.2 million in 2021, 2020 and 2019, respectively. Interest expense in relation to lease liabilities amounted to P81.1 million, P95.5 million and P120.0 million in 2021, 2020 and 2019, respectively, and is presented as part of Interest Expense account under the Costs and Expenses section of the consolidated statements of comprehensive income.

10. INTANGIBLE ASSETS

This account is composed of the following:

	Note	2021	2020
Indefinite useful lives	2.9		
Trademarks – net		P 20,030,113,136	P 19,372,584,563
Goodwill		9,406,272,150	8,989,412,323
		29,436,385,286	28,361,996,886
Definite useful lives			
Trademarks – net	2.9	2,153,856	3,769,247
		P 29,438,539,142	P 28,365,766,133

The Group's trademarks include those that were acquired by EDI from Consolidated Distillers of the Far East, Inc. ("Condis"), a related party owned by certain stockholders of AGI, to manufacture and sell distilled spirits, particularly brandy, under the brand names "Emperador Brandy" and "Generoso Brandy". The Group also has another trademark for its flavored alcoholic beverage under the brand name "The BaR". In 2013, the Group registered another trademark under the brand name "Emperador Deluxe", which was introduced during the same year.

EUK's purchase of WMG Group in 2014 [see Note 1.1(g),(i),(j)] included the acquisition of trademarks amounting to P4.5 billion and P5.5 billion for "Jura" and "The Dalmore" (collectively, "WMG brands"), respectively, and the recognition of goodwill amounting to P7.7 billion in the consolidated financial statements.

BFS's purchase of the Fundador Business Unit in 2016 [see Note 1.1(l)] in Jerez included the acquisition of four trademarks amounting to P6.7 billion, namely "Fundador Brandy", "Terry Centenario Brandy", "Tres Cepas Brandy", and "Harveys" sherry wine (collectively, "Fundador brands") and tangible assets (mostly inventories and property, plant and equipment) amounting to P6.6 million; and the recognition of goodwill amounting to P1.5 billion in the consolidated financial statements.

The goodwill recognized from the foregoing acquisitions reflects the opportunity to strengthen the Group's position in the global drinks market, the synergies and economies of scale expected from combining the operations of the Group, WMG and Fundador Business Unit, and the value attributable to their respective workforce. The trademarks acquired have indefinite useful lives; hence, no amortization was recognized for these brands for the periods presented. The goodwill recognized is not deductible for income tax purposes.

For purposes of determining the goodwill [see Note 2.13(a)], the Group determined the fair value of the identified net assets as of October 31, 2014 and February 29, 2016 for WMG and Fundador Business Unit, respectively, as presented below.

	<u>WMG</u>	<u>Fundador Business Unit</u>
Cash consideration	P 30,272,934,983	P 14,718,366,134
Identifiable assets:		
Tangible assets	21,723,648,592	6,592,734,082
Intangible assets	9,972,144,142	6,662,974,698
Liabilities	(9,095,752,005)	-
Total identifiable assets	<u>22,600,040,729</u>	<u>13,255,708,780</u>
Goodwill at transaction date	<u>P 7,672,894,254</u>	<u>P 1,462,657,354</u>

The asset acquisitions from the Domecq and Garvey Acquisitions in 2017 by DBLC and CBSP, respectively [see Note 1.1(p) and (r)], included various trademarks with indefinite useful lives amounting to P3.5 billion. The trademarks acquired by DBLC include certain brands of Mexican brandies: “Presidente”, “Azteca de Oro”, “Don Pedro” and two Spanish brandies (collectively, “Domecq brands”) while trademarks acquired by CBSP include “Garvey Brandy” and well-known sherries including “Fino San Patricio” and two liquors (collectively, “Grupo Garvey brands”). The consideration paid and the purchase price allocated to identifiable assets based on their individual relative fair values, as translated at exchange rate at transaction dates, are presented below.

	<u>Domecq Acquisition</u>	<u>Garvey Acquisition</u>
Tangible assets	P 1,702,112,882	P 1,554,825,243
Intangible assets	<u>3,123,564,000</u>	<u>332,598,228</u>
	4,825,676,882	1,887,423,471
Liabilities	<u>-</u>	(34,361,071)
	<u>P 4,825,676,882</u>	<u>P 1,853,062,400</u>

The composition of the intangible assets with indefinite useful lives as of December 31 is as follows:

	<u>2021</u>	<u>2020</u>
Goodwill breakdown:		
WMG	P 7,774,940,800	P 7,358,080,900
GES	<u>1,631,331,350</u>	<u>1,631,331,423</u>
	<u>9,406,272,150</u>	<u>8,989,412,323</u>
Trademarks with indefinite useful lives:		
WMG brands	9,770,104,136	9,195,392,128
Fundador and other brands	7,431,154,939	7,431,155,169
Domecq brands	2,738,822,872	2,656,006,088
Grupo Garvey brands - net	<u>90,031,189</u>	<u>90,031,178</u>
	<u>20,030,113,136</u>	<u>19,372,584,563</u>
	<u>P 29,436,385,286</u>	<u>P 28,361,996,886</u>

The trademarks under Grupo Garvey brands were impaired by P272.4 million in 2019 (nil in 2021 and 2020). The impairment was charged to General and administrative expenses under Costs and Expenses account of the 2019 consolidated statement of comprehensive income (see Note 20).

A reconciliation of the carrying amounts of intangible assets with indefinite useful lives at the beginning and end of 2021 and 2020 is shown below.

	<u>Goodwill</u>	<u>Trademarks</u>	<u>Total</u>
Balance at January 1, 2021	P 8,989,412,323	P 19,372,584,563	P 28,361,996,886
Translation adjustments	<u>416,859,827</u>	<u>657,528,573</u>	<u>1,074,388,400</u>
Balance at December 31, 2021	<u>P 9,406,272,150</u>	<u>P 20,030,113,136</u>	<u>P 29,436,385,286</u>
Balance at January 1, 2020	P 9,236,331,189	P 19,653,436,800	P 28,889,767,989
Translation adjustments	<u>(246,918,866)</u>	<u>(280,852,237)</u>	<u>(527,771,103)</u>
Balance at December 31, 2020	<u>P 8,989,412,323</u>	<u>P 19,372,584,563</u>	<u>P 28,361,996,886</u>

The net carrying amount of trademarks with definite useful lives is as follows:

	<u>Note</u>	<u>2021</u>	<u>2020</u>
Balance at beginning of year		P 3,769,247	P 5,384,638
Amortization during the year	20	<u>(1,615,391)</u>	<u>(1,615,391)</u>
Balance at end of year		<u>P 2,153,856</u>	<u>P 3,769,247</u>

As of December 31, 2021 and 2020, the remaining useful life of the Group's "Emperador Deluxe" trademark with definite life is 1.5 years and 2.5 years, respectively.

The "The BaR", and "Emperador Brandy" and "Generoso Brandy" trademarks were fully amortized since 2018 and 2017, respectively. Consequently, the Group renewed the trademark application of "Emperador Brandy" with the Intellectual Property Office of the Philippines in 2017.

The Group monitors goodwill and trademarks with indefinite useful lives on the cash generating units to which these assets were allocated. An analysis of how the value-in-use of each of the cash generating units to which these assets were allocated is presented in the succeeding page (amounts in billions of pesos).

		2021				2020			
		Allocated Intangible Assets*	Value in Use	Terminal Growth Rate	Discount Rate	Allocated Intangible Assets*	Value in Use	Terminal Growth Rate	Discount Rate
Goodwill:									
WMG	P	7.77	P 32.86	2.00%	9.75%	P 7.36	P 12.28	2.00%	9.75%
GES		1.63	2.80	1.60%	9.04%	1.63	5.81	1.60%	7.51%
Trademarks with indefinite lives:									
WMG brands		9.77	61.85	2.00%	8.68%	9.20	40.34	2.00%	9.75%
Fundador brands		7.43	18.70	1.60%	9.04%	7.43	22.83	1.60%	7.51%
Domecq brands**		2.74	3.99	1.50%	4.50%	2.66	3.92	1.50%	4.50%
Grupo Garvey brands**		0.09	0.10	0.50%	7.65%	0.09	0.10	0.50%	7.65%

* Amounts are translated at closing rates as of the end of the reporting periods in accordance with PAS 21, The Effects of Changes in Foreign Exchange Rates.

** As of December 31, 2021 and 2020, management believes that Domecq brands are not impaired as DBLC's operations, which carry the Domecq brands, have reported revenues of P2.7 billion in 2021, P2.4 billion in 2020 and P3.0 billion in 2019 (see Note 24.6). Moreover, management believes that, after the impairment provided for Grupo Garvey brands in 2019, the value-in-use as of December 31, 2021 and 2020 approximates its carrying value. As of December 31, 2021 and 2020, management believes that the carrying values of Domecq and Grupo Garvey brands approximate their value-in-use as of those dates since these were only acquired in 2017.

The value-in-use of each group of cash generating unit was determined using cash flow projections for five years, taking into consideration the impact of COVID-19, and extrapolating cash flows beyond the projection period using a perpetual terminal growth rate. The discount rates and growth rates are the key assumptions used by management in determining the value-in-use of the cash generating units. In 2019, due to the continuous decline of the Group's revenue from the products under Grupo Garvey brands, the management assessed that portion of these trademarks are impaired. Accordingly, the Group recognized an impairment loss amounting to P272.4 million and is presented as part of General and Administrative Expenses account in the 2019 consolidated statement of comprehensive income (see Note 20).

Management believes that both the goodwill and trademarks, except for certain trademarks identified above, are not impaired as of December 31, 2021 and 2020 as the Group's products that carry such brands and trademarks are performing very well in the market; hence, no impairment is necessary to be recognized in the periods presented.

No trademarks have been pledged as security for liabilities.

11. OTHER ASSETS

11.1 Prepayments and Other Current Assets

This account is composed of the following (see Note 2.7):

	2021	2020
Prepaid taxes	P 839,417,169	P 720,789,800
Deferred input VAT	177,576,724	41,339,798
Prepaid expenses	171,392,040	503,052,548
Refundable security deposits	8,808,208	22,854,313
Others	51,925,513	85,941,166
	P 1,249,119,654	P 1,373,977,625

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

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.

11.2 Other Non-current Assets

This account is composed of the following:

	Notes		2021		2020
Property mortgage receivable	9.3	P	646,636,072	P	613,935,936
Refundable security deposits	23.2		55,109,352		11,026,843
Deferred input VAT			34,176,923		24,697,117
Advances to suppliers	23.10		29,302,803		625,294,487
Others			8,702,627		13,590,793
		P	<u>773,927,777</u>	P	<u>1,288,545,176</u>

In 2016, the Group purchased from one of its property lessors an outstanding mortgage debt on one of the Group's leased properties. The purchased mortgage asset entitles the Group to full security over the leased property and to monthly interest payments from the property lessor. However, the Group remains as lessee over the property; hence, it is still required to make monthly lease payments to the property lessor until 2036. Following the adoption of PFRS 16 in 2019, the Group recognized right-of-use assets and lease liabilities from this leased property (see Notes 9.2 and 9.3).

Refundable security deposits were paid by the Group to various lessors for lease agreements covering certain office spaces, manufacturing facilities and storage tanks for raw materials.

12. INVESTMENT IN A JOINT VENTURE

On February 2, 2014, GES entered into an agreement with Gonzales Byass, S.A. ("Gonzalez"), for the joint control of BLC for 50% equity interest for each venturer. The 50% participation cost of P3.7 billion is based on the fair valuation of the assets. An amount withdrawn from this investment of P858.4 million was used by the Group as part of the 50% capitalization of DBLC in 2017.

BLC was incorporated on March 19, 2013. Its primary business consists of the planting and growing of wine grapes and the exploitation of vineyards, the production, ageing and preparation of wines and vinegars; the production of alcohol; the production, preparation and ageing of brandy, aguardientes, compounds, liquors and in general, all kinds of spirits.

As of December 31, 2021 and 2020, the carrying amount of the investment in a joint venture, which is accounted for under the equity method [see Note 2.3(b)] in these consolidated financial statements, are as follows:

	<u>2021</u>	<u>2020</u>
Acquisition costs	P 2,845,367,065	P 2,845,367,065
Accumulated share in net profit:		
Balance at beginning of year	448,495,366	178,200,678
Share in net profit for the year	<u>161,824,100</u>	<u>185,108,059</u>
Balance at end of year	<u>610,319,466</u>	<u>363,308,737</u>
Translation gain	<u>26,958,086</u>	<u>85,186,629</u>
	P 3,482,644,617	P 3,293,862,431

The share in net profit is recorded as Equity in net profit of joint venture in the Revenues and Other Income section of the consolidated statements of comprehensive income (see Note 18).

The summarized financial information of the joint venture as of December 31, 2021 and 2020 and for the years then ended are as follows (in thousands):

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	P 461,439	P 46,095
Trade and other receivables	<u>1,287,888</u>	<u>985,946</u>
Financial assets	<u>P 1,749,327</u>	<u>P 1,032,041</u>
Current assets	P 2,378,824	P 1,674,212
Non-current assets	<u>1,997,584</u>	<u>2,364,174</u>
Total assets	<u>P 4,376,408</u>	<u>P 4,038,386</u>
Current financial liabilities (excluding tax payables and provisions)	P 427,987	P 195,399
Non-current financial liabilities	<u>3,072</u>	<u>2,345</u>
Financial liabilities	<u>P 431,059</u>	<u>P 197,744</u>
Current liabilities	P 743,236	P 430,529
Non-current liabilities	<u>3,072</u>	<u>2,345</u>
Total liabilities	<u>P 746,308</u>	<u>P 432,874</u>
Revenues	<u>P 2,772,067</u>	<u>P 5,798,133</u>
Depreciation and amortization	<u>P 78,583</u>	<u>P 78,671</u>
Net profit for the year	<u>P 323,648</u>	<u>P 370,216</u>

A reconciliation of the above summarized financial information to the carrying amount of the investment in BLC is shown below (in thousands):

	<u>2021</u>	<u>2020</u>
Net assets of BLC	P 3,630,100	P 3,605,512
Proportion of ownership interest by the Group	<u>50.0%</u>	<u>50.0%</u>
Ownership share of the Group in net assets of BLC	1,815,050	1,802,756
Fair value and translation adjustments	<u>1,667,595</u>	<u>1,491,106</u>
Carrying amount of investment	<u>P 3,482,645</u>	<u>P 3,293,862</u>

The Group has no commitments or other contingent liabilities with regard to this joint venture or has assessed that the probability of loss that may arise from contingent liabilities is remote.

13. NON-CURRENT ASSETS HELD FOR SALE

Assets held for sale consist of land and buildings called as “Complejo Bellavista” and “Cerro Viejo Vineyards” previously occupied by a business unit and classified under property, plant and equipment (see Note 9.1) that the Group has discontinued its use and, on December 27, 2020, management approved their sale through the signed letter of intent with Global One Real Estate Spain, SAU (“Global One”), a related party under common ownership. The letter of intent stated that the Group will sell and Global One will purchase the assets at a purchase price of €16.6 million (equivalent to P961.7 million), which is equivalent to the net book value of the property, at any time within the period from December 27, 2020 until three years after the COVID-19 pandemic has ended.

The breakdown of these assets as of December 31 is as follows:

	<u>2021</u>	<u>2020</u>
Land	P 848,888,000	P 848,888,010
Buildings	<u>112,852,550</u>	<u>112,852,585</u>
	<u>P 961,740,550</u>	<u>P 961,740,595</u>

The carrying value of these assets immediately prior to their classification as held for sale is lower than their fair value less cost to sell. Accordingly, the Group did not recognize any loss in connection with the reclassification of the assets. There were also no revenues recognized in both years that were associated with the assets. Depreciation expense amounting to €1.0 million (approximately P58.5 million) was incurred prior to reclassification of the assets on December 27, 2020.

The Group believes that the sale of these assets is highly probable (see Note 23.12).

14. INTEREST-BEARING LOANS

The composition of the Group's outstanding bank loans is shown below [see Note 2.11(b)].

	<u>2021</u>	<u>2020</u>
Current:		
Foreign	P 3,011,082,346	P 4,466,729,178
Local	<u>400,000,000</u>	<u>821,666,667</u>
	3,411,082,346	5,288,395,845
Non-current –		
Foreign	<u>21,430,348,300</u>	<u>25,091,948,760</u>
	<u>P 24,841,430,646</u>	<u>P 30,380,344,605</u>

The summarized terms and conditions of each availed loan as at December 31, 2021 and 2020 are as follows:

<u>Outstanding Balance</u>		<u>Explanatory Notes</u>	<u>Interest Rate</u>	<u>Security</u>	<u>Maturity date</u>
<u>2021</u>	<u>2020</u>				
P 20,126,000,000	P 23,490,000,729	(a)	Margin of 1.05% plus EURIBOR	Unsecured	2024
2,633,833,596	-	(b)	0.85% over SONIA	Secured	2022
1,681,597,050	2,151,664,921	(d)	Fixed at 1.6%	Unsecured	2027
400,000,000	400,000,000	(f)	Fixed at 5% initial; Fixed at 4% latest	Unsecured	2022
-	3,917,012,288	(b)	0.50% over LIBOR	Secured	2021
-	150,000,000	(e)	Fixed at 5.9641%	Unsecured	2021
-	105,000,000	(e)	Fixed at 6.1277%	Unsecured	2021
-	62,500,000	(c)	Fixed at 5.245%	Unsecured	2021
-	62,500,000	(c)	Fixed at 5.113%	Unsecured	2021
-	41,666,667	(c)	Fixed at 5%	Unsecured	2021
<u>P 24,841,430,646</u>	<u>P 30,380,344,605</u>				

- (a) In 2019, EIL obtained an unsecured five-year bank loan from a syndicate of foreign financial institutions at a lower margin, to prepay existing loans. The loan is presented under the Non-current Liabilities section of the consolidated statements of financial position in the respective period.
- (b) WMG has an existing asset-based- lending facility with a foreign bank (different bank from July 2021), where it had drawn down P1.1 billion, P0.7 billion and P1.1 billion in 2021, 2020 and 2019, respectively. The loan is secured by way of floating charge against WMG's inventories. The interest and the principal can be paid anytime up to, or balloon payment at, maturity. Since this is a revolver, the drawn amount plus the accrued interest thereon is presented under the Current Liabilities section of the consolidated statements of financial position.
- (c) In 2016, EDI obtained an unsecured five-year peso-denominated loan at a total amount of P2.0 billion from a local commercial bank, specifically to finance the construction of a distillery plant and the purchase of related equipment (see Note 9.1). The loan was released in three tranches from January to October 2016 with principal repayment of 12 equal quarterly amortizations starting on the ninth quarter after the initial drawdown.

In 2021 and 2020, total payments on the loan amounted to P166.7 million and P666.7 million, respectively. These loans were presented under the Current Liabilities section of the 2020 consolidated statement of financial position. There was no outstanding loan balance as of December 31, 2021.

- (d) In 2017, DBLC assumed from BLC unsecured, interest-bearing and foreign-currency-denominated loans totalling P3.0 billion from certain financial institutions relating to Domecq Acquisition (see Note 10). In 2018, DBLC acquired an additional loan amounting to P0.1 million. In 2021 and 2020, DBLC paid portion of the loans amounting to P535.3 million and P430.1 million, respectively.
- (e) In 2018, EDI obtained additional unsecured, interest-bearing loans at a total amount of P850.0 million from same local commercial bank for working capital purposes. The loans shall be payable in 12 equal quarterly amortizations commencing on the beginning of the ninth quarter from the initial drawdown or starting on April 10, 2019. In 2021 and 2020, total payments on the loan amounted to P255.5 million and P340.0 million, respectively. These loans are presented under the Current Liabilities section of the 2020 consolidated statement of financial position. There was no outstanding loan balance as of December 31, 2021.
- (f) In 2020, PAI obtained short-term unsecured, interest-bearing revolving loan at a total amount of P400.0 million from a local commercial bank for working capital purposes. The loan is renewable and re-priced every six months, and is presented under the Current Liabilities section of the consolidated statements of financial position.

Interest expense on the above loans for 2021, 2020 and 2019 amounted to P539.1 million, P380.3 million and P589.2 million, respectively, and is presented as part of Interest Expense account under the Costs and Expenses section of the consolidated statements of comprehensive income.

Accrued interest payable as of December 31, 2021 and 2020 amounted to P42.9 million and P66.5 million, respectively, and presented as part of Accrued expenses under the Trade and Other Payables account in the consolidated statements of financial position (see Note 16).

The Group complied with the financial and non-financial covenants on these loans and borrowings as of December 31, 2021 and 2020.

15. EQUITY-LINKED DEBT SECURITIES

On November 7, 2014, EMP, as the Issuer, entered into a subscription agreement with Arran Investment Private Limited (“Arran” or “the Holder”) for the issuance of 1.1 billion common shares at a total subscription price of P12.3 billion (see Note 24.1) and an ELS amounting to P5.3 billion (“Issue Price”) [see Note 2.11(b)]. 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”).

Arran had the Holder Conversion Right for the conversion of the ELS into all of Conversion Shares at any time during the period beginning on the Issue Date until December 5, 2019 (“Redemption Date”). The Group had the Issuer Conversion Right (“ICR”) for the conversion of the ELS into all of the Conversion Shares at any time during the period beginning on the date that is two years after the Issue Date until Redemption Date, provided, that the share market price must be greater than the stipulated price (“Share Market Price”) on the date the ICR is exercised [ICR ended in 2017 per First Amendment discussed below].

If Arran and EMP failed to exercise their conversion rights within the said periods and the ELS was not converted into shares, EMP had the option to extend the Redemption Date for the ELS until December 4, 2021 (“Extended Redemption Date”), upon notice to Holder at least 30 days prior to the Redemption Date.

The ELS would be mandatorily converted into the Conversion Shares at any time during the period beginning on Redemption Date until Extended Redemption Date when Share Market Price was reached [mandatory conversion removed in 2020 per Third Amendment below].

The ELS bore a fixed interest rate compounded annually (“Fixed Interest”), payable either in cash or in new shares (“Interest Shares”) on the conversion date, Redemption Date, or Extended Redemption Date, as applicable (see First Amendment below) [amended to 0% in 2017 per First Amendment below]. The ELS also bears a variable interest in an amount equal to the dividends that would be payable on the Conversion Shares if they are issued prior to the date that any dividend is declared by EMP (“Variable Interest”), payable in cash on the date that EMP pays dividends to its stockholders.

On June 15, 2017, the parties formally agreed to amend the ELS (the “First Amendment”), which amendments included the following:

- (a) Fixed Interest was amended to 0%, instead of 5%;
- (b) The Accrued Interest Payable amounting to P832.3 million was applied as consideration for 122,391,176 common shares (“Accrued Interest Shares”) (see Note 24.1);
- (c) Conversion Shares became 728,275,862 new and fully paid-up shares, instead of 480.0 million;
- (d) ICR ended on June 15, 2017; and,
- (e) Share Market Price for the mandatory conversion at any time during the period beginning on Redemption Date and ending on the Extended Redemption Date was amended to ‘greater than P7.25 per share’, instead of ‘greater than P11.0 per share’ (“Share Market Price”).

Consequent to the amendments in certain terms of the ELS in 2017 as mentioned in the preceding paragraph, the financial liability component was revalued at P5.1 billion and the equity component was valued at P136.2 million, which represented the residual amount after deducting the financial liability component from the Issue Price. The carrying amounts of the components are presented separately in the consolidated statements of financial position [see Notes 2.24 and 3.2(h)], while the amortization of the revalued financial liability component is presented as part of Interest Expense account under the Costs and Expenses section of the consolidated statements of comprehensive income.

On December 4, 2019, EMP exercised the option to extend the Redemption Date to Extended Redemption Date. This did not result to substantial modification of terms.

On December 23, 2019, the parties entered into an amendment (the “Second Amendment”) which included the following:

- (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 Parent Company’s treasury shares (“Tranche 1 Conversion Shares”) (“Tranche 1 Conversion”); and,
 - (ii) P3,443,750,000 into 475,000,000 shares (“Tranche 2 Shares”) (“Tranche 2 Conversion”).
- (b) The Holder is allowed to transfer the ELS to an affiliate of EMP.

On January 31, 2020, the parties entered into an amendment (the “Third Amendment”), which removed the mandatory conversion of the ELS when the Share Market Price of greater than P7.25 per share is reached at any time during the period under Extended Redemption Date.

On February 5, 2020, the Holder exercised its right to Tranche 1 Conversion (see Note 24.2). Pursuant to this conversion, the Group also reclassified a portion of the Conversion Options amounting to P47.7 million to APIC in 2020 (see Note 2.24).

As of December 31, 2020, the financial liability component amounting to P3.4 billion is presented as Equity-linked Debt Securities under the Current Liabilities section of the 2020 consolidated statement of financial position.

On December 3, 2021, the Holder exercised its right to Tranche 2 Conversion and EMP was given a period until February 28, 2022, subsequently modified to May 15, 2022, to issue the Tranche 2 Shares (“Conversion Period”) (see Note 32). Pursuant to this, EMP derecognized the financial liability component of the ELS and recognized an equity component amounting to P3.4 billion, which is presented as Deposit on Future Stock Subscription – Equity-linked Securities under the Equity section of the 2021 consolidated statement of financial position [see Notes 2.24 and 3.2(h)]. The issuance of shares is expected to happen in 2022. Upon the actual conversion in 2022, EMP will reclassify the remaining portion of the Conversion Options amounting to P88.5 million to APIC (see Note 2.24).

Variable Interest of P152.0 million, P52.3 million and P36.4 million were respectively incurred in 2021, 2020 and 2019 and are presented as part of Interest Expense account under the Costs and Expenses section of the consolidated statements of comprehensive income. The accrued interest payable amounting to P36.4 million in 2019 was paid in full in 2020.

There were no related collaterals on the ELS.

16. TRADE AND OTHER PAYABLES

The breakdown of this account is as follows [see Note 2.11(b)]:

	Notes	2021	2020
Trade payables	23.1, 23.7	P 10,780,556,544	P 8,440,837,078
Accrued expenses	14, 15, 23.2(b)	6,309,215,929	6,076,818,039
Output VAT payable		602,515,558	485,066,543
Advances from related parties	23.5	3,070,715	3,070,715
Others	24.3	192,972,584	250,723,879
		<u>P 17,888,331,330</u>	<u>P 15,256,516,254</u>

Trade payables arise mostly from purchases of raw materials such as alcohol, molasses, flavorings and other supplies.

Accrued expenses significantly include various accruals relating to interest on interest-bearing loans, marketing, operations, and other activities. The accrued interest is expected to be paid subsequently based on the scheduled interest payment date (see Note 14).

17. PROVISIONS

The breakdown of this account as of December 31, 2021 and 2020 is as follows:

	Onerous Lease (see Note 17.1)	Dilapidations (see Note 17.2)	Total
Balance at January 1, 2021	P 65,648,128	P 157,351,424	P 222,999,552
Reclassification from contingent liability	-	163,200,000	163,200,000
Additional provisions	38,060,790	58,370,186	96,430,976
Utilized amounts	(74,647,826)	(3,563,106)	(78,210,932)
Balance at December 31, 2021	<u>P 29,061,092</u>	<u>P 375,358,504</u>	<u>P 404,419,596</u>
Balance at January 1, 2020	P 14,223,198	P 150,691,002	P 164,914,200
Additional provisions	56,331,220	11,603,520	67,934,740
Utilized amounts	(4,906,290)	(4,943,098)	(9,849,388)
Balance at December 31, 2020	<u>P 65,648,128</u>	<u>P 157,351,424</u>	<u>P 222,999,552</u>

17.1 Provision for Onerous Lease

WML has existing non-cancellable lease agreements on leasehold properties located in Glasgow and Edinburgh, Scotland, covering manufacturing plant facilities, buildings and parking spaces, which are vacant or subleased at a discount. The provisions take account of current market conditions, expected future vacant periods, expected future sublet benefits and are calculated by discounting expected net cash outflows on a pre-tax basis over the remaining period of the lease, which as of December 31, 2021 and 2020, is between one to nine years and one to 10 years, respectively.

In line with the adoption of PFRS 16 in 2019, the Group adjusted certain provision amounting to P399.0 million against the beginning balance of right-of-use assets (see Note 9.2). In 2021 and 2020, the Group recognized additional provision amounting to P38.1 million and P56.3 million, respectively, due to certain changes in assumptions arising from the impact of COVID-19 [see Note 3.2(k)]. The additional provision is presented as Provisions under General and Administrative Expenses account in the consolidated statements of comprehensive income since the related right-of-use assets were fully impaired as of December 31, 2021 and 2020 (see Note 20).

17.2 Provision for Dilapidations

WML is a party to lease agreements for properties located in Glasgow and Edinburgh, Scotland, which provide for tenant repairing clauses. The lease agreements require the Group to restore the leased properties to a specified condition at the end of the lease term in 2029. A provision was recognized for the present value of the costs to be incurred for the restoration of the leased properties. Additional provisions are capitalized as part of Right-of-use assets in 2021 and 2020 (see Note 9.2).

In 2021, following a court case settlement with the architects which was previously classified as contingent liability, the Group recognized an additional provision for the estimated future costs of P163.2 million. There was no similar transaction in 2020.

18. REVENUES AND OTHER INCOME

The details of revenues and other income are shown below.

	Notes	2021	2020	2019
Sale of goods and services	2.15	P 54,845,254,471	P 51,395,295,032	P 50,259,676,633
Others:				
Unrealized foreign currency gains – net		350,480,854	657,958,309	451,032,820
Equity in net profit of joint venture	12	161,824,100	185,108,059	239,168,070
Interest income	5, 7, 23.11	86,442,812	183,009,956	345,272,714
Other income – net	6, 7, 9.1, 23.11	492,270,086	412,933,950	270,329,936
		1,091,017,852	1,439,010,274	1,305,803,540
		P 55,936,272,323	P 52,834,305,306	P 51,565,480,173

19. COSTS OF GOODS SOLD

The details of costs of goods sold for the years ended December 31, 2021, 2020 and 2019 are shown below.

	Notes	2021	2020	2019
Finished goods at beginning of year	8	P 5,159,455,789	P 5,800,242,939	P 4,928,444,192
Finished goods purchased	23.1	3,748,405,320	10,731,882,891	4,994,755,739
Costs of goods manufactured				
Raw and packaging materials at beginning of year	8	4,700,265,220	3,909,543,916	3,932,351,991
Net raw material purchases during the year	23.1	29,109,202,427	20,543,108,027	26,133,746,725
Raw and packaging materials at end of year	8	(4,209,746,983)	(4,700,265,220)	(3,909,543,916)
Raw materials used during the year		29,599,720,664	19,752,386,723	26,156,554,800
Work-in-process at beginning of year	8	21,071,773,814	20,746,632,386	19,310,965,391
Direct labor	21.1	1,353,455,527	1,290,856,425	1,376,658,047
Manufacturing overhead:				
Depreciation and amortization	9.1, 9.2	1,226,142,057	1,214,677,541	941,461,292
Communication, light and water		359,775,061	269,051,436	240,089,684
Fuel and lubricants		342,040,077	270,206,749	318,963,537
Repairs and maintenance		325,965,699	255,517,659	285,073,846
Outside services	23.7	266,880,588	240,130,937	234,555,623
Consumables and supplies		161,066,562	73,696,771	243,509,236
Rentals	9.4, 23.2	158,095,637	104,148,917	84,348,779
Labor	21.1	145,330,862	113,430,652	118,360,434
Taxes and licenses		129,038,067	191,699,994	169,354,177
Impairment losses	8	58,114,232	44,775,076	8,321,687
Waste disposal		51,080,702	57,400,331	55,411,172
Balance carried forward		P 55,248,479,549	P 44,624,611,597	P 49,543,627,705

	Note	2021	2020	2019
<i>Balance brought forward</i>		P 55,248,479,549	P 44,624,611,597	P 49,543,627,705
Insurance		46,405,030	55,580,524	48,183,322
Meals		43,865,468	37,993,721	18,467,771
Transportation		37,655,344	27,834,394	25,402,013
Commission		24,830,090	210,989,168	172,482,671
Gasoline and oil		10,522,542	9,725,787	14,859,781
Miscellaneous		289,355,246	131,043,187	134,776,728
Work-in-process at end of year	8	(<u>24,225,660,910</u>)	(<u>21,071,773,814</u>)	(<u>20,746,632,386</u>)
		<u>31,475,452,359</u>	<u>24,026,004,564</u>	<u>29,211,167,605</u>
Finished goods at end of year	8	(<u>5,574,742,812</u>)	(<u>5,159,455,789</u>)	(<u>5,800,242,939</u>)
		<u>P 34,808,570,656</u>	<u>P 35,398,674,605</u>	<u>P 33,334,124,597</u>

20. OTHER OPERATING EXPENSES

The details of other operating expenses are shown below.

	Notes	2021	2020	2019
Advertising and promotions		P 2,647,160,744	P 2,750,503,269	P 3,116,353,049
Salaries and employee benefits	21.1	1,838,913,379	1,748,997,077	1,995,174,906
Professional fees and outside services		497,690,753	417,905,195	652,796,060
Freight and handling		415,133,136	559,511,059	470,860,051
Depreciation and amortization	9.1, 9.2	319,386,260	351,032,885	602,582,627
Travel and transportation		280,013,671	271,544,984	455,779,892
Representation		152,345,821	363,394,050	396,390,974
Repairs and maintenance		130,536,682	37,913,105	121,494,548
Taxes and licenses		112,953,861	92,030,624	76,639,949
Fuel and oil		64,279,067	66,262,436	98,819,432
Supplies		48,332,763	42,199,885	55,536,966
Provisions	17	38,060,790	56,331,220	-
Insurance		36,558,396	36,524,969	28,726,202
Rentals	9.4, 23.2	36,232,064	49,237,228	55,221,770
Communication, light and water		34,823,961	37,231,823	50,413,716
Other services		28,271,691	132,354,654	208,277,021
Meals		26,610,043	31,717,898	61,837,742
Impairment losses on financial assets	6	11,561,171	109,087,408	12,453,267
Amortization of trademarks	10	1,615,391	1,615,391	1,615,391
Impairment loss on trademarks	10	-	-	272,402,000
Others		<u>325,233,632</u>	<u>215,891,225</u>	<u>212,060,238</u>
		<u>P 7,045,713,276</u>	<u>P 7,371,286,385</u>	<u>P 8,945,435,801</u>

Others include royalty fees, subscription and association dues, postal services and other incidental expenses under the ordinary course of business.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Selling and distribution expenses	P 4,840,055,978	P 5,263,040,976	P 6,021,050,010
General and administrative expenses	<u>2,205,657,298</u>	<u>2,108,245,409</u>	<u>2,924,385,791</u>
	<u>P 7,045,713,276</u>	<u>P 7,371,286,385</u>	<u>P 8,945,435,801</u>

21. EMPLOYEE BENEFITS

21.1 Salaries and Employee Benefits Expense

The expenses recognized for salaries and employee benefits are summarized below.

	<u>Notes</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Salaries and wages		P 2,635,850,721	P 2,503,275,259	P 2,752,672,662
Post-employment defined contribution		202,274,995	205,493,775	180,607,937
Social security costs		152,982,990	175,446,538	175,819,949
Post-employment defined benefit	21.3	46,936,416	37,194,025	21,236,656
Share options	21.2, 24.4	44,927,978	26,958,168	26,958,170
Other short-term benefits		<u>254,726,668</u>	<u>204,916,389</u>	<u>332,898,013</u>
	19, 20	<u>P 3,337,699,768</u>	<u>P 3,153,284,154</u>	<u>P 3,490,193,387</u>

Other short-term benefits represent other employee benefits that were incurred during the reporting periods in which the employees render the related service.

The amount of salaries and employee benefits expense is allocated as follows:

	<u>Notes</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Costs of goods sold (inventoriable costs)	19	P 1,498,786,389	P 1,404,287,077	P 1,495,018,481
General and administrative expenses	20	810,425,862	812,719,240	1,004,037,452
Selling and distribution expenses	20	<u>1,028,487,517</u>	<u>936,277,837</u>	<u>991,137,454</u>
		<u>P 3,337,699,768</u>	<u>P 3,153,284,154</u>	<u>P 3,490,193,387</u>

In 2021, 2020 and 2019, salaries and wages, post-employment benefits and other short-term benefits totaling P373.1 million, P329.5 million and P432.5 million, respectively, were capitalized to form part of the work-in-process inventory (see Note 8). Such capitalized amount represents salaries and employee benefits of personnel directly involved in the production of whisky.

21.2 Employee Share Option

Employee share option expense, included as part of Salaries and employee benefits expense under the General and Administrative Expenses account in the consolidated statements of comprehensive income, amounted to P44.9 million in 2021 and P27.0 million each in 2020 and 2019, while the corresponding cumulative credit to Share Options Outstanding account is presented under the Equity section of the consolidated statements of financial position (see Note 24.4).

21.3 Post-employment Defined Benefit Plan

(a) Characteristics of the Defined Benefit Plan

Except for GES, which provides employee benefits through a defined contribution plan, the Group maintains a funded, tax-qualified, noncontributory retirement benefit plan which is being administered by a trustee bank that is legally separated from the Group.

The post-employment plan covers all regular full-time employees of EDI, AWGI, TEI, PAI and certain employees of WMG, and provides a retirement benefit ranging from 85% to 150% of plan salary for every year of credited service.

The normal retirement age is 60 with a minimum of five years of credited service. The plan provides for an early retirement at the age of 50 with a minimum of ten years of credited service and likewise a late retirement age that is not beyond 65, with a minimum of five years of credited service both subject to the approval of the Parent Company's BOD.

(b) Explanation of Amounts Presented in the Consolidated Financial Statements

Actuarial valuations are made regularly to update the post-employment benefit costs and the amount of contributions. All amounts presented below and in the succeeding pages are based on the actuarial valuation reports obtained from independent actuaries.

The amounts of retirement benefit asset (obligation) recognized in the consolidated statements of financial position are determined as follows:

	<u>2021</u>	<u>2020</u>
Fair value of plan assets	P 16,232,015,874	P 14,795,901,448
Present value of the obligation	(15,318,015,379)	(15,155,430,394)
	<u>P 914,000,495</u>	<u>(P 359,528,946)</u>

The movements in the present value of the retirement benefit obligation recognized in the books are as follows:

	<u>2021</u>	<u>2020</u>
Balance at beginning of year	P 15,155,430,394	P 13,815,644,171
Foreign exchange adjustment	924,176,000	(410,525,122)
Benefits paid	(495,415,829)	(635,198,709)
Interest expense	251,476,876	294,782,248
Current service costs	46,936,416	37,194,025
Past service costs	-	16,000,000
Remeasurements –		
Actuarial losses (gains)		
arising from:		
Changes in financial assumptions	(398,201,782)	1,863,005,059
Changes in demographic assumptions	(159,193,525)	159,808,000
Experience adjustments	(7,193,171)	<u>14,720,722</u>
Balance at end of year	<u>P 15,318,015,379</u>	<u>P 15,155,430,394</u>

The movements in the fair value of plan assets are presented below.

	<u>2021</u>	<u>2020</u>
Balance at beginning of year	P 14,795,901,448	P 14,035,171,864
Foreign exchange adjustment	924,032,000	(424,986,000)
Benefits paid	(494,279,863)	(635,198,709)
Return on plan assets (excluding amounts included in net interest)	462,875,778	1,250,889,021
Contributions to the plan	302,588,613	274,239,234
Interest income	<u>240,897,898</u>	<u>295,786,038</u>
Balance at end of year	<u>P 16,232,015,874</u>	<u>P 14,795,901,448</u>

The net effect of the foreign exchange adjustment in the present value of the retirement obligation and the fair value of plan assets amounted to P0.1 million in 2021 and P14.5 million in 2020.

The composition and the fair value of plan assets as at December 31, 2021 and 2020 by category and risk characteristics are shown below.

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	P 145,985,868	P 133,060,608
Quoted equity securities	6,986,244,234	6,368,729,608
Diversified growth fund	<u>1,038,121,728</u>	<u>946,208,768</u>
	<u>8,024,365,962</u>	<u>7,314,938,376</u>
Debt securities:		
Corporate bonds	3,163,027,140	2,882,979,840
Liability driven instrument	2,919,717,360	2,661,212,160
Index-linked gilts	<u>1,200,328,248</u>	<u>1,094,053,888</u>
	<u>7,283,072,748</u>	<u>6,638,245,888</u>
Property	<u>778,591,296</u>	<u>709,656,576</u>
	P 16,232,015,874	P 14,795,901,448

Other than the fair value of property investment, which is classified as Level 3 in the fair value hierarchy, the fair values of the above quoted securities and instruments are determined based on quoted market prices in active markets; hence, classified as Level 1 in the fair value hierarchy.

Plan assets do not comprise any of the financial instruments of the Group or its related parties, or any of its assets occupied and/or used in its operations.

The components of amounts recognized in profit or loss and other comprehensive income or loss in respect of the retirement benefit asset (obligation) are as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<i>Reported in profit or loss:</i>			
Current service costs	P 46,936,416	P 37,194,025	P 21,236,656
Interest expense (income)	<u>10,578,978</u>	<u>(1,003,790)</u>	<u>8,399,051</u>
	<u>P 57,515,394</u>	<u>P 36,190,235</u>	<u>P 29,635,707</u>
<i>Reported in other comprehensive income or loss:</i>			
Return on plan assets (excluding amount included in net interest)	P 462,875,778	P 1,237,929,022	P 2,059,661,356
Actuarial gains (losses) arising from:			
Changes in financial assumptions	398,201,782	(1,863,005,059)	(1,438,052,849)
Changes in demographic assumptions	159,193,525	(159,808,000)	(509,916,000)
Experience adjustments	<u>7,193,171</u>	<u>(14,720,722)</u>	<u>65,189,000</u>
	<u>P 1,027,464,256</u>	<u>(P 799,604,759)</u>	<u>P 176,881,507</u>

The amounts of post-employment benefits expense recognized in profit or loss are presented as part of General and Administrative Expenses for current service costs and as part of Interest Expense for net interest expense (income) accounts under the Costs and Expenses section in the consolidated statements of comprehensive income.

Amounts recognized in other comprehensive income or loss were included within items that will not be reclassified subsequently to profit or loss.

In determining the amounts of the retirement benefit obligation, the following actuarial assumptions were used:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Discount rate	3.95%-5.09%	3.95%-3.96%	5.21%-5.35%
Expected rate of salary increase	5.00%-7.00%	5.00%-7.00%	5.10%-7.00%

Assumptions regarding future mortality are based on published statistics and mortality tables. The average remaining working life of an individual retiring at the age of 60 is 23 years for both males and females. These assumptions were developed by management with the assistance of independent actuaries. Discount factors are determined close to the end of each reporting period by reference to the interest rates of zero coupon government bonds with terms to maturity approximating to the terms of the retirement benefit obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) *Risks Associated with the Retirement Benefit Obligation*

The Group is exposed to actuarial risks such as interest rate risk, longevity risk and salary risk.

(i) *Investment and Interest Rate Risks*

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of reference government bonds will increase the retirement benefit obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan. Currently, the plan has relatively balanced investment in equity securities and debt securities. Due to the long-term nature of the plan obligation, a level of continuing debt and equity investments is an appropriate element of the Group's long-term strategy to manage the plan efficiently.

(ii) *Longevity and Salary Risks*

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the participants during their employment and to their future salaries. Consequently, increases in the life expectancy and salary of the participants will result in an increase in the retirement benefit obligation.

(d) *Other Information*

The information on the sensitivity analysis for certain significant actuarial assumptions and the timing and uncertainty of future cash flows related to the retirement plan are described below.

(i) *Sensitivity Analysis*

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the retirement benefit obligation as of the end of the reporting periods:

	Impact on Retirement Benefit Obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
<u>December 31, 2021</u>			
Discount rate	+0.25%/-0.25%	(P 689,138,647)	P 743,798,476
Salary growth rate	+1.00%/-1.00%	207,326,284 (191,924,168)
<u>December 31, 2020</u>			
Discount rate	+0.25%/-0.25%	(P 721,144,223)	P 775,297,017
Salary growth rate	+1.00%/-1.00%	224,609,816 (207,938,896)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the retirement benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the retirement benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the retirement benefit obligation recognized in the consolidated statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) *Asset-liability Matching Strategies*

To efficiently manage the retirement plan, the Group through its Management Committee, ensures that the investment positions are managed in accordance with its asset-liability matching strategy to achieve that long-term investments are in line with the obligations under the retirement scheme. This strategy aims to match the plan assets to the retirement obligations by investing in long-term fixed interest securities (i.e., quoted equity securities and corporate bonds) with maturities that match the benefit payments as they fall due and in the appropriate currency. The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement obligations.

In view of this, investments are made in reasonably diversified portfolio, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of the plan assets as at December 31, 2021 and 2020 consists of quoted equity securities, corporate bonds and other instruments, although the Group also invests in funds.

The expected maturity of undiscounted expected benefits payments within 10 years is as follows:

	<u>2021</u>	<u>2020</u>
Within one year	P 346,340,076	P 320,594,583
More than one but less than five years	1,119,290,136	1,328,151,573
More than five years but less than 10 years	<u>97,766,014</u>	<u>88,046,296</u>
	<u>P 1,563,396,226</u>	<u>P 1,736,792,452</u>

The weighted average duration of the retirement benefit obligation at the end of the reporting period is 16.56 years.

22. CURRENT AND DEFERRED TAXES

On March 26, 2021, Philippine Republic Act (R.A.) No. 11534, *Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act*, was signed into law and took effect on April 11, 2021 (15 days after publication). The following are the major changes brought about by the CREATE Act that are relevant to and considered by the EMP and its Philippine subsidiaries:

- regular corporate income tax (“RCIT”) rate is decreased from 30% to 25% starting July 1, 2020;
- minimum corporate income tax (“MCIT”) rate is decreased from 2% to 1% starting July 1, 2020 until June 30, 2023;
- the imposition of 10% tax on improperly accumulated retained earnings is repealed; and,
- the allowable deduction for interest expense is reduced from 33% to 20% of the interest income subjected to final tax.

As a result of the application of the lower RCIT rate starting July 1, 2020, the current income tax expense and income tax payable, as presented in the 2020 annual income tax return (“ITR”) of the Group’s Philippine entities, would be lower by P136.4 million as compared to the amount presented in the 2020 consolidated financial statements and such amount was charged to 2021 profit or loss.

In 2021, the recognized net deferred tax liabilities as of December 31, 2020 was remeasured to 25%. This resulted in a decline in the recognized net deferred tax liabilities in 2020 by P26.4 million and such was recognized in the 2021 profit or loss (P19.7 million) and in other comprehensive income (P6.7 million).

In UK, an increase in corporation tax rates from 19% to 25% shall take effect on April 1, 2023 by the Royal Assent received on June 10, 2021. Accordingly, deferred tax assets and deferred tax liabilities were re-measured at the new tax rate which resulted in additional tax expense of which P672.4 million pertains principally to intangibles at the consolidation level. This deferred tax adjustment was taken up in the consolidated financial statements only, does not affect the stand-alone operating results of UK business, and it would not be realized or paid unless the business is liquidated or sold in the far future.

The components of tax expense (income) as reported in the consolidated statements of comprehensive income are as follows.

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<i>Reported in profit or loss</i>			
Current tax expense:			
Regular corporate income tax (RCIT) at 30%, 25%, 20%, 19% and 17%	P 1,896,097,043	P 1,469,668,087	P 1,335,421,308
Final tax on interest income at 20% and 15%	2,212,068	9,725,587	118,539,408
Adjustment in 2020 income tax due to change in tax rate	(136,421,080)	-	-
Minimum corporate income tax (MCIT) at 2%	<u>-</u>	<u>-</u>	<u>4,464,793</u>
	<u>1,761,888,031</u>	<u>1,479,393,674</u>	<u>1,458,425,509</u>
Deferred tax expense (income):			
Due to the effect of change in income tax rate	19,700,325	-	-
Relating to effect of change in income tax rate on fair value of assets/intangibles	672,384,000		
Relating to origination and reversal of other temporary differences	<u>292,845,452</u>	<u>(80,308,018)</u>	<u>189,008,843</u>
	<u>984,929,777</u>	<u>(80,308,018)</u>	<u>189,008,843</u>
	<u>P 2,746,871,808</u>	<u>P 1,399,085,656</u>	<u>P 1,647,434,352</u>
<i>Reported in other comprehensive income or loss</i>			
Deferred tax expense (income):			
Due to the effect of change in income tax rate	P 6,721,103	P -	P -
Relating to remeasurements of retirement benefit obligation	<u>255,965,063</u>	<u>51,531,692</u>	<u>87,253,112</u>
	<u>P 262,686,166</u>	<u>P 51,531,692</u>	<u>P 87,253,112</u>

A reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense is as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Tax on pretax profit at 25% in 2021 and 30% in 2020 and 2019	P 3,223,794,278	P 2,830,717,684	P 2,543,991,181
Adjustment for income subjected to different tax rates	(74,807,073)	(129,169,052)	(47,844,059)
Adjustments in claiming optional standard deduction (OSD)	(485,960,848)	(216,046,654)	284,614,862
Tax effects of:			
Adjustments to current tax for prior years due to change in tax rate	823,700,864	(17,399,043)	(36,330,480)
Non-taxable income	(626,756,835)	(1,110,417,251)	(1,348,401,507)
Change in income tax rate	<u>(116,720,755)</u>	<u>-</u>	<u>-</u>
Balance carried forward	<u>P 2,743,249,631</u>	<u>P 1,357,685,684</u>	<u>P 1,396,029,997</u>

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<i>Balance brought forward</i>	<u>P 2,743,249,631</u>	<u>P 1,357,685,684</u>	<u>P 1,396,029,997</u>
Non-deductible expenses	86,350,753	102,542,213	336,337,394
Accelerated capital allowances and other short-term temporary differences	(43,850,259)	(21,692,992)	(21,504,817)
Equity in net income of joint venture	(40,456,025)	(55,324,418)	(71,750,421)
Unrecognized deferred tax asset on:			
Net operating loss carry-over (NOLCO)	1,523,708	15,875,169	3,857,406
MCIT	<u>-</u>	<u>-</u>	<u>4,464,793</u>
	<u>P 2,746,817,808</u>	<u>P 1,399,085,656</u>	<u>P 1,647,434,352</u>

EMP and its Philippine subsidiaries are subject to the higher of RCIT at 25% in 2021 and 30% in 2020 of net taxable income or MCIT at 1% in 2021 and 2% in 2020 of gross income, as defined under the Philippine tax regulations. They paid RCIT in 2021, 2020 and 2019 as RCIT was higher in those years, except for TEI in 2019 in which MCIT was higher than RCIT.

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

The deferred tax assets and liabilities as of December 31 relate to the following:

	<u>2021</u>	<u>2020</u>
Brand valuation	(P 2,491,991,522)	(P 1,807,354,161)
Fair value adjustment	(386,506,864)	(280,319,890)
Short-term temporary differences	(342,312,232)	(228,519,008)
Retirement benefit obligation (asset)	(228,632,315)	102,807,770
Lease liabilities	213,920,274	514,178,329
Right-of-use assets	(164,723,866)	(442,772,890)
Capitalized borrowing costs	(41,118,820)	(51,585,429)
Allowance for impairment	22,614,307	22,287,708
Unamortized past service costs	<u>178,093</u>	<u>320,569</u>
Net deferred tax liabilities	<u>(P 3,418,572,945)</u>	<u>(P 2,170,957,002)</u>

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

	<u>2021</u>	<u>2020</u>
Deferred tax liabilities - net	(P 3,552,232,410)	(P 2,315,851,761)
Deferred tax assets - net	<u>133,659,465</u>	<u>144,894,759</u>
	<u>(P 3,418,572,945)</u>	<u>(P 2,170,957,002)</u>

Movements in net deferred tax liabilities for the years ended December 31 are as follows:

	Consolidated Profit or Loss			Consolidated Other Comprehensive Income or Loss		
	2021	2020	2019	2021	2020	2019
Right-of-use assets	(P 278,049,024)	(P 427,277,742)	P 3,321,262	P -	P -	P -
Lease liabilities	300,258,055	336,786,409	120,136,046	-	-	-
Brand valuation	684,637,361	195,287,001	(220,901,496)	-	-	-
Retirement benefit obligation (asset)	68,753,919	(158,441,906)	(48,878,040)	262,686,166	51,531,692	87,253,112
Short-term temporary differences	113,793,224	(51,632,911)	162,692,611	-	-	-
Fair value adjustment	106,186,974	30,288,922	171,234,563	-	-	-
Allowance for impairment	(326,599)	(3,181,801)	(2,519,438)	-	-	-
Capitalized borrowing costs	(10,466,609)	(2,242,845)	3,816,480	-	-	-
Unamortized past service costs	142,476	106,855	106,855	-	-	-
Deferred tax expense (income)	<u>P 984,929,777</u>	<u>(P 80,308,018)</u>	<u>P 189,008,843</u>	<u>P 262,686,166</u>	<u>P 51,531,692</u>	<u>P 87,253,112</u>

In 2021, 2020 and 2019, the Group opted to claim itemized deductions in computing its income tax due, except for EDI, PAI and AWGI which both opted to claim OSD during the same taxable years.

23. RELATED PARTY TRANSACTIONS

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

The summary of the Group's transactions with its related parties in 2021, 2020 and 2019 and the related outstanding balances as of December 31, 2021 and 2020 are presented below and in the succeeding pages.

Related Party Category	Notes	Amount of Transaction			Outstanding Balance Receivable (Payable)	
		2021	2020	2019	2021	2020
Ultimate Parent Company:						
Advances collected	23.6	(P 2,178,819,411)	P -	P -	P -	P 2,178,819,411
Dividends	24.3	4,252,534,514	1,403,196,355	596,182,620	-	-
Lease of properties:	23.2(a)					
Rentals paid		26,500,000	10,406,000	9,680,000	-	-
Right-of-use assets		23,428,730	8,029,106	6,572,172	117,143,648	48,174,637
Lease liabilities		3,420,712	2,509,133	4,313,895	(123,621,590)	(54,303,136)
Related Parties Under Common Ownership:						
Purchase of raw materials	23.1	1,414,490,208	2,775,139,348	3,709,697,815	(621,856,151)	(811,977,473)
Advances for land purchase	23.10	10,172,131	271,246,367	83,350,000	-	622,049,938
Sale of goods	23.3	93,930,713	87,891,147	228,827,930	206,204,092	273,229,290
Lease of properties:	23.2(b and c)					
Rentals paid		70,722,430	73,391,077	79,327,870	-	(10,429)
Right-of-use assets		73,691,945	53,281,092	48,774,598	151,388,199	251,748,629
Lease liabilities		17,604,151	18,898,425	14,382,373	(193,176,272)	(226,954,257)
Refundable security deposits		(1,123,845)	3,696,842	(3,592,411)	6,480,688	7,604,533
Management services	23.7	60,000,000	60,000,000	60,000,000	(33,000,000)	(110,000,000)
Purchase of finished goods	23.1	16,516,490	14,824,943	28,098,331	(972,593)	(983,717)
Perpetual notes	23.11	-	-	1,254,552,250	-	-
Stockholder –						
Advances obtained	23.5	-	-	-	(3,070,715)	(3,070,715)
Officers and Employees:						
Employee share option	24.4	44,927,979	26,958,169	26,958,169	-	-
Advances granted (collected)	23.4	59,146,778	10,780,936	(7,244,067)	103,446,030	44,299,252
Key Management Personnel –						
Compensation	23.8	232,092,594	222,429,521	236,404,840	974,186	-

The outstanding balances from the above transactions with related parties are unsecured, noninterest-bearing and payable or collectible on demand, unless otherwise stated. No impairment loss was recognized, and none is deemed necessary, in 2021, 2020 and 2019 for the related party receivables.

23.1 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 transactions are normally being paid within 30 days. The Group also 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 8).

The related unpaid purchases as of December 31, 2021 and 2020 are shown as part of Trade payables under the Trade and Other Payables account in the consolidated statements of financial position (see Note 16).

23.2 Lease of Properties

(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.

In 2019, AWGI recognized right-of-use assets and lease liabilities from this lease agreement in accordance with PFRS 16, which will be amortized and paid, respectively, over the lease term in lieu of the annual rent expense. However, in 2020, AWGI and AGI agreed to amend the terms in the lease agreement by changing the increase in minimum annual rent from 10% to 7.5% effective January 2020. This is accounted for as a lease modification, which resulted in the remeasurement of right-of-use assets and lease liabilities during the same year amounting to P10.2 million. Amortization of right-of-use assets amounted to P23.4 million in 2021, P8.0 million in 2020 and P6.6 million in 2019, and are presented as part of Depreciation and amortization under Costs of Goods Sold account in the consolidated statements of comprehensive income. Interest expense recognized from the lease liabilities amounted to P3.4 million in 2021, P2.5 million in 2020 and P4.3 million in 2019, and are presented as part of Interest Expense account in the consolidated statements of comprehensive income.

AWGI paid P26.5 million in 2021, P10.4 million in 2020, and P9.7 million in 2019 and there were no outstanding balances arising from this lease agreement with AGI as of December 31, 2021 and 2020.

(b) Megaworld

The Group also entered into lease contracts with Megaworld, a related party under common ownership, for the head office space of the Group.

In 2019, EDI, PAI and AWGI recognized right-of-use assets and lease liabilities from lease agreements with Megaworld in accordance with PFRS 16. In 2020, PAI leased an office space with Megaworld, in which a right-of use asset and lease liability were also recognized. Amortization of right-of-use assets amounting to P31.1 million, P29.2 million and P19.9 million in 2021, 2020 and 2019, respectively, are presented as part of Depreciation and amortization under the Costs of Goods Sold account in the consolidated statements of comprehensive income, while amortization of right-of-use assets amounting to P3.9 million, P11.8 million and P9.5 million in 2021, 2020 and 2019, respectively are presented under the General and Administrative Expenses account in the consolidated statements of comprehensive income (see Notes 19 and 20).

Interest expense from the lease liabilities amounting to P12.8 million, P12.2 million and P10.0 million in 2021, 2020 and 2019, respectively, are presented as part of Interest Expense account in the consolidated statements of comprehensive income.

The Group paid P40.1 million in 2021, P44.1 million in 2020 and P40.2 million in 2019 and there were no outstanding balances arising from these lease agreements as of December 31, 2021 and 2020.

The refundable security deposits paid to the lessors are shown as part of Other Non-current Assets account in the consolidated statements of financial position (see Note 11.2).

AWGI also leases from Megaworld a parking space, which is considered as low value asset based on the provision of PFRS 16. The related rent expense amounting to P0.1 million in 2021, 2020 and 2019 is presented as part of Rentals under the General and Administrative Expenses account in the consolidated statements of comprehensive income. The outstanding liability arising from this transaction as of December 31, 2021 and 2020 is presented as part of Accrued expenses under the Trade and Other Payables account in the consolidated statements of financial position (see Note 16).

(c) Empire East Land Holdings, Inc.

EDI entered into a lease contract with Empire East Land Holdings, Inc., a related party under common ownership, for the Company's office and warehouse.

In 2019, EDI recognized right-of-use assets and lease liabilities from this lease agreement in accordance with PFRS 16. Amortization of right-of-use assets amounting to P38.7 million both in 2021 and 2020 and P19.3 million in 2019 are presented as part of Depreciation and amortization under the Costs of Goods Sold account in the consolidated statements of comprehensive income (see Note 19). Interest expense from the lease liability amounting to P4.8 million, P6.7 million and P4.4 million in 2021, 2020 and 2019, respectively, are presented as part of Interest Expense account in the consolidated statements of comprehensive income.

EDI paid P30.6 million in 2021, P29.2 million in 2020 and P45.9 million in 2019 and there are no unpaid rentals relating to this lease agreement as of December 31, 2021 and 2020.

The outstanding right-of-use assets and lease liabilities from these lease agreements with related parties as of December 31, 2021 and 2020 are presented as part of Property, Plant, and Equipment – net account and Lease Liabilities account in the consolidated statements of financial position (see Note 9).

23.3 Sale of Goods

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

23.4 Advances to Officers and Employees

In the normal course of business, the Group grants noninterest-bearing, unsecured, and payable on demand 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 consolidated statements of financial position (see Note 6).

The movements in the balance of Advances to Officers and Employees account are as follows:

	<u>2021</u>	<u>2020</u>
Balance at beginning of year	P 44,299,252	P 33,518,316
Additions - net	<u>59,146,778</u>	<u>10,780,936</u>
Balance at end of year	<u>P 103,446,030</u>	<u>P 44,299,252</u>

23.5 Advances from Related Parties

AGI and other entities within the AGI Group, and other related parties grant cash advances to the Group for its working capital, investment and inventory purchases requirements. These advances are unsecured, noninterest-bearing and repayable in cash upon demand. The outstanding balance as of December 31, 2021 and 2020 amounting to P3.1 million is presented as Advances from related parties under the Trade and Other Payables account in the consolidated statements of financial position (see Note 16).

23.6 Advances to Ultimate Parent Company

The Group made unsecured cash advances to AGI for its investment activities, which were payable in cash upon demand. There were no additional cash advances in 2021, 2020 and 2019. The outstanding balance as of December 31, 2020, which is presented as Advances to ultimate parent company under the Trade and Other Receivables account in the 2020 consolidated statement of financial position (see Note 6), was fully collected in 2021.

23.7 Management Services

EDI had a management agreement with Condis for consultancy and advisory services in relation to the operation, management, development and maintenance of its distillery plant, which was transferred to Progreen when the distillery plant was leased to Progreen starting 2017.

Total management fees incurred are presented as part of Outside services under the Costs of Goods Sold account in the consolidated statements of comprehensive income (see Note 19). The outstanding liability as of December 31, 2021 and 2020 is presented as part of Trade payables under the Trade and Other Payables account in the consolidated statements of financial position (see Note 16). The related liabilities are unsecured, noninterest-bearing and payable upon demand.

23.8 Key Management Personnel Compensation

The compensation of key management personnel for employee services is shown below.

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Short-term benefits	P 212,314,988	P 203,237,736	P 213,788,841
Share options	10,022,174	4,212,485	4,212,485
Post-employment defined benefits	9,755,432	14,979,300	18,403,514
	<u>P 232,092,594</u>	<u>P 222,429,521</u>	<u>P 236,404,840</u>

23.9 Retirement Plan

The Group's retirement funds for its post-employment defined benefit plan is administered and managed by a trustee bank. The fair value and the composition of the plan assets as of December 31, 2021 and 2020 are presented in Note 21.3. These plan assets do not include EMP Group's own financial instruments. The retirement fund neither provides any guarantee or surety for any obligation of the Group nor its investments covered by any restrictions or liens.

23.10 Purchase of Land

In 2016, the Group entered into a contract to purchase certain parcels of land located in Iloilo and Cebu from Megaworld for a total consideration of P206.0 million inclusive of VAT. As of December 31, 2020, the full cash payments made by the Group were presented as part of Advances to suppliers under the Other Non-current Assets account in the 2020 consolidated statement of financial position (see Note 11.2). In 2021, the legal title and the risks and rewards of ownership over the parcels of land have been transferred to the Group; hence, the cost of related properties was recorded as Land acquisition by the Group.

In 2014, the Group made cash payments to certain related party under common ownership for the acquisition of certain parcels of land located in Davao. However, the planned acquisition was temporarily suspended by both parties. The advanced payment amounting to P144.8 million as of December 31, 2020 was presented as part of Advances to suppliers under the Other Non-current Assets account in the 2020 consolidated statement of financial position (see Note 11.2). In 2021, the sale was finalized for total consideration of P153.0 million inclusive of VAT and titles of ownership over the said parcels of land were transferred to the Group; hence the cost of related properties was reclassified as Land acquisition.

In 2019, the Group also purchased parcels of land located in Legazpi City from a certain related party amounting to P47.1 million. The acquired land was paid in full in 2019.

In 2020, the Group purchased parcels of land located in Tanza, Cavite from a related party for total consideration of P273.2 million excluding VAT. The Group already paid P271.2 million as of December 31, 2020, which was presented as part of Advances to suppliers under the Other Non-current Assets account in the 2020 consolidated statement of financial position (see Note 11.2). In 2021, the acquisition was fully paid and titles of ownership over the said parcels of land were transferred to the Group; hence the related properties were reclassified as Land acquisition.

23.11 Perpetual Notes

In 2018, the Group acquired Megaworld Perpetual Notes amounting to P1.2 billion (see Note 7). The investment was sold in 2019 and the Group recognized a gain on disposal amounting to P16.4 million, which is presented as part of Other income under the Revenues and Other Income section of the 2019 consolidated statement of comprehensive income (see Note 18). The Group also recognized interest income from these financial instruments amounting to P29.4 million in 2019.

23.12 Purchase and Sale Commitment

On December 27, 2020, the Group signed a letter of intent with Global One, a related party under common ownership, for the sale of its land and building for a total purchase price of €16.6 million (see Note 13).

24. EQUITY

24.1 Capital Stock

Capital stock consists of:

	Shares			Amount		
	2021	2020	2019	2021	2020	2019
Common shares – P1 par value						
Authorized – 20.0 billion shares						
Issued and outstanding:						
Balance at beginning of year	15,772,710,138	15,759,165,376	15,985,015,876	P 12,496,806,994	P 12,754,551,764	P 14,392,623,076
Treasury shares – at cost (Notes 2.24 and 24.2)	(101,718,800)	13,544,762	(225,850,500)	(1,002,129,721)	(257,744,770)	(1,638,071,312)
Balance at end of year	<u>15,670,991,338</u>	<u>15,772,710,138</u>	<u>15,759,165,376</u>	<u>P 11,494,677,273</u>	<u>P 12,496,806,994</u>	<u>P 12,754,551,764</u>

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

On December 19, 2011, the Parent Company issued through initial public offering (“IPO”) an additional 22.0 million shares with an offer price of P4.50 per share. The Parent Company incurred P10.9 million IPO-related costs, P4.2 million of which was charged against APIC and the balance of P6.7 million was recognized as part of other operating expenses. Net proceeds from the IPO amounted to P90.8 million.

On December 27, 2012, the Parent Company issued additional 6.0 million shares with an offer price of P5.50 per share through a private placement.

On June 19, August 27 and September 5, 2013, the Parent Company’s BOD, stockholders, and SEC, respectively, approved the increase in authorized capital stock of EMP 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 P1.00 per share. On July 4, 2013, the Parent Company’s BOD approved the issuance of 6.5 million shares at par value to two foreign investors. On August 28, 2013, AGI and other investors subscribed to an aggregate of 14.9 billion shares. Under the terms of AGI’s subscription, the Parent Company acquired all of EDI shares held by AGI.

On September 17, 2013, AGI launched an offering of 1.8 billion EMP shares, which is approximately 12.0% 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 EMP as an additional subscription price from AGI under the terms of the amended agreement with AGI; such amount is recorded as APIC in EMP's books. Costs related to the issuances amounting to P176.3 million were deducted from APIC.

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

On December 4, 2014, the Parent Company issued additional 1.1 billion common shares with an offer price of P11.0 per share through private placement (see Note 15). This resulted to a decrease in AGI's ownership from 87.55% to 81.46% as of December 31, 2014. The excess of the subscription price over the par value amounting to P11.2 billion was recorded as APIC.

On November 28, 2017, the Parent Company issued 122.4 million common shares at P6.80 per share in consideration of the accrued interest on ELS amounting to P832.3 million (see Note 15). The excess of accrued interest over the par value amounting to P709.9 million was recorded as part of APIC (see Note 2.24).

On February 5, 2020, the Parent Company issued 253.3 million shares to Arran for the Tranche 1 Conversion of the ELS (see Notes 15 and 24.2). Consequently, Conversion Options amounting to P47.7 million was transferred to APIC.

On December 3, 2021, Tranche 2 Conversion of the ELS amounting to P3,443.8 million was transferred into equity with the shares to be issued in 2022. Consequently, the ELS is reported as Deposit on Future Subscription – Equity-Linked Securities (see Note 15).

As of December 31, 2021 and 2020, the quoted closing price per share is P20.80 and P10.10, respectively, and there are 135 and 152 holders in 2021 and 2020, respectively, which include nominee accounts, of the Parent Company's total issued and outstanding shares. The percentage shares of stock owned by the public are 15.01% and 15.73% as of December 31, 2021 and 2020, respectively.

24.2 Treasury Shares

On May 12, 2017, the Parent Company's BOD authorized the buy-back of EMP's common shares of up to P5.0 billion for a term of 2 years commencing on May 16, 2017 and ending on May 16, 2019. On May 7, 2019, the buy-back program of the Parent Company's common shares of up to P3.0 billion was extended for 12 months ending May 16, 2020. On May 16, 2020, the BOD approved another 12-month extension ending on May 16, 2021 under the same terms and conditions.

On April 12, 2021, the Parent Company's BOD authorized a buy-back program of EMP's common shares of up to P1.0 billion ending on December 31, 2021 under the same terms and conditions as the previous ones. The allotment was fully used up by the end of June 30, 2021.

As of December 31, 2021 and 2020, the Parent Company has spent P6.12 billion, including trading charges, to purchase a total of 759.20 million shares and P5.11 billion to purchase a total of 657.48 million shares, respectively, under the buy-back program. In 2021, 2020 and 2019, the Parent Company has repurchased 101.7 million, 174.2 million and 225.9 million shares for P1.0 billion, P2.1 billion and P1.6 billion, respectively. Out of these, a total of 253.3 million shares had been issued to Arran for the Tranche 1 Conversion pursuant to the exercise of its right to convert under Second Amendment of the ELS (see Note 15).

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 (see Note 24.3).

24.3 Declaration of Dividends

The details of the Parent Company's cash dividend declarations in 2021, 2020 and 2019 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>
August 2, 2021	August 13, 2021	September 8, 2021	P 0.1100	P1,731,011,836
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
August 5, 2020	August 18, 2020	September 3, 2020	0.1100	1,751,016,634
December 17, 2019	January 7, 2020	January 20, 2020	0.0500	787,958,269

The Parent Company's buy-back program restricts the Parent Company's retained earnings for distribution as dividends up to the cost of the treasury shares (see Note 24.2).

The outstanding dividends payable as of December 31, 2019 amounting to P779.2 million, net of final withholding taxes ("FWT") of P8.7 million, had been fully paid on January 20, 2020. There were no unpaid dividends as of December 31, 2021 and 2020.

24.4 Employee Share Option

On November 7, 2014, the BOD approved an employee share option 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 the date of retirement of the option holder provided that the option holder had continuously served as an employee for eleven years after the option offer date or three years for option holder who has continuously served for at least 20 years before the option offer date, and may be exercised within five years from vesting date, subject to the terms and conditions of the amended ESOP. The exercise price shall be at most a 15% discount from the volume weighted average closing price of the Parent Company's shares for nine months immediately preceding the date of grant.

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

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

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 - 20.23 years
Share price at grant date	P8.90 - P15.50
Exercise price at grant date	P7.00 - P10.65
Average fair value of option at grant date	P3.26 - P7.59
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% - 4.89%

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

Share option benefits expense, which is included as part of Salaries and employee benefits under the General and Administrative Expenses account, amounting to P44.9 million in 2021 and P27.0 million each in 2020 and 2019 was recognized (see Note 21.2), while the corresponding credit to Share Options Outstanding account is presented as part of Equity Attributable to Owners of the Parent Company under the Equity section of the consolidated statements of financial position.

24.5 Appropriation of Retained Earnings

In 2017, the Group appropriated a portion of its retained earnings amounting to P600.0 million for capital expenditures at the glass manufacturing plant. On January 22, 2019, the Group appropriated additional P200.0 million for a project expected to be completed in 2022. In 2021, the Group reversed the appropriated retained earnings of P800.0 million. Also, in 2021, the Group appropriated P1,200.0 million for the rehabilitation of furnace and other capital expenditures for the glass manufacturing plant which are expected to be completed in 2025.

24.6 Subsidiaries with Non-controlling Interest

The composition of NCI account is as follows (see Note 2.24):

	Notes	Percentage of Ownership of NCI	2021	2020
DBLC	1.1(p)	50%	P1,021,025,250	P 798,380,685
Boozylife	1.1(d)	38%	(20,855,756)	(19,869,058)
			<u>P1,000,169,494</u>	<u>P 778,511,627</u>

The summarized information of DBLC, which is considered as material non-controlling interest, before intragroup eliminations, is shown below.

	<u>2021</u>	<u>2020</u>
Current assets	P 3,369,126,316	P 3,392,063,886
Non-current assets	<u>3,429,833,757</u>	<u>3,334,287,840</u>
Total assets	<u>P 6,798,960,073</u>	<u>P 6,726,351,726</u>
Financial Assets	<u>P 2,331,662,524</u>	<u>P 2,316,937,895</u>
Current liabilities	P 2,203,170,324	P 2,003,207,190
Non-current liabilities	<u>2,185,012,753</u>	<u>2,772,822,810</u>
Total liabilities	<u>P 4,388,183,077</u>	<u>P 4,776,030,000</u>
Financial liabilities	<u>P 3,022,334,064</u>	<u>P 3,573,156,429</u>
Revenues	<u>P 2,880,332,027</u>	<u>P 2,429,544,171</u>
Profit for the period attributable to:		
Owners of Parent Company	P 178,280,699	P 71,079,935
NCI	<u>178,280,698</u>	<u>71,079,934</u>
Profit for the year	<u>356,561,397</u>	<u>142,158,869</u>
Other comprehensive loss		
attributable to:		
Owners of Parent Company	44,363,865	(180,398,796)
NCI	<u>44,363,865</u>	<u>(180,398,796)</u>
Other comprehensive		
loss for the year	<u>88,727,730</u>	<u>(360,797,592)</u>
Total comprehensive income (loss)		
for the year	<u>P 445,289,127</u>	<u>(P 218,638,723)</u>
Net cash from (used in):		
Operating activities	P 513,484,528	P 207,193,843
Investing activities	(152,405,382)	305,191,138
Financing activities	<u>(331,056,622)</u>	<u>147,546,261</u>
Net cash inflow	<u>P 30,022,524</u>	<u>P 364,838,720</u>

No dividends were paid to the NCI in 2021 and 2020.

25. EARNINGS PER SHARE

Earnings per share were computed as follows (see Note 2.24):

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Consolidated net profit attributable to owners of the parent company	P 9,971,065,303	P 7,967,261,504	P 6,725,536,563
Divided by the weighted average number of outstanding common shares	<u>15,839,884,723</u>	<u>15,845,014,032</u>	<u>15,919,123,588</u>
Basic and diluted earnings per share	<u>P 0.63</u>	<u>P 0.50</u>	<u>P 0.42</u>

On November 6, 2015, the Parent Company's BOD granted share options to certain key executives of EDI to subscribe to 118.0 million common shares of EMP, at an exercise price of P7.00 per share (see Note 24.4).

On March 15, 2021 and August 25, 2021, share options were granted to certain qualified employees of EDI to subscribe to 20.0 million and 55.0 million common shares of the Parent Company, at an exercise price of P10.10 and P10.65 per share, respectively (see Note 24.4).

On June 15, 2017, the number of Conversion Shares under the amended ELS instrument was fixed from 480.0 million to 728.3 million (see Note 14). As of December 31, 2021 and 2020, there are 475.0 million shares that have not yet been issued.

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

26. COMMITMENTS AND CONTINGENCIES

The Group has entered a purchase and sale commitment with a related party, in the amount of €16.6 million, for the sale of its land and building (see Notes 13 and 23). In addition, the Group has made advances for purchases of land with total contract price of P304.9 million for future construction of warehouses (see Note 23.10).

Except for those provisions recognized (see Note 17) and commitments disclosed above in the consolidated financial statements, there are other commitments and contingent liabilities that arise in the normal course of the Group's operations which are not reflected in the consolidated financial statements. Management is of the opinion that losses, if any, from these commitments and contingencies will not have material effects on the Group's consolidated financial statements.

27. RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

27.1 Market Risk

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

(a) Foreign Currency Risk

Most of the Group's transactions are carried out in Philippine pesos, Euros, U.K. pounds, and U.S. dollars, which are the entities' functional currencies. Exposures to currency exchange rates arise from the Group's foreign currency-denominated transactions at each entity level. The Group has no significant exposure to other foreign currency exchange rates at each entity level, except for U.S. dollars of EDI and foreign subsidiaries, since these other foreign currencies are not significant to the Group's consolidated financial statements. EDI has cash and cash equivalents in U.S. dollars as of December 31, 2021 and 2020 while the foreign subsidiaries have cash and cash equivalents, receivables and payables in U.S. dollars. To mitigate the Group's exposure to foreign currency risk, non-functional currency cash flows are monitored.

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

	<u>2021</u>	<u>2020</u>
Financial assets	P 432,911,894	P 400,870,827
Financial liabilities	(<u>2,750,063,007</u>)	(<u>3,296,647,884</u>)
	(<u>P 2,317,151,113</u>)	(<u>P 2,895,777,057</u>)

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

	Reasonably possible change in rate	Effect in consolidated profit before tax	Effect in consolidated equity
2021	4.11%	(P 95,234,911)	(P 71,426,183)
2020	9.50%	(P 275,098,820)	(P 192,569,174)

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

(b) Interest Rate Risk

As at December 31, 2021 and 2020, the Group is exposed to changes in market rates through its cash in banks and short-term placements which are generally subject to 30-day repricing intervals (see Note 5). Due to the short duration of short-term placements, management believes that interest rate sensitivity and its effect on the net results and equity are not significant. The Group's interest-bearing loans are subject to fixed interest rates and are therefore not subject to interest rate risk, except for certain loans that are based on EURIBOR and LIBOR (see Note 14). However, the EURIBOR is currently at a negative rate or a zero rate, and the Group does not see a material interest rate risk in the short-term.

The sensitivity of the Group's profit before tax on its loans arising from LIBOR is analyzed based on a reasonably possible change in interest rates of +/-0.42% in 2021 and +/-2.55% in 2020. 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 99% 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 LIBOR increased by 0.42% and 2.55% in 2021 and 2020, profit before tax would have decreased by P9.8 million and P63.4 million, respectively. Conversely, if the interest rates decreased by the same percentages, profit before tax in 2021 and 2020 would have been higher by the same amounts.

(c) Other Price Risk

The Group was exposed to other price risk in respect of its financial instruments at FVTPL, which pertain to derivative assets and liabilities arising from foreign exchange margins trading spot and forward contracts. These financial instruments will continue to be measured at fair value based on 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 consolidated financial statements. The Group has recognized fair value losses in 2021 and fair value gains in 2020 and 2019 (see Note 7).

27.2 Credit Risk

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

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

In general, the Group's financial assets are not covered with any collateral or credit enhancement. Accordingly, the Group manages credit risk by setting limits on the amount of risk in relation to a particular customer including requiring payment of any outstanding receivable before a new credit is extended. Such risk is monitored on a regular basis and subject to an annual or more frequent review. Approval for credit limits are secured from the credit manager.

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

	Notes	2021	2020
Cash and cash equivalents	5	P 9,333,783,438	P 7,561,169,140
Trade and other receivables – net	6	14,095,144,617	16,932,961,674
Property mortgage receivable	11.2	646,636,072	613,935,936
Refundable security deposits	11.1, 11.2	63,917,560	33,881,156
		<u>P 24,139,481,687</u>	<u>P 25,141,947,906</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, Property Mortgage Receivable, and Refundable Security Deposits

The Group applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all trade receivables and other receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due (age buckets).

The expected loss rates for trade receivables are based on the payment profiles of sales over a period of 36 months before December 31, 2021 and 2020, and the corresponding historical credit losses experienced within such period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product and inflation rates to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at December 31 was determined based on months passed, as follows for trade receivables:

	<u>1-30 Days</u>	<u>31-90 Days</u>	<u>Over 90 Days</u>	<u>Total</u>
December 31, 2021				
Expected loss rate	0%	0%	100%	
Gross carrying amount	P 9,194,359,031	P 4,543,835,632	P 192,652,354	P13,930,847,017
Loss allowance	-	-	192,652,354	192,652,354
December 31, 2020				
Expected loss rate	0%	0%	100%	
Gross carrying amount	P 9,548,359,708	P 5,152,412,710	P 189,441,284	P14,890,213,702
Loss allowance	-	-	189,441,284	189,441,284
December 31, 2019				
Expected loss rate	0%	0%	100%	
Gross carrying amount	P 9,835,947,974	P 5,687,981,032	P 88,686,826	P15,612,615,832
Loss allowance	-	-	88,686,826	88,686,826

In general, the Group's financial assets are not covered with any collateral or credit enhancement. Accordingly, the Group manages credit risk by setting limits on the amount of risk in relation to a particular customer including requiring payment of any outstanding receivable before a new credit is extended. Such risk is monitored on a regular basis and subject to an annual or more frequent review. Approval for credit limits are secured from the credit manager.

For the advances to the ultimate parent company and refundable security deposits, the lifetime ECL rate is assessed at 0%, as there were no historical credit loss experience from the counterparties. The counterparties have low credit risk and strong financial position and sufficient liquidity to settle its obligations to the Group once they become due. With respect to property mortgage receivable, management assessed that these financial assets have low probability of default since the Parent Company is also a lessee over the same property and can apply such receivable against future lease payments.

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery of the financial asset. Indicators that there is no reasonable expectation of recovery include the cessation of enforcement activity and where the value of any assets that the Group may get from the customers is less than the outstanding contractual amounts of the financial assets to be written-off. There are no write-offs made in 2021 and 2020.

27.3 Liquidity Risk

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

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

The maturity profile of the Group's financial liabilities as at December 31, 2021 based on contractual undiscounted payments is as follows:

	Current		Non-current	
	Within 6 Months	6 to 12 Months	1 to 5 Years	More Than 5 Years
Interest-bearing loans and borrowings	P 734,323,235	P 2,946,647,836	P21,946,907,378	P -
Trade and other payables	17,205,504,621	-	-	-
Lease liabilities	<u>146,261,792</u>	<u>134,778,563</u>	<u>861,533,617</u>	<u>431,965,723</u>
	<u>P18,086,089,648</u>	<u>P 3,081,426,399</u>	<u>P22,808,440,995</u>	<u>P 431,965,723</u>

This compares to the maturity profile of the Group's financial liabilities as of December 31, 2020 as follows:

	Current		Non-current	
	Within 6 Months	6 to 12 Months	1 to 5 Years	More Than 5 Years
Interest-bearing loans and borrowings	P 923,011,978	P 4,767,025,450	P 26,402,067,304	P -
Trade and other payables	14,712,234,860	-	-	-
Equity-linked debt securities	99,750,000	3,443,750,000	-	-
Lease liabilities	<u>130,649,237</u>	<u>120,391,773</u>	<u>841,588,155</u>	<u>864,841,167</u>
	<u>P15,865,646,075</u>	<u>P 8,331,167,223</u>	<u>P27,243,655,459</u>	<u>P 864,841,167</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.

28. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

		2021		2020	
	Notes	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial Assets:					
Financial assets at amortized cost:					
Cash and cash equivalents	5	P 9,333,783,438	P 9,333,783,438	P 7,561,169,140	P 7,561,169,140
Trade and other receivables - net	6	14,095,144,617	14,095,144,617	16,932,961,674	16,932,961,674
Property mortgage receivable	11.2	646,636,072	646,636,072	613,935,936	613,935,936
Refundable security deposits	11.1, 11.2	<u>63,917,560</u>	<u>63,917,560</u>	<u>33,881,156</u>	<u>33,881,156</u>
		<u>P 24,139,481,687</u>	<u>P 24,139,481,687</u>	<u>P 25,141,947,906</u>	<u>P 25,141,947,906</u>
Financial assets at FVTPL	7	<u>P 3,294,192</u>	<u>P 3,294,192</u>	<u>P 52,551,232</u>	<u>P 52,551,232</u>
Financial Liabilities:					
Financial liabilities at amortized cost:					
Interest-bearing loans	14	P 24,841,430,646	P 24,841,430,646	P 30,380,344,605	P 30,380,344,605
Trade and other payables	11	17,205,504,621	17,205,504,621	14,712,234,860	14,712,234,860
Equity-linked debt securities	15	-	-	3,443,750,000	3,443,750,000
Lease liabilities	9.3	<u>1,092,950,054</u>	<u>1,092,950,054</u>	<u>1,462,894,265</u>	<u>1,462,894,265</u>
		<u>P 43,139,885,321</u>	<u>P 43,139,885,321</u>	<u>P 49,999,223,730</u>	<u>P 49,999,223,730</u>

See Notes 2.5 and 2.11 for a description of the accounting policies for each category of financial instruments including the determination of fair values. A description of the Group's risk management objectives and policies for financial instruments is provided in Note 27.

28.2 Offsetting of Financial Assets and Financial Liabilities

Currently, the Group's financial assets and financial liabilities are settled on a gross basis because there is no relevant offsetting arrangement on them as of December 31, 2021 and 2020 (see Note 2.12). In subsequent reporting periods, each party to the financial instruments (particularly those involving related parties) may decide to enter into an offsetting arrangement in the event of default of the other party.

29. FAIR VALUE MEASUREMENT AND DISCLOSURES

29.1 Fair Value Hierarchy

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

The fair value hierarchy has the following levels:

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

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

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

29.2 Financial Instruments Measured at Fair Value

The Group's financial instruments measured at fair value pertain to the Group's derivative instruments (see Note 7). These were presented as financial assets at FVTPL amounting to P3.3 million and P52.6 million as of December 31, 2021 and 2020, respectively.

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

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

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

2021				
	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and cash equivalents	P 9,333,783,438	P -	P -	P 9,333,783,438
Trade and other receivables	-	-	14,095,144,617	14,095,144,617
Property mortgage receivable	-	-	646,636,072	646,636,072
Refundable security deposits	-	-	63,917,560	63,917,560
	P 9,333,783,438	P -	P 14,805,698,249	P 24,139,481,687
Financial liabilities:				
Interest-bearing loans	P -	P -	P 24,841,430,646	P 24,841,430,646
Trade and other payables	-	-	17,205,504,621	17,205,504,621
Lease liabilities	-	-	1,092,950,054	1,092,950,054
	P -	P -	P 43,139,885,321	P 43,139,885,321
2020				
	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and cash equivalents	P 7,561,169,140	P -	P -	P 7,561,169,140
Trade and other receivables	-	-	16,932,961,674	16,932,961,674
Property mortgage receivable	-	-	613,935,936	613,935,936
Refundable security deposits	-	-	33,881,156	33,881,156
	P 7,561,169,140	P -	P 17,580,778,766	P 25,141,947,906
Financial liabilities:				
Interest-bearing loans	P -	P -	P 30,380,344,605	P 30,380,344,605
Trade and other payables	-	-	14,712,234,860	14,712,234,860
Equity-linked debt securities	-	-	3,443,750,000	3,443,750,000
Lease liabilities	-	-	1,462,894,265	1,462,894,265
	P -	P -	P 49,999,223,730	P 49,999,223,730

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

30. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

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

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

	2021	2020
Total liabilities	P 49,798,141,454	P 55,087,835,919
Total equity	78,718,235,367	67,364,316,316
Liabilities-to-equity ratio	0.63 : 1.00	0.82 : 1.00

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

31. SUPPLEMENTAL INFORMATION ON CASH FLOWS

31.1 Reconciliation of Liabilities from Financing Activities

The Group presents below the reconciliation of the Group's liabilities arising from financing activities, which includes both cash and non-cash changes.

	Equity-linked Debt Securities (see Note 15)	Accrued Interest Payable (see Notes 14, 15 and 16)	Interest- bearing Loans (see Note 14)	Lease Liabilities (see Note 9.2)	Total
Balance as of January 1, 2021	P 3,443,750,000	P 72,855,493	P 30,380,344,605	P 1,462,894,265	P 35,359,844,363
Cash flows from financing activities:					
Repayment of loans	-	-	(6,732,937,709)	-	(6,732,937,709)
Proceeds from additional loans obtained	-	-	1,194,023,750	-	1,194,023,750
Repayment of lease liabilities	-	-	-	(601,235,467)	(601,235,467)
Payment of interest expense	-	(765,121,926)	-	(81,073,626)	(846,195,552)
Non-cash financing activities:					
Transfer to equity component	(3,443,750,000)	-	-	-	(3,443,750,000)
Additions to lease liabilities in exchange for increased right-of-use assets	-	-	-	141,568,711	141,568,711
Lease modification	-	-	-	92,397,741	92,397,741
Interest amortization on lease liabilities	-	-	-	81,073,626	81,073,626
Termination of lease	-	-	-	(2,675,196)	(2,675,196)
Accrual of interest	-	735,190,797	-	-	735,190,797
Balance as of December 31, 2021	<u>P -</u>	<u>P 42,924,364</u>	<u>P 24,841,430,646</u>	<u>P 1,092,950,054</u>	<u>P 25,977,305,064</u>
Balance as of January 1, 2020	P 5,280,000,000	P 141,479,085	P 31,939,838,586	P 2,021,932,115	P 39,383,249,786
Cash flows from financing activities:					
Repayment of loans	-	-	(2,741,784,226)	-	(2,741,784,226)
Proceeds from additional loans obtained	-	-	1,182,290,245	-	1,182,290,245
Repayment of lease liabilities	-	-	-	(216,881,185)	(216,881,185)
Payment of interest expense	-	(502,451,033)	-	(95,519,833)	(597,970,866)
Non-cash financing activities:					
Conversion of ELS	(1,836,250,000)	-	-	-	(1,836,250,000)
Additions to lease liabilities in exchange for increased right-of-use assets	-	-	-	41,491,316	41,491,316
Lease modification	-	-	-	(383,647,981)	(383,647,981)
Interest amortization on lease liabilities	-	-	-	95,519,833	95,519,833
Accrual of interest	-	433,827,441	-	-	433,827,441
Balance as of December 31, 2020	<u>P 3,443,750,000</u>	<u>P 72,855,493</u>	<u>P 30,380,344,605</u>	<u>P 1,462,894,265</u>	<u>P 35,359,844,363</u>

	Equity-linked Debt Securities (see Note 15)	Accrued Interest Payable (see Notes 14, 15 and 16)	Interest- bearing Loans (see Note 14)	Lease Liabilities (see Note 9.2)	Total
Balance as of January 1, 2019	P 5,258,801,592	P 72,730,168	P 34,014,800,228	P -	P 39,346,331,988
Effect of adoption of PFRS 16	-	-	-	1,476,157,235	1,476,157,235
Cash flows from financing activities:					
Repayment of loans	-	-	(3,226,111,642)	-	(3,226,111,642)
Proceeds from additional loans obtained	-	-	1,151,150,000	-	1,151,150,000
Repayment of lease liabilities	-	-	-	(237,157,272)	(237,157,272)
Payment of interest expense	-	(585,733,890)	-	(119,902,633)	(705,636,523)
Non-cash financing activities:					
Additions to lease liabilities in exchange for increased right-of-use assets	-	-	-	782,932,152	782,932,152
Interest amortization on lease liabilities	-	-	-	119,902,633	119,902,633
Accrual of interest	<u>21,198,408</u>	<u>654,482,807</u>	<u>-</u>	<u>-</u>	<u>675,681,215</u>
Balance as of December 31, 2019	<u>P 5,280,000,000</u>	<u>P 141,479,085</u>	<u>P 31,939,838,586</u>	<u>P 2,021,932,115</u>	<u>P 39,383,249,786</u>

31.2 Supplemental Information on Non-cash Activities

The following discusses the supplemental information on non-cash investing and financing activities as presented in the consolidated statements of cash flows for the years ended December 31, 2021, 2020 and 2019:

- In 2021, certain advances to suppliers amounting to P602.0 million were reclassified as Land acquisition (see Notes 9.1 and 23.10).
- Share option benefits expense amounting to P44.9 million in 2021 and P27.0 million each in 2020 and 2019 was recognized with corresponding credits to Share Options account (see Notes 21.2 and 24.4).
- In 2021, Tranche 2 of the ELS amounting to P3,443.8 million was transferred to Deposit on Future Stock Subscription – Equity-linked Securities for future issuance of shares. In 2020, Tranche 1 of the ELS amounting to P1,836.3 million was converted into capital stock taken from the treasury shares. Correspondingly, conversion options amounting to P47.7 million in 2020 were reclassified to APIC (see Notes 15 and 24).
- In 2021 and 2020, the Group recognized additional right-of-use assets and lease liabilities amounting to P141.6 million and P41.5 million, respectively. In addition, the Group and its lessors have agreed for certain lease modifications pertaining to leased plant and warehouses, which were not accounted for as a separate lease. Accordingly, the modification resulted in the remeasurement of both lease liabilities and right of-use assets amounting to P92.4 million and P383.6 million, respectively (see Note 9.2).

32. EVENT OCCURRING AFTER THE END OF REPORTING PERIOD

On February 28, 2022, the Conversion Period to issue 475.0 million ELS shares to Arran per the ELS Instrument was modified to May 15, 2022 (see Note 15).



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

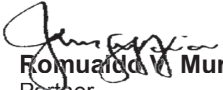
Punongbayan & Araullo
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The Enterprise Center
6766 Ayala Avenue
1200 Makati City
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**The Board of Directors and Stockholders
Emperador Inc. and Subsidiaries
(A Subsidiary of Alliance Global Group, Inc.)**
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 consolidated financial statements of Emperador Inc. and Subsidiaries ("the Group") for the year ended December 31, 2021, on which we have rendered our report dated April 22, 2022. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) are presented for purposes of additional analysis in compliance with the requirements of the Revised Securities Regulation Code Rule 68, and are not a required part of the basic consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information are the responsibility of the Group's management. The supplementary information have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: 
Romualdo V. Murcia III
Partner

CPA Reg. No. 0095626
TIN 906-174-059
PTR No. 8852339, January 3, 2022, Makati City
SEC Group A Accreditation
Partner - No. 0628-AR-4 (until Sept. 4, 2022)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-022-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

April 22, 2022

Certified Public Accountants
Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd.

grantthornton.com.ph

Offices in Cavite, Cebu, Davao
BOA/ PRC Cert of Reg. No. 0002
SEC Accreditation No. 0002

EMPERADOR INC. AND SUBSIDIARIES
List of Supplementary Information
December 31, 2021

Schedule	Content	Page No.
Schedules Required under Annex 68-J of the Revised Securities Regulation Code Rule 68		
A	Financial Assets	1
B	Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)	2
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	3
D	Long-term Debt	4
E	Indebtedness to Related Parties (Long-term Loans from Related Companies)	N/A
F	Guarantees of Securities of Other Issuers	N/A
G	Capital Stock	5
Other Required Information		
	Reconciliation of Retained Earnings Available for Dividend Declaration	6
	Map Showing the Relationship Between the Company and its Related Entities	7
	Aging Schedule of Trade and Other Receivables	8

EMPERADOR INC. AND SUBSIDIARIES
SEC Released Revised SRC Rule 68

Annex 68-J
Schedule A - Financial Assets
December 31, 2021
(Amounts in Philippine Pesos)

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount	Amount Shown in the Consolidated Statement of Financial Position	Value Based on Market Quotation at Statement of Condition Date	Income Received and Accrued
FINANCIAL ASSETS AT AMORTIZED COST				
Cash and cash equivalents	P	9,333,783,438	P 9,333,783,438	P 86,442,812
Trade and other receivables - net		14,095,144,617	14,095,144,617	-
Property mortgage receivable		646,636,072	646,636,072	598,958,144
Refundable security deposits		63,917,560	63,917,560	-
GRAND TOTAL	P	24,139,481,687	P 24,139,481,687	P 685,400,956

EMPERADOR INC. AND SUBSIDIARIES

SEC Released Revised SRC Rule 68

Annex 68-J

Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)

December 31, 2021

(Amounts in Philippine Pesos)

Name and designation of debtor	Balance at beginning of period	Additions	Deductions		Ending Balance		Balance at end of period
			Amounts paid (collected)	Amounts written off	Current	Not current	

Advances to Officers and Employees

(under the "Trade and Other Receivables" account)

P	44,299,252	P	59,146,778	P	-	P	103,446,030	P	103,446,030

EMPERADOR INC. AND SUBSIDIARIES

Annex 08-j
SEC Released Revised SRC Rule 68

Schedule C - Amounts of Receivable/Payable from/to Related Parties which are Eliminated During the Consolidation of Financial Statements
December 31, 2021
(Amounts in Philippine Pesos)

TERMS & CONDITIONS:

All receivables/payables are unsecured, noninterest-bearing, collectible/payable on demand, unimpaired and generally settled in cash.

Name and designation of debtor	Affected accounts	Balance at beginning of year	Additions	Deductions		Ending balance		Balance at the end of the period
				Amounts collected	Amounts written off	Current	Non current	
Emperador Distillers, Inc.	Trade and other payables	P 3,749,646,626	P	(P 3,749,646,626)	P	2,347,141,814	P	2,347,141,814
Emperador International, Ltd.	Trade and other receivables	3,749,646,626	2,347,141,814	(3,749,646,626)	-	2,347,141,814	-	2,347,141,814
Emperador Distillers, Inc.	Trade and other payables	1,780,032	7,321,220	(1,780,032)	-	7,321,220	-	7,321,220
Whyte and Mackay Group Limited	Trade and other receivables	1,780,032	7,321,220	(1,780,032)	-	7,321,220	-	7,321,220
Emperador Distillers, Inc.	Trade and other payables	165,013,074	239,587,908	(165,013,074)	-	239,587,908	-	239,587,908
Bodegas Fundador S.L.U.	Trade and other receivables	165,013,074	239,587,908	(165,013,074)	-	239,587,908	-	239,587,908
Emperador Distillers, Inc.	Trade and other payables	679,708,717	-	(178,393,604)	-	501,315,113	-	501,315,113
Anglo Watsons Glass, Inc.	Trade and other receivables	679,708,717	-	(178,393,604)	-	501,315,113	-	501,315,113
Alazar De Bana Holdings Company, Inc.	Trade and other payables	6,417,900	5,795,564,668	(6,417,900)	-	5,795,564,668	-	5,795,564,668
Emperador Distillers, Inc.	Trade and other receivables	6,417,900	5,795,564,668	(6,417,900)	-	5,795,564,668	-	5,795,564,668
Emperador Distillers, Inc.	Trade and other payables	109,099,745	184,211,409	(109,099,745)	-	184,211,409	-	184,211,409
Tradewind Estates, Inc.	Trade and other receivables	109,099,745	184,211,409	(109,099,745)	-	184,211,409	-	184,211,409
Emperador Distillers, Inc.	Trade and other payables	9,253,200	-	(9,253,200)	-	-	-	-
Alazar De Bana Holdings Company, Inc.	Trade and other receivables	9,253,200	-	(9,253,200)	-	-	-	-
Emperador Distillers, Inc.	Trade and other receivables	8,924,507	14,413,360	(8,924,507)	-	14,413,360	-	14,413,360
Boozylife, Inc.	Trade and other payables	6,901,929	9,671,872	(6,901,929)	-	9,671,872	-	9,671,872
Progreen Agritcorp. Inc.	Trade and other payables	1,824,351	4,548,692	(1,824,351)	-	4,548,692	-	4,548,692
Anglo Watsons Glass, Inc.	Trade and other payables	198,227	192,796	(198,227)	-	192,796	-	192,796
Emperador Distillers, Inc.	Subscription payable	1,875,000	-	-	-	1,875,000	-	1,875,000
The Bar Beverage, Inc.	Subscription receivable	1,875,000	-	-	-	1,875,000	-	1,875,000
Emperador Distillers, Inc.	Subscription payable	1,875,000	-	-	-	1,875,000	-	1,875,000
Cocos Vodka Distillers Philippines, Inc.	Subscription receivable	1,875,000	-	-	-	1,875,000	-	1,875,000
Emperador Distillers, Inc.	Subscription payable	1,875,000	-	-	-	1,875,000	-	1,875,000
Zabana Rum Company, Inc.	Subscription receivable	1,875,000	-	-	-	1,875,000	-	1,875,000
Emperador Distillers, Inc.	Subscription payable	25,270	-	-	-	25,270	-	25,270
Alazar De Bana Holdings, Inc.	Subscription receivable	25,270	-	-	-	25,270	-	25,270
Emperador Inc.	Trade and other payables	749,337,960	24,435,586	-	-	773,773,546	-	773,773,546
Emperador International, Ltd.	Trade and other receivables	749,337,960	24,435,586	-	-	773,773,546	-	773,773,546
Emperador Inc.	Trade and other payables	246,500,000	-	(246,500,000)	-	-	-	-
Emperador Distillers, Inc.	Trade and other payables	246,500,000	-	(246,500,000)	-	-	-	-
Emperador International, Ltd.	Trade and other receivables	176,925,000	-	(176,925,000)	-	-	-	-
Emperador Distillers, Inc.	Trade and other receivables	176,925,000	-	(176,925,000)	-	-	-	-
Whyte and Mackay Group Limited	Trade and other payables	71,981,074	106,351,796	(71,981,074)	-	106,351,796	-	106,351,796
Bodegas Fundador S.L.U.	Trade and other receivables	71,981,074	106,351,796	(71,981,074)	-	106,351,796	-	106,351,796
Whyte and Mackay Group Limited	Trade and other payables	19,596,626	17,082,552	(19,596,626)	-	17,082,552	-	17,082,552
Bodegas Fundador S.L.U.	Trade and other receivables	19,596,626	17,082,552	(19,596,626)	-	17,082,552	-	17,082,552
Emperador Inc.	Trade and other receivables	-	1,111,500,000	-	-	1,111,500,000	-	1,111,500,000
Emperador Distillers, Inc.	Trade and other payables	-	1,111,500,000	-	-	1,111,500,000	-	1,111,500,000

-3-

EMPERADOR INC. AND SUBSIDIARIES

SEC Released Revised SRC Rule 68

Annex 68-J

Schedule D - Long-term Debt

December 31, 2021

(Amounts in Philippine Pesos)

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet
Interest-bearing loans	P 24,841,430,646	P 3,411,082,346	P 21,430,348,300

EMPERADOR INC. AND SUBSIDIARIES

SEC Released Revised SRC Rule 68

Annex 68-J

Schedule G - Capital Stock

December 31, 2021

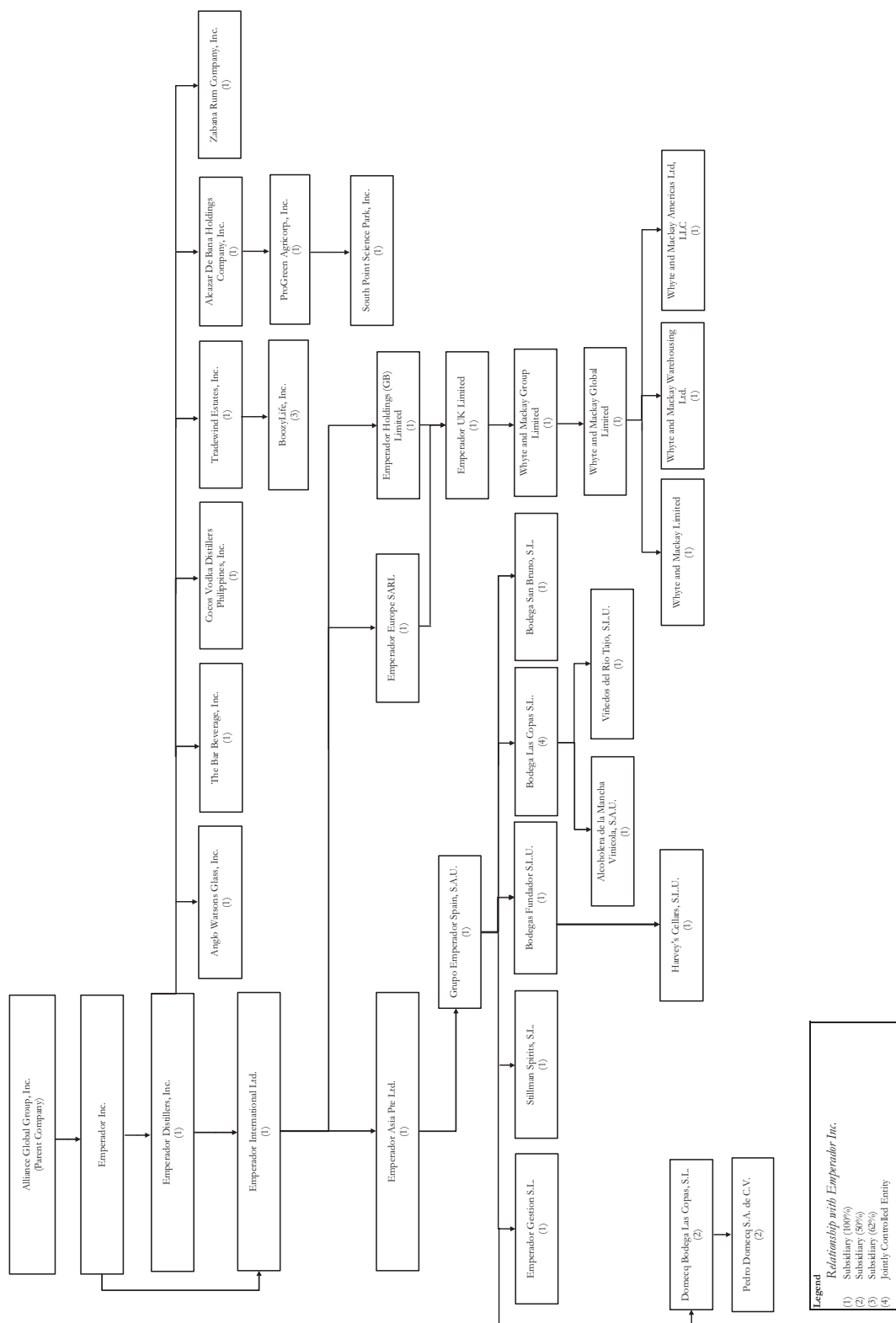
Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under the related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by		
				Related parties	Directors, officers and employees	Others
Capital stock - P1 par value	20,000,000,000	15,736,471,238	668,000,000	13,374,050,500	7	2,362,420,731

EMPERADOR INC.
7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark
188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City

Schedule H - Reconciliation of Retained Earnings Available for Dividend Declaration
For the Year Ended December 31, 2021

Unappropriated Retained Earnings at Beginning of Year	P	5,429,982,461
Retained Earnings Restricted for Treasury Shares	(<u>3,277,983,720</u>)
Unappropriated Retained Earnings Available for Dividend Declaration at Beginning of Year, as Adjusted		2,151,998,741
Net Income per Audited Financial Statements		4,924,646,685
Other Transactions During the Year		
Acquisition of treasury shares	(P	1,002,129,721)
Dividends declared	(<u>5,057,031,744</u>) (<u>6,059,161,465</u>)
Unappropriated Retained Earnings Available for Dividend Declaration at End of Year	P	<u><u>1,017,483,961</u></u>

EMPERADOR INC. AND SUBSIDIARIES
Map Showing the Relationship Between **Emperador Inc.**
and its Related Parties
December 31, 2021



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

EMPERADOR INC. AND SUBSIDIARIES
SCHEDULE J - AGING SCHEDULE OF TRADE AND OTHER RECEIVABLES
DECEMBER 31, 2021
(Amounts in Thousand Philippine Pesos)

Trade Receivables		
Current	P	11,052,339
1 to 30 days		1,972,140
31 to 60 days		197,110
Over 60 days		<u>516,606</u>
Total		13,738,195
Other receivables		<u>6,607,660</u>
Balance at December 31, 2021	P	<u><u>20,345,855</u></u>



Report of Independent Auditors on Components of Financial Soundness Indicators

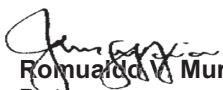
**The Board of Directors and Stockholders
Emperador Inc. and Subsidiaries**
(A Subsidiary of Alliance Global Group, Inc.)
7th Floor, 1880 Eastwood Avenue
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We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Emperador Inc. and Subsidiaries ("the Group") as of and for the years ended December 31, 2021 and 2020, on which we have rendered our report dated April 22, 2022. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as of December 31, 2021 and 2020 and for each of the two years in the period ended December 31, 2021 and no material exceptions were noted.

PUNONGBAYAN & ARAULLO

By:  **Romualdo V. Murcia III**
Partner

CPA Reg. No. 0095626
TIN 906-174-059
PTR No. 8852339, January 3, 2022, Makati City
SEC Group A Accreditation
Partner - No. 0628-AR-4 (until Sept. 4, 2022)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-022-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

April 22, 2022

Certified Public Accountants
Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd.

grantthornton.com.ph

Offices in Cavite, Cebu, Davao
BOA/ PRC Cert of Reg. No. 0002
SEC Accreditation No. 0002

EMPERADOR INC. AND SUBSIDIARIES
Supplemental Schedule of Financial Soundness Indicators
December 31, 2021 and 2020

Ratio	Formula	2021	Formula	2020
Current ratio	Total Current Assets divided by Total Current Liabilities Total Current Assets 64,945,196,090 Divide by: Total Current Liabilities 23,523,397,598 Current ratio 2.76	2.76	Total Current Assets divided by Total Current Liabilities Total Current Assets 61,961,497,661 Divide by: Total Current Liabilities 25,808,376,366 Current ratio 2.40	2.40
Acid test ratio	Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities Total Current Assets 64,945,196,090 Less: Inventories 34,013,144,005 Other Current Assets 1,249,119,654 Quick Assets 29,682,932,431 Divide by: Total Current Liabilities 23,523,397,598 Acid test ratio 1.26	1.26	Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities Total Current Assets 61,961,497,661 Less: Inventories 30,959,999,370 Other Current Assets 1,373,977,625 Quick Assets 29,627,520,666 Divide by: Total Current Liabilities 25,808,376,366 Acid test ratio 1.15	1.15
Solvency ratio	Earnings before interest, taxes, depreciation and amortization ("EBITDA") divided by Total Debt EBITDA 15,225,034,395 Divide by: Total Debt 24,841,430,646 Solvency ratio 0.61	0.61	Earnings before interest, taxes, depreciation and amortization ("EBITDA") divided by Total Debt EBITDA 11,552,031,236 Divide by: Total Debt 33,824,094,605 Solvency ratio 0.34	0.34
Debt-to-equity ratio	Total Debt divided by Total Equity Total Debt 24,841,430,646 Divide by: Total Equity 78,718,235,367 Debt-to-equity ratio 0.32	0.32	Total Debt divided by Total Equity Total Debt 33,824,094,605 Divide by: Total Equity 67,364,316,316 Debt-to-equity ratio 0.50	0.50
Assets-to-equity ratio	Total Assets divided by Total Equity Total Assets 128,516,376,821 Divide by: Total Equity 78,718,235,367 Assets-to-equity ratio 1.63	1.63	Total Assets divided by Total Equity Total Assets 122,452,152,235 Divide by: Total Equity 67,364,316,316 Assets-to-equity ratio 1.82	1.82
Interest rate coverage ratio	Earnings before interest and taxes ("EBIT") divided by Interest expense EBIT 13,677,890,688 Divide by: Interest expense 782,713,575 Interest rate coverage ratio 17.47	17.47	Earnings before interest and taxes ("EBIT") divided by Interest expense EBIT 9,984,705,419 Divide by: Interest expense 548,979,806 Interest rate coverage ratio 18.19	18.19
Liabilities-to-equity ratio	Total Liabilities divided by Total Equity Total Liabilities 49,798,141,454 Divide by: Total Equity 78,718,235,367 Liabilities-to-equity ratio 0.63	0.63	Total Liabilities divided by Total Equity Total Liabilities 55,087,835,919 Divide by: Total Equity 67,364,316,316 Liabilities-to-equity ratio 0.82	0.82
Return on equity	Net Profit divided by Total Equity Net Profit 10,148,359,305 Divide by: Total Equity 78,718,235,367 Return on equity 0.13	0.13	Net Profit divided by Total Equity Net Profit 8,036,639,957 Divide by: Total Equity 67,364,316,316 Return on equity 0.12	0.12

Ratio	Formula	2021	Formula	2020
Return on assets	Net Profit divided by Average Total Assets Net Profit 10,148,359,305 Divide by: Average total Assets <u>125,484,264,528</u> Return on assets 0.08	0.08	Net Profit divided by Average Total Assets Net Profit 8,036,639,957 Divide by: Average total Assets <u>124,249,745,722</u> Return on assets 0.06	0.06
Net profit margin	Net Profit divided by Total Revenue Net Profit 10,148,359,305 Divide by: Total Revenue <u>55,936,272,323</u> Net profit margin 0.18	0.18	Net Profit divided by Total Revenue Net Profit 8,036,639,957 Divide by: Total Revenue <u>52,834,305,306</u> Net profit margin 0.15	0.15

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**APPENDIX B: INDEPENDENT AUDITORS' REVIEW REPORT AND
UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF EMPERADOR
INC. AND ITS SUBSIDIARIES AT 31 MARCH 2022 AND FOR THE
THREE-MONTH PERIODS ENDED 31 MARCH 2022 AND 2021**

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Report on Review of Interim
Consolidated Financial Statements

Emperador Inc. and Subsidiaries

For the Three Months Ended March 31, 2022 and 2021
(With Comparative Figures as of December 31, 2021)

Report on Review of Interim Consolidated Financial Statements

Punongbayan & Araullo

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

Introduction

We have reviewed the interim consolidated statement of financial position of Emperador Inc. and Subsidiaries (the Group) as of March 31, 2022 and the related interim consolidated statements of comprehensive income, interim consolidated statements of changes in equity and interim consolidated statements of cash flows for the three months ended March 31, 2022 and 2021, and a summary of selected explanatory notes.

Management's Responsibility for the Interim Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*.

Auditors' Responsibility

Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with Philippine Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Philippine Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

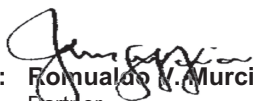
Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not present fairly, in all material respects, the interim consolidated financial position of the Group as at March 31, 2022 and its interim consolidated financial performance and its interim consolidated cash flows for the three months ended March 31, 2022 and 2021 in accordance with PAS 34.

Other Matter

We have previously audited the Group's consolidated financial statements for the year ended December 31, 2021, including the consolidated statement of financial position, which is presented herein for comparative purposes, on which we have rendered our report thereon dated April 22, 2022.

PUNONGBAYAN & ARAULLO

By: 
Romualdo V. Murcia III
Partner

CPA Reg. No. 0095626
TIN 906-174-059
PTR No. 8852339, January 3, 2022, Makati City
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Firm - No. 0002 (until Dec. 31, 2024)
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Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

May 24, 2022

EMPERADOR INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
MARCH 31, 2022
(With Corresponding Figures as of December 31, 2021)
(Amounts in Philippine Pesos)

	Notes	March 31, 2022 (UNAUDITED)	December 31, 2021 (AUDITED)
<u>A S S E T S</u>			
CURRENT ASSETS			
Cash and cash equivalents	5	P 13,156,702,827	P 9,333,783,438
Trade and other receivables - net	6	18,546,600,738	20,345,854,801
Financial assets at fair value through profit or loss	24.2	-	3,294,192
Inventories - net	7	36,292,763,476	34,013,144,005
Prepayments and other current assets	10.1	1,506,426,885	1,249,119,654
Total Current Assets		69,502,493,926	64,945,196,090
NON-CURRENT ASSETS			
Property, plant and equipment - net	8	28,282,155,294	27,866,668,685
Intangible assets - net	9	29,554,054,183	29,438,539,142
Investment in a joint venture	11	3,494,999,789	3,482,644,617
Retirement benefit asset - net		1,043,873,089	914,000,495
Deferred tax assets - net	18	127,266,606	133,659,465
Other non-current assets - net	10.2	802,563,065	773,927,777
Total Non-current Assets		63,304,912,026	62,609,440,181
NON-CURRENT ASSETS HELD FOR SALE	19.7	958,424,167	961,740,550
TOTAL ASSETS		P 133,765,830,119	P 128,516,376,821
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Interest-bearing loans	12	P 4,337,229,156	P 3,411,082,346
Trade and other payables	14	19,329,837,282	17,888,331,330
Lease liabilities	8.3	197,212,079	205,206,504
Financial liabilities at fair value through profit or loss	24.2	35,502,936	-
Income tax payable		1,550,856,449	2,018,777,418
Total Current Liabilities		25,450,637,902	23,523,397,598
NON-CURRENT LIABILITIES			
Interest-bearing loans	12	21,281,985,145	21,430,348,300
Lease liabilities	8.3	1,322,288,664	887,743,550
Provisions		409,369,112	404,419,596
Deferred tax liabilities - net	18	3,852,376,204	3,552,232,410
Total Non-current Liabilities		26,866,019,125	26,274,743,856
Total Liabilities		52,316,657,027	49,798,141,454
EQUITY			
Equity attributable to owners of the parent company	20	80,482,668,604	77,718,065,873
Non-controlling interest	20.3	966,504,488	1,000,169,494
Total Equity		81,449,173,092	78,718,235,367
TOTAL LIABILITIES AND EQUITY		P 133,765,830,119	P 128,516,376,821

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, 2022 AND 2021
(Amounts in Philippine Pesos)
(UNAUDITED)

	Notes	2022	2021
REVENUES AND OTHER INCOME	15	P 12,333,344,332	P 12,076,285,265
COSTS AND EXPENSES			
Costs of goods sold	16	7,988,252,408	7,959,602,575
Selling and distribution expenses	17	1,143,916,594	978,935,521
General and administrative expenses	17	564,781,530	507,918,669
Interest expense	8, 12, 13	156,884,188	168,865,251
Other charges		-	200
		9,853,834,720	9,615,322,216
PROFIT BEFORE TAX		2,479,509,612	2,460,963,049
TAX EXPENSE	18		
Current tax expense		290,062,238	151,438,311
Deferred tax expense		59,138,988	210,602,038
		349,201,226	362,040,349
NET PROFIT		2,130,308,386	2,098,922,700
OTHER COMPREHENSIVE INCOME			
Item that will be reclassified subsequently to profit or loss			
Translation gain		238,615,577	1,147,660,576
Items that will not be reclassified subsequently to profit or loss			
Net actuarial gain on retirement benefit plan		82,144,000	181,566,000
Tax expense on remeasurement of retirement benefit plan	18	(20,536,000)	(45,391,500)
		61,608,000	136,174,500
		300,223,577	1,283,835,076
TOTAL COMPREHENSIVE INCOME		P 2,430,531,963	P 3,382,757,776
Net profit attributable to:			
Owners of the parent company		P 2,098,349,310	p 2,083,850,350
Non-controlling interest		31,959,076	15,072,350
		P 2,130,308,386	P 2,098,922,700
Total comprehensive income (loss) attributable to:			
Owners of the parent company		P 2,464,196,969	P 3,359,092,219
Non-controlling interest		(33,665,006)	23,665,557
		P 2,430,531,963	P 3,382,757,776
Earnings Per Share for the Net Profit Attributable to Owners of the Parent Company - Basic and Diluted	21	P 0.13	P 0.13

See Selected Explanatory Notes to Interim Consolidated Financial Statements.

EMPERADOR INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021
(Amounts in Philippine Pesos)
(UNAUDITED)

	Attributable to Owners of the Parent Company (see Note 20)										Non-controlling Interest (see Note 20)	Total Equity
	Capital Stock	Additional Paid-in Capital	Deposit on Future Stock Subscription-RIS	Treasury Shares	Conversion Options Outstanding	Share Options Outstanding	Accumulated Adjustments	Retained Reserves	Other Reserves	Retained Earnings Unappropriated	Total	
P	16,242,391,176	23,108,377,832	P 3,443,750,000	(P 4,747,713,003)	P 88,498,401	P 183,769,571	(P 3,128,522,733)	(P 159,833,791)	P 142,402,572	P 41,346,946,733	P 77,719,063,873	P 78,748,233,567
-	-	-	-	-	-	-	304,239,650	61,668,000	300,403,762	-	300,403,762	300,403,762
-	-	-	-	-	-	-	-	-	-	2,078,319,110	2,078,319,110	2,078,319,110
-	-	-	-	-	-	-	-	-	-	-	-	2,444,196,202
-	-	-	-	-	-	-	-	-	-	-	-	3,366,510,1
P	16,242,391,176	23,108,377,832	P 3,443,750,000	(P 4,747,713,003)	P 88,498,401	P 183,769,571	(P 2,824,283,074)	(P 98,225,776)	P 442,806,334	P 41,445,266,043	P 86,482,663,604	P 87,493,773,692
P	16,242,391,176	23,108,377,832	P -	(P 3,745,584,182)	P 88,498,401	P 138,841,593	(P 6,060,042,335)	(P 926,611,846)	P 114,994,796	P 37,632,913,174	P 66,335,804,689	P 67,843,616,316
-	-	-	-	-	-	-	-	-	2576,1841	-	2576,1841	2576,1841
-	-	-	-	(2,432,885)	-	-	1,139,657,580	136,174,580	-	2,693,890,180	(2,432,885)	(2,432,885)
-	-	-	-	-	-	-	-	-	-	3,326,019,988	3,326,019,988	3,326,019,988
-	-	-	-	-	-	-	-	-	-	(3,326,019,988)	(3,326,019,988)	(3,326,019,988)
P	16,242,391,176	23,108,377,832	P -	(P 3,746,017,667)	P 88,498,401	P 138,841,593	(P 4,928,648,466)	(P 788,437,346)	P 140,756,437	P 33,907,316,146	P 66,442,203,156	P 67,444,383,140

Balance at January 1, 2022
Movement during the period
Total comprehensive income (loss) for the period

Balance at March 31, 2022

Balance at January 1, 2021
Movement during the period
Acquisition of treasury shares during the period
Transfer of cash dividend income for the period
Cash dividend declared during the period

Balance at March 31, 2021

See Selected Explanatory Notes to Interim Condensed 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, 2022 AND 2021
(Amounts in Philippine Pesos)
(UNAUDITED)

	Notes	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		P 2,479,509,612	P 2,460,963,049
Adjustments for:			
Depreciation and amortization	8, 16, 17	473,193,505	346,941,679
Interest expense	8, 12, 13	156,884,188	168,865,251
Interest income	5	(25,353,522)	(21,289,995)
Share in net profit of a joint venture	11, 15	(24,271,590)	(71,614,845)
Amortization of trademarks	9, 17	403,848	403,848
Gain on sale of property, plant and equipment		-	(108,820)
Operating profit before working capital changes		3,060,366,041	2,884,160,167
Decrease in trade and other receivables		1,967,696,596	2,869,356,962
Decrease in financial instruments at fair value through profit or loss		50,689,864	10,176,400
Increase in inventories		(1,529,409,570)	(1,374,560,800)
Increase in prepayments and other current assets		(174,248,517)	(198,767,442)
Increase in retirement benefit asset		(50,685,846)	(33,875,772)
Increase in other non-current assets		(13,160,487)	(89,980,578)
Increase in trade and other payables		1,546,425,666	1,413,277,557
Cash generated from operations		4,857,673,747	5,479,786,494
Cash paid for income taxes		(828,630,972)	(264,969,331)
Net Cash From Operating Activities		4,029,042,775	5,214,817,163
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property, plant and equipment	8	(995,186,603)	(270,562,664)
Interest received	5	24,440,614	21,270,254
Proceeds from sale of property, plant and equipment	8	5,130,955	24,211,400
Net Cash Used in Investing Activities		(965,615,034)	(225,081,010)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from interest-bearing loans	12	1,161,717,783	666,600,000
Repayments of interest-bearing loans	12	(308,733,704)	(1,457,882,674)
Interest paid	8, 12, 13	(85,498,006)	(82,149,298)
Repayments of lease liabilities	8	(7,994,425)	(19,644,692)
Dividends paid	20	-	(1,900,582,805)
Net Cash From (Used in) Financing Activities		759,491,648	(2,793,659,469)
NET INCREASE IN CASH AND CASH EQUIVALENTS		3,822,919,389	2,196,076,684
CASH AND CASH EQUIVALENTS AT JANUARY 1		9,333,783,438	7,561,169,140
CASH AND CASH EQUIVALENTS AT MARCH 31		P 13,156,702,827	P 9,757,245,824

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, 2022 AND 2021
(With Comparative Audited Figures for December 31, 2021)
(Amounts in Philippine Pesos)
(UNAUDITED)

1. CORPORATE INFORMATION

Emperador Inc. (“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.

EMP 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 tourism-entertainment and gaming businesses.

The registered principal office of EMP 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 EMP and AGI were first listed for trading in the Philippine Stock Exchange (“PSE”) on December 19, 2011 and April 19, 1999, respectively.

1.1 Subsidiaries

EMP 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, 2022	December 31, 2021
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%

<u>Names of Subsidiaries and Joint Venture</u>	Percentage of Effective Ownership	
	<u>March 31, 2022</u>	<u>December 31, 2021</u>
EIL and offshore subsidiaries and joint venture:		
Emperador International Ltd. ("EIL")	100%	100%
Emperador Holdings (GB) Limited ("EGB")	100%	100%
Emperador UK Limited ("EUK")	100%	100%
Whyte and Mackay Group Limited ("WMG")	100%	100%
Whyte and Mackay Global Limited ("WMGL")	100%	100%
Whyte and Mackay Limited ("WML")	100%	100%
Whyte and Mackay Warehousing Limited ("WMWL")	100%	100%
Emperador Asia Pte. Ltd. ("EA")	100%	100%
Grupo Emperador Spain, S.A. ("GES")	100%	100%
Bodega San Bruno, S.L. ("BSB")	100%	100%
Bodegas Fundador, S.L.U. ("BFS")	100%	100%
Grupo Emperador Gestion S.L. ("GEG")	100%	100%
Stillman Spirits, S.L. ("Stillman")	100%	100%
Domecq Bodega Las Copas, S.L. ("DBLC")	50%	50%
Bodegas Las Copas, S.L. ("BLC")	50%	50%
Emperador Europe Sarl ("EES")	100%	100%

Please refer to Note 1.1 to the audited consolidated financial statements as of and for the year ended December 31, 2021 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, 2022 (including the comparative financial information as of December 31, 2021 and for the three months ended March 31, 2021) were authorized for issue by the Parent Company's Board of Directors ("BOD") through the Audit Committee on May 24, 2022.

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, 2021 except for the application of amendments to standards that became effective on January 1, 2022 (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, 2022 and 2021 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, 2021.

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

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

2.2 *Adoption of Amended Standards*

(a) *Effective in 2022 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, 2022. These do not have material impact on the Group's consolidated financial statements as these pronouncements merely clarify existing requirements.

- (i) PFRS 3 (Amendments), *Business Combination – Reference to the Conceptual Framework*
- (ii) PAS 16 (Amendments), *Property, Plant and Equipment – Proceeds Before Intended Use*
- (iii) PAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- (iv) Annual Improvements to PFRS 2018-2020 Cycle:
 - PFRS 9 (Amendments), *Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Liabilities*
 - Illustrative Examples Accompanying PFRS 16, *Leases – Lease Incentives*

(b) *Effective Subsequent to 2022 but not Adopted Early*

There are amendments to existing standards effective for annual periods subsequent to 2022, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, these are not expected to have significant impact on the Group's consolidated financial statements:

- (i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2023)
- (ii) PAS 1 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies* (effective from January 1, 2023)
- (iii) PAS 8 (Amendments), *Accounting Estimates – Definition of Accounting Estimates* (effective from January 1, 2023)
- (iv) PAS 12 (Amendments), *Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction* (effective from January 1, 2023)
- (v) PFRS 10 (Amendments), *Consolidated Financial Statements*, and PAS 28 (Amendments), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets Between an Investor and its Associates or Joint Ventures* (effective date deferred indefinitely)

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

In preparing the interim consolidated financial statements, 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, 2021.

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, 2022 and as of December 31, 2021, 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 2022 in the commitments and contingencies disclosed in the Group's most recent annual consolidated financial statements as of December 31, 2021 (see Note 19.7). Except also for the provisions for onerous lease and dilapidations recognized, there are no other commitments and contingent liabilities that arise in the normal course of the Group's operations which are not reflected in the interim consolidated financial statements. Management is of the opinion that losses, if any, from these commitments and contingencies will not have material effects on the Group's interim consolidated financial statements.

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, 2022 and 2021 and as of December 31, 2021 (in millions) are presented below.

	BRANDY March 31,		SCOTCH WHISKY March 31,		SEGMENT TOTALS March 31,	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
REVENUES AND OTHER INCOME						
External customers	P 7,635	P 8,163	P 4,698	P 3,913	P 12,333	P 12,076
Intersegment sales*	<u>242</u>	<u>139</u>	<u>29</u>	<u>17</u>	<u>271</u>	<u>156</u>
	<u>7,877</u>	<u>8,302</u>	<u>4,727</u>	<u>3,930</u>	<u>12,604</u>	<u>12,232</u>
COSTS AND EXPENSES						
Costs of goods sold	5,444	5,773	2,544	2,187	7,988	7,960
Intersegment costs of goods sold*	29	17	242	139	271	156
Selling and distribution	576	556	568	423	1,144	979
General and administrative	313	222	252	286	565	508
Interest expense and other charges	<u>94</u>	<u>137</u>	<u>63</u>	<u>32</u>	<u>157</u>	<u>169</u>
	<u>6,456</u>	<u>6,705</u>	<u>3,669</u>	<u>3,067</u>	<u>10,125</u>	<u>9,772</u>
SEGMENT PROFIT BEFORE TAX	1,421	1,597	1,058	864	2,479	2,461
TAX EXPENSE	<u>184</u>	<u>216</u>	<u>165</u>	<u>146</u>	<u>349</u>	<u>362</u>
SEGMENT NET PROFIT	<u>P 1,237</u>	<u>P 1,381</u>	<u>P 893</u>	<u>P 718</u>	<u>P 2,130</u>	<u>P 2,099</u>
Depreciation and amortization	P 399	P 267	P 74	P 81	P 473	P 348
Interest expense	94	137	63	32	157	169
Share in net profit of joint venture	24	72	-	-	24	72
	March 31, <u>2022</u>	Dec. 31, <u>2021</u>	March 31, <u>2022</u>	Dec. 31, <u>2021</u>	March 31, <u>2022</u>	Dec. 31, <u>2021</u>
TOTAL ASSETS	P 138,743	P 136,220	P 55,156	P 54,471	P 193,898	P 190,692
TOTAL LIABILITIES	50,625	50,854	12,555	11,864	63,180	62,718

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

The Group's revenues and other income in the periods presented range from 62% to 69% from the Asia Pacific, 21% 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):

	Segment Totals	Intercompany Accounts	Consolidated Balances
<u>March 31, 2022</u>			
Revenues	P 12,604	(P 271)	P 12,333
Costs and expenses	10,125	(271)	9,854
Total assets	193,898	(60,132)	133,766
Total liabilities	63,180	(10,863)	52,317
Other segment information:			
Depreciation and amortization	473	-	473
Interest expense	157	-	157
Share in net profit of a joint venture	24	-	24
<u>March 31, 2021</u>			
Revenues	12,233	(156)	12,077
Costs and expenses	9,772	(156)	9,616
Other segment information:			
Depreciation and amortization	348	-	348
Interest expense	169	-	169
Share in net profit of a joint venture	72	-	72
<u>December 31, 2021</u>			
Total assets	190,692	(62,175)	128,516
Total liabilities	62,718	(12,920)	49,798

5. CASH AND CASH EQUIVALENTS

This account includes the following components:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Cash on hand and in banks	P 3,864,890,032	P 4,485,605,267
Short-term placements	9,291,812,795	4,848,178,171
	P 13,156,702,827	P 9,333,783,438

Cash in banks generally earn interest at rates based on daily bank deposit rates. Short-term placements have an average maturity of 30 to 60 days and earn effective annual interest rates ranging from 0.5% to 0.6% in the first three months of 2022 and from 0.4% to 0.6% in the first three months of 2021. Interest earned amounted to P25.4 million and P21.3 million in the first three months of 2022 and 2021, 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, 2022 (Unaudited)	December 31, 2021 (Audited)
Trade receivables	19.3	P 10,870,194,077	P 13,930,847,017
Advances to suppliers		6,629,767,772	6,147,264,154
Advances to officers and employees	19.4	413,615,939	103,446,030
Accrued interest receivable		204,808	378,467
Other receivables		825,169,312	356,571,487
		18,738,951,908	20,538,507,155
Allowance for impairment		(192,351,170)	(192,652,354)
		P 18,546,600,738	P 20,345,854,801

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 2022 and 2021 for those receivables found to be impaired (see Note 22.2). A reconciliation of the allowance for impairment is shown below.

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance at beginning of period	P 192,652,354	P 189,441,284
Recoveries	(301,184)	(15,546,909)
Impairment losses	-	11,561,171
Translation adjustment	-	7,196,808
Balance at end of period	P 192,351,170	P 192,652,354

Recoveries pertain to collections of certain receivables previously provided with allowance. There were no write-offs of receivables in 2022 and 2021.

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

7. INVENTORIES

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

	Notes	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
At cost:			
Finished goods	16, 19	P 5,028,273,946	P 4,451,219,952
Work-in-process	16, 19	24,680,060,019	24,225,660,910
Raw materials	16, 19	4,276,676,029	3,385,062,670
Packaging materials	16, 19	495,290,907	393,555,813
Machinery spare parts, consumables and factory supplies		<u>334,772,663</u>	<u>319,884,044</u>
		<u>34,815,073,564</u>	<u>32,775,383,389</u>
At net realizable value:			
Finished goods			
Cost	16, 19	1,282,169,308	1,123,522,860
Allowance for impairment		(182,116,434)	(186,047,864)
Packaging materials			
Cost	16, 19	502,893,388	431,128,500
Allowance for impairment		(<u>125,256,350</u>)	(<u>130,842,880</u>)
		<u>1,477,689,912</u>	<u>1,237,760,616</u>
		<u>P 36,292,763,476</u>	<u>P 34,013,144,005</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 P20.0 billion and P19.7 billion as of March 31, 2022 and December 31, 2021, 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, 2022 and 2021 is presented in Note 16.

8. PROPERTY, PLANT AND EQUIPMENT

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

	Notes	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Property, plant and equipment	8.1	P 27,283,738,673	P 26,841,829,799
Right-of-use assets	8.2	<u>998,416,621</u>	<u>1,024,838,886</u>
		<u>P 28,282,155,294</u>	<u>P 27,866,668,685</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.

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Cost	P 42,103,684,571	P 41,553,164,681
Accumulated depreciation and amortization	(14,819,945,898)	(14,711,334,882)
Net carrying amount	P 27,283,738,673	P 26,841,829,799

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

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance at beginning of the period, net of accumulated depreciation and amortization	P 26,841,829,799	P 25,465,059,928
Additions during the period	995,186,603	2,340,741,404
Translation adjustment	(7,141,159)	790,272,045
Disposal during the period	(5,130,955)	(57,941,643)
Depreciation and amortization charges for the period	(541,005,615)	(1,696,301,935)
Balance at the end of the period, net of accumulated depreciation and amortization	P 27,283,738,673	P 26,841,829,799

The amount of depreciation and amortization is allocated as follows:

		For the Three Months Ended	
	Notes	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)
Costs of goods sold	16	P 407,122,000	P 262,461,993
Selling and distribution expenses	17	18,619,855	18,091,199
General and administrative expenses	17	20,150,068	41,807,558
		445,891,923	322,360,750
Capitalized to inventories		95,113,692	81,804,460
		P 541,005,615	P 404,165,210

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, 2022 (Unaudited)	December 31, 2021 (Audited)
Cost	P 1,738,108,610	P 1,731,768,067
Accumulated amortization	(739,691,989)	(706,929,181)
Net carrying amount	<u>P 998,416,621</u>	<u>P 1,024,838,886</u>

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

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance at beginning of the period, net of accumulated amortization	P 1,024,838,886	P 970,785,552
Amortization charges for the period	(27,301,582)	(222,355,982)
Translation adjustment	879,317	45,118,060
Additions during the period	-	141,568,711
Lease modification	-	92,397,741
Termination	-	(2,675,196)
Balance at the end of the period, net of accumulated amortization	<u>P 998,416,621</u>	<u>P 1,024,838,886</u>

The amount of amortization in 2022 and 2021 is allocated as follows:

		For the Three Months Ended	
	Notes	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)
Costs of goods sold	16	P 6,707,412	P 24,580,930
General and administrative expenses	17	20,594,170	-
		<u>P 27,301,582</u>	<u>P 24,580,930</u>

8.3 Lease Liabilities

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

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Current	P 197,212,079	P 205,206,504
Non-current	<u>1,322,288,664</u>	<u>887,743,550</u>
	<u>P 1,519,500,743</u>	<u>P 1,092,950,054</u>

The use of extension and termination options gives the Group added flexibility in the event it has identified more suitable premises in terms of cost and/or location or determined that it is advantageous to remain in a location beyond the original lease term. An option is only exercised when consistent with the Group's regional markets strategy and the economic benefit of exercising the option exceeds the expected overall cost.

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

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Beginning lease liabilities	P 1,092,950,054	P 1,462,894,265
Translation adjustment	478,961,306	(269,225,893)
Finance charges	(44,416,192)	(81,073,626)
Lease payments	(7,994,425)	(19,644,692)
Ending lease liabilities	<u>P 1,519,500,743</u>	<u>P 1,092,950,054</u>

9. INTANGIBLE ASSETS

This account is composed of the following:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Indefinite useful lives:		
Trademarks – net	P 20,090,382,416	P 20,030,113,136
Goodwill	<u>9,461,921,759</u>	<u>9,406,272,150</u>
	29,552,304,175	29,436,385,286
Definite useful lives –		
Trademarks – net	<u>1,750,008</u>	<u>2,153,856</u>
	<u>P 29,554,054,183</u>	<u>P 29,438,539,142</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.

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

	<u>Note</u>	<u>March 31, 2022</u> <u>(Unaudited)</u>	<u>December 31, 2021</u> <u>(Audited)</u>
Balance at beginning of the period		P 2,153,856	P 3,769,247
Amortization during the period	17	(403,848)	(1,615,391)
Balance at end of the period		<u>P 1,750,008</u>	<u>P 2,153,856</u>

Management believes that both the goodwill and trademarks are not impaired as of March 31, 2022 and December 31, 2021 as the Group's products that carry such brands and trademarks are performing very well in the market; hence, no impairment is necessary to be recognized in the periods presented.

10. OTHER ASSETS

10.1 Prepayments and Other Current Assets

This account is composed of the following:

	<u>March 31, 2022</u> <u>(Unaudited)</u>	<u>December 31, 2021</u> <u>(Audited)</u>
Prepaid taxes	P 875,387,446	P 839,417,169
Prepaid expenses	425,561,946	171,392,040
Deferred input value-added tax ("VAT")	138,206,270	177,576,724
Refundable security deposits	9,631,427	8,808,208
Other current assets	<u>57,639,796</u>	<u>51,925,513</u>
	<u>P 1,506,426,885</u>	<u>P 1,249,119,654</u>

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

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

10.2 Other Non-current Assets

This account is composed of the following:

	<u>Note</u>	<u>March 31, 2022</u> <u>(Unaudited)</u>	<u>December 31, 2021</u> <u>(Audited)</u>
Property mortgage receivable		P 644,129,320	P 646,636,072
Deferred input VAT		67,709,043	34,176,923
Refundable security deposits	19.2	55,487,529	55,109,352
Advances to suppliers		27,239,626	29,302,803
Others		<u>7,997,547</u>	<u>8,702,627</u>
		<u>P 802,563,065</u>	<u>P 773,927,777</u>

In 2016, the Group purchased from one of its property lessors an outstanding mortgage debt on one of the Group's leased properties. The purchased mortgage asset entitles the Group to full security over the leased property and to monthly interest payments from the property lessor. However, the Group remains as lessee over the property; hence, it is still required to make monthly lease payments to the property lessor until 2036.

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, 2022 (Unaudited)	December 31, 2021 (Audited)
Acquisition costs	P 2,845,367,065	P 2,845,367,065
Accumulated share in net profit:		
Balance at beginning of the period	637,277,552	448,495,366
Share in net profit for the period	24,271,590	161,824,100
Translation adjustment	(11,916,418)	26,958,086
Balance at end of the period	649,632,724	637,277,552
	P 3,494,999,789	P 3,482,644,617

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

12. INTEREST-BEARING LOANS

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

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Current:		
Foreign	P 3,937,229,156	P 3,011,082,346
Local	400,000,000	400,000,000
	4,337,229,156	3,411,082,346
Non-current –		
Foreign	21,281,985,145	21,430,348,300
	P 25,619,214,301	P 24,841,430,646

Interest expense on the above loans for the periods ended March 31, 2022 and 2021 amounted to P109.5 million and P97.9 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

The outstanding balance of the equity-linked securities instrument ("ELS") represents Tranche 2 Conversion which may be converted by the Arran Investment Private Limited ("Arran"), the Holder, for 475,000,000 common shares up to Extended Redemption Date. The ELS earns variable interest at the same rate as dividend paid to common shareholders.

On December 3, 2021, the Holder exercised its right to Tranche 2 Conversion and EMP was given a period until February 28, 2022, subsequently modified to May 15, 2022 and was further modified to August 12, 2022 to issue the Tranche 2 Shares (“Conversion Period”). Pursuant to this, EMP derecognized the financial liability component of the ELS and recognized an equity component amounting to P3.4 billion in 2021 which is presented as Deposit on Future Stock Subscription – Equity-linked Securities under the Equity section of the interim consolidated statements of financial position. Upon the actual conversion, EMP will reclassify the remaining portion of the Conversion Options amounting to P88.5 million to additional paid-in capital.

Variable interest during the three months ended March 31, 2021 amounting to P57.0 million (nil in 2022) is presented as part of Interest Expense account under the Costs and Expenses section of the 2021 interim consolidated statement of comprehensive income.

There were no related collaterals on the ELS.

14. TRADE AND OTHER PAYABLES

The breakdown of this account is as follows:

	Notes	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Trade payables	19.1, 19.6	P 13,690,917,554	P 10,780,556,544
Accrued expenses		5,373,856,404	6,309,215,929
Output VAT payable		100,181,281	602,515,558
Advances from related parties	19.5	3,070,715	3,070,715
Others		161,811,328	192,972,584
		P 19,329,837,282	P 17,888,331,330

15. REVENUES AND OTHER INCOME

The details of revenues and other income are shown below.

	Notes	For the Three Months Ended March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)
Sales	19.3	P 11,764,573,243	P 11,858,001,012
Others:			
Foreign currency gains – net		214,389,872	53,911,184
Share in net profit of a joint venture	11	24,271,590	71,614,845
Other income – net	5	330,109,627	92,758,224
		568,771,089	218,284,253
		P 12,333,344,332	P 12,076,285,265

16. COSTS OF GOODS SOLD

The details of costs of goods sold are shown below.

	Notes	For the Three Months Ended	
		March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)
Finished goods, beginning	7	P 5,574,742,812	P 5,159,455,789
Finished goods purchased	19.1	1,040,192,207	631,245,320
Cost of goods manufactured			
Raw and packaging materials, beginning	7	4,209,746,983	4,700,265,219
Net purchases	19.1	7,625,416,132	7,844,719,800
Raw and packaging materials, end	7	(5,274,860,324)	(5,240,970,332)
Raw materials used		6,560,302,791	7,304,014,687
Work-in-process, beginning	7	24,225,660,910	21,071,773,814
Direct labor		378,495,671	347,152,926
Manufacturing overhead:			
Depreciation and amortization	8	413,829,412	287,042,923
Taxes and licenses		212,535,818	47,945,222
Outside services	19.6	92,983,692	89,068,270
Communication, light, and water		89,019,684	56,778,587
Fuel and lubricants		85,247,534	73,496,126
Repairs and maintenance		71,072,332	69,004,651
Commission		69,644,716	60,074,006
Rentals		38,027,169	45,452,283
Labor		35,358,609	41,199,234
Waste disposal		16,033,976	8,522,894
Insurance		14,228,887	12,587,275
Transportation		13,174,538	10,239,815
Consumables and supplies		9,884,384	19,810,479
Meals		7,641,062	4,356,578
Gasoline and oil		3,635,537	2,040,834
Miscellaneous		27,043,940	28,311,209
Work-in-process, end	7	(24,680,060,019)	(22,257,389,825)
		7,683,760,643	7,321,481,988
Finished goods, end	7	(6,310,443,254)	(5,152,580,522)
		P 7,988,252,408	P 7,959,602,575

17. OTHER OPERATING EXPENSES

The details of operating expenses are shown below.

	Notes	For the Three Months Ended	
		March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)
Advertising		P 547,705,510	P 525,606,467
Salaries and employee benefits		448,049,228	478,710,540
Taxes and licenses		146,563,256	62,505,870
Professional fees and outside services		122,299,729	66,418,176
Freight-out		96,164,418	55,328,162
Travel and transportation		65,555,439	49,995,869
Depreciation and amortization	8	59,364,093	59,898,757
Other services		34,381,878	17,940
Fuel and oil		27,662,770	13,437,140
Representation		23,930,863	15,974,765
Rentals		23,181,207	25,566,591
Repairs and maintenance		16,068,151	16,361,142
Insurance		12,312,674	15,575,032
Supplies		9,846,329	8,772,632
Communication, light, and water		8,440,637	9,647,946
Meals		3,334,443	6,349,554
Amortization of trademarks	9	403,848	403,848
Others		63,433,651	76,283,759
		P 1,708,698,124	P 1,486,854,190

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, 2022 (Unaudited)	March 31, 2021 (Unaudited)
Selling and distribution expenses	P 1,143,916,594	P 978,935,521
General and administrative expenses	564,781,530	507,918,669
	P 1,708,698,124	P 1,486,854,190

18. TAXES

EMP and its Philippine subsidiaries are subject to the higher of regular corporate income tax ("RCIT") at 25% of net taxable income, or minimum corporate income tax ("MCIT") at 1% of gross income, as defined under the Philippine tax regulations. The Group declared RCIT for the three months ended March 31, 2022 and 2021 as RCIT was higher in those periods, except for TEI in which MCIT was higher than RCIT in 2021.

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

EMP'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, 2022	March 31, 2021
	(Unaudited)	(Unaudited)
<i>Reported in profit or loss:</i>		
Current tax expense		
RCIT at 19% and 25%	P 288,975,671	P 150,669,188
Final tax on interest	1,086,567	581,191
MCIT	-	187,932
	290,062,238	151,438,311
Deferred tax expense relating to origination and reversal of other temporary differences	59,138,988	210,602,038
	P 349,201,226	P 362,040,349
<i>Reported in other comprehensive income or loss –</i>		
Deferred tax expense relating to retirement benefit obligation re-measurement	P 20,536,000	P 45,391,500

The deferred tax assets and liabilities relate to the following:

	March 31, 2022	December 31, 2021
	(Unaudited)	(Audited)
Brand valuation	(P 2,708,448,221)	(P 2,491,991,522)
Fair value adjustment	(420,079,208)	(386,506,864)
Short-term temporary differences	(372,045,791)	(342,312,232)
Retirement benefit asset	(255,961,560)	(228,632,315)
PFRS 16 impact	49,188,501	49,196,408
Capitalized borrowing costs	(41,118,820)	(41,118,820)
Allowance for impairment	23,177,408	22,614,307
Unamortized past service costs	178,093	178,093
Net deferred tax liabilities	(P 3,725,109,598)	(P 3,418,572,945)

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

	March 31, 2022	December 31, 2021
	(Unaudited)	(Audited)
Deferred tax liabilities - net	(P 3,852,376,204)	(P 3,552,232,410)
Deferred tax assets - net	127,266,606	133,659,465
	(P 3,725,109,598)	(P 3,418,572,945)

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, 2022 and 2021 and the related outstanding balances as of March 31, 2022 and December 31, 2021 are shown below.

Related Party Category	Notes	Amount of Transaction For the Three Months Ended		Outstanding Receivable (Payable)	
		March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Ultimate Parent Company:					
Dividends		P -	P 2,770,015,167	P -	P -
Lease of properties	19.2(a)	13,322,862	2,601,500	-	-
Related Parties Under Common Ownership:					
Purchase of raw materials	19.1	918,899,419	640,404,978	(872,755,697)	(621,856,151)
Purchase of finished goods	19.1	3,459,780	2,798,863	(754,205)	(972,593)
Lease of properties	19.2(b),(c)	25,926,722	19,565,367	(8,030,240)	-
Sale of goods	19.3	49,804,847	16,230,401	177,676,823	206,204,092
Management services	19.6	15,000,000	15,000,000	82,500,000	(33,000,000)
Refundable security deposits	19.2(b),(c)	705,080	(1,035,821)	7,185,768	6,480,688
Stockholder -					
Advances obtained	19.5	-	-	(3,070,715)	(3,070,715)
Officers and Employees -					
Advances granted (collected)	19.4	310,169,909	(843,471)	413,615,939	103,446,030

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 2022 and 2021 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 transactions are normally being paid within 30 days. The Group also 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).

The related unpaid purchases as of March 31, 2022 and December 31, 2021 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 and lease liabilities from these lease agreements, which will be amortized and paid, respectively, over the lease term in lieu of the annual rent expense. Amortization of right-of-use assets and interest expense recognized from the lease liabilities are presented as part of Depreciation and amortization under the Costs of Goods Sold account and as part of Interest Expense account in the interim consolidated statements of comprehensive income, respectively.

The outstanding right-of-use assets 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, 2022 and December 31, 2021.

(b) *Megaworld Corporation*

EDI, PAI and AWGI also entered into lease contracts with Megaworld Corporation (“Megaworld”), a related party under common ownership, for the head office space of the Group. The Group paid P18.1 million and P11.7 million in rentals for the first three months of 2022 and 2021, respectively.

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

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

EDI entered into a lease contract with Empire East Land Holdings, Inc., a related party under common ownership, for its office and warehouse. The Group paid P7.8 million and P7.9 million in rentals for the first three months of 2022 and 2021, respectively.

19.3 *Sale of Goods*

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

19.4 *Advances to Officers and Employees*

In the normal course of business, the Group grants noninterest-bearing, unsecured, and payable on demand 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, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance at beginning of period	P 103,446,030	P 44,299,252
Additions - net	310,169,909	59,146,778
Balance at end of period	P 413,615,939	P 103,446,030

19.5 Advances to (from) Related Parties

Certain entities within the AGI Group and other related parties grant cash advances to (from) the Group for its working capital, investment and inventory purchases requirements. These advances are unsecured, noninterest-bearing and repayable in cash upon demand. These advances are presented as Advances to related parties under the Trade and Other Receivables account (see Note 6) and as Advances from related parties under the Trade and Other Payables account (see Note 14).

19.6 Management Services

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

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

19.7 Purchase and Sale Commitment

On December 27, 2020, the Group signed a letter of intent with Global One, a related party under common ownership, for the sale of the Group's certain land and buildings (reported as Non-Current Assets Held for Sale in the interim consolidated statements of financial position) for a total purchase price of €16.6 million.

20. EQUITY

20.1 Treasury Shares

On May 12, 2017, the Parent Company's BOD authorized the buy-back of EMP's common shares of up to P5.0 billion for a term of 2 years commencing on May 16, 2017 and ending on May 16, 2019. On May 7, 2019, the buy-back program of the Parent Company's common shares of up to P3.0 billion was extended for another 12 months up to May 16, 2020. On May 16, 2020 the BOD approved another 12-month extension and fully used up the allotment before the end of the extension period.

On April 12, 2021, the Parent Company's BOD authorized another buy-back program of up to P1.0 billion ending on December 31, 2021 under the same terms and conditions as the previous ones. The allotment was fully used up by the end of June 30, 2021.

As of March 31, 2022 and December 31, 2021, the Parent Company had spent P6.12 billion including trading charges, to purchase a total of 759.20 million shares. Out of these, a total of 253.3 million shares had been issued to Arran for the Tranche 1 Conversion of the ELS in February 2020 (see Note 13). As of March 31, 2022, there were 505.92 million shares in treasury amounting to P4.75 billion and presented under Treasury Shares account in the interim consolidated statement of changes in equity.

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

20.2 Declaration of Dividends

The details of the Parent Company's cash dividend declarations for the three months ended March 31, 2021 are as follows:

<u>Date of Declaration</u>	<u>Date of Stockholders' Record</u>	<u>Payable Date</u>		<u>Dividend per Share</u>	<u>Total</u>
January 4, 2021	January 15, 2021	February 3, 2021	P	0.12	P1,900,582,805
March 8, 2021	March 19, 2021	April 15, 2021		0.09	<u>1,425,437,103</u>
					<u>P3,326,019,908</u>

There were no dividends declared and paid by the Parent Company for the three months ended March 31, 2022.

The Parent Company's buy-back program restricts its retained earnings for distribution as dividends up to the cost of the 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, 2022</u> <u>(Unaudited)</u>	<u>December 31, 2021</u> <u>(Audited)</u>
DBLC	P 989,506,734	P 1,021,025,250
Boozylife	(23,002,246)	(20,855,756)
	<u>P 966,504,488</u>	<u>P 1,000,169,494</u>

21. EARNINGS PER SHARE

Earnings per share were computed as follows:

	<u>For the Three Months Ended</u>	
	<u>March 31, 2022</u> <u>(Unaudited)</u>	<u>March 31, 2021</u> <u>(Unaudited)</u>
Consolidated net profit attributable to owners of parent company	P 2,098,349,310	P 2,083,850,350
Divided by weighted average number of outstanding common shares	<u>15,839,884,723</u>	<u>15,845,014,032</u>
Basic and diluted earnings per share	<u>P 0.13</u>	<u>P 0.13</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. Thus, the weighted average number of issued and outstanding common shares presented above does not include the effect of the potential common shares from the employee share options and convertible ELS.

The treasury shares under the buy-back program (see Note 20.1) do not form part of outstanding shares.

22. RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

22.1 Market Risk

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

(a) Foreign Currency Risk

Most of the Group's transactions are carried out in Philippine pesos, United States ("US") dollars, Euros, and UK pounds, which are the entities' functional currencies. Exposures to currency exchange rates arise from the Group's foreign currency-denominated transactions at each entity level. The Group has no significant exposure to other foreign currency exchange rates at each entity level, except for US dollars of EDI and foreign subsidiaries, since these other foreign currencies are not significant to the Group's interim consolidated financial statements. EDI has cash and cash equivalents in US dollars as of March 31, 2022 and December 31, 2021 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, 2022 (Unaudited)	December 31, 2021 (Audited)
Financial assets	P 1,081,453,524	P 432,911,894
Financial liabilities	(2,714,269,770)	(2,750,063,007)
	<u>(P 1,632,816,246)</u>	<u>(P 2,317,151,113)</u>

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

	Reasonably possible change in rate	Effect in consolidated profit before tax	Effect in consolidated equity
March 31, 2022	5.87%	(P 95,846,314)	(P 71,884,735)
December 31, 2021	4.11%	(P 95,234,911)	(P 71,426,183)

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, 2022 and December 31, 2021, 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 London Inter-bank Offered Rate. The EURIBOR, however, is currently at a negative rate or zero rate, and the Group does not see a material interest rate risk here in the short-term. The Group does not see a material effect on the interim consolidated financial statements from both.

(c) *Other Price Risk*

The Group was exposed to other price risk in respect of its financial instruments at fair value through profit or loss ("FVTPL"), which pertain to derivative assets and liabilities arising from foreign exchange margins trading spot and forward contracts. These financial instruments will continue to be measured at fair value based on 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, 2022 (Unaudited)	December 31, 2021 (Audited)
Cash and cash equivalents	5	P 13,156,702,827	P 9,333,783,438
Trade and other receivables – net	6	11,503,217,027	14,095,144,617
Property mortgage receivable	10.2	644,129,320	646,636,072
Refundable security deposits	10	65,118,956	63,917,560
		P 25,369,168,130	P 24,139,481,687

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, Property Mortgage Receivable, and Refundable Security Deposits*

The Group applies the simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade receivables and other receivables. To measure the 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. With respect to property mortgage receivable, management assessed that this financial asset has low probability of default since the Parent Company is also a lessee over the same property and can apply such receivable against future lease payments.

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, 2022 and December 31, 2021 based on contractual undiscounted payments is as follows:

March 31, 2022 (Unaudited)				
	CURRENT		NON-CURRENT	
	Within 6 months	6 to 12 months	1 to 5 years	More than 5 years
Interest-bearing loans	P 695,631,492	P 3,913,570,963	P 21,791,401,564	P -
Trade and other payables	19,149,344,850	-	-	-
Lease liabilities	<u>146,261,792</u>	<u>134,778,563</u>	<u>861,533,617</u>	<u>431,965,723</u>
	<u>P 19,991,238,134</u>	<u>P 4,048,349,526</u>	<u>P 22,652,935,181</u>	<u>P 431,965,723</u>
December 31, 2021 (Audited)				
	CURRENT		NON-CURRENT	
	Within 6 months	6 to 12 months	1 to 5 years	More than 5 years
Interest-bearing loans	P 734,323,235	P 2,946,647,836	P 21,946,907,378	P -
Trade and other payables	17,205,504,621	-	-	-
Lease liabilities	<u>146,261,792</u>	<u>134,778,563</u>	<u>861,533,617</u>	<u>431,965,723</u>
	<u>P 18,086,089,648</u>	<u>P 3,081,426,399</u>	<u>P 22,808,440,995</u>	<u>P 431,965,723</u>

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

23. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

		March 31, 2022 (Unaudited)		December 31, 2021 (Audited)	
	Notes	Carrying Values	Fair Values	Carrying Values	Fair Values
<i>Financial Assets</i>					
Financial assets					
at amortized cost:					
Cash and cash equivalents	5	P 13,156,702,827	P 13,156,702,827	P 9,333,783,438	P 9,333,783,438
Trade and other receivables	6	11,503,217,027	11,503,217,027	14,095,144,617	14,095,144,617
Property mortgage receivable	10.2	644,129,320	644,129,320	646,636,072	646,636,072
Refundable security deposits	10	<u>65,118,956</u>	<u>65,118,956</u>	<u>63,917,560</u>	<u>63,917,560</u>
		<u>P 25,369,168,130</u>	<u>P 25,369,168,130</u>	<u>P 24,139,481,687</u>	<u>P 24,139,481,687</u>
Financial assets at FVTPL		<u>P -</u>	<u>P -</u>	<u>P 3,294,192</u>	<u>P 3,294,192</u>
<i>Financial Liabilities</i>					
Financial liabilities					
at amortized cost:					
Interest-bearing loans	12	P 25,619,214,301	P 25,619,214,301	P 24,841,430,646	P 24,841,430,646
Trade and other payables	14	19,149,344,850	19,149,344,850	17,205,504,621	17,205,504,621
Lease liabilities	8.3	<u>1,519,500,743</u>	<u>1,519,500,743</u>	<u>1,092,950,054</u>	<u>1,092,950,054</u>
		<u>P 46,288,059,894</u>	<u>P 46,288,059,894</u>	<u>P 43,139,885,321</u>	<u>P 43,139,885,321</u>
Financial liabilities at FVTPL		<u>P 35,502,936</u>	<u>P 35,502,936</u>	<u>P -</u>	<u>P -</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, 2022 and December 31, 2021. In subsequent reporting periods, each party to the financial instruments (particularly those involving related parties) may decide to enter into an offsetting arrangement in the event of default of the other party.

24. FAIR VALUE MEASUREMENT AND DISCLOSURES

24.1 *Fair Value Hierarchy*

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

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

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

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

24.2 *Financial Instruments Measured at Fair Value*

The Group's financial instruments measured at fair value pertain to the Group's derivative instruments. These were presented as financial liabilities at FVTPL amounting to P35.5 million as of March 31, 2022 and financial assets at FVTPL amounting P3.3 million as of December 31, 2021. 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 table below 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, 2022 (Unaudited)				
	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and cash equivalents	P 13,156,702,827	P -	P -	P 13,156,702,827
Trade and other receivables	-	-	11,503,217,027	11,503,217,027
Property mortgage receivable	-	-	644,129,320	644,129,320
Refundable security deposits	-	-	65,118,956	65,118,956
	<u>P 13,156,702,827</u>	<u>P -</u>	<u>P 12,212,465,303</u>	<u>P 25,369,168,130</u>
Financial liabilities:				
Interest-bearing loans	P -	P -	P 25,619,214,301	P 25,619,214,301
Trade and other payables	-	-	19,149,344,850	19,149,344,850
Lease liabilities	-	-	1,519,500,743	1,519,500,743
	<u>P -</u>	<u>P -</u>	<u>P 46,288,059,894</u>	<u>P 46,288,059,894</u>
December 31, 2021 (Audited)				
	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and cash equivalents	P 9,333,783,438	P -	P -	P 9,333,783,438
Trade and other receivables	-	-	14,095,144,617	14,095,144,617
Property mortgage receivable	-	-	646,636,072	646,636,072
Refundable security deposits	-	-	63,917,560	63,917,560
	<u>P 9,333,783,438</u>	<u>P -</u>	<u>P 14,805,698,249</u>	<u>P 24,139,481,687</u>
Financial liabilities:				
Interest-bearing loans	P -	P -	P 24,841,430,646	P 24,841,430,646
Trade and other payables	-	-	17,205,504,621	17,205,504,621
Lease liabilities	-	-	1,092,950,054	1,092,950,054
	<u>P -</u>	<u>P -</u>	<u>P 43,139,885,321</u>	<u>P 43,139,885,321</u>

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

25. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

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

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

	March 31, 2022 (Unaudited)		December 31, 2021 (Audited)
Total liabilities	P 52,316,657,027	P	49,798,141,454
Total equity	81,449,173,092		78,718,235,367
Liabilities-to-equity ratio	P 0.64 : 1.00	P	0.63 : 1.00

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

26. CONTINUING IMPACT OF COVID-19 PANDEMIC

The COVID-19 pandemic which put the Philippines in a state of calamity is continuing globally as of date of this report, with new variants of the virus coming out and causing upsurges and re-imposition of restrictions in countries so affected at varying degrees. The government's vaccination program is ongoing. The Group has started its vaccination program for its employees in May 2021, and later on to their family members, to help achieve the herd immunity that the government is aiming for.

There were global economic disruptions in the first quarter brought about by the Omicron variant waves of infection that caused record peaks in most countries in January, including UK, Spain, Mexico, and Philippines. As the situation had improved globally, public health restrictions had eased in most places while there were still tightening in other places.

The ultimate impact of the pandemic is highly uncertain and subject to change. Accordingly, management cannot reliably estimate the quantitative impact of the pandemic on the Group's interim consolidated financial position and results of operations for future periods. The Group follows dutifully government guidelines and pronouncements.

APPENDIX C: SUMMARY OF SELECTED PROVISIONS OF OUR BY-LAWS AND RELATED PHILIPPINE LAWS

The discussion below provides information about certain provisions of our By-laws and the related laws of the Philippines. This description is only a summary and is qualified by reference to Philippine law and our Articles of Incorporation and By-laws.

The instrument that constitutes and defines our Company is the Articles of Incorporation and By-laws of our Company.

The following summarises certain articles of our By-laws and the laws of Philippines relating to:

(a) The power of a director to vote on a proposal, arrangement or contract in which he is interested

Section 31 of the Philippine Revised Corporation Code on “Dealings of Directors, Trustees or Officers with the Corporation”

A contract of the corporation with one or more of its directors, trustees, officers or their spouses and relatives within the fourth civil degree of consanguinity or affinity is voidable, at the option of such corporation, unless all the following conditions are present:

- (a) The presence of such director or trustee in the board meeting in which the contract was approved was not necessary to constitute a quorum for such meeting;
- (b) The vote of such director or trustee was not necessary for the approval of the contract;
- (c) The contract is fair and reasonable under the circumstances;
- (d) In case of corporations vested with public interest, material contracts are approved by at least two-thirds of the entire membership of the board, with at least a majority of the independent directors voting to approve the material contract; and
- (e) In case of an officer, the contract has been previously authorised by the board of directors.

Where any of the first three conditions set forth in the preceding paragraph is absent, in the case of a contract with a director or trustee, such contract may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock or of at least two-thirds of the members in a meeting called for the purpose: *Provided*, That full disclosure of the adverse interest of the directors or trustees involved is made at such meeting and the contract is fair and reasonable under the circumstances.

Section 32 of the Philippine Revised Corporation Code on “Contracts Between Corporations with Interlocking Directors”

Except in cases of fraud, and provided the contract is fair and reasonable under the circumstances, a contract between two or more corporations having interlocking directors shall not be invalidated on that ground alone: *Provided*, That if the interest of the interlocking director in one corporation is substantial and the interest in the other corporation or corporations is merely nominal, the contract shall be subject to the provisions of the preceding section insofar as the latter corporation or corporations are concerned.

Stockholdings exceeding 20% of the outstanding capital stock shall be considered substantial for purposes of interlocking directors.

Section 33 of the Philippine Revised Corporation Code on “Disloyalty of a Director”

Where a director, by virtue of such office, acquires a business opportunity which should belong to the corporation, thereby obtaining profits to the prejudice of such corporation, the director must account for and refund to the latter all such profits, unless the act has been ratified by a vote of the stockholders owning or representing at least two-thirds (2/3) of the outstanding capital stock. This provision shall be applicable, notwithstanding the fact that the director risked one’s own funds in the venture.

Section 52 of the Philippine Revised Corporation Code on “Regular and Special Meetings of Directors or Trustees; Quorum”

Unless the articles of incorporation or the by-laws provides for a greater majority, a majority of the directors or trustees as stated in the articles of incorporation shall constitute a quorum to transact corporate business, and every decision reached by at least a majority of the directors or trustees constituting a quorum, except for the election of officers which shall require the vote of a majority of all the members of the board shall be valid as a corporate act.

A director or trustee who has a potential interest in any related party transaction must recuse from voting on the approval of the related party transaction without prejudice to compliance with the requirements of Section 31 of the Philippine Revised Corporation Code.

(b) The remuneration of our directors

Article III, Section 15 of the By-laws

“Except for reasonable per-diems, directors, as such, shall be entitled to receive only such compensation as may be granted to them upon the recommendation of the Compensation and Remuneration Committee and subsequent approval by the vote of the stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting of the stockholders. In no case shall the total yearly compensation of directors, as such, exceed 10% of the net income before tax of the Corporation for the preceding year.”

Article III, Section 1(h) of the By-laws

“Unless otherwise provided by law, the corporate powers of the corporation shall be exercised, all business conducted and all property of the corporation controlled and held by the Board of Directors to be elected by and from among the stockholders. Without prejudice to such general powers and such other powers as may be granted by law the Board of Directors shall have the following express powers:

... (h) To establish pension, retirement, bonus, profit-sharing, or other types of incentives or compensation plans for the employees, including officers and directors of the corporation and to determine the persons to participate in any such plans and amount of each respective participations.”

(c) The borrowing powers exercisable by our directors and how such borrowing powers may be varied

Article III, Sections 1(d), (e) and (f) of the By-laws

“Unless otherwise provided by law, the corporate powers of the corporation shall be exercised, all business conducted and all property of the corporation controlled and held by the Board of Directors to be elected by and from among the stockholders. Without prejudice to such general powers and such other powers as may be granted by law the Board of Directors shall have the following express powers:

... (d) To incur indebtedness as the Board may deem necessary and, for such purpose, to make and issue evidence of such indebtedness, including, without limitation, notes, deed of trust, instruments, bonds, debentures or securities, subject to such stockholder approval as may be required by law; and/or pledge, mortgage, or otherwise encumber all or part of the properties and rights of the corporation;

(e) To guarantee, for and in behalf of the corporation obligations of other corporations or entities in which it has lawful interest;

(f) To make provisions of the discharge of the obligations of the corporation as they mature, including payment for any property, or in stocks, bonds, debentures or other securities of the corporation lawfully issued for the purpose;...”

Section 29 of the Philippine Revised Corporation Code on “Compensation of Directors or Trustees”

In the absence of any provision in the by-laws fixing their compensation, the directors or trustees shall not receive any compensation in their capacity as such, except for reasonable per diems: Provided however, That the stockholders representing at least a majority of the outstanding capital stock or majority of the members may grant directors or trustees with compensation and approve the amount thereof at a regular or special meeting.

In no case shall the total yearly compensation of directors exceed ten percent of the net income before income tax of the corporation during the preceding year.

Directors or trustees shall not participate in the determination of their own per diems or compensation.

Corporations vested with public interest shall submit to their shareholders and the Commission an annual report of the total compensation of each of their directors or trustees.

(d) The retirement or non-retirement of a director under an age limit requirement

There is no age limit for directors under the Articles of Incorporation or By-laws of the Company or under Philippine law.

(e) The shareholding and other qualifications of a director

Article III, Section 3 of the By-laws

“Qualifications: Each director shall possess all the following qualifications:

- (a) a holder of at least one share of stock of the Corporation;*
- (b) at least a holder of a Bachelor’s Degree or a substitute for such formal education, with adequate competence and understanding of business;*
- (c) of legal age; and*
- (d) Proven to possess integrity and probity.*

Provided, however, that no person shall qualify or be eligible for nomination or election to the Board of Directors if he is hostile or antagonistic to, or is engaged in any business which competes with or its antagonistic to that of, the corporation or any of its subsidiaries or affiliates. Without limiting the generality of the foregoing, a person shall be antagonistic or deemed to be so engaged:

- (i) if he is, or he is an officer, manager or controlling person of, or the owner or a member of his immediate family is the owner (either of record or beneficial owner) of 20% or more of any outstanding class of shares of any corporation (other than one in which this Corporation owns at least 30% of the capital stock) which is, hostile or antagonistic to or is engaged in a business competitive or antagonistic to that of the Corporation or any of its subsidiaries or affiliates, both as determined by the Board by at least two-third (2/3) vote;*
- (ii) if he is, or he is an officer, manager, or controlling person of, or the owner or a member of his immediate family is the owner (either of record or beneficial owner) of 20% or more of any outstanding class of shares of any corporation (other than one in which this Corporation owns at least 30% of the capital stock) which is, an adverse party in any suit, action or proceeding (of whatever nature, whether civil, criminal, administrative or judicial) by or against the Corporation or any of its subsidiaries or affiliates, which has been actually filed or threatened, imminent or probable to be filed, as determined by the Board by at least two-thirds (2/3) vote;*
- (iii) if the Board, in the exercise of its judgement in good faith, determined by at least two-thirds (2/3) vote that he is the nominee, officer, trustee, adviser, legal counsel, of any individual set forth in (i) or (ii).*

In determining whether or not a person is hostile or antagonistic to the Corporation or is a controlling person, beneficial owner, or the nominee of another, the Board may take into account such factors of business, family and professional relationship.

For proper implementation of this provision, all nominations for election of directors by the Stockholders shall be submitted in writing to a nominations committee of not less than three directors to be appointed by the Board of Directors on or before a date (as may be fixed by the Board of Directors in accordance with applicable law) before the regular or special meeting of stockholders for the purpose of electing directors.

For purposes of this provision, the term “affiliate” of the Corporation shall refer to an entity or enterprise linked, directly or indirectly, to the Corporation by means of:

- (i) Ownership, control and power to vote by the Corporation or any of its subsidiaries of 50% or more of the outstanding voting of such entity or enterprise;*
- (ii) Common major stockholders, i.e. owning 50% of more of the outstanding voting stock of the Corporation of such entity or enterprise;*
- (iii) Common major stockholders, i.e. owning 50% of more of the outstanding voting stock of the Corporation of such entity or enterprise;*
- (iv) Management contract or any arrangement between the Corporation or any of its subsidiaries and such entity granting power to the Corporation or any of its subsidiaries to direct or cause the direction of management and policies of such entity or enterprise;*
- (v) The Corporation or any of its subsidiaries is a voting trustee holding 50% or more of the outstanding voting stock of such entity or enterprise;*

For purposes of this provision, “immediate family” shall mean any person related to another, whether by consanguinity or affinity, up to the third civil degree.”

Article III, Section 4 of the By-Laws

“Disqualifications: The following persons shall be disqualified from being elected as members of the Board of Directors:

- (a) Any person finally convicted judicial of an offence involving corruption, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false oath, perjury, or other fraudulent acts;*
- (b) Any person finally found by the Securities and Exchange Commission (SEC) or court or other administrative body to have wilfully violated, or wilfully aided, abetted, counselled, induced, or produced the violation of, any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the SEC or the Bangko Sentral ng Pilipinas (BS);*
- (c) Any person judicially declared to be insolvent;*
- (d) Any person found guilty by final judgement by a foreign court or equivalent financial regulatory authority of acts, violations, or misconduct similar to any of the acts, violations, or misconduct listed in the foregoing paragraphs;*
- (e) Conviction by final judgement of an offence punishable by imprisonment for a period exceeding six years, or a violation of the Corporation Code committed within five years prior to the date of his election or appointment.”*

Article III, Section 5 of the By-laws

“Additional Requirements for Independent Directors. In addition to the foregoing qualifications and disqualifications, a director nominated and elected as independent director shall likewise meet the following requirements:

- (a) Is not a director/officer of the Corporation or of its related companies or any of its substantial shareholders, except when said director is an independent director of any of the foregoing;*
- (b) Does not own more than two percent (2%) of the shares of the Corporation and/or its related companies or any of its substantial shareholders;*
- (c) Is not related to any director, officer, or substantial shareholder of the Corporation, or any of its related companies or any of its substantial shareholders. For this purpose, the term “relatives” shall include the spouse, parent, child, brother, sister, and the spouse of such child, brother, or sister;*
- (d) Is not acting as a nominee or representative of any director or substantial shareholder of the Corporation, and/or any of its related companies and/or any of its substantial shareholders, pursuant to a Deed of Trust or under any contract or arrangement;*
- (e) Has not been employed in any executive capacity by the Corporation, any of its related companies and/or by any of its substantial shareholder within the last five years;*
- (f) It is not retained as professional adviser by the Corporation, and/or any of its related companies and/or any of its substantial shareholders within the last five years;*
- (g) Is not retained as professional adviser, either personally or through his firm or any similar entity, by the Corporation, any of its related companies and/or any of its substantial shareholders; or*
- (h) Has not engaged and does not engage in any transaction with the Corporation and/or with any of its related companies and/or through a firm of which he is a partner and/or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arm’s length and are not material.*

For the purposes of the foregoing, a “related company” of the Corporation shall be any of the following: (i) its parent company, (ii) its subsidiaries, or (iii) subsidiaries of its parent company. Also, a “substantial shareholder” shall mean any person who is directly or indirectly the beneficial owner of more than 10% of shares issued by the Corporation.”

Section 22 of the Philippine Revised Corporation Code

The board of directors or Trustees of a Corporation; Qualification and Term. Unless otherwise provided in the *Philippine Revised Corporation Code*, the board of directors or trustees shall exercise the corporate powers, conduct all business and control all properties of the corporation.

Directors shall be elected for a term of one year from among the holders of stocks registered in the corporation’s books, while trustees shall be elected for a term not exceeding three years from among the members of the corporation. Each director and trustee shall hold office until the successor is elected and qualified. A director who ceases to own at least one share of stock or a trustee who ceases to be a member of the corporation shall cease to be such.

An independent director is a person who, apart from shareholdings and fees received from the corporation, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with the exercise of independent judgement in carrying out the responsibilities as a director.

Independent directors must be elected by the shareholders present or entitled to vote in absentia during the election of directors. Independent directors shall be subject to rules and regulations governing their qualifications, disqualifications, voting requirements, duration of term and term limit, maximum number of board memberships and other requirements that the PSEC will prescribe to strengthen their independence and align with international best practices.

Section 23 of the Philippine Revised Corporation Code on “Election of Directors or Trustees”

Except when the exclusive right is reserved for holders of founders’ shares under Section 7 of the Philippine Revised Corporation Code, each stockholder or member shall have the right to nominate any director or trustee who possesses all of the qualifications and none of the disqualifications set forth in the Philippine Revised Corporation Code.

Section 26 of the Philippine Revised Corporation Code on “Disqualification of Directors, Trustees or Officers”

A person shall be disqualified from being a director, trustee or officer of any corporation if, within five years prior to the election or appointment as such, the person was:

(a) Convicted by final judgment:

1. Of an offence punishable by imprisonment for a period exceeding six years;
2. For violating this Code; and
3. For violating Republic Act No. 8799, otherwise known as “The Securities Regulation Code”;

(b) Found administratively liable for any offence involving fraudulent acts; and

(c) Found guilty by a foreign court or equivalent foreign regulatory authority for acts, violations or misconduct similar to those enumerated in paragraphs (a) and (b) above.

The foregoing is without prejudice to qualifications or other disqualifications, which the PSEC, the primary regulatory agency, or the Philippine Competition Commission may impose in its promotion of good corporate governance or as a sanction in its administrative proceedings.

(f) The rights, preferences and restrictions attaching to each class of shares

Ninth Article of Incorporation

“That no transfer of stock or interest which would reduce the ownership of Filipino citizens to less than the required percentage of the capital stock as provided by existing laws shall be allowed or permitted to be recorded in the proper books of the corporation and this restriction shall be indicated in all the stock certificates issued by the corporation.”

Section 6 of the Philippine Revised Corporation Code on “Classification of Shares”

The classification of shares, their corresponding rights, privileges, or restrictions, and their stated par value, if any, must be indicated in the articles of incorporation. Each share shall be equal in all respects to every other share, except as otherwise provided in the articles of incorporation and in the certificate of stock.

The shares in stock corporations may be divided into classes or series of shares, or both. No share may be deprived of voting rights except those classified and issued as “preferred” or “redeemable” shares, unless otherwise provided in this Code: provided that there shall always be a class or series of shares with complete voting rights.

Holders of non-voting shares shall nevertheless be entitled to vote on the following matters:

- (a) Amendment of the articles of incorporation;
- (b) Adoption and amendment of by-laws;
- (c) Sale, lease, exchange, mortgage, pledge, or other disposition of all or substantially all of the corporate property;
- (d) Incurring, creating, or increasing bonded indebtedness;
- (e) The increase or decrease of authorised capital stock;
- (f) Merger or consolidation of the corporation with another corporation or other corporations;
- (g) Investment of corporate funds in another corporation or business in accordance with this Code; and
- (h) Dissolution of the corporation.

Except as provided in the immediately preceding paragraph, the vote required under this Code to approve a particular corporate act shall be deemed to refer only to stocks with voting rights.

The shares or series of shares may or may not have a par value: provided that banks, trust, insurance, and preneed companies, public utilities, building and loan associations, and other corporations authorised to obtain or access funds from the public, whether or not publicly listed, shall not be permitted to issue no-par value shares of stock.

Preferred shares of stock issued by a corporation may be given preference in the distribution of dividends and in the distribution of corporate assets in the case of liquidation, or such other preferences: Provided, that preferred shares of stock may be issued only with a stated par value. The board of directors, where authorised in the articles of incorporation, may fix the terms and conditions of preferred shares of stock or any series thereof: Provided, further, that such terms and conditions shall be effective upon filing of a certificate thereof with the PSEC.

Shares of capital stock issued without par value shall be deemed fully paid and non-assessable and the holder of such shares shall not be liable to the corporation or to its creditors in respect thereto: Provided, That no-par value shares must be issued for a consideration of at least Five pesos (P5.00) per share: Provided, further, That the entire consideration received by the corporation for its no-par value shares shall be treated as capital and shall not be available for distribution as dividends.

A corporation may further classify its shares for the purpose of ensuring compliance with constitutional or legal requirements.

Section 9 of the Philippine Revised Corporation Code on "Treasury shares"

Treasury shares are shares of stock which have been issued and fully paid for, but subsequently reacquired by the issuing corporation through purchase, redemption, donation, or some other lawful means. Such shares may again be disposed of for a reasonable price fixed by the board of directors.

Section 23 of the Philippine Revised Corporation Code on "Election of Directors or Trustees"

In stock corporations, stockholders entitled to vote shall have the right to vote the number of shares of stock standing in their own names in the stock books of the corporation at the time fixed in the by-laws or, where the by-laws are silent, at the time of the election. The said stockholder may: (a) vote such number of shares for as many persons as there are directors to be elected; (b) cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of the shares owned; or (c) distribute them on the same principle among as many candidates as may be seen fit: Provided, That the total number of votes cast shall not exceed the number of shares owned by the stockholders as shown in the books of the corporation multiplied by the whole number of directors to be elected: Provided, however, That no delinquent stock shall be voted. Unless otherwise provided in the articles of incorporation or in the by-laws, members of non-stock corporations may cast as many votes as there are trustees to be elected but may not cast more than one vote for one candidate. Nominees for directors or trustees receiving the highest number of votes shall be declared elected.

Section 38 of the Philippine Revised Corporation Code on "Power to Deny Pre-emptive Right"

All stockholders of a stock corporation shall enjoy pre-emptive right to subscribe to all issues or disposition of shares of any class, in proportion to their respective shareholdings, unless such right is denied by the articles of incorporation or an amendment thereto: Provided, That such pre-emptive right shall not extend to shares issued in compliance with laws requiring stock offerings or minimum stock ownership by the public; or to shares issued in good faith with the approval of the stockholders representing two-thirds of the outstanding capital stock, in exchange for property needed for corporate purposes or in payment of a previously contracted debt.

Section 42 of the Philippine Revised Corporation Code on "Power to Declare Dividends"

The board of directors of a stock corporation may declare dividends out of the unrestricted retained earnings which shall be payable in cash, property, or in stock to all stockholders on the basis of outstanding stock held by them: Provided, That any cash dividends due on delinquent stock shall first be applied to the unpaid balance on the subscription plus costs and expenses, while stock dividends shall be withheld from the delinquent stockholders until their unpaid subscription is fully paid: Provided, further, That no stock dividend shall be issued without the approval of stockholders representing at least two-thirds (2/3) of the outstanding capital stock at a regular or special meeting duly called for the purpose.

Section 49 of the Philippine Revised Corporation Code on “Regular and Special Meetings of Stockholders or Members”

A director, trustee, stockholder, or member may propose any other matter for inclusion in the agenda at any regular meeting of stockholders or members.

Special meetings of stockholders or members shall be held at any time deemed necessary or as provided in the by-laws: Provided, however, that at least one week written notice shall be sent to all stockholders or members, unless a different period is provided in the by-laws, law or regulation.

A stockholder or member may propose the holding of a special meeting and items to be included in the agenda.

Notice of any meeting may be waived, expressly or impliedly, by any stockholder or member: Provided, that general waivers of notice in the articles of incorporation or the by-laws shall not be allowed: Provided, further, that attendance at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Whenever for any cause, there is no person authorised or the person authorised unjustly refuses to call a meeting, the Commission, upon petition of a stockholder or member on a showing of good cause therefor, may issue an order directing the petitioning stockholder or member to call a meeting of the corporation by giving proper notice required by this Code or the by-laws. The petitioning stockholder or member shall preside thereat until at least a majority of the stockholders or members present have chosen from among themselves a presiding officer.

In the case of postponement of stockholders’ or members’ regular meetings, written notice thereof and the reason therefor shall be sent to all stockholders or members of record at least two weeks prior to the date of the meeting, unless a different period is required under the by-laws, law or regulation.

The right to vote of stockholders or members may be exercised in person, through a proxy, or when so authorised in the by-laws, through remote communication or in absentia. The Commission shall issue the rules and regulations governing participation and voting through remote communication or in absentia, taking into account the company’s scale, number of shareholders or members, structure, and other factors consistent with the protection and promotion of shareholders’ or member’s meetings.

Section 56 of the Philippine Revised Corporation Code on “Voting Right for Treasury Shares”

Treasury shares shall have no voting right as long as such shares remain in the Treasury.

Section 73 of the Philippine Revised Corporation Code on “Books to be Kept; Stock Transfer Agent”

Corporate records, regardless of the form in which they are stored, shall be open to inspection by any director, trustee, stockholder or member of the corporation in person or by a representative at reasonable hours on business days, and a demand in writing may be made by such director, trustee or stockholder at their expense, for copies of such records or excerpts from said records. The inspecting or reproducing party shall remain bound by confidentiality rules under prevailing laws, such as the rules on trade secrets or processes under Republic Act No. 8293, otherwise known as the “Intellectual Property Code of the Philippines”, as amended, Republic Act No. 10173, otherwise known as the “Data Privacy Act of 2012”, Republic Act No. 8799, otherwise known as “The Securities Regulation Code”, and the Rules of Court.

A requesting party who is not a stockholder or member of record, or is a competitor, director, officer, controlling stockholder or otherwise represents the interests of a competitor, shall have no right to inspect or demand reproduction of corporate records.

Any stockholder who shall abuse the rights granted under this section shall be penalised under Section 158 of the Philippine Revised Corporation Code, without prejudice to the provisions of Republic Act No. 8293, otherwise known as the “Intellectual Property Code of the Philippines”, as amended, and Republic Act No. 10173, otherwise known as the “Data Privacy Act of 2012”.

Any officer or agent of the corporation who shall refuse to allow the inspection and/or reproduction of records in accordance with the provisions of the Philippine Revised Corporation Code shall be liable to such director, trustee, stockholder or member for damages, and, in addition, shall be guilty of an offence which shall be punishable under Section 161 of the Philippine Revised Corporation Code: Provided, That if such refusal is made pursuant to a resolution or order of the board of directors or trustees, the liability under this section for such action shall be imposed upon the directors or trustees who voted for such refusal: Provided, further, That it shall be a defence to any action under this section that the person demanding to examine and copy excerpts from the corporation’s records and minutes has improperly used any information secured through any prior examination of the records or minutes of such corporation or of any other corporation, or was not acting in good faith or for a legitimate purpose in making the demand to examine or reproduce corporate records, or is a competitor, director, officer, controlling stockholder or otherwise represents the interests of a competitor.

If the corporation denies or does not act on a demand for inspection and/or reproduction, the aggrieved party may report such to the PSEC. Within five days from receipt of such report, the PSEC shall conduct a summary investigation and issue an order directing the inspection or reproduction of the requested records.

Section 80 of the Philippine Revised Corporation Code on “When the Right of Appraisal May Be Exercised”

Any stockholder of a corporation shall have the right to dissent and demand payment of the fair value of the shares in the following instances:

- (a) In the case an amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorising preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
- (b) In the case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Philippine Revised Corporation Code;
- (c) In the case of merger or consolidation; and
- (d) In the case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

Right to File Derivative Suit

A stockholder may bring a derivative suit for and on behalf of the corporation in order to protect or vindicate corporate rights, whenever the officers of the corporation refuse to sue, or are the ones to be sued or hold control of the corporation.

(g) Any change in capital

Section 37 of the Philippine Revised Corporation Code on “Power to Increase or Decrease Capital Stock; Incur, Create or Increase Bonded Indebtedness”

No corporation shall increase or decrease its capital stock or incur, create or increase any bonded indebtedness unless approved by a majority vote of the board of directors and by two-thirds (2/3) of the outstanding capital stock at a stockholders’ meeting duly called for the purpose. Written notice of the time and place of the stockholders’ meeting and the purpose for said meeting must be sent to the stockholders at their places of residence as shown in the books of the corporation and served on the stockholders personally, or through electronic means recognised in the corporation’s by-laws and/or the Commission’s rules as a valid mode for service of notices.

Seventh Article of Incorporation

That the *authorised* capital stock of said corporation is twenty billion pesos (₱20,000,000,000.00), Philippine Currency, and said capital stock is divided into TWENTY BILLION (20,000,000,000) shares with a par value of ONE PESO (₱1.00) each.

“No stockholders shall have a right to purchase or subscribe to any additional share of the capital stock of the corporation whether such shares of capital stock are now or hereafter authorised, whether or not such stock is convertible into or exchangeable for any stock of the Corporation or of any other class, and whether out of the number of shares authorised by the Articles of Incorporation of the Corporation as originally filed, or by any amendment thereof, or out of shares of the capital stock of any class of the Corporation acquired by it after the issue thereof, nor shall any holder of any such stock of any class, as such holder have any right to purchase or subscribe for any obligation which the Corporation may issue or sell that shall be convertible into, or exchangeable for, any shares of the capital stock of any class of the Corporation to which shall be attached or appertain any warrant or warrants or any instrument or instruments that shall confer upon the owner of such obligation, warrant or instrument the right to subscribe for, or to purchase from the Corporation, any shares of its capital stock of any class.

The board of directors may, from time to time, grant stock options, issue warrants or enter into stock purchase or similar agreements for purposes necessary or desirable for the Corporation and allocate, sell or otherwise transfer, convey or dispose of shares of stocks of the Corporation of a class or classes and to such persons or entities to be determined by the Board, including, but not limited to, employees, officers and directors of the Corporation.

The foregoing shall be printed on the stock certificate of the Corporation.”

(h) Any change in the respective rights of the various classes of shares including the action necessary to change the rights, indicating where the conditions are different from those required by the applicable law

Section 6 of the Philippine Revised Corporation Code on “Classification of Shares”

The classification of shares, their corresponding rights, privileges, or restrictions, and their stated par value, if any, must be indicated in the articles of incorporation. Each share shall be equal in all respects to every other share, except as otherwise provided in the articles of incorporation and in the certificate of stock.

The shares in stock corporations may be divided into classes or series of shares, or both. No share may be deprived of voting rights except those classified and issued as “preferred” or “redeemable” shares, unless otherwise provided in the Philippine Revised Corporation Code: *Provided*, That there shall always be a class or series of shares with complete voting rights.

Holders of non-voting shares shall nevertheless be entitled to vote on the following matters:

- (a) Amendment of the articles of incorporation;
- (b) Adoption and amendment of by-laws;
- (c) Sale, lease, exchange, mortgage, pledge, or other disposition of all or substantially all of the corporate property;
- (d) Incurring, creating, or increasing bonded indebtedness;
- (e) The Increase or decrease of authorised capital stock;
- (f) Merger or consolidation of the corporation with another corporation or other corporations;
- (g) Investment of corporate funds in another corporation or business in accordance with this Code; and
- (h) Dissolution of the corporation.

Except as provided in the immediately preceding paragraph, the vote required under the Philippine Revised Corporation Code to approve a particular corporate act shall be deemed to refer only to stocks with voting rights.

The shares or series of shares may or may not have a par value: *Provided*, That banks, trust, insurance, and preneed companies, public utilities, building and loan associations, and other corporations authorised to obtain or access funds from the public, whether or not publicly listed, shall not be permitted to issue no-par value shares of stock.

Preferred shares of stock issued by a corporation may be given preference in the distribution of dividends and in the distribution of corporate assets in the case of liquidation, or such other preferences: *Provided*, That preferred shares of stock may be issued only with a stated par value. The board of directors, where authorised in the articles of incorporation, may fix the terms and conditions of preferred shares of stock or any series thereof: provided, further, that such terms and conditions shall be effective upon filing of a certificate thereof with the PSEC.

Shares of capital stock issued without par value shall be deemed fully paid and non-assessable and the holder of such shares shall not be liable to the corporation or to its creditors in respect thereto: provided, that no-par value shares must be issued for a consideration of at least Five pesos (₱5.00) per share: provided, further, that the entire consideration received by the corporation for its no-par value shares shall be treated as capital and shall not be available for distribution as dividends.

A corporation may further classify its shares for the purpose of ensuring compliance with constitutional or legal requirements.

Section 15 of the Philippine Revised Corporation Code on “Amendment of Articles of Incorporation”

Unless otherwise prescribed by the Philippine Revised Corporation Code or by special law, and for legitimate purposes, any provision or matter stated in the articles of incorporation may be amended by a majority vote of the board of directors or trustees and the vote or written assent of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock, without prejudice to the appraisal right of dissenting stockholders in accordance with the provisions of the Philippine Revised Corporation Code. The articles of incorporation of a non-stock corporation may be amended by the vote or written assent of the majority of the trustees and at least two-thirds (2/3) of the members.

The original and amended articles together shall contain all provisions required by law to be set out in the articles of incorporation. Amendments to the articles shall be indicated by underscoring the change or changes made, and a copy thereof duly certified under oath by the corporate secretary and a majority of the directors or trustees, with a statement that the amendments have been duly approved by the required vote of the stockholders or members, shall be submitted to the PSEC.

The amendments shall take effect upon their approval by the PSEC or from the date of filing with the PSEC if not acted upon within six months from the date of filing for a cause not attributable to the corporation.

Section 38 of the Philippine Revised Corporation Code on “Power to Deny Pre-emptive Right”

All stockholders of a stock corporation shall enjoy pre-emptive right to subscribe to all issues or disposition of shares of any class, in proportion to their respective shareholdings, unless such right is denied by the articles of incorporation or an amendment thereto: *Provided*, That such pre-emptive right shall not extend to shares issued in compliance with laws requiring stock offerings or minimum stock ownership by the public; or to shares issued in good faith with the approval of the stockholders representing two-thirds (2/3) of the outstanding capital stock, in exchange for property needed for corporate purposes or in payment of a previously contracted debt.

Section 42 of the Philippine Revised Corporation Code on “Power to Declare Dividends”

The board of directors of a stock corporation may declare dividends out of the unrestricted retained earnings which shall be payable in cash, property, or in stock to all stockholders on the basis of outstanding stock held by them: *Provided*, That any cash dividends due on delinquent stock shall first be applied to the unpaid balance on the subscription plus costs and expenses, while stock dividends shall be withheld from the delinquent stockholders until their unpaid subscription is fully paid: *Provided, further*, That no stock dividend shall be issued without the approval of stockholders representing at least two-thirds (2/3) of the outstanding capital stock at a regular or special meeting duly called for the purpose.

Stock corporations are prohibited from retaining surplus profits in excess of one hundred percent (100%) of their paid-in capital stock, except: (a) when justified by definite corporate expansion projects or programmes approved by the board of directors; or (b) when the corporation is prohibited under any loan agreement with financial institutions or creditors, whether local or foreign, from declaring dividends without their consent, and such consent has not yet been secured; or (c) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation, such as when there is need for special reserve for probable contingencies.

Article II, Section 8 of the By-laws

Closing of Transfer Books and Fixing of Record Date. For the purpose of determining the stockholders entitled to notice of, or to vote at, any meeting of stockholders or any adjournment thereof, or to receive payment of any dividend, or of making a determination of stockholders for any other proper purpose, the board of directors may provide for the record date of stockholders who are entitled to notice of any meeting or stockholders or adjournment thereof, to vote or to receive payment of dividends.

Section 2 of the SEC's Amended Rules Governing Pre-Emptive and Other Subscription Rights and Declaration of Stock or Cash Dividends of Corporations Whose Securities are Registered Under the Revised Securities Act or Listed in the Stock Exchanges dated 12 April 1991 ("Amended Rules on Declaration of Stock or Cash Dividends").

All corporations declaring stock dividends must secure approval of stockholders within 45 days from such declaration by the board of directors. The Board Resolution shall be specific as to the amount of stock dividends.

The record date shall not be less than ten days nor more than 30 days from the date of approval by the stockholders. In the case no record date is specified, then the same shall ipso facto be deemed fixed at 15 days from such declaration.

Provided, however, that the record date set shall not be less than ten trading days from receipt of notice by the PSE.

Immediately after such declaration, notice thereof shall be made to the PSEC and the PSE. Thereafter, the application for listing of shares to cover the dividend declaration shall be simultaneously filed with the Commission and the PSE.

Section 3 of the Amended Rules on Declaration of Stock or Cash Dividends.

All cash dividends declared by corporations shall have a record date which shall not be less than ten nor more than 30 days from said declaration. In the case no record date is specified, then the same shall ipso facto be deemed fixed at 15 days from such declaration.

PSE Memorandum No. 2008-0315.

The disclosure of the record date must not be less than 10 trading days before the record date and the payment date must not be more than 18 trading days from the record date.

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APPENDIX D: COMPARISON OF PHILIPPINES CORPORATE LAW AND SINGAPORE CORPORATE LAW

The following table sets out a summary of certain differences between the Philippine Revised Corporation Code applicable to us, as a Philippines-incorporated company and the Singapore Companies Act applicable to Singapore-incorporated companies. This comparison does not purport to be comprehensive or exhaustive. This comparison is being provided for information purposes only and should not be regarded as advice on the Philippine Revised Corporation Code or the differences between it and the laws of any jurisdiction, including but not limited to the Singapore Companies Act, and should not be relied on for any purpose. The laws applicable to Philippines-incorporated companies and Singapore-incorporated companies may change, whether as a result of proposed legislative reforms to the Philippine Revised Corporation Code or the Singapore Companies Act, as the case may be, or otherwise.

No.	Philippines Corporate Law	Singapore Corporate Law
Power of Directors to Allot and Issue Shares		
1.	The power to issue shares in a company out of its authorised capital stock is lodged in the board of directors, subject to any restrictions specified in its articles of incorporation and/or by-laws. Additional issuance of shares out of a company's authorised capital stock does not require the approval of the shareholders.	The power to issue shares in a company is usually vested with the directors of that company subject to any restrictions in the constitution of that company. However, notwithstanding anything to the contrary in the constitution of a company, prior approval of the company at a general meeting is required to authorise the directors to exercise any power of the company to issue shares, or the share issue is void under the Singapore Companies Act. Such approval need not be specific but may be general and, once given, will only continue in force until the conclusion of the next annual general meeting or the expiration of the period within which the next annual general meeting is required by law to be held, whichever is the earlier, provided that such approval has not been previously revoked or varied by the company in a general meeting.

No.	Philippines Corporate Law	Singapore Corporate Law
Power of Directors to Dispose of the Company's or its Subsidiaries' Assets		
2.	<p>The Philippine Revised Corporation Code provides that the board of directors shall exercise the corporate powers, conduct all business, and control all properties of the company. Generally, only a majority vote of the board of directors is required for the sale and disposal of corporate properties and assets, upon such terms and conditions and for such consideration as the board of directors may deem expedient. In case of a sale of all or substantially all of the corporation's properties and assets, however, the affirmative vote of stockholders representing at least two-thirds of the company's outstanding capital stock must also be secured in a meeting called for the purpose.</p> <p>After such approval by the stockholders, the board of directors may, nevertheless, in its discretion, abandon the sale or other disposition of property and assets, subject to the rights of third parties under any contract relating thereto, without further action or approval by the stockholders.</p>	<p>The Singapore Companies Act provides that the business of a company is to be managed by, or under the direction or supervision of, the directors. The directors may exercise all the powers of a company except any power that the Singapore Companies Act or the constitution of the company requires the company to exercise in a general meeting.</p> <p>Under the Singapore Companies Act, prior approval of the company at a general meeting is required before the directors can carry into effect any proposals for disposing of the whole or substantially the whole of the company's undertaking or property, notwithstanding anything in a company's constitution.</p>
Loans to Directors		
3.	<p>The Philippine Revised Corporation Code provides that a contract of the company with one or more of its directors or their spouses and relatives within the fourth civil degree of consanguinity or affinity is voidable, at the option of such company, unless all the following conditions are present:</p> <ul style="list-style-type: none"> (a) the presence of such director in the board meeting in which the contract was approved was not necessary to constitute a quorum for such meeting; (b) the vote of such director was not necessary for the approval of the contract; (c) the contract is fair and reasonable under the circumstances; (d) in the case of corporations vested with public interest (such as publicly-listed companies), material contracts are approved by at least a majority of the independent directors voting to approve the material contract; and (e) in the case of an officer, the contract has been previously authorised by the board of directors. 	<p>Subject to certain exceptions, a company (other than an exempt private company), shall not make the following transactions:</p> <ul style="list-style-type: none"> (a) make a loan or quasi-loan to a director (i) of the company or (ii) of a related corporation (hereinafter referred to as a "relevant director"); (b) enter into any guarantee or provide any security in connection with a loan or quasi-loan made to a relevant director by any other person; (c) enter into a credit transaction as creditor for the benefit of a relevant director; (d) enter into any guarantee or provide any security in connection with a credit transaction entered into by any person for the benefit of a relevant director;

No.	Philippines Corporate Law	Singapore Corporate Law
	<p>Where any of the first three conditions above is absent, in the case of a contract with a director, such contract may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock in a meeting called for the purpose. A full disclosure of the adverse interest of the director involved must be made at such meeting and the contract should be fair and reasonable under the circumstances.</p> <p>The Philippine Revised Corporation Code also provides that except in cases of fraud, and provided the contract is fair and reasonable under the circumstances, a contract between two or more corporations having interlocking directors shall not be invalidated on that ground alone; <i>provided</i>, that if the interest of the interlocking director in one corporation is substantial and the interest in the other corporation or corporations is merely nominal, the contract shall be subject to the same requirements above insofar as the latter corporation or corporations are concerned.</p> <p>Stockholdings exceeding 20% of the outstanding capital stock shall be considered substantial for purposes of interlocking directors.</p> <p>PSEC Memorandum Circular No. 10, series of 2019 requires a publicly-listed company (“PLC”) to comply with the PSEC’s Rules on Material Related Party Transactions for Publicly-Listed Companies (“Material RPT Rules”).</p> <p>The Material RPT Rules requires all Material Related Party Transactions (“Material RPT”) to be approved by at least two-thirds vote of PLC’s board of directors including at least a majority of its independent directors. In case the majority of the independent directors’ vote is not secured, the Material RPT may be ratified by the vote of stockholders representing at least two-thirds of the outstanding capital stock. directors with a personal interest in the transaction should abstain from voting. In case they refuse to abstain, their attendance shall not be counted for the purpose of assessing quorum and their votes shall not be counted for purposes of determining approval.</p>	<p>(e) take part in an arrangement under which: (i) another person enters into a transaction which, had it been entered into by the company, would have been a restricted transaction under limb (a), (b), (c), (d) or (f); and (ii) that person, in pursuance of the arrangement, obtains a benefit from the company or a related corporation; and</p> <p>(f) arrange the assignment to the company, or assumption by the company, of any rights, obligations or liabilities under a transaction which, had it been entered into by the company, would have been a restricted transaction under limbs (a) to (e),</p> <p>together, the “restricted transactions”.</p> <p>Notwithstanding the foregoing, a company is not prohibited from making the above restricted transactions in the following circumstances:</p> <p>(a) (subject to, among others, the prior approval of the company in a general meeting at which the purposes of the expenditure and the amount or extent of the restricted transaction are disclosed) where the restricted transaction is made to or for the benefit of a relevant director to meet expenditure incurred or to be incurred by him for the purposes of the company or for the purpose of enabling him to properly perform his duties as an officer of the company;</p> <p>(b) (subject to, among others, the prior approval of the company in a general meeting at which the purposes of the expenditure and the amount or extent of the restricted transaction are disclosed) where the restricted transaction is made to or for the benefit of a relevant director who is engaged in the full-time employment of the company or a related corporation for the purpose of purchasing or otherwise acquiring a home occupied or to be occupied by that director, except that not more than one such restricted transaction may be outstanding at any time;</p>

No.	Philippines Corporate Law	Singapore Corporate Law
	<p>The members of the board, substantial shareholders and officers must fully disclose to the board of directors all material facts related to Material RPTs as well as their direct and indirect financial interest in any transaction or matter that may affect or is affecting the company. Such disclosure shall be made at the board meeting where the Material RPT will be presented for approval and before the completion or execution of the material related party transaction.</p> <p>A Material RPT means any related party transaction(s), either individually, or in aggregate over a twelve-month period with the same related party, amounting to ten percent or higher of a PLC's total assets based on its latest audited financial statement. If the PLC is a parent company, the total assets shall pertain to its total consolidated assets.</p> <p>A "related party transaction" is defined as a transfer of resources, services or obligations between a reporting PLC and a related party, regardless of whether a price is charged. It should be interpreted broadly to include not only transactions that are entered into with related parties, but also outstanding transactions that are entered into with an unrelated party that subsequently becomes a related party.</p> <p>Related parties cover the PLC's directors, officers, substantial shareholders and their spouses and relatives within the fourth civil degree of consanguinity or affinity, legitimate or common law, if these persons have control, joint control or significant influence over the PLC. It also covers the PLC's parent, subsidiary, fellow subsidiary, associate, affiliate, joint venture or an entity that is controlled, jointly controlled or significantly influenced or managed by a person who is a related party.</p> <p>Substantial shareholder means any person who is directly or indirectly the beneficial owner of more than 10% of any class of a PLCs equity security.</p>	<p>(c) where the restricted transaction is made in accordance with a scheme that is approved by the company at a general meeting for the making of such transaction to or for the benefit of employees and made to or for the benefit of a relevant director who is engaged in the full-time employment of the company or a related corporation; or</p> <p>(d) where the restricted transaction is made to or for the benefit of a relevant director in the ordinary course of business of a company whose ordinary business includes the lending of money or the giving of guarantees in connection with loans, quasi-loans or credit transactions made or entered into by other persons if the activities of that company are regulated by any written law relating to banking, finance companies or insurance or are subject to supervision by the MAS.</p> <p>Subject to certain exceptions, it is not lawful for a company (the "first-mentioned company") (other than an exempt private company) to:</p> <p>(a) make a loan or quasi-loan to another company, a limited liability partnership or a VCC;</p> <p>(b) enter into any guarantee or provide any security in connection with a loan or quasi-loan made to another company, a limited liability partnership or a VCC by a person other than the first-mentioned company;</p> <p>(c) enter into a credit transaction as creditor for the benefit of another company, a limited liability partnership or a VCC; or</p> <p>(d) enter into any guarantee or provide any security in connection with a credit transaction entered into by any person for the benefit of another company, a limited liability partnership or a VCC,</p>

No.	Philippines Corporate Law	Singapore Corporate Law
	<p>PLCs are required to file with the PSEC and PSE an Advisement Report on Material RPTs signed by the reporting PLC's Corporate Secretary or authorised representative, within three calendar days after the execution date of the transaction.</p> <p>A PLC must also disclose in its Integrated Annual Corporate Governance Report (I-ACGR), which is submitted to the PSEC and PSE every 30 May of each year, a summary of material RPTs entered into during the reporting year.</p>	<p>if a director or directors of the first-mentioned company is or together are interested in 20.0% or more of the total voting power in the other company, the limited liability partnership or the VCC, as the case may be, unless prior approval by the company in a general meeting had been obtained for the making of, provision for, or entering into, the loan, quasi-loan, credit transaction, guarantee or security (as the case may be) at which the interested director or directors and his or their family members have abstained from voting.</p> <p>Additionally, a company (other than an exempt private company) shall not:</p> <ul style="list-style-type: none"> (a) take part in an arrangement under which: (i) another person enters into a transaction that, if it had been entered into by the company, would have required approval as mentioned in the above paragraph; and (ii) that person, in pursuance of the arrangement, obtains a benefit from the company or a related corporation; or (b) arrange the assignment to it, or assumption by it, of any rights, obligations or liabilities under a transaction that, if it had been entered into by a company, would have required such approval, <p>unless there is prior approval by the company in a general meeting for taking part in such an arrangement or for arranging the assignment or assumption of rights, obligations or liabilities under such a transaction at which the interested director or directors or his or their family members abstained from voting.</p> <p>The restrictions in the above two paragraphs do not apply to:</p> <ul style="list-style-type: none"> (a) anything done by a company where the other company (whether that company is incorporated in Singapore or otherwise) or VCC is its subsidiary or holding company or a subsidiary of its holding company; or

No.	Philippines Corporate Law	Singapore Corporate Law
		<p>(b) in the case of a company whose ordinary business includes the lending of money or the giving of guarantees in connection with loans made by other persons, anything done by the company in the ordinary course of that business if the activities of that company are regulated by any written law relating to banking, finance companies or insurance or are subject to supervision by the MAS.</p> <p>For these purposes:</p> <p>a “related corporation” of a company means its holding company, its subsidiary and a subsidiary of its holding company;</p> <p>“credit transaction” means a transaction under which one party (the “creditor”) (i) supplies any goods or disposes of any immovable property under a hire-purchase agreement or a conditional sale agreement, (ii) leases or hires any immovable property or goods in return for periodic payments or (iii) otherwise disposes of immovable property or supplies goods or services on the understanding that payment (whether in a lump sum or instalments or by way of periodic payments or otherwise) is to be deferred;</p> <p>“quasi-loan” means a transaction under which the creditor agrees to pay, or pays otherwise than in pursuance of an agreement, a sum for another (the “borrower”) or agrees to reimburse, or reimburses otherwise than in pursuance of an agreement, expenditure incurred by another party for another (the “borrower”), (i) on terms that the borrower (or person on his behalf) will reimburse the creditor or (ii) in circumstances giving rise to a liability on the borrower to reimburse the creditor; and</p> <p>“VCC” means a VCC or variable capital company as defined in Section 2(1) of the Variable Capital Companies Act 2018.</p>

No.	Philippines Corporate Law	Singapore Corporate Law
Giving of Financial Assistance to Purchase the Company's or its Holding Company's Shares		
4.	<p>Aside from the requirements in Item 3 above, there is no prohibition for a company to give financial assistance in the purchase of its or its holding company's shares under Philippine laws.</p>	<p>Generally, a public company or a company whose holding company or ultimate holding company is a public company is prohibited from giving financial assistance, whether directly or indirectly, for the purpose of, or in connection with:</p> <ul style="list-style-type: none"> (a) the acquisition by any person, whether before or at the same time as the giving of financial assistance, of (i) shares or units of shares in the company or (ii) shares or units of shares in a holding company or ultimate holding company, as the case may be, of the company; or (b) the proposed acquisition by any person, of that company's shares or units of shares or shares or units of shares in its holding company or ultimate holding company. <p>Financial assistance includes the making of a loan, the giving of a guarantee, the provision of security, the release of an obligation or the release of a debt or otherwise. Certain transactions are specifically provided by the Singapore Companies Act not to be prohibited. These include, among others: (i) the distribution of a company's assets by way of dividends lawfully made, (ii) a distribution in the course of a company's winding up, (iii) a payment by a company pursuant to a reduction of capital in accordance with the Singapore Companies Act, (iv) the giving by a company in good faith and in the ordinary course of commercial dealing of any representation, warranty or indemnity in relation to an offer to the public of, or an invitation to the public to subscribe for or purchase, shares or units of shares in the company and (v) the entering into by the company, in good faith and in the ordinary course of commercial dealing, of an agreement with a subscriber for shares in the company permitting the subscriber to make payments for the shares by instalments.</p>

No.	Philippines Corporate Law	Singapore Corporate Law
		<p>The Singapore Companies Act further provides that a company can give financial assistance in certain circumstances, including but not limited to:</p> <ul style="list-style-type: none"> (a) where the amount of financial assistance, together with any other financial assistance given by the company under this exception repayment of which remains outstanding, does not exceed 10.0% of the aggregate of the total paid-up capital and reserves of the company as disclosed in the most recent financial statements of the company and the company receives fair value in connection with the financial assistance; (b) where the financial assistance is approved unanimously by the shareholders of the company; and (c) where giving the financial assistance does not materially prejudice the interests of the company or its shareholders or the company's ability to pay its creditors, <p>if certain conditions and procedures under the Singapore Companies Act are complied with. Where the company is a subsidiary of a listed corporation or a subsidiary whose ultimate holding company is incorporated in Singapore, the listed corporation or the ultimate holding company, as the case may be, is also required to pass a special resolution to approve the giving of the financial assistance.</p>

No.	Philippines Corporate Law	Singapore Corporate Law
<u>Disclosure of Interest in Contracts with the Company</u>		
5.	<p>The Philippine Revised Corporation Code provides that a contract of the company with one or more of its directors or their spouses and relatives within the fourth civil degree of consanguinity or affinity is voidable, at the option of such company, unless all the following conditions are present:</p> <ul style="list-style-type: none"> (a) the presence of such director in the board meeting in which the contract was approved was not necessary to constitute a quorum for such meeting; (b) the vote of such director was not necessary for the approval of the contract; (c) the contract is fair and reasonable under the circumstances; (d) in the case of corporations vested with public interest (such as publicly-listed companies), material contracts are approved by at least a majority of the independent directors voting to approve the material contract; and (e) in the case of an officer, the contract has been previously authorised by the board of directors. <p>Where any of the first three conditions above is absent, in the case of a contract with a director, such contract may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock in a meeting called for the purpose. A full disclosure of the adverse interest of the director involved must be made at such meeting and the contract should be fair and reasonable under the circumstances.</p>	<p>The Singapore Companies Act provides that, where a director or chief executive officer of a company is in any way, whether directly or indirectly, interested in a transaction or proposed transaction with that company, such director or chief executive officer must, as soon as practicable after the relevant facts have come to his knowledge: (a) declare the nature of his interest at a meeting of directors of the company; or (b) send a written notice to the company containing details on the nature, character and extent of his interest in the transaction or proposed transaction with the company. For these purposes, an interest of a member of a director's or chief executive officer's family (this includes his spouse, natural, step and adopted children) is treated as an interest of that director or chief executive officer.</p> <p>The Singapore Companies Act also provides that every director or chief executive officer of a company who holds any office or possesses any property whereby, whether directly or indirectly, any duty or interest might be created in conflict with his duties or interests as director or chief executive officer (as the case may be) shall: (a) declare at a meeting of the directors of the company the fact and the nature, character and extent of the conflict; or (b) send a written notice to the company setting out the fact and the nature, character and extent of the conflict. For this purpose, an interest of a member of a director's or chief executive officer's family (this includes his spouse, natural, step and adopted children) shall be treated as an interest of the director or chief executive officer.</p>

No.	Philippines Corporate Law	Singapore Corporate Law
	<p>The Philippine Revised Corporation Code also provides that except in cases of fraud, and provided the contract is fair and reasonable under the circumstances, a contract between two or more corporations having interlocking directors shall not be invalidated on that ground alone: <i>Provided</i>, That if the interest of the interlocking director in one corporation is substantial and the interest in the other corporation or corporations is merely nominal, the contract shall be subject to the same requirements above insofar as the latter corporation or corporations are concerned.</p> <p>Stockholdings exceeding 20% of the outstanding capital stock shall be considered substantial for purposes of interlocking directors.</p> <p>PSEC Memorandum Circular No. 10, series of 2019 requires a publicly-listed company ("PLC") to comply with the PSEC's Rules on Material Related Party Transactions for Publicly-Listed Companies ("Material MPT Rules").</p> <p>The Material MPT Rules requires all Material Related Party Transactions ("Material RPT") to be approved by at least two-thirds vote of PLC's board of directors including at least a majority of its independent directors. In case the majority of the independent directors' vote is not secured, the Material RPT may be ratified by the vote of stockholders representing at least two-thirds of the outstanding capital stock. directors with a personal interest in the transaction should abstain from voting. In case they refuse to abstain, their attendance shall not be counted for the purpose of assessing quorum and their votes shall not be counted for purposes of determining approval.</p>	

No.	Philippines Corporate Law	Singapore Corporate Law
	<p>The members of the board, substantial shareholders and officers must fully disclose to the board of directors all material facts related to material related party transactions as well as their direct and indirect financial interest in any transaction or matter that may affect or is affecting the company. Such disclosure shall be made at the board meeting where the material related party transaction will be presented for approval and before the completion or execution of the material related party transaction.</p> <p>A PLC is also required to disclose to the PSEC the Material RPT within 3 calendar days from the execution date of the transaction.</p> <p>A Material RPT means any related party transaction/s, either individually, or in aggregate over a twelve-month period with the same related party, amounting to ten percent or higher of a PLC's total assets based on its latest audited financial statement. If the PLC is a parent company, the total assets shall pertain to its total consolidated assets.</p> <p>Related parties cover the PLC's directors, officers, substantial shareholders and their spouses and relatives within the fourth civil degree of consanguinity or affinity, legitimate or common law, if these persons have control, joint control or significant influence over the PLC. It also covers the PLC's parent, subsidiary, fellow subsidiary, associate, affiliate, joint venture or an entity that is controlled, jointly controlled or significantly influenced or managed by a person who is a related party.</p> <p>Substantial shareholder means any person who is directly or indirectly the beneficial owner of more than ten percent of any class of a PLC's equity security.</p>	

No.	Philippines Corporate Law	Singapore Corporate Law
Remuneration		
6.	<p>The Philippine Revised Corporation Code provides that in the absence of any provision in the by-laws fixing their compensation, the directors shall not receive any compensation in their capacity as such, except for reasonable per diems. However, stockholders representing at least a majority of the outstanding capital stock may grant directors with compensation and approve the amount thereof at a regular or special meeting.</p> <p>In no case shall the total yearly compensation of directors exceed 10% of the net income before income tax of the corporation during the preceding year.</p> <p>directors shall not participate in the determination of their own per diems or compensation.</p> <p>Corporations vested with public interest such as publicly-listed companies shall submit to their shareholders and the PSEC, an annual report of the total compensation of each of their directors.</p>	<p>The Singapore Companies Act provides that a company shall not provide emoluments or improve emoluments for a director in respect of his office as such unless the provision has been approved by a resolution that is not related to other matters, and any resolution passed in breach of this provision is void.</p> <p>For these purposes, the term “emoluments” in relation to a director includes fees and percentages, expenses allowance in so far as those sums are charged to income tax in Singapore, contributions paid in respect of a director under any pension scheme and any benefits received by him otherwise than in cash in respect of his services as a director.</p>
Number, Qualification and Appointment of Directors		
7.	<p>Under the Philippine Revised Corporation Code, a company must have at least one director. In one-person corporations, the sole member of the company is also its sole director.</p> <p>directors are elected from among the holders of stocks registered in the corporation’s book. Each director shall have a term of one year and shall hold office until the successor is elected and qualified. A director who ceases to own at least one share of stock shall cease to be such.</p> <p>Except when the exclusive right is reserved for holders of founders’ shares, each stockholder shall have the right to nominate any director who possess all of the qualifications and none of the disqualifications as prescribed by law.</p>	<p>Under the Singapore Companies Act, every company must have at least one director who is ordinarily resident in Singapore. Where the company has only one member, that sole director may also be the sole member of the company.</p> <p>No person other than a natural person who has attained the age of 18 years and who is otherwise of full legal capacity can be a director of a company. Every director, who is by the constitution of the company required to hold a specified share qualification and who is not already qualified, must obtain his qualification within two months of his appointment or such shorter period as is fixed by the constitution of the company.</p> <p>Unless the constitution of the company otherwise provides, a company may appoint a director by ordinary resolution passed at a general meeting.</p>

No.	Philippines Corporate Law	Singapore Corporate Law
	<p>At all elections of directors, there must be present, either in person or through a representative authorised to act by written proxy, the owners of majority of the outstanding capital stock. The stockholders may also vote through remote communication or <i>in absentia</i>. The election must be by ballot if requested by any voting stockholder.</p> <p>In stock corporations, stockholders entitled to vote shall have the right to vote the number of shares of stock standing in their own names in the stock books of the corporation at the time fixed in the by-laws or where the by-laws are silent, at the time of the election. The said stockholder may: (a) vote such number of shares for as many persons as there are directors to be elected; (b) cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of shares owned; or (c) distribute them on the same principle among as many candidates as may be seen fit. Nominees for directors receiving the highest number of votes shall be declared elected.</p> <p>Any vacancy occurring in the board of directors other than by removal or expiration of term may be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum; otherwise, said vacancies must be filled by the stockholders in a regular or special meeting called for that purpose. When the vacancy is due to term expiration, the election shall be held no later than the day of such expiration at a meeting called for that purpose.</p> <p>When the vacancy arises as a result of removal by the stockholders or members, the election may be held on the same day of the meeting authorising the removal and this fact must be so stated in the agenda and notice of said meeting. In all other cases, the election must be held no later than forty-five (45) days from the time the vacancy arose. A director elected to fill vacancy shall be referred to as a replacement director and shall serve only for the unexpired term of the predecessor in office.</p>	<p>In the case of a public company, the appointment of directors at a general meeting must generally be voted on individually. A motion for the appointment of two or more persons as directors by a single resolution shall not be made unless a resolution that it shall be so made has first been agreed to by the meeting without any vote being given against it. A resolution passed in pursuance of a motion made in contravention of this shall be void, whether or not it being so moved was objected to at the time.</p> <p>Subject to the provisions of the Singapore Companies Act, the constitution of a company may also empower the board of directors to appoint any directors to fill a casual vacancy or an additional director.</p>

No.	Philippines Corporate Law	Singapore Corporate Law
	<p>However, when the vacancy prevents the remaining directors from constituting a quorum and emergency action is required to prevent grave, substantial and irreparable loss or damage to the corporation, the vacancy may be temporarily filled from among the officers of the corporation by unanimous vote of the remaining directors. The action by the designated director shall be limited to the emergency action necessary, and the term shall cease within a reasonable time from the termination of the emergency or upon election of the replacement director, whichever comes earlier. The corporation must notify the PSEC within three days from the creation of the emergency board, stating therein the reason for its creation.</p> <p>Any directorship to be filled by a reason of an increase in the number of directors shall be filled only by an election at a regular or at a special meeting of stockholders duly called for the purpose, or in the same meeting authorising the increase of directors if so stated in the notice of the meeting.</p> <p>Under recent PSEC opinions, it was clarified that the remaining directors can fill up the vacancies in the board when: (1) such vacancies were occasioned by reasons other than the removal by the stockholders or trustees or by expiration of term; and (2) such remaining directors still constitute a quorum of the board. These conditions must concur, otherwise, the filling up of the vacancies must be done by the stockholders or members in a regular or special meeting called for the purpose.</p>	

No.	Philippines Corporate Law	Singapore Corporate Law
Independent Directors		
8.	<p>Under the Philippine Revised Corporation Code, the board of directors of publicly-listed companies shall have independent directors constituting at least 20% of such board.</p> <p>An independent director is a person who, apart from shareholdings and fees received from a corporation, is independent of management and free of any business or other relationship which could, or could reasonably be perceived to materially interfere with the exercise of independent judgement in carrying out the responsibilities as a director.</p> <p>Independent directors must be elected by the shareholders present or entitled to vote <i>in absentia</i> during the election of directors.</p> <p>Under SEC Memorandum Circular No. 4, series of 2017, an independent director shall serve for a maximum cumulative term of nine years reckoned from 2012 after which the independent director is perpetually barred from re-election as such in the same company, but may continue to qualify as a non-independent director. In the instance that the company retains an independent director in the same capacity after nine years, the board shall provide meritorious justification and seek shareholders' approval during the annual stockholders' meeting.</p>	<p>Under the Singapore Companies Act, there is no requirement for a company incorporated in Singapore to have an independent director. However, the Listing Manual which applies to companies listed on the Main Board of the SGX-ST contains requirements relating to board composition.</p> <p>The issuer's board must have at least two non-executive directors who are independent and free of any material business or financial connection with the issuer. In the case of a foreign issuer, at least two of these directors must be resident in Singapore.</p> <p>We have obtained from the SGX-ST a waiver from compliance with Rule 221 of the Listing Manual, which requires a foreign issuer to have at least two independent directors resident in Singapore, subject to certain conditions. See "<i>General and Statutory Information—Waivers from the SGX-ST</i>" for further details.</p> <p>In addition, the Code of Corporate Governance issued by the Authority requires that at least one-third of the board be independent. Compliance with the Code of Corporate Governance is not mandatory but listed companies are required under the Listing Manual to describe their corporate governance practices with specific references to the principles of the Code of Corporate Governance, as well as disclose and explain any deviation therefrom, in their annual reports.</p> <p>The requirement that independent directors comprise at least one-third of the issuer's board will be codified into the Listing Manual with effect from 1 January 2022.</p>

No.	Philippines Corporate Law	Singapore Corporate Law
Audit Committee		
9.	<p>Under SEC Memorandum Circular No. 19, series of 2016 on the Code of Corporate Governance for Publicly-Listed Companies (“PCG Code”), the board of directors of a PLC should establish an audit committee to enhance its oversight capability over the PLC’s financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.</p> <p>The committee should be composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman, should be independent. All of the members of the committee must have relevant background, knowledge, skill, and/or experience in the areas of accounting, auditing and finance.</p> <p>The Chairman of the audit committee should not be the chairman of the board of directors or of any other committees.</p> <p>The PCG Code adopts a “comply or explain” approach. This approach combines voluntary compliance with mandatory disclosure. PLCs do not have to comply with the PCG Code, but they must state in their annual corporate governance reports whether they comply with the PCG Code’s provisions, identify any areas of non-compliance, and explain the reasons for non-compliance.</p>	<p>Under Section 201B of the Singapore Companies Act, every company that is incorporated and listed in Singapore, is required to have an audit committee.</p> <p>Such an audit committee shall be appointed by the directors from among their number and shall be composed of three or more members of whom a majority shall not be:</p> <ul style="list-style-type: none"> (a) executive directors of the company or any related corporation; (b) a spouse, parent, brother, sister, son or adopted son or daughter or adopted daughter of an executive director of the company or of any related corporation; or (c) any person having a relationship which, in the opinion of the board of directors, would interfere with the exercise of independent judgement in carrying out the functions of an audit committee. <p>Further guidelines on the composition of the audit committee are set out in the Code of Corporate Governance, namely:</p> <ul style="list-style-type: none"> (a) the audit committee should comprise at least three directors, the majority of whom including the audit committee chairman, should be independent; (b) all of the members of the audit committee should be non-executive directors; and (c) at least two members of the audit committee, including the audit committee chairman, have recent and relevant accounting or related financial management expertise or experience.

No.	Philippines Corporate Law	Singapore Corporate Law
Disqualification of Directors		
10.	<p>Under the Philippine Revised Corporation Code, a person shall be disqualified from being a director of any corporation if, within five years prior to the election or appointment as such, the person was:</p> <ul style="list-style-type: none"> (a) convicted by final judgment: (i) of an offence punishable by imprisonment for a period exceeding six years; or (ii) for violating the Philippine Revised Corporation Code; or (iii) for violating the Securities Regulation Code; (b) found administratively liable for any offence involving fraudulent acts; or (c) convicted by final judgment by a foreign court or equivalent foreign regulatory authority for acts, violations or misconduct similar to those enumerated in paragraphs (a) and (b) above. <p>The PSEC or the Philippine Competition Commission may also impose additional disqualifications for directors in its promotion of good corporate governance or as a sanction in its administrative proceedings.</p> <p>In addition, under SEC Memorandum Circular No.10-2019, or the Rules on Material Related Party Transactions for Publicly-Listed Companies, an interested director of a company shall be disqualified from being a director of any other company on the basis of a final judgment rendered by a court of competent jurisdiction against the interested director for abusive Material RPT. The disqualification shall be for a period of at least one year or more as may be determined by the PSEC.</p>	<p>Under the Singapore Companies Act, a person may not act as a director of, or directly or indirectly take part in or be concerned in the management of, any corporation if he is an undischarged bankrupt, unless he has the leave of the Singapore courts or the written permission of the Official Assignee appointed under the Insolvency, Restructuring and Dissolution Act 2018 of Singapore, to do so.</p> <p>A person may be disqualified from acting as a director of a company by the Singapore courts for a period not exceeding five years if: (a) he is or has been a director of a company which has at any time gone into liquidation (whether while he was a director or within three years of his ceasing to be a director) and was insolvent at that time; and (b) his conduct as director of that company either taken alone or taken together with his conduct as a director of any other company or companies makes him unfit to be a director of or in any way, whether directly or indirectly, be concerned in, or take part in, the management of a company.</p> <p>A person may, subject to certain exceptions, also be disqualified from acting as a director or in any way, directly or indirectly, being concerned in, or from taking part in, the management of any company or foreign company by the Singapore courts for a period of three years from the date of the making of the winding-up order if he is a director of a company which is ordered to be wound up by the Singapore courts on the ground that it is being used for purposes against national security or interest.</p>

No.	Philippines Corporate Law	Singapore Corporate Law
		<p>Where a person is convicted in Singapore of: (a) any offence in connection with the formation or management of a corporation; (b) any offence under Sections 157 or 396B of the Singapore Companies Act; or (c) any offence under Sections 237 or 239 of the Insolvency, Restructuring and Dissolution Act 2018, the Singapore courts may make a disqualification order against the person in addition to any other sentence imposed, and, in that instance, the person shall not act as a director, or take part (whether directly or indirectly) in the management of a company, or of a foreign company to which Division 2 of Part 11 of the Singapore Companies Act applies, during the period of the disqualification or disqualification order.</p> <p>A person could also be disqualified from acting as a director on other grounds, such as: (a) conviction of: (i) any offence (whether in Singapore or elsewhere) involving fraud or dishonesty which is punishable with imprisonment for three months or more; or (ii) any offence under Part 12 of the SFA, where the conviction was on or after 1 July 2015; (b) if the person is subject to the imposition of a civil penalty under Section 232 of the SFA on or after 1 July 2015; or (c) if he has been convicted of three or more offences, or has had three or more orders made against him, in relation to defaults under the requirements of the Singapore Companies Act in filing, delivering or sending any return, account or other document, or giving notice of any matter to be given to the Registrar of Companies in Singapore, and not more than five years have passed since he was last convicted, or had an order made against him.</p> <p>A person could be the subject of a debarment order made against him by the Registrar of Companies, if the Registrar of Companies is satisfied that a company of which he is a director at the time the order is made is in default of any requirement of the Singapore Companies Act. A person who has a debarment order made against him may not act as director of any company (except in respect of a company of which he was a director immediately before the order was made), and the debarment order applies from the date the order is made and continues in force until the Registrar of Companies cancels or suspends the order.</p>

No.	Philippines Corporate Law	Singapore Corporate Law
Resignation of Directors		
11.	<p>The Philippine Revised Corporation Code does not expressly provide for any requirements for the resignation of a director.</p> <p>Should a director resign, however, the corporate secretary shall, within seven days of knowledge thereof, report such fact in writing to the PSEC.</p>	<p>Under the Singapore Companies Act, in general, unless the constitution of the company otherwise provides, a director of a company may resign by giving the company a notice in writing of his resignation, and the resignation of a director shall not be conditional upon the company's acceptance of his resignation. However, a director of a company cannot resign or vacate his office unless there is remaining in the company at least one director who is ordinarily resident in Singapore. Any purported resignation or vacation of office in breach of this is deemed to be invalid.</p>
Removal of Directors		
12.	<p>Under the Philippine Revised Corporation Code, any director may be removed from office by vote of the stockholders holding or representing at least two-thirds of the outstanding capital stock; <i>Provided</i>, that such removal shall take place either at a regular meeting of the corporation or at a special meeting called for the purpose, and in either case, after previous notice to stockholders or members of the corporation of the intention to propose such removal at the meeting. A special meeting of the stockholders or members for the purpose of removing any director must be called by the secretary on order of the president, or upon written demand of the stockholders representing or holding at least a majority of the outstanding capital stock. If there is no secretary, or if the secretary, despite demand, fails or refuses to call the special meeting or to give notice thereof, a stockholder of the corporation signing the demand may call for the meeting by directly addressing the stockholders. Notice of the time and place of such meeting, as well as of the intention to propose such removal, must be given by publication or by written notice prescribed in the Philippine Revised Corporation Code.</p>	<p>A director of a public company may be removed before the expiration of his period of office by an ordinary resolution (which requires special notice to be given in accordance with the provisions of the Singapore Companies Act) of the shareholders, notwithstanding anything in the constitution of that company or in any agreement between that company and the director, but where any director so removed was appointed to represent the interests of any particular class of shareholders or debenture holders, the resolution to remove him shall not take effect until his successor has been appointed.</p> <p>Subject to the provisions of the Singapore Companies Act, the constitution of a company may prescribe the manner in which a director may be removed from office before the expiration of his term of office.</p>

No.	Philippines Corporate Law	Singapore Corporate Law
	<p>Removal may be with or without cause. Nonetheless, removal without cause may not be used to deprive minority stockholders of their right of representation.</p> <p>The PSEC shall, <i>motu proprio</i> or upon verified complaint, and after due notice and hearing, order the removal of a director elected despite the presence of a disqualification, or whose disqualification arose or is discovered subsequent to an election.</p>	
Mergers and Similar Arrangements		
13.	<p>Under the Philippine Revised Corporation Code, two or more corporations may merge into a single corporation which shall be one of the constituent corporations (“merger”) or may consolidate into a new single corporation which shall be the consolidated corporation (“consolidation”).</p> <p>The merger or consolidation must be approved by: (i) a majority vote of each of the board of directors of the constituent corporations of the plan of merger or consolidation; and (ii) the affirmative vote of stockholders representing at least two-thirds of the outstanding capital stock of each of such corporations at separate corporate meetings duly called for the purpose.</p> <p>There is no provision on “involuntary merger” or “involuntary consolidation” under Philippine laws.</p>	<p>The Singapore Companies Act provides that the Singapore courts have the authority, in connection with a scheme for the reconstruction of any company or companies or the amalgamation of any two or more companies and that under the scheme the whole or any part of the undertaking or the property of any company concerned in the scheme (the “transferor company”) is to be transferred to another company (the “transferee company”), to order, among others, the transfer to the transferee company of the whole or any part of the undertaking and of the property or liabilities of the transferor company. Such power only exists in relation to corporations liable to be wound up under the Insolvency, Restructuring and Dissolution Act 2018.</p> <p>The Singapore Companies Act further provides for a voluntary amalgamation process without the need for a court order. Under this voluntary amalgamation process, two or more companies may amalgamate and continue as one company, which may be one of the amalgamating companies or a new company, in accordance with the procedures set out in the Singapore Companies Act. As part of these procedures, the board of directors of each of the amalgamating companies must make a solvency statement, in the form of a declaration in writing, in relation to both the amalgamating company and the amalgamated company.</p>

No.	Philippines Corporate Law	Singapore Corporate Law
		<p>The Singapore Companies Act also provides for a more simplified form of amalgamation procedure for: (a) the amalgamation of a Singapore-incorporated company with one or more of its wholly owned subsidiaries; and (b) two or more wholly owned Singapore-incorporated subsidiary companies of the same corporation.</p>
<u>Appraisal Rights</u>		
14.	<p>The Philippine Revised Corporation Code provides for appraisal rights (i.e. the right to dissent and demand payment of the fair value of the shares) to the shareholders of a company in connection with a merger or consolidation.</p> <p>Appraisal rights are also available in the following instances:</p> <ul style="list-style-type: none"> (a) in case of an amendment to the articles of incorporation having the effect of changing or restricting the rights of any shareholder or class of shares, or of authorising preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence; (b) in case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets; or (c) in case of investment of corporate funds for any purpose other than the primary purpose of the corporation. 	<p>The Singapore Companies Act does not provide for appraisal rights to the shareholders of a company in connection with a merger.</p>

No.	Philippines Corporate Law	Singapore Corporate Law
Shareholders' Suits and Protection of Minority Shareholders		
15.	<p>Under prevailing Philippine jurisprudence, a derivative suit is an action brought by minority shareholders for and in the name of the corporation to redress wrongs committed against the corporation by directors, corporate officers, and even third persons, for which the directors refuse to sue.</p> <p>A shareholder's right to institute a derivative suit is not based on any express provision of the Philippine Revised Corporation Code, or even the Securities Regulation Code, but is impliedly recognised when the said laws make corporate directors or officers liable for damages suffered by the corporation and its shareholders for violation of their fiduciary duties.</p> <p>The following are the requisites before a shareholder can file a derivative suit:</p> <ul style="list-style-type: none"> (a) the party bringing suit should be a shareholder during the time of the act or transaction complained of, the number of shares not being material; (b) the party has tried to exhaust intra-corporate remedies, i.e. has made a demand to the board for the appropriate relief, but the latter has failed or refused to heed his plea; and (c) the cause of action actually devolves on the corporation, the wrongdoing or harm having been or being caused to the corporation and not to the particular shareholder bringing the suit. <p>Section 1, Rule 8 of the Interim Rules of Procedure Governing Intra-Corporate Controversies (A.M. No. 01-2-04-SC, 01 April 2001) also provides for the requirements for the proper filing a derivative suit:</p> <ul style="list-style-type: none"> (1) Relator was a shareholder/member at the time the acts or transactions subject of the action occurred and at the time the action was filed; 	<p>A member or a holder of a debenture of a company may apply to the Singapore courts for an order under Section 216 of the Singapore Companies Act to remedy situations where:</p> <ul style="list-style-type: none"> (a) a company's affairs are being conducted or the powers of the company's directors are being exercised in a manner oppressive to, or in disregard of the interests of one or more of the members, shareholders or holders of debentures of the company, including the applicant; or (b) a company has done an act, or threatens to do an act, or the members, holders of debentures or any class of them have passed some resolution, or propose to pass some resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more of the company's members or holders of debentures, including the applicant. <p>Singapore courts have wide discretion as to the relief they may grant under such application, including, among others, directing or prohibiting any act or cancelling or varying any transaction or resolution, providing that the company be wound up, or authorising civil proceedings to be brought in the name of or on behalf of the company by such person or persons and on such terms as the court directs.</p> <p>In addition, a member of a company who is seeking relief for damage done to the company may bring a common law derivative action in certain circumstances against the persons who have done wrong to the company. Further, Section 216A of the Singapore Companies Act prescribes a procedure to bring a statutory derivative action or arbitration. The statutory procedure is available to, among others, any member of a company, and any other person who, in the discretion of the court, is a proper person to make an application under Section 216A of the Singapore Companies Act.</p>

No.	Philippines Corporate Law	Singapore Corporate Law
	<p>(2) He exerted all reasonable efforts, and alleges the same with particularity in the complaint, to exhaust all remedies available under the articles of incorporation, by-laws, laws or rules governing the corporation or partnership to obtain the relief he desires;</p> <p>(3) No appraisal rights are available for the act or acts complained of; and</p> <p>(4) The suit is not a nuisance or harassment suit.</p>	
Shareholders' Action by Written Consent		
16.	<p>Under the Philippine Revised Corporation Code, any provision or matter stated in the articles of incorporation may be amended by a majority vote of the board of directors and the vote or written assent of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock, unless otherwise prescribed by the Philippine Revised Corporation Code.</p> <p>In the following cases, the vote of stockholders in a meeting is required:</p> <p>(1) ratification of contract with a director;</p> <p>(2) election of directors;</p> <p>(3) removal of a director;</p> <p>(4) filling of vacancy in the board;</p> <p>(5) approval of compensation of directors</p> <p>(6) extension or shortening of corporate term;</p> <p>(7) increase or decrease in authorised capital stock or incur, create or increase any bonded indebtedness;</p> <p>(8) sale of all or substantially all of the corporate property and assets;</p> <p>(9) investment of corporate funds for any purpose other than the primary purpose of the corporation;</p> <p>(10) declaration of stock dividend;</p>	<p>Notwithstanding any other provision of the Singapore Companies Act, a private company or an unlisted public company may pass any resolution by written means (save for any resolution to dispense with the holding of annual general meetings or any resolution for which special notice is required) in accordance with the provisions of the Singapore Companies Act. There is no corresponding provision in the Singapore Companies Act which applies to a listed public company.</p>

No.	Philippines Corporate Law	Singapore Corporate Law
	(11) amendment of by-laws; (12) merger and consolidation; or (13) dissolution of a corporation.	
Shareholders' Proposals		
17.	There is no equivalent provision under Philippine corporate laws.	<p>Under the Singapore Companies Act: (a) any number of members representing not less than 5.0% of the total voting rights of all the members having at the date of requisition a right to vote at a meeting to which the requisition relates; or (b) not less than 100 members holding shares on which there has been paid up an average sum, per member, of not less than S\$500, may requisition the company to give to members notice of any resolution which may properly be moved and is intended to be moved at the next annual general meeting, and circulate to members any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.</p> <p>Members holding not less than 10.0% of the total number of paid-up shares of a company that carries a right of voting at general meetings or, in the case of a company not having a share capital, members representing not less than 10.0% of the total voting rights of all members having a right to vote at general meetings, may requisition for an extraordinary general meeting to be convened in accordance with the provisions of the Singapore Companies Act. The directors must convene the meeting to be held as soon as practicable, but in any case not later than two months after the receipt by the company of the requisition.</p> <p>If the directors do not within 21 days of the date of the deposit of the requisition proceed to convene a meeting, the requisitionists, or any of them representing more than 50.0% of the total voting rights of all of them, may themselves, in the same manner as nearly as possible as that in which meetings are to be convened by directors convene a meeting, but any meeting so convened shall not be held after the expiration of three months from that date.</p>

No.	Philippines Corporate Law	Singapore Corporate Law
		<p>Two or more members holding not less than 10.0% of the total number of issued shares of the company (excluding treasury shares) or, in the case of a company not having a share capital, not less than 5.0% in number of the members of the company or such lesser number as is provided by the constitution of the company, may also call a meeting of the company in accordance with the provisions of the Singapore Companies Act.</p> <p>A meeting of a company or of a class of members, other than a meeting for the passing of a special resolution, shall be called by notice in writing of not less than 14 days or such longer period as is provided in the constitution.</p> <p>Shorter notice can be given if: (i) in the case of an annual general meeting, all the members entitled to attend and vote thereat so agree; or (ii) in the case of any other meeting, a majority in number of the members having a right to attend and vote thereat, being a majority which together holds not less than 95.0% of the total voting rights of all the members having a right to vote at that meeting so agree.</p>
<u>Winding Up</u>		
18.	<p>Winding up under the Philippine Revised Corporation Code pertains to the three-year period (reckoned from the effectivity date of dissolution) whereby the corporation remains as a body corporate for the purpose of prosecuting and defending suits by or against it and enabling it to settle and close its affairs, dispose of and convey its property, and distribute its assets, but not for the purpose of continuing the business for which it was established. During this period, the company conveys all of its property to trustees for the benefit of stockholders, members, creditors, and other persons in interest. After any such conveyance by the corporation of its property in trust for the benefit of its stockholders, members, creditors and others in interest, all interest which the corporation had in the property terminates, the legal interest vests in the trustees, and the beneficial interest in the stockholders, members, creditors or other persons-in-interest.</p>	<p>The winding-up of a company may be done in the following ways:</p> <ul style="list-style-type: none"> (a) members' voluntary winding up; (b) creditors' voluntary winding up; (c) compulsory winding up by the court; and (d) an order made pursuant to Section 216 of the Singapore Companies Act for the winding-up of the company. <p>The type of winding-up depends, among others, on whether the company is solvent or insolvent.</p>

No.	Philippines Corporate Law	Singapore Corporate Law
<u>Dissolution</u>		
19.	<p>Under the Philippine Revised Corporation Code, a company may be dissolved either voluntarily or involuntarily.</p> <p><i>Voluntary Dissolution</i></p> <p>If the dissolution of a company does not prejudice the rights of any creditor having a claim against it, the dissolution may be effected by majority vote of the board of directors, and by a resolution adopted by the affirmative vote of the stockholders owning at least the majority of the outstanding capital stock in a meeting to be held upon the call of the directors. A verified request for dissolution and other supporting documents as specified in the Philippine Revised Corporation Code shall be filed with PSEC, which shall approve the request, as appropriate, and issue the certificate of dissolution.</p> <p>Where the dissolution of the company may prejudice the rights of any creditor, a verified petition for dissolution shall be filed with the PSEC. The petition shall be signed by a majority of the board of directors, verified by its president or secretary or one of its directors. The dissolution must be approved by the stockholders representing at least two-thirds of the outstanding capital stock at a meeting called for the purpose. A list of all creditors of the company should also be submitted to the PSEC. After notice and hearing, the PSEC shall render judgment dissolving the company, as appropriate, and direct such disposition of its assets as justice requires, and may appoint a receiver to collect such assets and pay the debts of the company. The dissolution shall take effect only upon the issuance by the PSEC of a certificate of dissolution.</p>	<p>A company may be dissolved:</p> <ul style="list-style-type: none"> (a) through the process of liquidation pursuant to the winding-up of the company; (b) in a merger or amalgamation of two companies where the court may order the dissolution of one after its assets and liabilities have been transferred to the other; or (c) when it is struck off the register by the Registrar of Companies on the grounds that it is a defunct company.

No.	Philippines Corporate Law	Singapore Corporate Law
	<p>A voluntary dissolution may also be effected by amending the articles of incorporation to shorten the corporate term. A copy of the amended articles of incorporation shall be submitted to the PSEC for approval. Upon the expiration of the shortened term, as stated in the approved amended articles of incorporation, the corporation shall be deemed dissolved without any further proceedings. The dissolution shall automatically take effect on the day of the following the last day of the corporate term stated in the articles of incorporation without the need for the issuance by the PSEC.</p> <p><i>Involuntary Dissolution</i></p> <p>A company may be dissolved by the PSEC motu proprio or upon filing of a verified complaint by any interested party. The following may be grounds for dissolution of the company:</p> <ul style="list-style-type: none"> (a) Non-use of corporate charter; (b) Continuous in operation; (c) Upon receipt of a lawful court order dissolving the company; (d) Upon finding by the final judgment that the company procured its incorporation through fraud; (e) Upon finding by final judgment that the company: <ul style="list-style-type: none"> (1) Was created for the purpose of committing, concealing or aiding the commission of securities violation, smuggling, tax evasion, money laundering, or graft and corrupt practices; (2) Committed or aided in the commission of securities violations, smuggling, tax evasion, money laundering, or graft and corrupt practices, and its stockholders knew of the same; and 	

No.	Philippines Corporate Law	Singapore Corporate Law
	<p>(3) Repeatedly and knowingly tolerated the commission of graft and corrupt practices or other fraudulent or illegal acts by its directors, officers, or employees.</p> <p>Furthermore, in case of merger or consolidation, the separate existence of the constituent corporations shall cease, except that of the surviving or the consolidated corporation.</p>	
<u>Variation of Rights of Shares</u>		
20.	<p>Under the Philippine Revised Corporation Code, the classification of shares, their corresponding rights, privileges, or restrictions, and their stated par value, if any, must be indicated in the articles of incorporation of a corporation which may be amended by a majority vote of the board of directors and by vote or written assent of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock of the corporation.</p>	<p>Under the Singapore Companies Act, if provision is made by the constitution of a company for authorising the variation or abrogation of the rights attached to any class of shares in the company, subject to the consent of any specified proportion of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares, and in pursuance of that provision, such rights are at any time varied or abrogated, the holders of not less in aggregate than 5.0% of the total number of issued shares of that class may apply to the Singapore courts to have the variation or abrogation cancelled in accordance with the Singapore Companies Act.</p> <p>The Singapore courts may, if satisfied that the variation or abrogation would unfairly prejudice the shareholders of the class represented by the applicant, disallow the variation or abrogation, and shall if not so satisfied, confirm it.</p>
<u>Amendments to Constitutive Documents</u>		
21.	<p>Amendments to Articles of Association Incorporation</p> <p>Unless otherwise prescribed under the Philippine Revised Corporation Code or by special law, and for legitimate purposes, any provision or matter stated in the articles of incorporation may be amended by a majority vote of the board of directors and the vote or written assent of the stockholders representing at least two-thirds of the outstanding capital stock, without prejudice to the appraisal right of dissenting stockholders.</p>	<p>Amendments to Constitution</p> <p>Unless otherwise provided in the Singapore Companies Act, a company's constitution may be altered or added to by way of special resolution, except that any entrenching provision in the constitution and any provision contained in the constitution before 1 April 2004 which could not be altered under the provisions of the Singapore Companies Act before that date, may be removed or altered only if all members of the company agree.</p>

No.	Philippines Corporate Law	Singapore Corporate Law
	<p>In the following cases, the vote of stockholders in a meeting is required:</p> <ol style="list-style-type: none"> 1. extension or shortening of corporate term; and 2. increase or decrease in authorised capital stock. <p>The amendments shall take effect upon their approval by the PSEC or from the date of filing with the said PSEC if not acted upon within six months from the date of filing for a cause not attributable to the corporation.</p> <p>The PSEC may disapprove the amendment to the articles of incorporation if the same is not compliant with the requirements of the Philippine Revised Corporation Code. The PSEC shall give the directors or officers a reasonable time from receipt of the disapproval within which to modify the objectionable portions of the amendment.</p> <p>A majority of the board of directors and the owners of at least a majority of the outstanding capital stock at a regular or special meeting duly called for the purpose, may amend or repeal the by-laws or adopt new by-laws. The owners of two-thirds (2/3) of the outstanding capital stock may delegate to the board of directors the power to amend or repeal the by-laws or adopt new by-laws: <i>Provided</i>, that any power delegated to the board of directors to amend or repeal the by-laws or adopt new by-laws shall be considered as revoked whenever stockholders owning or representing a majority of the outstanding capital stock shall so vote at a regular or special meeting. The amendments shall take effect upon their approval by the PSEC.</p>	<p>For these purposes, the term “entrenching provision” means a provision of the constitution of a company to the effect that other specified provisions of the constitution, (a) may not be altered in the manner provided by the Singapore Companies Act; or (b) may not be so altered except by a resolution passed by a specified majority greater than 75.0%, or where other specified conditions are met.</p> <p>Any alteration to the constitution takes effect on and from the date of the special resolution approving such alteration or such later date as is specified in the resolution.</p> <p>Subject to Section 33 of the Singapore Companies Act, a company may by special resolution alter the provisions of its constitution with respect to the objects of the company, if any. Where a company proposes to alter its constitution, with respect to the objects of the company, it shall give 21 days’ written notice by post or by electronic communications in accordance with the provisions of Singapore Companies Act, specifying the intention to propose the resolution as a special resolution and to submit it for passing at a meeting of the company to be held on a day specified in the notice.</p> <p>Notwithstanding any other provision of the Singapore Companies Act, a copy of the resolution altering the objects of a company shall not be lodged with the Registrar, among others, before the expiration of 21 days after the passing of the resolution, and a copy of the resolution shall be lodged with the Registrar within 14 days thereafter, on compliance with which the alteration, if any, of the objects shall take effect.</p>

No.	Philippines Corporate Law	Singapore Corporate Law
<u>Directors' Fiduciary Duties</u>		
22.	<p>Under the Philippine Revised Corporation Code, directors who wilfully and knowingly vote for or assent to patently unlawful acts of the corporation or who are guilty of gross negligence or bad faith in directing the affairs of the corporation or acquire any personal or pecuniary interest in conflict with their duty as such directors shall be liable jointly and severally for all damages resulting therefrom suffered by the corporation, its stockholders or members and other persons.</p> <p>A director or officer shall not attempt to acquire, or acquire any interest adverse to the corporation in respect of any matter which has been reposed in them in confidence, and upon which, equity imposes a disability upon themselves to deal in their own behalf; otherwise, the said director, or officer shall be liable as a trustee for the corporation and must account for the profits which otherwise would have accrued to the corporation.</p> <p>Furthermore, where a director, by virtue of such office, acquires a business opportunity which should belong to the corporation, thereby obtaining profits to the prejudice of such corporation, the director must account for and refund to the latter all such profits, unless the act has been ratified by a vote of the stockholders owning or representing at least two-thirds (2/3) of the outstanding capital stock. This provision shall be applicable, notwithstanding the fact that the director risked one's own funds in the venture.</p>	<p>Every director by virtue of his office occupies a fiduciary position with respect to the company. A director is not permitted to place himself in a situation where his interests conflict with his duty.</p> <p>Duties are imposed upon any person who becomes a director of a company and breaches of these duties may lead to criminal or civil liabilities.</p> <p>Such duties are governed by statute and common law. Such duties include (without limitation) duties of care and skill and duties to act in good faith in the best interest of the company, as well as the statutory duty under the Singapore Companies Act to act honestly and to use reasonable diligence in the discharge of the duties of his office at all times.</p>

No.	Philippines Corporate Law	Singapore Corporate Law
<u>Conversion</u>		
23.	<p>Under Philippine law, a company may become a PLC by, among other requirements, approval by its board of directors and stockholders.</p> <p>On the other hand, a PLC may be delisted by, among other requirements, approval by:</p> <p>(a) At least two-thirds (2/3) of the entire membership of the Board, including the majority, but not less than two, of all of its independent directors; and</p> <p>(b) Stockholders owning at least two-thirds (2/3) of the total outstanding and listed shares of the PLC.</p> <p>Furthermore, the number of votes cast against the delisting proposal should not be more than ten percent (10%) of the total outstanding and listed shares of the PLC.</p>	<p>The Singapore Companies Act provides that a private company may be converted to a public company and vice versa by, among others, passing a special resolution. A limited company could be converted into an unlimited company and vice versa by complying with the provisions in the Singapore Companies Act.</p>

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APPENDIX E: COMPARISON OF PSE AND PSEC REGULATIONS AND PHILIPPINES SECURITIES LAW AND SGX-ST LISTING RULES AND SINGAPORE SECURITIES LAW

The following table sets out a summary of certain differences between (a) the regulations of the PSE, PSEC and Philippines securities law applicable to us; and (b) the SGX-ST Listing Manual and Singapore securities law, based on the relevant laws, regulations and rules in effect as of the Latest Practicable Date. This comparison does not purport to be comprehensive or exhaustive. This comparison is being provided for informational purposes only and should not be regarded as advice on the regulations of the PSE, PSEC or Philippines securities law or the differences between them and the laws and listing rules of any jurisdiction or exchange, including but not limited to the SFA and the SGX-ST, and should not be relied on for any purpose.

You should note that as a foreign issuer with a secondary listing on the SGX-ST, pursuant to Rule 217 of the SGX-ST Listing Manual, we will not be required to comply with the SGX-ST Listing Rules, other than for Chapters 9, 10 and 13 of the SGX-ST Listing Manual and provided that we undertake to: (a) release all information and documents in English to the SGX-ST at the same time as they are released to the home exchange; (b) inform the SGX-ST of any issue of additional securities in a class already listed on the SGX-ST and the decision of the home exchange; and (c) comply with such other Listing Rules as may be applied by the SGX-ST from time to time (whether before or after listing).

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
Disclosure of Information		
1.	<p>Disclosure Requirements under Article VII of the PSE Consolidated Listing and Disclosure Rules (the “PSE Rules”)</p> <p>The basic principle of the Philippine Stock Exchange (the “PSE”) is to ensure full, fair, timely and accurate disclosure of material information from all publicly listed companies (“PLC” or “Company”). This principle shall apply to all the disclosure requirements under the PSE Rules.</p> <p>Section 4.1 Disclosure of Material Information</p> <p>Companies are required to disclose to the PSE, through its online disclosure System which is the PSE Electronic Disclosure Generation Technology (“EDGE”), once they become aware of any material information or corporate act, development or event, within ten (10) minutes from the receipt of such information or the happening or occurrence of said act, development or event. Disclosure must be made to the PSE prior to its release to the news media.</p> <p>Companies are also required to furnish the PSE copies of all reportorial requirements submitted to the PSEC.</p>	<p>Rule 703 of the SGX-ST Listing Manual: Disclosure of Material Information</p> <p>(1) An issuer must announce any information known to the issuer concerning it or any of its subsidiaries or associated companies which:</p> <p>(a) is necessary to avoid the establishment of a false market in the issuer’s securities; or</p> <p>(b) would be likely to materially affect the price or value of its securities.</p> <p>(2) Rule 703(1) does not apply to information which it would be a breach of law to disclose.</p> <p>(3) Rule 703(1) does not apply to particular information while each of the following conditions applies.</p> <p>Condition 1: a reasonable person would not expect the information to be disclosed;</p> <p>Condition 2: the information is confidential; and</p>

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
	<p>Section 4.3 Standard and Test in Determining Whether Disclosure is Necessary</p> <p>A disclosure must be made promptly by the Company if it meets any of the following standards: (a) where the information is necessary to enable the Company and the public to appraise their position or standing, such as, but not limited to, those relating to the Company's financial condition, prospects, development projects, contracts entered into in the ordinary course of business or otherwise, mergers and acquisitions, dealings with employees, suppliers, customers and others, as well as information concerning a significant change in ownership of the Company's securities owned by insiders or those representing control of the Company; or (b) where such information is necessary to avoid the creation of a false market for its securities; or (c) where such information may reasonably be expected to materially affect market activity and the price of its securities.</p> <p>Section 4.4 Events Mandating Prompt Disclosure</p> <p>The following events, while not comprising a list of all the situations must be disclosed to the PSE via EDGE in compliance with Section 4.1 above and to the PSEC under SEC Form 17-C within ten (10) minutes from the receipt of such information or the happening or occurrence of said act, development or event:</p> <ol style="list-style-type: none"> a change in control of the Company; the filing of any legal proceeding by or against the Company and/or its subsidiaries, involving a claim amounting to ten percent (10%) or more of the Company's total current assets or any legal proceeding against its President and/or any member of its Board of Directors in their capacity as such; Changes in the Company's corporate purpose and any material alterations in the Company's activities or operations or the initiation of new ones; 	<p>Condition 3: one or more of the following applies:</p> <ol style="list-style-type: none"> the information concerns an incomplete proposal or negotiation; the information comprises matters of supposition or is insufficiently definite to warrant disclosure; the information is generated for the internal management purposes of the entity; the information is a trade secret. <p>(4) In complying with the SGX-ST's disclosure requirements, an issuer must:</p> <ol style="list-style-type: none"> observe the Corporate Disclosure Policy set out in Appendix 7.1 of the SGX-ST Listing Manual; and ensure that its directors and executive officers are familiar with the SGX-ST's disclosure requirements and Corporate Disclosure Policy. <p>(5) The SGX-ST will not waive any requirements under this Rule.</p> <p>Rule 704 of the Listing Manual: Announcement of Specific Information</p> <p>In addition to Rule 703, an issuer must immediately announce the following:</p> <p>General</p> <ol style="list-style-type: none"> Any change of address of the registered office of the issuer or of any office at which the Register of Members or any other register of securities of the issuer is kept. Any proposed alteration to the Memorandum of Association or Articles of Association or Constitution of the issuer. [Deleted].

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
	<p>d. Election of Company's directors or Officers or resignation or removal of directors, officers or senior management and their replacements and the reasons for such;</p> <p>e. Any decision taken to carry out extraordinary investments or the entering into financial or commercial transactions that might have a material impact on the Company's situation or similar transaction entered into by any director, officer or substantial stockholder of the Company as a representative of a group of companies in which the Company is a member thereof;</p> <p>f. Losses or potential losses, the aggregate of which amounts to at least ten percent (10%) of the consolidated total assets of the Company;</p> <p>g. Occurrence of any event of dissolution with details in respect thereto;</p> <p>h. Acts and facts of any nature that might seriously obstruct the development of corporate activities, specifying its implications on the Company's business;</p> <p>i. Any licencing or franchising agreement or its cancellation which may materially affect the Company's operations;</p> <p>j. Any delay in the payment of debentures, negotiable obligations, bonds or any other publicly traded security;</p> <p>k. Creation of mortgages or pledges on assets exceeding ten percent (10%) or more of the Company's total assets;</p>	<p>(4) Any call to be made on partly paid securities of the issuer or of any of its principal subsidiaries.</p> <p>(5) Any adverse opinion, disclaimer of opinion, qualified opinion or emphasis of a matter (including a material uncertainty relating to going concern) by the auditors on the financial statements of:</p> <p>(a) the issuer; or</p> <p>(b) any of the issuer's subsidiaries or associated companies, if the adverse opinion, disclaimer of opinion, qualified opinion or emphasis of a matter has a material impact on the issuer's consolidated accounts or the group's financial position.</p> <p>(6) If an issuer has previously announced its preliminary full-year results, any material adjustments to its preliminary full-year results made subsequently by auditors.</p> <p>Appointment or Cessation of Service</p> <p>(7) (a) Any appointment or cessation of service of key persons such as director, chief executive officer, chief financial officer, chief operating officer, general manager or, qualified person or other executive officer of equivalent authority, company secretary, registrar or auditors of the issuer. The announcement of an appointment or cessation of service of key persons such as director, chief executive officer, chief financial officer, chief operating officer, general manager or, qualified person or other executive officer of equivalent authority must contain the information contained in Appendix 7.4.1 or Appendix 7.4.2 of the SGX-ST Listing Manual, as the case may be.</p>

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
	<p>l. Any purchase or sale of stock or convertible debt securities of other companies when the amount is ten percent (10%) or more of the Company's total assets or similar transaction entered into by any director, officer or substantial stockholder of the Company as a representative of a group of companies in which the Company is a member thereof;</p> <p>m. Contracts of any nature that might limit the distribution of profits, with copies thereof;</p> <p>n. Facts of any nature that materially affect or might materially affect the economic, financial or equity situation of those companies controlling, or controlled by the Company including the sale of or the constitution of sureties/pledges on a substantial part of its assets;</p> <p>o. Authorisation, suspension, retirement or cancellation of the listing of the Company's securities on a PSE or electronic marketplace domestically or abroad;</p> <p>p. Fines of more than ₱50,000.00 and/or other penalties on the Company or on its subsidiaries by regulatory authorities and the reasons therefor;</p> <p>q. Merger, consolidation or spin-off of the Company or similar transaction entered into by any director, officer or substantial stockholder of the Company as a representative of a group of companies in which the Company is a member thereof.</p> <p>r. Any modification in the rights of the holders of any class of securities issued by the Company and the corresponding effect of such modification upon the rights of the holders.</p>	<p>(b) In the case of a cessation of service of any director, chief executive officer, chief financial officer, chief operating officer, general manager or other executive officer of equivalent authority, such persons must inform the SGX-ST in writing as soon as possible if he is aware of any irregularities in the issuer which would have a material impact on the group, including financial reporting.</p> <p>(8) Any appointment or reappointment of a director to the audit committee. The issuer must state in the announcement whether the board considers the director to be independent. The issuer must also provide such additional disclosure as may be appropriate in the circumstances to enable its shareholders to assess the independence or otherwise of the appointed director. In the event of any retirement or resignation which renders the audit committee unable to meet the minimum number (not less than three) the issuer should endeavour to fill the vacancy within two months, but in any case not later than three months.</p> <p>(9) Any appointment of a person who is a relative of a director or chief executive officer or substantial shareholder of the issuer to a managerial position in the issuer or any of its principal subsidiaries. The announcement must state the job title, duties and responsibilities of the appointee, and the information required in Rule 704(7).</p> <p>(10) Any promotion of an appointee referred to in Rule 704(9).</p>

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
	<p>s. Any declaration of cash dividend, stock dividend or other dividend and pre-emptive rights by the Board of Directors. The Company must set the record date in accordance with the PSE Rules of the PSEC and when appropriate, of the PSE Rules of the Bangko Sentral ng Pilipinas. The disclosure of the record date must not be less than ten (10) Trading Days from the said date.</p> <p>t. Any change in the Company's fiscal year and the reason(s) therefor;</p> <p>u. All resolutions, approving material acts or transactions, taken up in meetings of the Board of Directors and Stockholders of the Company;</p> <p>v. A joint venture, consolidation, acquisition, tender offer, take-over or reverse take-over and a merger;</p> <p>w. Capitalisation issues, options, directors/officers/employee stock option plans, warrants, stock splits and reverse splits;</p> <p>x. All calls to be made on unpaid subscriptions to the capital stock of the Company;</p> <p>y. Any change of address and contact numbers of the registered office of the Company;</p> <p>z. Any change in the auditors of the Company and the corresponding reason for such change;</p> <p>aa. Any proposed amendment to the Articles of Incorporation and By-laws and its subsequent approval by the PSEC;</p> <p>bb. Any action filed in court, or any application filed with the Commission, to dissolve or wind-up the Company or any of its subsidiaries, or any amendment to the Articles of Incorporation shortening its corporate term;</p>	<p>(11) Any appointment of, or change in legal representative(s) (or person(s) of equivalent authority, however described), appointed as required by any relevant law applicable to the issuer and/or any of its principal subsidiaries, with sole powers to represent, exercise rights on behalf of, the issuer and/or that principal subsidiary.</p> <p>(12) For issuers with principal subsidiaries based in jurisdictions other than Singapore, any of its independent directors' appointment or cessation of service from the boards of these principal subsidiaries.</p> <p>(13) Within 60 days after each financial year, the issuer must make an announcement of each person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer as set out in Appendix 7.2 Part II of the SGX-ST Listing Manual. If there are no such persons, the issuer must make an appropriate negative statement. The SGX-ST may require the issuer to provide additional information on any such person, including his remuneration, any changes to his duties, responsibilities and remuneration package.</p> <p>Appointment of Special Auditors or Additional Auditors</p> <p>(14) Any appointment of a special auditor or an additional auditor. The issuer may be required by the SGX-ST to announce the findings of the special auditors or the additional auditors.</p>

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
	<p>cc. The appointment of a receiver or liquidator for the Company or any of its subsidiaries;</p> <p>dd. Any acquisition of shares of another corporation or any transaction resulting in such corporation becoming a subsidiary of the Company;</p> <p>ee. Any acquisition by the Company of shares resulting in its holding ten percent (10%) or more of the issued and outstanding shares of another Company or where the total value of its holdings exceed five percent (5%) of the net assets of an unlisted corporation;</p> <p>ff. Any sale made by the Company of its shareholdings in another listed or unlisted corporation: (1) resulting in such corporation ceasing to be its subsidiary; (2) resulting in its shareholding falling below ten percent (10%) of the issued capital stock;</p> <p>gg. Firm evidence of significant improvement or deterioration in near-term earnings prospects;</p> <p>hh. The purchase or sale of significant assets amounting to ten percent (10%) or more of the Company's total assets otherwise than in the ordinary course of business;</p> <p>ii. A new product or discovery;</p> <p>jj. The public or private sale of additional securities;</p> <p>kk. A call for redemption of securities;</p> <p>ll. The borrowing of a significant amount of funds not in the ordinary course of business;</p>	<p>General Meetings</p> <p>(15) The date, time and place of any general meeting. All notices convening meetings must be sent to shareholders at least 14 calendar days before the meeting (excluding the date of notice and the date of meeting). For meetings to pass special resolution(s), the notice must be sent to shareholders at least 21 calendar days before the meeting (excluding the date of notice and the date of meeting).</p> <p>(16) Immediately after each general meeting and before the commencement of the pre-opening session on the market day following the general meeting, whether the resolutions put to a general meeting of an issuer were passed. The announcement shall include:</p> <p>(a) breakdown of all valid votes cast at the general meeting, in the prescribed format;</p> <p>(b) details of parties who are required to abstain from voting on any resolution(s), including the number of shares held and the individual resolution(s) on which they are required to abstain from voting; and</p> <p>(c) name of firm and/or person appointed as scrutineer.</p> <p>Acquisitions and Realisations</p> <p>(17) Any acquisition of:</p> <p>(a) shares resulting in the issuer holding 10.0% or more of the total voting rights of a quoted company; and</p>

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
	<p>mm. Default of financing or sale agreements;</p> <p>nn. Deviation from capital investment funds equivalent to twenty percent (20%) of the original amount appropriated;</p> <p>oo. Disputes with subcontractors, customers or suppliers or with any other parties;</p> <p>pp. An increase or decrease by ten percent (10%) in the monthly, quarterly and annual revenues on a year-on-year basis;</p> <p>qq. any material default in the payment of principal, interest, a sinking or purchase fund instalment, or any other material default not cured within thirty (30) days, with respect to any indebtedness of the issuer or any of its significant subsidiaries exceeding five (5%) percent of the total assets of the issuer and its consolidated subsidiaries;</p> <p>rr. Change in Fiscal Year;</p> <p>ss. postponement of stockholders' meeting according to the by-laws or as previously scheduled;</p> <p>tt. facts of any nature that materially affect or might materially affect the economic, financial or equity situation of those companies controlling, or controlled by the issuer including the sale of or the constitution of sureties/pledges on an important part of such issuer's assets;</p> <p>uu. authorisation, suspension, retirement or cancellation of the listing of the issuer's securities on an exchange or organised over-the-counter electronic marketplace domestically or abroad;</p>	<p>(b) except for an issuer which is a bank, finance company, securities dealing company or approved financial institution, quoted securities resulting in the issuer's aggregate cost of investment exceeding each multiple of 5.0% of the issuer's latest audited consolidated net tangible assets; The announcement must state:</p> <p>(i) the issuer's aggregate cost of investment in quoted securities before and after the acquisition, and such amounts as a percentage of the latest audited consolidated net tangible assets of the issuer;</p> <p>(ii) the total market value of its investment in quoted securities before and after the acquisition; and</p> <p>(iii) the amount of any provision for diminution in value of investment in quoted securities.</p> <p>An issuer should not include the issuer's holdings in its subsidiaries and associated companies listed or quoted on the SGX-ST or on a foreign stock exchange when computing its investment in quoted securities.</p> <p>(18) Any sale of:</p> <p>(a) shares resulting in the issuer holding less than 10.0% of the total voting rights of a quoted company; and</p>

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
	<p>vv. Entry into or termination of a material agreement not made in the ordinary course of business;</p> <p>ww. Termination or reduction of a business relationship with a customer that constitutes a significant amount of the company's resources;</p> <p>xx. Events triggering a direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;</p> <p>yy. Grant of the subscription rights to new shares as stock options;</p> <p>zz. Credits of subsidiary become likely to be in default;</p> <p>aaa. Material conditional provisions in any agreement concerning ownership or control;</p> <p>bbb. Changes in a material contract which may have financial, technological or administrative impact on the company;</p> <p>ccc. Renegotiations or restructuring of debts;</p> <p>ddd. Modification of disclosed projects by the company; or</p> <p>eee. Any restructuring of the company's equity which has been approved by the Board of Directors;</p> <p>The term "group of companies" shall refer to various companies which are owned or controlled by a person who directly, or indirectly through one or more persons or intermediaries, controls, or is controlled by, or is under common control with, the person specified, or whose three or more directors, officers or substantial stockholders are the same persons.</p>	<p>(b) except for an issuer which is a bank, finance company, securities dealing company or an approved financial institution, quoted securities resulting in the issuer's aggregate cost of investment in quoted securities falling below each multiple of 5.0% of the issuer's latest audited consolidated net tangible assets. The announcement must contain the same information as required under Rule 704(17)(b)(i) to (iii), relating to a sale instead of an acquisition.</p> <p>(19) Any acquisition or disposal of shares or other assets which is required to be announced under Chapter 10 of the SGX-ST Listing Manual.</p> <p>Winding Up, Judicial Management, etc.</p> <p>(20) Any application filed with a court to wind up the issuer or any of its subsidiaries, or to place the issuer or any of its subsidiaries under judicial management.</p> <p>(21) The appointment of a receiver, judicial manager or liquidator of the issuer or any of its subsidiaries.</p> <p>(22) [Deleted].</p> <p>(23) Where Rule 704(20), (21) or (32) applies, a monthly update must be announced regarding the issuer's financial situation, including (a) the state of any negotiations between the issuer and its principal bankers or trustee; and (b) the issuer's future direction, or other material development that may have a significant impact on the issuer's financial position. If any material development occurs between the monthly updates, it must be announced immediately. No monthly updates are required for a voluntary liquidation of a dormant subsidiary by the issuer that is announced pursuant to Rule 704(21).</p>

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
	<p>Other Events Requiring Disclosure</p> <p>Section 5. Disclosure for Substantial Acquisitions & Reverse Takeovers – When an Company or its subsidiary has merged or consolidated with or otherwise acquires a direct or indirect interest in an unlisted company, person or group, and said interest is ten percent (10%) or more of the total book value of the Company, the trading of the securities of the Company shall be suspended until the terms and conditions of the transaction, and the details pertaining to the business or project acquired are actually disclosed and, if applicable, the latest audited financial statements of the unlisted company, are submitted to the PSE.</p> <p>The foregoing, however, shall not apply to cases where the Company has merged or consolidated with or otherwise acquires an interest in its existing subsidiary(ies).</p> <p>Section 7. Disclosure on Stockholders' Meeting – For the holding of any stockholders' meeting, the PSE must be given a written notice thereof at least ten (10) Trading Days prior to the record date fixed by the Company. The notice must include all the necessary details including the time, venue, and agenda of the meeting and the inclusive dates when the stock and transfer books will be closed. The Company shall further submit within five (5) Trading Days after the record date the list of stockholders who are entitled to notice and to vote at a regular or special stockholders' meeting.</p> <p>Under Rule 20 of the SRC IRR, a Definitive Information Statement under SEC Form 20-IS must be filed with the PSEC and PSE and distributed to all stockholders of the Company at least 15 trading days prior to the date of the stockholders' meeting.</p>	<p>Announcement of Results, Dividends, etc.</p> <p>(24) Any recommendation or declaration of a dividend (including a bonus or special dividend, if any), the rate and amount per share and date of payment. If dividends are not taxable in the hands of shareholders, this must be stated in the announcement and in the dividend advice to shareholders. If there is a material variation in the interim or final dividend rate compared to that for the previous corresponding period, the directors must state the reasons for the variation at the time the dividend is recommended or declared. If the directors decide not to declare or recommend a dividend, this must be announced together with the reason(s) for such decision.</p> <p>(25) After the end of each of the first three quarters of its financial year, half year or financial year, as the case may be, an issuer must not announce any:</p> <ul style="list-style-type: none"> (a) dividend; (b) bonus issue or rights issue; (c) record date; (d) capital return; or (e) passing of a dividend, <p>unless it is accompanied by the financial statements for the quarter, half year or financial year, as the case may be, or the financial statements have been announced.</p>

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
	<p>Section 8. Disclosure of the Amendments to the Articles of Incorporation and By-laws – Upon approval by the PSEC of the amendment to the Articles of Incorporation and By-laws of a Company, the following should be submitted to the PSE within two Trading Days:</p> <ol style="list-style-type: none"> SEC Certified True Copy of the Amended Articles of Incorporation and By-laws; and Detailed procedure to be undertaken by the Company in amending its stock certificates, if required. <p>Section 9. Disclosure of Acquisition of Outstanding Shares and Sale of Treasury Shares – The Company must promptly disclose any planned acquisition of its shares or disposition of treasury shares. In addition, the Company must submit a disclosure regarding the actual number of shares and the transaction price for each acquisition or disposition of its own shares prior to the pre-open period of the next Trading Day after the transaction was executed. The planned acquisition or disposition must likewise be in accordance with the rules and regulations of PSEC.</p> <p>Section 10. Disclosure of Acquisition by the Company's Subsidiaries, Affiliates and Others – The Company must submit a disclosure to the PSE regarding the actual number of shares and the transaction price for each acquisition or disposal of the Company's shares by its subsidiaries, affiliates or entities controlled or managed by the Company prior to the pre-open period of the next Trading Day after the transaction was executed or such other related information that the PSE may require.</p> <p>Section 11. Disclosure of Pending Release of Shares Held Under Voluntary Lock-up – The Company must notify the PSE of the release of the shares held under escrow not earlier than fifteen (15) Trading Days but not later than ten (10) Trading Days before the end of the voluntary lock-up period.</p>	<p>Record Date</p> <ol style="list-style-type: none"> (26) Any intention to fix a record date, stating the date, reason and address of the share registry at which the relevant documents will be accepted for registration. At least five market days of notice (excluding the date of announcement and the record date) must be given for any record date. Issuers could consider a longer notice period, where necessary. The SGX-ST may agree to a shorter books closure period. In fixing a record date, an issuer must ensure that the last day of trading on a cum basis falls at least one day after the general meeting, if a general meeting is required to be held. (27) The issuer must not fix a record date for any purpose until at least eight market days after the previous record date. This rule does not prohibit identical record dates for different purposes. <p>Treasury Shares and Subsidiary Holdings</p> <ol style="list-style-type: none"> (28) Any sale, transfer, cancellation and/or use of treasury shares, stating the following: <ol style="list-style-type: none"> date of the sale, transfer, cancellation and/or use; purpose of such sale, transfer, cancellation and/or use; number of treasury shares sold, transferred, cancelled and/or used; number of treasury shares before and after such sale, transfer, cancellation and/or use;

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
	<p>Section 12. Disclosure on Change of Stock Transfer Agent – The Company must notify the PSE on or before the pre-open period of the next Trading Day of a decision to terminate the services of its Stock Transfer Agent and the reasons for such termination. The notice should in any case be filed with the PSE no later than thirty (30) days prior to the effectivity of the termination. A new Stock Transfer Agent should be engaged by the Company no later than ten (10) Trading Days prior to the effectivity date of the termination of services of the original Stock Transfer Agent. Notice to the PSE that the Company has engaged a new Transfer Agent must be filed within the same period. Upon failure to comply with this requirement, the PSE shall suspend trading of securities of the Company which shall be lifted upon receipt of notice of the engagement of a new Stock Transfer Agent.</p> <p>Section 14. Company and Analysts'/ Investors' Briefings – Company(s) must notify the PSE of its company and analysts'/investors' briefings at least three (3) Trading Days prior to the scheduled date.</p> <p>Section 15. Unusual Trading Activity – Unusual trading activity involving an Company's securities which occurs without any apparent reason gives rise to the presumption that there is insider trading or a rumour or report, whether true or false, about the Company.</p> <p>Whenever there is unusual trading activity in a Company's securities, the Company must respond promptly to any inquiry made by the PSE concerning the unusual trading activity. In this connection:</p> <p>a. if the unusual trading activity results from the "leak" of material information, the information in question must be announced promptly. If the unusual trading activity results from a false rumour or report, the PSE's policy on correction of such rumours and reports should be complied with;</p>	<p>(e) percentage of the number of treasury shares against the total number of shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and</p> <p>(f) value of the treasury shares if they are used for a sale or transfer, or cancelled.</p> <p>(28A) Any sale, transfer, cancellation and/or use of subsidiary holdings, stating the following:</p> <p>(a) date of the sale, transfer, cancellation and/or use;</p> <p>(b) purpose of such sale, transfer, cancellation and/or use;</p> <p>(c) number of subsidiary holdings sold, transferred, cancelled and/or used;</p> <p>(d) number of subsidiary holdings before and after such sale, transfer, cancellation and/or use; and</p> <p>(e) percentage of the number of subsidiary holdings against the total number of shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use.</p> <p>Employee Share Option or Share Scheme</p> <p>(29) Any grant of options or shares. The announcement must be made on the date of the offer and provide details of the grant, including the following:</p> <p>(a) date of grant;</p> <p>(b) exercise price of options granted;</p> <p>(c) number of options or shares granted;</p>

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
	<p>b. if the listed Company is unable to determine the cause of the unusual trading activity, it must make a disclosure to the PSE to the effect that there are no undisclosed recent developments affecting the Company that would account for the unusual trading activity: and</p> <p>c. any response made by the authorised Corporate Information Officer of a Company is presumed to have been made after consulting the Chairman of the Board, President or Corporate Secretary of the Company.</p> <p>Section 16. Update of Prior Statements – Should subsequent events make a prior disclosure inaccurate, the Company has the duty to update and correct prior disclosures within ten (10) minutes after receipt of the updated information or upon determination of the discrepancy.</p> <p>Section 17. Structured Continuing Disclosure Requirements for Listed Companies – The purpose for requiring structured disclosures is to assure the public availability of continuing adequate information on listed companies.</p> <p>Section 17.1. General Definition – Structured continuing disclosures are the periodic reportorial requirements required by the PSEC and the PSE.</p> <p>Section 17.5. Reports on Beneficial Ownership – Any person who is directly or indirectly the beneficial owner of any equity security of a listed Company or is a director, officer or principal stockholder thereof shall submit the necessary reports in accordance with the requirements of Sections 18 and 23, as the case may be, of the Securities Regulation Code (“SRC”) and its 2015 implementing rules and regulations (“SRC IRR”).</p>	<p>(d) market price of its securities on the date of grant;</p> <p>(e) number of options or shares granted to each director and controlling shareholder (and each of their associates), if any; and</p> <p>(f) validity period of the options.</p> <p>Use of Proceeds</p> <p>(30) The use of the initial public offering proceeds and any proceeds arising from any offerings pursuant to Chapter 8 of the SGX-ST Listing Manual as and when such funds are materially disbursed and whether such a use is in accordance with the stated use and in accordance with the percentage allocated in the prospectus or the announcement of the issuer. Where the proceeds are used for general working capital purposes, the issuer must announce a breakdown with specific details on the use of proceeds for working capital. Where there is any material deviation from the stated use of proceeds, the issuer must announce the reasons for such deviation.</p> <p>Loan Agreements/Issue of Debt Securities</p> <p>(31) When the issuer or any of its subsidiaries enters into a loan agreement or issues debt securities that contain a specified condition, and the breach of this specified condition will be an event of default, an enforcement event or an event that would cause acceleration of the repayment of the principal amount of the loan or debt securities, significantly affecting the operations of the issuer or results in the issuer facing a cash flow problem:</p> <p>(a) the details of the specified condition; and</p>

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	<p>Under Rule 18 of the SRC IRR, any person who acquires beneficial ownership of 5% of any class of equity securities of a PLC must file with the PSEC and PSE within 5 Business Days after such acquisition a report under SEC Form 18-A indicating the amount of such securities.</p> <p>Under Rule 23 of the SRC IRR, any person who acquires beneficial ownership of 10% of any class of equity securities of a PLC, or who is appointed as a director or an officer of a PLC must file with the PSEC and PSE within 10 calendar days after such acquisition or appointment a report under SEC Form 23-A indicating the amount of such securities of which they have beneficial ownership. If there is any change in such ownership, a report under SEC Form 23-B must be filed with the PSEC and PSE within 10 calendar days from the close of the month in which said change occurred.</p> <p>A “beneficial owner” is defined as “any person who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power (which includes the power to vote or direct the voting of such shares) and/or investment returns or power (which includes the power to dispose of, or direct the disposition of such shares)”. A person is also deemed to have an indirect beneficial ownership interest in any shares which are: (1) held by members of his immediate family sharing the same household; (2) held by a partnership in which he is a general partner; (3) held by a corporation in which he is a controlling shareholder; or (4) subject to any contract, arrangement or understanding which gives him voting power or investment power with respect to such shares.</p>	<p>(b) the level of these facilities that may be affected by a breach of such specified condition.</p> <p>For the purpose of the foregoing, a “specified condition” is a condition that makes reference to the shareholding interests of any controlling shareholder of the issuer, or a restriction on any change in control of the issuer.</p> <p>(32) For any loan agreement or debt securities of the issuer or any of its subsidiaries, any breach of, or occurrence of any event under the terms of, the loan agreement or debt securities if it, in the opinion of the issuer’s directors, may:</p> <p>(a) have a significant impact on the operations of the issuer; or</p> <p>(b) result in the issuer facing a cash flow problem.</p> <p>Restatement of Financial Statements Required by Regulatory Authority</p> <p>(33) Any requirement by a regulatory authority to restate or re-file financial statements, indicating clearly the reasons for being required to do so.</p> <p>Public Sanctions</p> <p>(34) Any public reprimand or public sanction relating to non-compliance with applicable laws or regulations, including any applicable accounting standards.</p> <p>For the avoidance of doubt, as a foreign issuer with a secondary listing on the SGX-ST, Rules 703 and 704 of the SGX-ST Listing Manual will not apply to us. We will however be subject to the corresponding requirements under Philippine law and the regulations of the PSE/PSEC.</p>

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
	<p>In addition, Section 13 of the PSE Rules on Disclosure on Transactions of Directors and Principal Officers in the Company's Securities requires that:</p> <p>Under section 13.1 of the PSE Rules, notwithstanding Section 17.5 of the PSE Rules, a PLC must disclose to the PSE the direct and indirect ownership of its directors and principal officers in its securities within five (5) Trading Days after:</p> <ol style="list-style-type: none"> the PLC's securities are first admitted in the Official Registry of the PSE; a Director is first elected or an Officer is appointed; or any acquisition, disposal, or change in the shareholdings of the Directors and Officers. <p>Furthermore, under Section 13.2 of the PSE rules, a Director or a Principal Officer of a Company must not deal in the Company's securities during the period within which a material non-public information is obtained and up to two (2) full Trading Days after the price sensitive information is disclosed.</p> <p>Section 17.6. Report on the Number of Shareholders – The Company is required to submit to the PSE a report on the number of its shareholders owning at least one (1) board lot each. The report must be filed with the PSE within five (5) Trading Days after the close of each calendar month.</p> <p>Section 17.7. Amendments in Reports – If any material change occurs in the facts set forth in the beneficial ownership reports, such amendment shall be transmitted to the Company, the PSE and the PSEC in accordance with such rules and regulations as the PSEC may prescribe as necessary or appropriate in the public interest or for the protection of investors.</p>	

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
	<p>Section 17.11. Submission of List of Stockholders – The Company shall submit to the PSE the list of stockholders who are entitled to notice and to vote at a regular or special stockholders meeting not later than five (5) Trading Days after the record date fixed by the Company for the holding of such meeting in a format as prescribed by the PSE.</p> <p>Section 17.12. Submission of List of Top 100 Stockholders – All listed companies shall submit to the PSE a list of their top one hundred (100) stockholders on a quarterly basis. The list shall be submitted to the PSE within fifteen (15) days after the end of each quarter.</p> <p>Section. 17.13. Report on Foreign Ownership – Companies with unclassified shares with foreign ownership limits shall submit to the PSE on a monthly basis not later than the last working day of the first week of every month, the basic information that will enable the PSE to show the exact number of shares in the hands of foreign shareholders.</p> <p>Use of Proceeds</p> <p>Rules 8 and 12 of the SRC IRR require Companies to disclose under SEC Form 12-1 the use of initial public offering proceeds and any proceeds arising from public offerings pursuant to Rules 8 and 12 of the SRC IRR.</p> <p>The principal purposes for which the net proceeds of the offering will be used must be disclosed, indicating the approximate amount intended to be used for each such purpose. Where the Company has no current specific plan for the proceeds, or a significant portion thereof, the Company shall so state and discuss the principal reasons for the offering.</p> <p>Where less than all of the securities to be offered may be sold and more than one use is listed for the proceeds, the Company must indicate the order of priority of such purposes and discuss its plans if substantially less than the maximum proceeds are obtained.</p>	

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
	<p>If any material amounts of other funds are necessary to accomplish the specified purpose(s) for which the offering is made, the Company shall state the amounts and sources of such other funds needed.</p> <p>If a material amount of proceeds will discharge debt, state the interest rate and maturity. If that debt was incurred within one year, describe the use of the proceeds of that debt.</p> <p>If any material amount of the proceeds is to be used to acquire assets or finance the acquisitions of other businesses, the assets or businesses must be described and the persons from whom they will be bought must be identified. The cost of the assets must be stated and, where such assets are to be acquired from affiliates of the Company or their associates, the names of the persons from whom they are to be acquired and the principle followed in determining the cost to the Company must be stated.</p> <p>The Company must explain if any of the proceeds are to be used to reimburse any officer, director, employee or shareholder for services rendered, assets previously transferred, money loaned or advanced, or otherwise.</p> <p>The Company must also disclose the expenses which will be deducted or paid out of the gross proceeds.</p> <p>Cases where a company is not required to promptly disclose material information:</p> <p>As mentioned in the foregoing discussion, issuers are required to disclose to the PSE once they become aware of any material information or corporate act, development or event, within ten (10) minutes from the receipt of such information or the happening or occurrence of said act, development or event. Disclosure must be made to the PSE prior to its release to the news media. There are no exceptions to this rule.</p>	

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
	<p>Books Closure</p> <p>Article VII of the PSE Rules</p> <p>Section 7. Disclosure on Stockholders' Meeting – For the holding of any stockholders' meeting, the PSE must be given a written notice thereof at least ten (10) Trading Days prior to the record date fixed by the Company. The notice must include all the necessary details including the time, venue, and agenda of the meeting and the inclusive dates when the stock and transfer books will be closed. The Company shall further submit within five (5) Trading Days after the record date the list of stockholders who are entitled to notice and to vote at a regular or special stockholders' meeting.</p>	
Financial Statements and Annual Reports		
2.	<p>Section 17.2 of the PSE Consolidated Listing and Disclosure Rules: Submission of Periodic and Other Reports by Listed Companies to the PSE and Rule 17 of the SRC IRR</p> <p>Companies must file with the PSE and PSEC the following periodic and other reports:</p> <ol style="list-style-type: none"> 1. An Annual Report under SEC Form 17-A, which includes financial statements of the Company meeting the requirements of SRC Rule 68, within one hundred five (105) calendar days after the end of each fiscal year; and 2. A Quarterly Report under SEC Form 17-Q, which includes financial statements of the Company meeting the requirements of SRC Rule 68, within forty-five (45) days from end of each of the first three quarters of each fiscal year. 3. Other Periodical Reports Prescribed by PSEC: Such other periodical reports for interim fiscal periods and current reports on significant developments of the Company as the PSEC may prescribe as necessary to update and keep current information on the operation of the business and financial condition of the Company. 	<p>Rule 705 of the SGX-ST Listing Manual: Financial Statements</p> <ol style="list-style-type: none"> (1) An issuer must announce the financial statements for the full financial year immediately after the figures are available, but in any event not later than 60 days after the relevant financial period. (2) An issuer must announce the financial statements for each of the first three quarters of its financial year immediately after the figures are available, but in any event not later than 45 days after the quarter end if: <ol style="list-style-type: none"> (a) [Deleted]; (b) [Deleted]; (c) [Deleted]; (d) its auditors have issued an adverse opinion, a qualified opinion or a disclaimer of opinion on the issuer's latest financial statements; or (e) its auditors have stated that a material uncertainty relating to going concern exists in the issuer's latest financial statements.

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
	<p>SRC Rule 68 requires financial statements of a PLC to be prepared in accordance with Philippine Financial Reporting Standards. Additional requirements with respect to the contents of financial statements are set forth in Schedule 1 to Appendix E.</p>	<p>(2A) Unless otherwise determined by the SGX-ST, an issuer that is required to announce its financial statements under Rule 705(2) will have a grace period of one year to comply with the requirement, such grace period commencing on the date on which the condition in Rule 705(2) is met. An issuer must continue to comply with Rule 705(2) for so long as any condition in Rule 705(2) is met.</p> <p>(2B) Rule 705(2) will not apply to an issuer if:</p> <ul style="list-style-type: none"> (a) it is undergoing judicial management, winding-up or provisional liquidation; or (b) its assets consist wholly or substantially of cash or short-dated securities as referred to in Rule 1018. <p>(2C) An issuer that is required by the SGX-ST to announce its quarterly financial statements must prominently include a statement on the cover page of its announcement of its quarterly financial statements that such an announcement is pursuant to an SGX-ST requirement.</p> <p>(3) (a) [Deleted];</p> <p>(b) An issuer who does not fall within the sub-sections in Rule 705(2) above must either:</p> <ul style="list-style-type: none"> (i) announce the financial statements for each of the first three quarters of its financial year; or (ii) announce its first half financial statements, in each case immediately after the figures are available, but in any event not later than 45 days after the relevant financial period. If an issuer that is not required to comply with Rule 705(2) announces its quarterly financial statements in a format other than as set out in Appendix 7.2, it must comply with Rule 705(3)(b)(ii).

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
		<p>(3A) An issuer that prepares its financial statements under Rule 705 in accordance with Appendix 7.2 of the SGX-ST Listing Manual must also prepare such financial statements in accordance with the relevant accounting standards for interim financial reports under Singapore Financial Reporting Standards (International) (“SFRS(I)s”), or International Financial Reporting Standards (“IFRS”), or U.S. Generally Accepted Accounting Principles (“U.S. GAAP”).</p> <p>(4) Notwithstanding the foregoing, with respect to the first announcement to be made by the issuer pursuant to Rules 705(1) or (2) following its listing on the SGX-ST, where the time period between the date of its listing and the final date for the issuer to make the relevant announcement pursuant to Rule 705(1) or (2) above is less than 30 days, the issuer shall have 30 days from the relevant deadline to make the relevant announcement of the financial statements provided that the following conditions are satisfied:</p> <ul style="list-style-type: none"> (a) the extension is announced by the issuer at the time of the issuer’s listing; and (b) in the announcement referred to in paragraph (a), the issuer must confirm that there is no material adverse change to the financial position of the issuer since the date of its prospectus or introductory document issued in connection with its listing on the SGX-ST.

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
		<p>(5) In the case of an announcement of interim financial statements (quarterly or half-yearly, as applicable, but excluding full year financial statements), an issuer's directors must provide a confirmation that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the interim financial statements to be false or misleading in any material aspect. In order to make this confirmation, directors would not be expected to commission an audit of these financial statements. The confirmation may be signed by two directors on behalf of the Board of Directors.</p> <p>Rule 707 of the Listing Manual: Annual Report</p> <p>(1) An issuer must hold its annual general meeting within four months from the end of its financial year.</p> <p>(2) An issuer must issue its annual report to shareholders and the SGX-ST at least 14 days before the date of its annual general meeting.</p> <p>(3) Notwithstanding Rules 707(1) and (2), with respect to the first annual general meeting immediately following the issuer's listing on the SGX-ST, where the time period between its listing on the SGX-ST and the final date for the issuer to hold its annual general meeting pursuant to Rule 707(1) above is less than 30 days, the issuer shall have 30 days from the relevant deadline to hold its annual general meeting, provided that:</p> <p>(a) such an extension is permitted by and in accordance with all relevant laws and regulations governing the issuer in its place of constitution;</p>

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
		<p>(b) the SGX-ST is notified of such an extension at the time of the issuer's listing;</p> <p>(c) the extension is announced by the issuer at the time of the issuer's listing; and</p> <p>(d) in the announcement referred to in paragraph (c), the issuer must confirm that: (i) there is no material adverse change to the financial position of the issuer since the date of its prospectus or introductory document issued in connection with its listing on the SGX-ST; and (ii) the extension is permitted by and in accordance with all relevant laws and regulations governing the issuer in its place of constitution.</p> <p>Appendix 7.2 of the Listing Manual: Financial Statements and Dividend Announcement</p> <p><u>Part I Information Required for Quarterly (Q1, Q2 & Q3), Half-Year and Full Year Announcements</u></p> <p>1. In the case of Q1, Q2 and Q3 announcements, issuers may present the following statements in any format provided that the same format is used for each quarter. In the case of half-year and full year announcements, issuers must present the following statements in the form presented in the issuer's most recently audited annual financial statements:—</p> <p>(a)</p> <p>(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.</p>

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
		<p>(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year:–</p> <p>(A) Investment income</p> <p>(B) Other income including interest income</p> <p>(C) Interest on borrowings</p> <p>(D) Depreciation and amortisation</p> <p>(E) Allowance for doubtful debts and bad debts written off</p> <p>(F) Write-off for stock obsolescence</p> <p>(G) Impairment in value of investments</p> <p>(H) Foreign exchange gain/loss (where applicable)</p> <p>(I) Adjustments for under or overprovision of tax in respect of prior years</p> <p>(J) Profit or loss on sale of investments, properties, and/or plant and equipment</p> <p>(K) [Deleted]</p> <p>(L) [Deleted]</p>

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
		<p>(b)</p> <p>(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.</p> <p>(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:–</p> <p>(A) the amount repayable in one year or less, or on demand;</p> <p>(B) the amount repayable after one year;</p> <p>(C) whether the amounts are secured or unsecured; and</p> <p>(D) details of any collaterals.</p> <p>(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.</p> <p>(d)</p> <p>(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.</p>

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
		<p>(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.</p> <p>(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.</p> <p>(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.</p>

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
		<p>(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.</p> <p>2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.</p> <p>3. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).</p> <p>3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:—</p> <p>(a) Updates on the efforts taken to resolve each outstanding audit issue.</p> <p>(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.</p> <p>This is not required for any audit issue that is a material uncertainty relating to going concern.</p> <p>4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.</p> <p>5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.</p>

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
		<p>6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:–</p> <p>(a) Based on the weighted average number of ordinary shares on issue; and</p> <p>(b) On a fully diluted basis (detailing any adjustments made to the earnings).</p> <p>7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:–</p> <p>(a) current financial period reported on; and</p> <p>(b) immediately preceding financial year.</p> <p>8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:–</p> <p>(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and</p> <p>(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.</p> <p>9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.</p>

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
		<p>10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.</p> <p>11. If a decision regarding dividend has been made:—</p> <p>(a) Whether an interim (final) ordinary dividend has been declared (recommended); and</p> <p>(b)</p> <p>(i) Amount per share cents</p> <p>(ii) Previous corresponding period cents</p> <p>(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).</p> <p>(d) The date the dividend is payable.</p> <p>(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.</p> <p>12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.</p> <p>13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.</p>

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws																								
		<div>14. Negative confirmation pursuant to Rule 705(5). (Not required for announcement on full year results)</div> <div>15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).</div> <div>Part II Additional Information Required for Full Year Announcement</div> <div>16. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer’s most recently audited annual financial statements, with comparative information for the immediately preceding year.</div> <div>17. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.</div> <div>18. A breakdown of sales as follows:–</div> <table><tr><th></th><th>Latest Financial Year S\$'000</th><th>Previous Financial Year S\$'000</th><th>% increase/ (decrease)</th></tr><tr><th></th><th>Group</th><th>Group</th><th>Group</th></tr><tr><td>(a) Sales reported for first half year</td><td></td><td></td><td></td></tr><tr><td>(b) Operating profit/loss after tax before deducting non-controlling interests reported for first half year</td><td></td><td></td><td></td></tr><tr><td>(c) Sales reported for second half year</td><td></td><td></td><td></td></tr><tr><td>(d) Operating profit/loss after tax before deducting non-controlling interests reported for second half year</td><td></td><td></td><td></td></tr></table>		Latest Financial Year S\$'000	Previous Financial Year S\$'000	% increase/ (decrease)		Group	Group	Group	(a) Sales reported for first half year				(b) Operating profit/loss after tax before deducting non-controlling interests reported for first half year				(c) Sales reported for second half year				(d) Operating profit/loss after tax before deducting non-controlling interests reported for second half year			
	Latest Financial Year S\$'000	Previous Financial Year S\$'000	% increase/ (decrease)																							
	Group	Group	Group																							
(a) Sales reported for first half year																										
(b) Operating profit/loss after tax before deducting non-controlling interests reported for first half year																										
(c) Sales reported for second half year																										
(d) Operating profit/loss after tax before deducting non-controlling interests reported for second half year																										

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws										
		<div>19. A breakdown of the total annual dividend (in dollar value) for the issuer’s latest full year and its previous full year as follows: – (a) Ordinary (b) Preference (c) Total</div> <div>20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.</div> <table><tr><td>Name</td><td>Age</td><td>Family relationship with any director and/or substantial shareholder</td><td>Current position and duties, and the year the position was held</td><td>Details of changes in duties and position held, if any, during the year</td></tr><tr><td></td><td></td><td></td><td></td><td></td></tr></table> <div>For the avoidance of doubt, as a foreign issuer with a secondary listing on the SGX-ST, Rules 705 and 707 of the SGX-ST Listing Manual <u>will not</u> apply to us. We will however be subject to the corresponding Requirements under Philippine law and the regulations of the PSE/PSEC.</div>	Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year					
Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year								

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
Interested Person Transactions/Related Party Transactions		
3.	<p>Rules relating to Related Party Transactions</p> <p>PSEC Memorandum Circular No. 10, series of 2019 requires a PLC to comply with the Material RPT Rules.</p> <p>Material RPT to be approved by at least two-thirds vote of PLC's Board of Directors including at least a majority of its independent directors. In case the majority of the independent directors' vote is not secured, the Material RPT may be ratified by the vote of stockholders representing at least two-thirds of the outstanding capital stock. Directors with personal interest in the transaction should abstain from voting. In case they refuse to abstain, their attendance shall not be counted for the purpose of assessing quorum and their votes shall not be counted for purposes of determining approval.</p> <p>The members of the board, substantial shareholders, and officers must fully disclose to the Board of Directors all material facts related to material related party transactions as well as their direct and indirect financial interest in any transaction or matter that may affect or is affecting the company. Such disclosure shall be made at the board meeting where the material related party transaction will be presented for approval and before the completion or execution of the material related party transaction.</p> <p>A Material RPT means any related party transaction(s), either individually, or in aggregate over a twelve (12)-month period with the same related party, amounting to ten percent (10%) or higher of a PLC's total assets based on its latest audited financial statement. If the PLC is a parent company, the total assets shall pertain to its total consolidated assets.</p>	<p>Chapter 9 of the SGX-ST Listing Manual: Interested Person Transactions</p> <p>Chapter 9 of the SGX-ST Listing Manual deals with interested person transactions involving the issuer. The objective of Chapter 9 is to guard against the risk that interested persons could influence the issuer, its subsidiaries or associated companies, to enter into transactions with interested persons that may adversely affect the interests of the issuer or its shareholders.</p> <p><u>Interested Person Transaction</u></p> <p>An “interested person transaction” is defined in Chapter 9 of the SGX-ST Listing Manual as a transaction between an entity at risk and an interested person. There is no exhaustive list of all the types of transactions which may constitute an interested person transaction. Chapter 9 of the SGX-ST Listing Manual provides that the following types of transactions are included:</p> <ul style="list-style-type: none"> (a) the provision or receipt of financial assistance; (b) the acquisition, disposal or leasing of assets; (c) the provision or receipt of services; (d) the issuance or subscription of securities; (e) the granting of, or being granted, options; and (f) the establishment of joint ventures or joint investments, <p>whether or not in the ordinary course of business, and whether or not entered into directly or indirectly (for example, through one or more interposed entities).</p>

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
	<p>A “related party transaction” is defined as a transfer of resources, services or obligations between a reporting PLC and a related party, regardless of whether a price is charged. It should be interpreted broadly to include not only transactions that are entered into with related parties, but also outstanding transactions that are entered into with an unrelated party that subsequently becomes a related party.</p> <p>Related parties cover the PLC’s directors, officers, substantial shareholders and their spouses and relatives within the fourth civil degree of consanguinity or affinity, legitimate or common law, if these persons have control, joint control or significant influence over the PLC. It also covers the PLC’s parent, subsidiary, fellow subsidiary, associate, affiliate, joint venture or an entity that is controlled, jointly controlled or significantly influenced or managed by a person who is a related party.</p> <p>Substantial shareholder means any person who is directly or indirectly the beneficial owner of more than 10% of any class of a PLC’s equity security.</p> <p>PLCs are required to file with the PSEC and PSE an Advisement Report on Material RPTs signed by the reporting PLC’s Corporate Secretary or authorised representative, within three calendar days after the execution date of the transaction.</p> <p>PLCs must also disclose in its Integrated Annual Corporate Governance Report (I-ACGR), which is submitted to the PSEC and PSE every 30 May of each year, a summary of material RPTs entered into during the reporting year.</p>	<p><u>Entity at Risk</u></p> <p>Chapter 9 of the SGX-ST Listing Manual defines an “entity at risk” to mean:</p> <ul style="list-style-type: none"> (a) the issuer; (b) a subsidiary of the issuer that is not listed on the SGX-ST or an approved exchange; or (c) an associated company (being a company in which at least 20.0% but not more than 50.0% of its shares are held by the listed company or group) of the issuer that is not listed on the SGX-ST or an approved exchange, provided that the issuer and its subsidiaries (the “Group”), or the Group and its interested person(s), has control over the associated company (being a company in which at least 20.0% but not more than 50.0% of its shares are held by the issuer or the Group). <p><u>Interested Person</u></p> <p>Chapter 9 of the SGX-ST Listing Manual defines an “interested person” to mean, in the case of a company:</p> <ul style="list-style-type: none"> (a) a director, chief executive officer or controlling shareholder (being a person who holds directly or indirectly 15.0% or more of the total voting rights in the issuer, or a person who in fact exercises control over the issuer) of the issuer; or (b) an associate of any such director, chief executive officer or controlling shareholder.

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
		<p><u>Associate</u></p> <p>An “associate” is defined as follows:</p> <p>(a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:</p> <ul style="list-style-type: none"> (i) his or her spouse, child, adopted child, step-child, sibling and parent (“immediate family”); (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more; and <p>(b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more.</p> <p>Announcement Requirement</p> <p>An issuer must make an immediate announcement of any interested person transaction (except for certain excepted categories of transactions) of a value equal to, or more than, 3.0% of the group’s latest audited net tangible assets. If the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 3.0% or more of the group’s latest audited net tangible assets, the issuer must make an immediate announcement of the latest transaction and all future transactions entered into with that same interested person during that financial year.</p>

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
		<p>These announcement requirements do not apply to any transaction of a value below S\$100,000. While transactions below S\$100,000 are not normally aggregated, the SGX-ST may aggregate any such transaction entered into during the same financial year and treat them as if they were one transaction in accordance with: (a) the objective of Chapter 9 of the SGX-ST Listing Manual, and (b) the economic and commercial substance of the interested person transaction, instead of legal form and technicality.</p> <p>Shareholder Approval</p> <p>An issuer must obtain shareholder approval for any interested person transaction (except for certain excepted categories of transactions) of a value equal to, or more than:</p> <ul style="list-style-type: none"> (a) 5.0% of the Group's latest audited net tangible assets; or (b) 5.0% of the Group's latest audited net tangible assets, when aggregated with other transactions entered into with the same interested person during the same financial year. However, a transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation. <p>This requirement to obtain shareholder approval does not apply to any transaction of a value below S\$100,000. While transactions below S\$100,000 are not normally aggregated, the SGX-ST may aggregate any such transaction entered into during the same financial year and treat them as if they were one transaction in accordance with: (a) the objective of Chapter 9 of the SGX-ST Listing Manual, and (b) the economic and commercial substance of the interested person transaction, instead of legal form and technicality.</p>

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
		<p>A listed issuer may seek a general mandate from shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials, but not in respect of the purchase or sale of assets, undertakings or businesses. A general mandate is subject to annual renewal.</p> <p>Annual Report</p> <p>A listed issuer must disclose the aggregate value of all interested person transactions entered into during the financial year under review in its annual report. The name of the interested person, nature of relationship and the corresponding aggregate value of the interested person transactions entered into with the same interested person must be presented in a prescribed format.</p> <p>The foregoing Rules of the SGX-ST Listing Manual <u>will</u> apply to us as well as the corresponding requirements under Philippine law and the regulations of the PSE/PSEC.</p>
Significant Transactions/Acquisition and Disposal of Assets		
4.	<p>Section 4.4, Article VII of the PSE Rules</p> <p>The following transactions require disclosure to the PSE and PSEC within ten (10) minutes from the receipt of such information or the happening or occurrence of said act, development or event:</p> <ol style="list-style-type: none"> Any purchase or sale of stock or convertible debt securities of other companies when the amount is ten percent (10%) or more of the Company's total assets; Merger, consolidation or spin-off of the Company; 	<p>Chapter 10 of the SGX-ST Listing Manual: Significant Transactions</p> <p>Certain acquisitions and disposals by the issuer and its subsidiaries require announcements and/or shareholders' approval, depending on the category of transaction the acquisition or disposal falls under.</p> <p>Transactions under Chapter 10 are classified as (i) non-discloseable transactions, (ii) discloseable transactions, (iii) major transactions or (iv) very substantial acquisitions or reverse takeovers, depending on the size of the relative figures computed on the following bases:</p> <ol style="list-style-type: none"> The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets.

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
	<p>3. Any acquisition by the Company of shares resulting in its holding ten percent (10%) or more of the issued and outstanding shares of another company or where the total value of its holdings exceed five percent (5%) of the net assets of an unlisted corporation;</p> <p>4. Any sale made by the Company of its shareholdings in another listed or unlisted corporation: (1) resulting in such corporation ceasing to be its subsidiary; (2) resulting in its shareholding falling below ten percent (10%) of the issued capital stock;</p> <p>5. The purchase or sale of significant assets amounting to ten percent (10%) or more of the Company's total assets otherwise than in the ordinary course of business;</p> <p>Shareholders' Approval</p> <p>The Philippine Revised Corporation Code requires the approval of stockholders representing at least two-thirds of the outstanding capital stock of the Company in the event of a sale or disposition of all or substantially all of its properties and assets.</p>	<p>(b) The net profits attributable to the assets acquired or disposed of, compared with the group's net profits.</p> <p>(c) The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.</p> <p>(d) The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.</p> <p>(e) The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the SGX-ST may permit valuations to be used instead of volume or amount.</p> <p>The SGX-ST may aggregate separate transactions completed within the last 12 months and treat them as if they were one transaction.</p> <p>Rule 1008 of the SGX-ST Listing Manual: Non-Discloseable Transactions</p> <p>If all of the relative figures computed on the bases set out above amount to 5.0% or less, the transaction amounts to a non-discloseable transaction and no announcement of the transaction would be required.</p>

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
		<p>Rule 1010 of the SGX-ST Listing Manual: Discloseable Transactions</p> <p>Where any of the relative figures computed on the bases set out above exceeds 5.0% but does not exceed 20.0%, the transaction amounts to a discloseable transaction and an immediate announcement would be required by the issuer, after terms have been agreed.</p> <p>Rule 1014 of the SGX-ST Listing Manual: Major Transactions</p> <p>Where any of the relative figures as computed on the bases set out above exceeds 20.0%, the transaction is classified as a major transaction and both an immediate announcement and shareholders' approval in a general meeting would be required.</p> <p>Rule 1015 of the SGX-ST Listing Manual: Very Substantial Acquisitions or Reverse Takeovers</p> <p>Where an acquisition of assets (whether or not the acquisition is deemed in the issuer's ordinary course of business) is one where any of the relative figures as computed on the bases set out above is 100.0% or more, or is one which will result in a change in control of the issuer, the transaction is classified as a very substantial acquisition or reverse takeover respectively and, in addition to an immediate announcement, both shareholders' approval and the approval of the SGX-ST would be required.</p> <p>The foregoing Rules of the SGX-ST Listing Manual <u>will</u> apply to us as well as the corresponding requirements under Philippine law and the regulations of the PSE/PSEC.</p>

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
Trading Halt, Suspension and Delisting		
5.	<p>Trading Halt</p> <p>Section 4.1, Article VII of the PSE Rules on Disclosure of Material Information</p> <p>In addition to the reportorial requirements under the SRC, companies are hereby required to disclose to the PSE once they become aware of any material information or corporate act, development or event, within ten (10) minutes from the receipt of such information or the happening or occurrence of said act, development or event.</p> <p>Should the act, development or event occur during trading hours, the Company must request a halt in the trading of its shares in order to ensure that the investing public would have equal access to the information. If, however, the said act, development or event occurs after trading hours but the Company is unable to make a disclosure prior to the pre-open period of the next Trading Day, the Company must request a halt in the trading of its shares. In both cases, the trading halt shall be lifted one (1) hour after the information has been disseminated to enable the investing public to digest the information. If the information is disseminated one (1) hour or less prior to the close of market, the trading halt shall be lifted on the subsequent Trading Day.</p> <p>Under the PSE's Revised Trading Rules, "Trading Halt" means any "temporary stoppage in the trading of a security not lasting longer than one (1) Trading Day". Orders, other than Cross Transactions, can be posted, modified and cancelled notwithstanding the Trading Halt of a security.</p>	<p>Rule 1302 of the SGX-ST Listing Manual</p> <ol style="list-style-type: none"> (1) The SGX-ST may at any time grant a trading halt to enable the issuer to disclose material information or suspend trading of the listed securities of an issuer at the request of the issuer. The SGX-ST is not required to act on the request. (2) The trading halt cannot exceed three market days or such short extension as the SGX-ST agrees. (3) A trading halt may be changed to a suspension by the SGX-ST at any time. <p>Rule 1303 of the SGX-ST Listing Manual</p> <p>The SGX-ST may at any time suspend trading of the listed securities of an issuer in any of the following circumstances:–</p> <ol style="list-style-type: none"> (1) If the percentage of an issuer's total number of issued shares excluding treasury shares held in public hands falls below 10.0%, as provided in Rule 723 of the SGX-ST Listing Manual. In a take-over situation, where the offeror succeeds in garnering acceptances exceeding 90.0% of the issuer's total number of issued shares excluding treasury shares, thus causing the percentage of an issuer's total number of issued shares excluding treasury shares held in public hands to fall below 10.0%, the SGX-ST will suspend trading of the listed securities of the issuer only at the close of the take-over offer; (2) Where there is a change in the issuer's assets that produces a situation where its assets consist wholly or substantially of cash or short-dated securities, as provided in Rule 1018 of the SGX-ST Listing Manual;

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
	<p>In case of trading suspension, orders cannot be posted, modified or cancelled and no Trading Participant may carry out, directly or indirectly, any action involving a suspended security. However, the above rule shall not apply when the following instances are present:</p> <p>4.1.1. The activity or development is still considered soft information.</p> <p>4.1.2. The disclosure of the information would be in contravention to any existing laws.</p> <p>Soft information is information that is indefinite in nature. It may, depending on attending facts and circumstances, include:</p> <p>a. forward-looking statements or disclosures about future prospects or plans and objectives for future operations, projections or estimates, a statement on future economic performance;</p> <p>b. subjective, evaluative information prepared by analysts for strategic purposes or which contain management's beliefs or opinions; or</p> <p>c. uncertainties and developments in process, incomplete proposals or preliminary negotiations, corporate transactions in the planning stage or bid submissions.</p>	<p>(3) Where the issuer is unable to continue as a going concern or unable to demonstrate to the SGX-ST and its shareholders that it is able to do so, including the following circumstances:</p> <p>(a) when an application is filed with a court to place the issuer (or significant subsidiary) under judicial management;</p> <p>(b) when an application is filed with a court for the liquidation of the issuer (or significant subsidiary) and the amount of the debt alleged is significant; or</p> <p>(c) when the issuer is unable to reasonably assess its financial position and inform the market accordingly.</p> <p>(4) Where the issuer is unable or unwilling to comply with, or contravenes, a listing rule;</p> <p>(5) Where, in the opinion of the SGX-ST, it is necessary or expedient in the interest of maintaining a fair, orderly and transparent market;</p> <p>(6) Where, in the opinion of the SGX-ST, it is appropriate to do so; or</p> <p>(7) Where the SGX-ST releases an announcement in relation to the issuer which, in the opinion of the SGX-ST, is market sensitive.</p>

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
	<p>Suspension and Delisting</p> <p>Section 17.8 (a), Article VII of the PSE Rules</p> <p>In case a Company fails to submit its Annual Report under SEC Form 17-A, the PSE shall impose a basic fine in accordance with the Scale of Fines for Non-compliance with the Reportorial Requirements of the PSE. In addition, the PSE shall commence imposing the daily fine for each day of non-compliance in accordance with the said Scale of Fines for a period of 15 calendar days. No earlier than the 10th calendar day prior to the lapse of the said 15 calendar day period, the PSE shall warn the Company that the Trading Participants and the investing public shall be notified, through a circular, of the fact of its non-compliance with a further warning that failure to comply with the requirements of the PSE shall result in the automatic suspension of the trading of the Company's shares for a maximum period of 3 months. During the 3 month suspension period, the daily fine shall not be applied.</p> <p>After the lapse of the suspension period and the Company still failed to comply with the reportorial requirement, the PSE shall initiate delisting procedures.</p> <p>Should the Company fail to settle its obligation to pay the basic fine and attendant daily fines, the trading of the shares of the delinquent company shall be automatically suspended for a maximum period of 3 months. Upon expiration of the said 3 month period, the PSE shall initiate delisting procedures.</p>	<p>Rule 1304 of the SGX-ST Listing Manual</p> <p>If the trading of the listed securities of an issuer is suspended under Rule 1303(3) of the SGX-ST Listing Manual, it must:</p> <ol style="list-style-type: none"> (1) submit a proposal (or proposals) to the SGX-ST with a view to resuming trading in its securities ("resumption proposals") within 12 months of the date of suspension. If no resumption proposals are received to enable trading to resume within 12 months of the date of suspension, the SGX-ST may remove the issuer from the Official List; and (2) implement the resumption proposals within six months from the date the SGX-ST indicates that it has no objection to the resumption proposals. If the resumption proposals have not been implemented within the six months, the SGX-ST may remove the issuer from the Official List. The issuer is expected to provide monthly valuation of its assets and utilisation of cash and updates of milestones in completing the relevant transactions to the market via SGXNET.

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
	<p>Section 17.8 (b), Article VII of the PSE Rules</p> <p>In case a Company fails to submit its Quarterly Report under SEC Form 17-Q, the PSE shall impose a basic fine in accordance with the Scale of Fines for Non-compliance with the Reportorial Requirements of the PSE. In addition, the PSE shall commence imposing the daily fine for each day of non-compliance in accordance with the said Scale of Fines for a period of 10 calendar days. No earlier than the 5th calendar day prior to the lapse of said 10 calendar day period, the PSE shall warn the Company that the Trading Participants and the investing public shall be notified, through a circular, of the fact of its non-compliance with a further warning that failure to comply with the requirements of the PSE shall result in the automatic suspension of the trading of the Company's shares for a maximum period of 2 months. During the 2 month suspension period, the daily fine shall not be applied.</p> <p>If after the lapse of the suspension period, the Company still failed to comply with the reportorial requirement, the PSE shall initiate delisting procedures.</p> <p>Should the Company fail to settle its obligation to pay the basic fine and attendant daily fines, the trading of the shares of the delinquent company shall be automatically suspended for a maximum period of 2 months. Upon expiration of the said 2 month period, the Exchange shall initiate delisting procedures.</p> <p>Section 2, Article VIII of the PSE Rules</p> <p>In case of a third violation for failure to comply with unstructured disclosure requirements, a suspension of trading for a period of 1 month is imposable.</p> <p>A fourth violation of the requirement, is a ground for delisting.</p>	<p>Rule 1305 of the SGX-ST Listing Manual</p> <p>The SGX-ST may remove an issuer from its Official List (without the agreement of the issuer) if:</p> <ol style="list-style-type: none"> (1) the issuer is unable or unwilling to comply with, or contravenes, a listing rule; (2) in the opinion of the SGX-ST, it is necessary or expedient in the interest of maintaining a fair, orderly and transparent market; (3) in the opinion of the SGX-ST, it is appropriate to do so; or (4) the issuer has no listed securities. <p>Rule 1306 of the SGX-ST Listing Manual</p> <p>If the SGX-ST exercises its power to remove an issuer from the Official List, the issuer or its controlling shareholder(s) must, subject to Rule 1308 of the SGX-ST Listing Manual, comply with the requirements of Rule 1309 of the SGX-ST Listing Manual.</p> <p>Rule 1307 of the SGX-ST Listing Manual</p> <p>The SGX-ST may agree to an application by an issuer to delist from the SGX-ST if:</p> <ol style="list-style-type: none"> (1) the issuer convenes a general meeting to obtain shareholder approval for the delisting; and (2) the resolution to delist the issuer has been approved by a majority of at least 75.0% of the total number of issued shares excluding treasury shares and subsidiary holdings held by the shareholders present and voting, on a poll, either in person or by proxy at the meeting. The offeror concert party group must abstain from voting on the resolution.

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
	<p>PSE Rule on Minimum Public Ownership</p> <p>In case a Company fails to comply with the minimum public ownership requirement of the PSE, the PSE shall impose a trading suspension on the Company's securities and delisting procedures shall be initiated.</p> <p>PSE Rules on Involuntary Delisting</p> <p>To ensure quality of companies listed on the PSE and to afford additional protection to the investors, securities listed on the PSE may be suspended from being traded or removed from the list at any time should, after due notice, the PSE determines the PLC falls under any of the criteria listed below.</p>	<p>Rule 1308 of the SGX-ST Listing Manual</p> <p>(1) Rules 1307 and 1309 of the SGX-ST Listing Manual do not apply to a delisting pursuant to: (a) voluntary liquidation; or (b) an offer under the Singapore Take-over Code (as defined herein) provided that the offeror is exercising its right of compulsory acquisition.</p> <p>(2) Rule 1307 of the SGX-ST Listing Manual does not apply to a delisting pursuant to a scheme of arrangement.</p> <p>Rule 1309 of the SGX-ST Listing Manual</p> <p>If an issuer is seeking to delist from the SGX-ST:</p> <p>(1) an exit offer must be made to the issuer's shareholders and holders of any other classes of listed securities to be delisted. The exit offer must: (a) be fair and reasonable; and (b) include a cash alternative as the default alternative; and</p> <p>(2) the issuer must appoint an independent financial adviser to advise on the exit offer and the independent financial adviser must opine that the exit offer is fair and reasonable.</p> <p>The foregoing Rules of the SGX-ST Listing Manual <u>will</u> apply to us, as well as the corresponding requirements under Philippine law and the regulations of the PSE/PSEC.</p>

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
	<p>A PLC that is experiencing one of the following conditions shall be considered for delisting:</p> <ul style="list-style-type: none"> (a) The PLC has failed to comply with the Listing Agreement or the Listing and Disclosure Rules of the PSE despite notice and after the lapse of the period specified; (b) A false market exists in any securities of the PLC concerned and such false market can be attributed, whether directly or indirectly, solely to the PLC (e.g., information spread by the PLC which triggered or resulted in the active trading of the security(ies) of the PLC and the same was later found or proven to be untrue or concocted to create false market; trading of the security(ies) without actual buyer or seller); (c) In the case the trading volume of the PLC falls below the trading volume requirement of the PSE that will be published; (d) Should the PLC be rendered incapable of continuing the business or accomplishing the purpose for which it was incorporated by reason of the abandonment, destruction, condemnation, seizure or expropriation of its operating assets; (e) Whenever liquidation of the PLC's assets has been authorised, or dissolution of the listed company has been ordered by any competent authority. An announcement by the PLC of an intent to file, or the actual filing of, proceedings for suspension of payments or under the Insolvency law, or the PLC otherwise becomes the subject of legal proceedings under the Insolvency Law shall merit an immediate suspension of the trading of security(ies) of the PLC; 	

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
	<p>(f) The stockholders' equity becomes negative;</p> <p>(g) When the PLC's security registration or exemption from registration pursuant to the SRC is no longer effective for any reason, or its registration with the PSEC has been revoked or cancelled;</p> <p>(h) Whenever the PLC's entire outstanding amount of a listed class, or series is to be retired through payment at maturity, or through redemption, reclassification or otherwise;</p> <p>(i) The PLC repeatedly fails to make timely, adequate, and accurate disclosures of information, or fails to submit any reportorial requirement to the PSE, its shareholders and the investing public in accordance with the Listing and Disclosure Rules of the PSE, or wilfully makes a false statement in the financial statements;</p> <p>(j) Whenever it is shown that the PLC has made a purchase of its securities in violation of the requirements specified in Section 40 of the Philippine Revised Corporation Code and other related laws;</p> <p>(k) If the PLC has failed to be in actual commercial operations within 2 years from date of listing. A PLC shall be considered in actual commercial operation if it can show that it has valid projects with realistic timetable or executed contracts relative to its principal business; and</p> <p>(l) If the PLC or its management shall engage in operations which, under the law, are contrary to the public interest, and the continuation of listing is likely to give rise to an unacceptable risk of damage to the reputation of the PSE.</p>	

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
	<p>Should the PSE ascertain that a listed security of a PLC must be removed from the list, the PSE shall notify the PLC in writing, describing the basis for such recommendation and the specific criterion under which such action is based. The notice shall likewise inform the PLC that it is entitled to a hearing before the PSE, provided a written request is filed with the PSE within 15 working days from receipt of said notice.</p> <p>Should the PLC decide not to or fail to request for a hearing within the specified period above, the PSE shall order the delisting of the securities of the concerned PLC. A copy of the said Order shall be furnished to the PLC. One Motion for Reconsideration may be filed within 5 working days from receipt of copy of said letter. Should the period for filing said Motion lapse or the same be denied, the PSE shall make an announcement to all member-brokers/investing public of the order of delisting.</p> <p>If a hearing is requested by the PLC, the same shall be held. Notices for the hearing shall be furnished to the PLC and the Listings & Disclosure Group at least 15 working days prior to the date of hearing.</p> <p>During the hearing, the PLC and the Listings & Disclosure Group of the PSE must prove their respective cases through the presentation of testimonial evidence and arguments. The proceedings shall be held within 7 working days, unless the same is extended upon mutual agreement of the parties.</p> <p>After conclusion of the proceedings and deliberation on all the evidence and arguments presented, the PSE shall render a decision. The decision shall be rendered not later than 15 working days from conclusion of hearing. Only one Motion for Reconsideration shall be allowed and the same must be filed within 5 days from receipt of the copy of the decision. The decision shall become final should the period for filing of said Motion for Reconsideration lapse, or the said motion has been denied.</p>	

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
	<p>The decision of the PSE may contain any of the following recommendation:</p> <ul style="list-style-type: none"> (i) maintain the listing of said security; (ii) temporarily suspend the trading of said security; or (iii) remove said security from the registry of the PSE. <p>Should the decision for the delisting of the security become final, the PSE shall order the delisting of the security(ies) of the listed company. The PSE shall likewise make an announcement relative thereto to all member-brokers/investing public.</p> <p>A company that has once been delisted cannot apply for relisting within a period of five (5) years from the time it was delisted. Directors and executive officers of a company that has been delisted are disqualified from becoming directors or executive officers of any company applying for listing within the same period counted from the time the application for delisting was approved.</p> <p>PSE Rules on Voluntary Delisting</p> <p>A PLC may not apply for voluntary delisting if involuntary delisting proceedings have already been initiated.</p> <p>The PSE will allow the delisting of the security upon petition of the PLC if all of the following are complied with:</p> <ul style="list-style-type: none"> (a) The delisting is approved by at least two-thirds (2/3) of the entire membership of the Board, including the majority, but not less than two, of all of its independent directors, and stockholders owning at least two-thirds (2/3) of the total outstanding and listed shares of the PLC. Further, the number of votes cast against the delisting proposal should not be more than ten percent (10%) of the total outstanding and listed shares of the PLC. 	

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
	<p>For purposes of these rules, “outstanding and listed shares” shall mean the listed voting shares of stock, whether common or preferred, issued under binding subscription contracts to subscribers or stockholders, whether fully or partially paid, except treasury shares.</p> <p>The stockholders shall cast their votes either in person or by proxy in a duly convened stockholders’ meeting, or when so authorised in the PLC’s by-laws, through remote communication, voting in absentia or written assent.</p> <p>(b) All security holders must be notified, in the manner and within the period provided in the PLC’s by-laws, of the meeting at which the proposed delisting will be submitted for stockholders’ approval. If stockholders’ vote will be obtained through remote communication, voting in absentia or by written assent, the PLC shall give all stockholders at least 2 weeks to cast their votes or submit their written assent or dissent.</p> <p>(c) A petition for delisting must be filed with the PSE together with the tender offer report at least 60 days prior to the date when delisting shall become effective.</p> <p>(d) A tender offer to all stockholders of record must be made. The PLC must submit a fairness opinion or valuation report, stating the fair value or range of fair values of the listed security, based upon certain procedures followed and assumptions made. The minimum tender offer price shall be the higher of:</p> <p>The highest valuation based on the fairness opinion or valuation report prepared by an independent valuation provider in accordance with SRC IRR Rule 19.2.6; or</p>	

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
	<p>Volume weighted average price of the listed security for one year immediately preceding the date of posting of the disclosure of the approval by the PLC's Board of Directors of the PLC's delisting from the PSE.</p> <p>If the PLC has been under suspension for one year or more as of the disclosure of the aforementioned Board approval, then the tender offer price shall be the highest valuation based on the fairness opinion or valuation report prepared by an independent valuation provider.</p> <p>(e) The person(s) proposing the delisting must show to the PSE that, following the acquisition of the tendered shares, said person(s) have obtained a total of at least ninety-five percent (95%) of the issued and outstanding shares of the PLC. However, if at the time the petition for delisting is filed, the person(s) proposing the delisting are already the beneficial owners of ninety-five percent (95%) or more of the issued and outstanding shares of the PLC, said person(s) shall still be required to make a tender offer to all other stockholders of record.</p> <p>(f) The PLC applying for delisting must not have any unpaid fees or penalties due to the PSE.</p> <p>(g) The PLC must pay the voluntary delisting fee equivalent to its annual listing maintenance fee for the year when the petition for voluntary delisting was filed.</p> <p>The PSE may impose appropriate condition/s for the protection of investors before delisting is allowed.</p> <p>In the event that an issuer seeks the listing of a security that was once voluntarily delisted, the same shall be treated as a new listing. The relisting prohibition under Involuntary Delisting Rules will not apply.</p>	

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
Shareholders' Reporting Obligations		
6.	<p>Reporting Obligations of Shareholders, Director and Officers</p> <p>Section 17.5, Article VII of the PSE Rules on Reports on Beneficial Ownership requires any person who is directly or indirectly the beneficial owner of any equity security of a listed Company or is a director, officer or principal stockholder thereof to submit the necessary reports in accordance with the requirements of Sections 18 and 23, as the case may be, of the SRC IRR.</p> <p>Under Rule 18 of the SRC IRR, any person who acquires beneficial ownership of 5% of any class of equity securities of a PLC must file with the PSEC and PSE within 5 business days after such acquisition a report under SEC Form 18-A indicating the amount of such securities.</p> <p>Under Rule 23 of the SRC IRR, any person who acquires beneficial ownership of 10% of any class of equity securities of a PLC, or who is appointed as a director or an officer of a PLC must file with the PSEC and PSE within 10 calendar days after such acquisition or appointment a report under SEC Form 23-A indicating the amount of such securities of which they have beneficial ownership. If there is any change in such beneficial ownership, a report under SEC Form 23-B must be filed with the PSEC and PSE within 10 calendar days from the close of the month in which said change occurred.</p>	<p>OBLIGATION TO NOTIFY COMPANY AND THE SGX-ST OF SUBSTANTIAL SHAREHOLDING AND CHANGE IN SUBSTANTIAL SHAREHOLDING</p> <p>Section 81 of the Singapore Companies Act</p> <p>A person has a substantial shareholding in a company if he has an “interest” in voting shares in the company, and the total votes attached to those shares is not less than 5.0% of the total votes attached to all the voting shares in the company.</p> <p>Section 82 of the Singapore Companies Act</p> <p>A substantial shareholder in a company is required to notify the company in writing of his name, address and full particulars of his “interests” in the voting shares in the company within two business days after becoming a substantial shareholder.</p> <p>Sections 83 and 84 of the Singapore Companies Act</p> <p>A substantial shareholder is required to notify the company in writing of changes in the “percentage level” of his shareholding or his ceasing to be a substantial shareholder within two business days after he is aware of such changes or within two business days after he ceased to be a substantial shareholder, as the case may be.</p>

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
	<p>A “beneficial owner” is defined as “any person who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power (which includes the power to vote or direct the voting of such shares) and/or investment returns or power (which includes the power to dispose of, or direct the disposition of such shares)”. A person is also deemed to have an indirect beneficial ownership interest in any shares which are: (1) held by members of his immediate family sharing the same household; (2) held by a partnership in which he is a general partner; (3) held by a corporation in which he is a controlling shareholder; or (4) subject to any contract, arrangement or understanding which gives him voting power or investment power with respect to such shares.</p> <p>In addition, Section 13 of the PSE Rules on Disclosure on Transactions of Directors and Principal Officers in the Issuer’s Securities requires that:</p> <p>Under section 13.1 of the PSE Rules, notwithstanding Section 17.5 of the PSE Rules, a PLC must disclose to the PSE the direct and indirect ownership of its directors and principal officers in its securities within five (5) Trading Days after:</p> <ol style="list-style-type: none"> The PLC’s securities are first admitted in the Official Registry of the PSE; a Director is first elected or an Officer is appointed; or any acquisition, disposal, or change in the shareholdings of the directors and Officers. <p>Furthermore, under Section 13.2 of the PSE rules, a Director or a Principal Officer of a Company must not deal in the Company’s securities during the period within which a material non-public information is obtained and up to two (2) full Trading Days after the price sensitive information is disclosed.</p>	<p>The reference to changes in “percentage level” means any changes in a substantial shareholder’s interest in the company which results in his interest, following such change, increasing or decreasing to the next discrete 1% threshold. For example, an increase in interests in the company from 5.1% to 5.9% need not be notified, but an increase from 5.9% to 6.1% will have to be notified.</p> <p>Section 164(1) of the Singapore Companies Act</p> <p>A company is required to keep a register showing with respect to each director of the company particulars of the following interests (the “Interests”):</p> <ol style="list-style-type: none"> shares in that company or in a related corporation, being shares of which the director is a registered holder or in which he has an interest and the nature and extent of that interest; debentures of or participatory interests made available by the company or a related corporation which are held by the director or in which he has an interest and the nature and extent of that interest; rights or options of the director or of the director and another person or other persons in respect of the acquisition or disposal of shares in the company or a related corporation; and contracts to which the director is a party or under which he is entitled to a benefit, being contracts under which a person has a right to call for or to make delivery of shares in the company or in a related corporation.

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
		<p>Section 165 of the Singapore Companies Act</p> <p>Every director and chief executive officer of a company is required to notify the company in writing of:</p> <ul style="list-style-type: none"> (a) such particulars relating to his Interests as are necessary for the purposes of compliance by the first-mentioned company with Section 164 that are applicable in relation to him; (b) particulars of any change in respect of the particulars referred to in paragraph (a) of which notice has been given to the company including the consideration, if any, received as a result of the event giving rise to the change; and (c) such events and matters affecting or relating to himself as are necessary for the purposes of compliance by the company with Section 173A that are applicable in relation to him. <p>In the case of sub-paragraph (a), the notification to the company shall be given within two business days after (i) the date he became a director or a chief executive officer, or (ii) the date on which he became a registered holder of or acquired his Interest, whichever last occurs, and in the case of sub-paragraph (b), within two business days after the occurrence of the event giving rise to the change in his Interests.</p> <p>Division 1 of Part 7 of the SFA</p> <p>Section 133 of the SFA requires the directors and chief executive officers of a corporation to give written notice to the corporation of particulars of:</p> <ul style="list-style-type: none"> (a) shares in the corporation or a related corporation of the corporation which he holds, or in which he has an interest and the nature and extent of that interest;

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
		<p>(b) debentures of the corporation or a related corporation of the corporation which he holds, or in which he has an interest and the nature and extent of that interest;</p> <p>(c) his rights or options, or rights or options of his and another person or other persons, in respect of the acquisition or disposal of shares in or debentures of the corporation or a related corporation of the corporation;</p> <p>(d) contracts to which he is a party, or under which he is entitled to a benefit, being contracts under which a person has a right to call for or to make delivery of shares in the corporation or a related corporation of the corporation;</p> <p>(e) participatory interests made available by the corporation or a related corporation of the corporation which he holds, or in which he has an interest and the nature and extent of that interest;</p> <p>(f) such other securities or securities-based derivatives contracts as the Authority may prescribe, which are held, whether directly or indirectly, by him, or in which he has an interest and the nature and extent of that interest; and</p> <p>(g) any change in respect of the particulars of any matter referred to in paragraphs (a) to (f) above.</p> <p>A notice shall be given:</p> <p>(h) in the case of paragraph (g) above, within two business days after the director or chief executive officer becomes aware of the change; or</p>

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
		<p>(i) in any other case, within two business days after the date on which the director or chief executive officer becomes such a director or chief executive officer, or the date on which the director or chief executive officer becomes a holder of, or acquires an Interest, whichever last occurs.</p> <p>Section 135 of the SFA requires a person who is or (if he has ceased to be one) had been a substantial shareholder in a corporation to give notice in writing to the corporation of particulars of the voting shares in the corporation in which he has or had an interest or interests and the nature and extent of that interest or those interests within two business days after the person becomes aware that he is or (if he has ceased to be one) had been a substantial shareholder.</p> <p>Section 136 of the SFA requires a substantial shareholder to give notice in writing to the corporation within two business days after he becomes aware of a change in the percentage level (as described earlier above) of his interest or interests in the voting shares in the corporation.</p> <p>Section 137 of the SFA requires a person who ceases to be a substantial shareholder in a corporation to give notice in writing to the corporation within two business days after he becomes aware that he has ceased to be a substantial shareholder.</p> <p>A reference to a corporation is a reference to any body corporate formed or incorporated or existing in Singapore or outside Singapore and includes any foreign company but does not include: (a) any body corporate that is incorporated in Singapore and is by notification of the Minister in the Gazette declared to be a public authority or an instrumentality or agency of the Singapore government or to be a body corporate which is not incorporated for commercial purposes; (b) any corporation sole; (c) any cooperative society; (d) any registered trade union; or (e) any limited liability partnership.</p> <p>For the avoidance of doubt, as a foreign issuer with a secondary listing on the SGX-ST, the foregoing provisions of the Singapore Companies Act and the SFA will not apply to us. We will however be subject to the corresponding requirements under Philippine law and the regulations of the PSE/PSEC.</p>

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
<u>Voting and Proxies</u>		
7.	<p>A shareholder of a Philippine-incorporated PLC is entitled to attend and vote at a general meeting of shareholders if its name appears on the stock and transfer book of the PLC on the record date.</p> <p>Under the PSE Rules, the Company shall submit to the PSE the list of stockholders who are entitled to notice and to vote at a regular or special stockholders meeting not later than five (5) Trading Days after the record date fixed by the PLC for the holding of such meeting in a format as prescribed by the PSE.</p>	<p>A shareholder of a Singapore-incorporated company listed on the SGX-ST would normally be entitled to attend and vote at a general meeting of shareholders if his name appears on the depository register maintained by CDP 72 hours before the general meeting. However, this entitlement will not apply to shareholders of a foreign-incorporated company.</p> <p>In connection with our Company's listing on the Main Board of the SGX-ST, CDP has appointed the Singapore Custodian to hold Shares which are listed and traded on the SGX-ST for CDP Depositors via an omnibus account held by the Philippines Custodian. Pursuant to Section 62 of the Philippine Revised Corporation Code, PCD Nominee will be the only holder on record of the Shares held by the investors through CDP and, accordingly, the only person or entity recognised as a Shareholder and legally entitled to vote on any matter to be submitted to the vote of our Shareholders at a general meeting of Shareholders. Please see <i>"Clearance and Settlement—Dealing of Shares on the PSE—Scripless Trading on the PSE"</i> for further details on the operation of the book-entry settlement system in the PDTC. Accordingly, the investors of any Shares held through the Philippines Custodian will not be able to attend such shareholders' meeting in their own names. The Philippines Custodian will act as CDP's proxy during a general meeting of Shareholders and CDP will instruct such Philippines Custodian, through the Singapore Custodian, to split its votes in accordance with the instructions that CDP receives from investors holding Shares through CDP. The operation of a CDP Securities Account is subject to the terms and conditions for the operation of Securities Accounts with CDP, and the terms and conditions for CDP to act as depository for foreign securities as amended from time to time. For additional information regarding the voting rights of our Shareholders, see <i>"Description of Share Capital—Rights Relating to the Shares—Voting Rights"</i>.</p> <p>See <i>"Description of Share Capital—Summary of Selected Provisions of our Articles of Association—Meetings of Shareholders"</i> for further details.</p>

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
Changes in Capital		
8.	<p>Changes in Capital</p> <p>Under Section 37 of the Philippine Revised Corporation Code, in order to increase or decrease its capital stock, a PLC must secure the approval of a majority of its Board of Directors and at least two-thirds of its outstanding capital stock at a stockholders' meeting duly called for the purpose.</p> <p>Under Section 42 of the Philippine Revised Corporation Code, in order to declare a stock dividend out of its existing capital stock, a PLC must secure the approval of a majority of its Board of Directors and at least two-thirds of its outstanding capital stock at a stockholders' meeting duly called for the purpose.</p> <p>A PLC must secure the approval of a majority of its Board of Directors to issue shares from its existing capital stock.</p> <p>Listing of Additional Newly Issued Securities</p> <p>Under the PSE Rules, the PSE has full discretion to accept or reject listing applications for securities.</p> <p>The PSE considers the following grounds for disqualification from listing securities on the PSE:</p> <ul style="list-style-type: none"> (a) The Company fails to demonstrate its stable financial condition and prospects for continuing growth. (b) Any material representation or warranty made by the Company in its Listing Application, and other related documents submitted in relation thereto, is proven to have been incomplete, incorrect or misleading at the time it was made or deemed to have been made; (c) There is a serious question relating to the integrity or capability of the Company or any of its directors, executive officers, promoters or control persons. 	<p>Rule 805(1) of the Listing Manual</p> <p>Except as provided in Rule 806 of the Listing Manual, an issuer must obtain the prior approval of shareholders in a general meeting for, among others, the issue of shares or convertible securities or the grant of options carrying rights to subscribe for shares of the issuer.</p> <p>Rule 806(1) of the Listing Manual</p> <p>A company need not obtain the prior approval of shareholders in a general meeting for the issue of securities if the shareholders had, by ordinary resolution in a general meeting, given a general mandate to the directors of the issuer to issue: (a) shares; (b) convertible securities; (c) additional convertible securities issued pursuant to Rule 829 of the Listing Manual, notwithstanding that the general mandate may have ceased to be in force at the time the securities are issued, provided that the adjustment does not give the holder a benefit that a shareholder does not receive; or (d) shares arising from the conversion of the securities in (b) and (c), notwithstanding that the general mandate may have ceased to be in force at the time the shares are to be issued.</p> <p>Rule 806(2) of the Listing Manual</p> <p>A general mandate must limit the aggregate number of shares and convertible securities that may be issued. The limit must be not more than 50% of the total number of issued shares excluding treasury shares and subsidiary holdings in each class, of which the aggregate number of shares and convertible securities issued other than on a pro rata basis to existing shareholders must be not more than 20% of the total number of issued shares excluding treasury shares and subsidiary holdings in each class. Unless prior shareholder approval is required under the Listing Rules, an issue of treasury shares will not require further shareholder approval, and will not be included in the aforementioned limits.</p>

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
	<p>(d) The Company engages in operations which are contrary to the public interest, public morals, good customs, laws, rules and regulations, public order or public policy;</p> <p>(e) There exists an action or claim against all or substantially all (as defined under Section 39 of the Philippine Revised Corporation Code) of the Company's property;</p> <p>(f) The Company or any of its officers and directors has become the subject of legal proceedings for suspension of payments or other debt relief within the past five (5) years, or otherwise becomes unable to pay its debts as they mature or shall make or threaten to make an assignment for the benefit of, or a composition or arrangement with, creditors or any class thereof, or shall declare a moratorium on indebtedness;</p> <p>(g) The Company has applied for or has consented to the appointment of any receiver, trustee or similar officer, for its or substantially all of its property pursuant to the Rules of Court or other relevant laws; or a competent court, arbitrator or government agency appoints such officer, for the Company for all or substantially all of its property;</p> <p>(h) The introduction of a new law or regulation or any change in existing laws or regulations, which has a material and adverse effect on the Company;</p> <p>(i) There is a change or impending change in any law, rule, regulation, administrative practice or interpretation that could materially affect any of the features, yield or marketability of the securities sought to be listed;</p>	<p>Rule 806(6) of the Listing Manual</p> <p>A general mandate may remain in force until the earlier of the following:</p> <p>(a) the conclusion of the first annual general meeting of the issuer following the passing of the resolution. By an ordinary resolution passed at that meeting, the mandate may be renewed, either unconditionally or subject to conditions; or</p> <p>(b) it is revoked or varied by ordinary resolution of the shareholders in general meeting.</p> <p>Rule 824 of the Listing Manual</p> <p>Every issue of company warrants or other convertible securities not covered under a general mandate must be specifically approved by shareholders in general meeting.</p> <p>Rule 864 of the Listing Manual</p> <p>The following are some of the factors that will be taken into account by the SGX-ST in considering an application for listing of additional equity securities:</p> <p>(1) rationale for the issue;</p> <p>(2) whether the issuer is and has been in compliance with the Listing Rules;</p> <p>(3) whether the issuer has made full disclosure of the material facts relating to the issue necessary for the SGX-ST to decide on the application. The purpose of the information supplied to the SGX-ST is for the SGX-ST to assess whether the shares qualify for listing. Approval for listing of the additional shares is not an indication of the merits of the transaction; and</p>

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
	<p>(j) An order is issued by the PSEC or any government agency cancelling, terminating, suspending or otherwise prohibiting the listing of securities of the Company;</p> <p>(k) The PSE has determined that the transaction entered into between the Company and its directors and/or officers poses material conflict(s) of interests and are disadvantageous to the Company;</p> <p>(l) The Company fails to comply with published rules and requirements which the PSE may deem necessary and hereinafter prescribe; and</p> <p>(m) Any other event or circumstance which, in the judgement of the PSE in its conduct of due diligence, may render the listing of the Company's shares inconsistent with the PSE Rules.</p>	<p>(4) the SGX-ST must be notified immediately if, before the commencement of dealing in any equity securities which are the subject of an application, the issuer becomes aware that:</p> <p>(a) there has been a significant change affecting any matter contained in the application; or</p> <p>(b) a significant new matter has arisen, which would have been required to be included in the application if it had arisen before the application was submitted.</p> <p>For the purpose of this rule, "significant" means significant for the purpose of making an assessment of the activities, assets and liabilities, financial position, management and prospects of the group, and of its profits and losses and of the rights attaching to the securities.</p> <p>For the avoidance of doubt, as a foreign issuer with a secondary listing on the SGX-ST, the foregoing Rules of the SGX-ST Listing Manual <u>will not</u> apply to us. We will however be subject to the corresponding requirements under Philippine law and the regulations of the PSE/PSEC.</p>

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
Insider Trading		
9.	<p>Rule 27 of the SRC IRR</p> <p>Rule 27 of the SRC IRR prohibits an insider from selling or buying a security of a Company, while in possession of material information with respect to the Company or the security that is not generally available to the public, unless:</p> <p>(a) The insider proves that the information was not gained from such relationship; or</p> <p>(b) If the other party selling to or buying from the insider (or his agent) is identified, the insider proves: (i) that he disclosed the information to the other party; or (ii) that he had reason to believe that the other party otherwise is also in possession of the information.</p> <p>A purchase or sale of a security of a Company made by an insider, or such insider's spouse or relatives by affinity or consanguinity within the second degree, legitimate or common law, shall be presumed to have been effected while in possession of material non-public information if transacted after such information came into existence but prior to dissemination of such information to the public and the lapse of a reasonable time for market to absorb such information. This presumption shall be rebutted upon a showing by the purchaser or seller that he was aware of the material non-public information at the time of the purchase or sale.</p> <p>Information is "material non-public" if:</p> <p>(a) It has not been generally disclosed to the public and would likely affect the market price of the security after being disseminated to the public and the lapse of a reasonable time for the market to absorb the information; or</p>	<p>Sections 218 and 219 of the SFA</p> <p>Sections 218 and 219 of the SFA prohibit persons from dealing in securities of a corporation if any such person: (a) possesses information concerning that corporation that is not generally available but, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of securities or securities-based derivatives contracts of that corporation; and (b) knows or reasonably ought to know that he is in possession of information that is not generally available and, if it were generally available, it might have a material effect on the price or value of securities or securities-based derivatives contracts of that corporation.</p> <p>Such persons include:</p> <p>(a) officers of a corporation or a related corporation;</p> <p>(b) substantial shareholder of a corporation or a related corporation;</p> <p>(c) a person who occupies a position reasonably expected to give him access to inside information by virtue of:</p> <p>(i) any professional or business relationship existing between himself (or his employer or a corporation of which he is an officer) and that corporation or a related corporation; or</p> <p>(ii) being an officer of a substantial shareholder in that corporation or in a related corporation; and</p> <p>(d) any other person in possession of inside information.</p>

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
	<p>(b) would be considered by a reasonable person important under the circumstances in determining his course of action whether to buy, sell or hold a security.</p> <p>It shall be unlawful for any insider to communicate material non-public information about the Company or the security to any person who, by virtue of the communication, becomes an insider, where the insider communicating the information knows or has reason to believe that such person will likely buy or sell a security of the issuer while in possession of such information.</p> <p>In addition, where a tender offer has commenced or is about to commence, it shall be unlawful for:</p> <p>(a) Any person (other than the tender offeror) who is in possession of material non-public information relating to such tender offer, to buy or sell the securities of the Company that are sought or to be sought by such tender offer if such person knows or has reason to believe that the information is non-public and has been acquired directly or indirectly from the tender offeror, those acting on its behalf, the Company or the securities sought or to be sought by such tender offer, or any insider of such Company; and</p> <p>(b) Any tender offeror, those acting on its behalf, the Company or the securities sought or to be sought by such tender offer, and any insider of such issuer to communicate material non-public information relating to the tender offer to any other person where such communication is likely to result in a violation of the rule specified in paragraph (a) above.</p> <p>The term “securities of the Company sought or to be sought by such tender offer” shall include any securities convertible or exchangeable into such securities or any options or rights in any of the foregoing securities.</p>	

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
Securities Market Manipulation		
10.	<p>Rule 24 of the SRC</p> <p>Under Rule 24.1 of the SRC, it shall be unlawful for any person acting for himself or through a dealer or broker, directly or indirectly:</p> <p>(a) To create a false or misleading appearance of active trading in any listed security traded on the PSE or any other trading market:</p> <p>(i) By effecting any transaction in such security which involves no change in the beneficial ownership thereof;</p> <p>(ii) By entering an order or orders for the purchase or sale of such security with the knowledge that a simultaneous order or orders of substantially the same size, time and price, for the sale or purchase of any such security, has or will be entered by or for the same or different parties; or</p> <p>(iii) By performing a similar act where there is no change in beneficial ownership.</p> <p>(b) To effect, alone or with others, a series of transactions in securities that:</p> <p>(i) Raises their price to induce the purchase of a security, whether of the same or a different class of the same issuer or of a controlling, controlled, or commonly controlled company by others;</p> <p>(ii) Depresses their price to induce the sale of a security, whether of the same or a different class, of the same Company or of a controlling, controlled, or commonly controlled company by others; or</p>	<p>Section 198(1) of the SFA</p> <p>No person shall effect, take part in, be concerned in or carry out, directly or indirectly, two or more transactions in securities, or securities-based derivatives contracts, of a corporation, being transactions that have, or are likely to have, the effect of raising, lowering, maintaining or stabilising the price of securities, or securities-based derivatives contracts, as the case may be, of that corporation on an organised market, with the intent to induce other persons to subscribe for, purchase or sell securities, or securities-based derivatives contracts, as the case may be, of the corporation or of a related corporation.</p>

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
	<p>(iii) Creates active trading to induce such a purchase or sale through manipulative devices such as marking the close, painting the tape, squeezing the float, hype and dump, boiler room operations and such other similar devices.</p> <p>(c) To circulate or disseminate information that the price of any security listed on the PSE will or is likely to rise or fall because of manipulative market operations of any one or more persons conducted for the purpose of raising or depressing the price of the security for the purpose of inducing the purchase or sale of such security.</p> <p>(d) To make a false or misleading statement with respect to any material fact which he knew or had reasonable grounds to believe was so false or misleading, for the purpose of inducing the purchase or sale of any security listed or traded in the PSE.</p> <p>(e) To effect, either alone or others, any series of transactions for the purchase and/or sale of any security traded in a PSE for the purpose of pegging, fixing or stabilising the price of such security, unless otherwise allowed by the SRC or by rules of the PSEC.</p> <p>Under Rule 24.2 of the SRC, no person shall use or employ, in connection with the purchase or sale of any security any manipulative or deceptive device or contrivance.</p> <p>Under Rule 24.3 of the SRC, neither shall any short sale be effected nor any stop-loss order be executed in connection with the purchase or sale of any security except in accordance with such rules and regulations as the PSEC may prescribe as necessary or appropriate in the public interest or for the protection of investors.</p>	

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
Take-over Offers		
11.	Philippines Takeover Regulations	The Singapore Code on Take-overs and Mergers (the “Singapore Take-over Code”)
	<p><u>Trigger points</u></p> <p>Under Rule 19 of the SRC IRR, any person or group of persons acting in concert, who intends to acquire fifteen percent (15%) of equity securities in a PLC in one or more transactions within a period of 12 months, shall file a declaration to that effect with the PSEC.</p> <p>Any person or group of persons acting in concert, who intends to acquire thirty five percent (35%) of the outstanding voting shares or such outstanding voting shares that are sufficient to gain control of the board in a PLC in one or more transactions within a period of 12 months, shall disclose such intention and contemporaneously make a tender offer for the percentage sought to all holders of such securities within the said period.</p> <p>Any person or group of persons acting in concert, who intends to acquire thirty five percent (35%) of the outstanding voting shares or such outstanding voting shares that are sufficient to gain control of the board in a PLC through the PSE trading system shall not be required to make a tender offer even if such person or group of persons acting in concert acquire the remainder through a block sale if, after acquisition through the PSE trading system, they fail to acquire their target of thirty five percent (35%) or such outstanding voting shares that is sufficient to gain control of the board. A voluntary tender offer may be conducted in this case.</p> <p>Any person or group of persons acting in concert, who intends to acquire thirty five percent (35%) of the outstanding voting shares or such outstanding voting shares that are sufficient to gain control of the board in a public company directly from one or more stockholders shall be required to make a tender offer for all the outstanding voting shares. The sale of shares pursuant to the private transaction or block sale shall not be completed prior to the closing and completion of the tender offer.</p>	<p><u>Trigger points</u></p> <p>The Singapore Take-over Code regulates the acquisition of ordinary shares of public companies and contains certain provisions that may delay, deter or prevent a future takeover or change in control of the company. Any person acquiring an interest, either on his own or together with parties acting in concert with him, in shares carrying 30% or more of the voting rights of the company, or, if such person holds, either on his own or together with parties acting in concert with him, between 30% and 50% (both inclusive) of shares carrying voting rights of the company, and if he (or parties acting in concert with him) acquires additional shares carrying more than 1% of the voting rights of the company in any six-month period, must, except with the consent of the Securities Industry Council in Singapore, extend a takeover offer for the remaining voting shares of the company in accordance with the provisions of the Singapore Take-over Code.</p> <p>“Parties acting in concert” comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company. Certain persons are presumed (unless the presumption is rebutted) to be acting in concert with each other. They are as follows:</p> <p>(a) a company and its related companies, the associated companies of any of the company and its related companies, companies whose associated companies include any of these companies and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights;</p>

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
	<p>If any acquisition that would result in ownership of over fifty percent (50%) of the total outstanding equity securities of a PLC, the acquirer shall be required to make a tender offer for all the outstanding equity securities to all remaining stockholders of the said PLC at a price supported by a fairness opinion provided by an independent financial adviser or equivalent third party. The acquirer in such a tender offer shall be required to accept all securities tendered.</p> <p>No Offeror shall make a tender offer unless the Offeror has filed an SEC Form 19-1 filed with the PSEC, PSE, and the target PLC at its principal office. The Offer must also comply with the dissemination requirements under the SRC IRR.</p> <p>The tender offer must be open to all security holders of the class of securities subject of the tender offer and the consideration paid to any security holder pursuant to the tender offer shall be the highest consideration paid to any other security holder during such tender offer.</p> <p>Republic Act No. 10667 or the Philippine Competition Act requires parties to a merger or acquisition which meets certain thresholds to notify the Philippine Competition Commission of the transaction for its approval.</p> <p>As a general rule, parties to a merger or acquisition are required to provide notification when: (a) the aggregate annual gross revenues in, into or from the Philippines, or value of the assets in the Philippines of the ultimate parent entity of the acquiring or the acquired entities exceed ₱6 billion; and (b) the value of the transaction exceeds ₱2.4 billion.</p> <p>Section 4(eee) of Republic Act No. 11494 or the Bayanihan 2 Act exempts from compulsory notification all mergers and acquisitions with transaction values below ₱50 billion if entered into within two years from the effectivity of the Bayanihan 2 Act, or from 15 September 2020.</p>	<p>(b) a company with any of its directors (including their close relatives, related trusts and companies controlled by any of the directors, their close relatives and related trusts);</p> <p>(c) a company with any of its pension funds and employee share schemes;</p> <p>(d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;</p> <p>(e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and persons controlling, controlled by or under the same control as the adviser;</p> <p>(f) directors of a company (including their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;</p> <p>(g) partners; and</p> <p>(h) an individual and his close relatives and related trusts, any person who is accustomed to act in accordance with his instructions, companies controlled by any of the foregoing and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights.</p>

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
		<p>A mandatory offer must be in cash or be accompanied by a cash alternative at not less than the highest price paid by the offeror or parties acting in concert with the offeror for voting rights of the offeree company during the offer period and within the six months prior to its commencement.</p> <p>Under the Singapore Take-over Code, where effective control of a company is acquired or consolidated by a person, or persons acting in concert, a general offer to all other shareholders is normally required. An offeror must treat all shareholders of the same class in an offeree company equally. A fundamental requirement is that shareholders in the company subject to the takeover offer must be given sufficient information, advice and time to consider and decide on the offer. No relevant information should be withheld from them.</p>
	<u>Offering conditions (mandatory tender offer)</u>	<u>Offering conditions (mandatory tender offer)</u>
	There is no equivalent provision under Philippine laws on tender offer.	If a person is obliged to make a mandatory offer, such offer can only be made subject to one condition – the offeror having received acceptances in respect of voting rights which, together with voting rights acquired or agreed to be acquired before or during the offer, will result in the offeror and any person acting in concert with it holding more than 50% of the voting rights (the “50% + 1 Condition”). No other conditions are permitted. If the 50% + 1 Condition is satisfied, the offer is unconditional in all respects. If the 50% + 1 Condition is not satisfied by the close of the offer, the offer lapses and all acceptances tendered in the offer must be returned.

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
	<u>Squeeze out</u>	<u>Squeeze out</u>
	There is no equivalent provision under Philippine laws on tender offer.	<p>Under Section 215 of the Singapore Companies Act, if an offer is accepted by shareholders holding 90% or more of the total number of shares in the company (other than shares already held at the date of the offer by the offeror, its related corporations and their respective nominees, and excluding any treasury shares), then the offeror is entitled to compulsorily acquire the remaining shares on the same terms (including price) or, if the offer contained two or more alternative sets of terms, upon the terms which were specified in the offer as being applicable to shareholders which did not accept the offer.</p> <p>Additionally, if the offeror has acquired 90% or more of the shares of the company, the remaining shareholders have the right to require the offeror to acquire their shares.</p>
	<u>Partial tender offer</u>	<u>Partial offer</u>
	There is no equivalent provision under Philippine laws on tender offer.	<p>The consent of the Securities Industry Council in Singapore is required for a partial offer.</p> <p>The Securities Industry Council in Singapore will normally consent to partial offers which result in the offeror and its concert parties holding voting rights of less than 30% of the voting rights of the offeree company. The Securities Industry Council in Singapore will not provide its consent in situations where the partial offer could result in the offeror and its concert parties holding 30% or more but less than 50% of the voting rights of the offeree company.</p> <p>Where the partial offer could result in the offeror and its concert parties holding more than 50% of the voting rights of the company, the Securities Industry Council in Singapore will not normally consent unless certain conditions are met. Such conditions include that: (a) the partial offer is not a mandatory offer; (b) the offeror provides several confirmations and undertakings; (c) the partial offer is conditional, not only on the specified number or percentage of acceptances being received, but also on approval by the offeree company's shareholders; (d) the partial offer is made to all shareholders of the class and arrangements are made for those shareholders who wish to accept in full for the relevant percentage of their holdings; (e) the precise number of shares, percentage or proportion offered is stated; and (f) the offer may not be declared unconditional as to acceptances unless acceptances are received for not less than that number, percentage or proportion.</p>

No.	PSE/PSEC Regulations and Philippines Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
	<p data-bbox="280 241 580 277"><u>Voluntary tender offer</u></p> <p data-bbox="280 291 820 353">There is no equivalent provision under Philippine laws on tender offer.</p>	<p data-bbox="842 241 1043 277"><u>Voluntary offer</u></p> <p data-bbox="842 291 1394 734">While a voluntary offer must also be subject to a minimum shareholding condition, the minimum percentage can be set at higher than 50% + 1 (50% + 1 being the lowest permissible minimum percentage). A voluntary offer may be subject to other conditions. Normal conditions, such as approval of shareholders for the issue of new shares, may be attached without reference to the Securities Industry Council of Singapore. The Securities Industry Council of Singapore should be consulted where other conditions would be attached.</p> <p data-bbox="842 775 1394 1039">For the avoidance of doubt, as a foreign issuer with a secondary listing on the SGX-ST, the Singapore Companies Act and the Singapore Take-over Code <u>will not</u> apply to us. We will however be subject to the corresponding requirements under Philippine law and the regulations of the PSE/PSEC.</p>

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SCHEDULE 1 TO APPENDIX E: PHILIPPINE REQUIREMENTS FOR THE CONTENTS OF FINANCIAL STATEMENTS

Part I, Section 2 – General Guidelines to Financial Statements Presentation of Revised SRC Rule 68

Under Section 2.A – Financial Reporting Framework

The financial statements that shall be prepared and filed by entities covered by this Rule shall be in accordance with the financial reporting framework as prescribed under this Section.

For large and/or public interest entities, it shall use the Philippine Financial Reporting Standards (PFRS), as adopted by the Commission, as their financial reporting framework.

In reference to the use of PFRS, Philippine Accountant Standards (PAS) 1 – Presentation of Financial Statements provides guidance on the contents of the financial statements.

Paragraph 10 of PAS 1 – Complete set of financial statements

A complete set of financial statements comprises:

- (a) a statement of financial position as at the end of the period;
- (b) a statement of profit or loss and other comprehensive income for the period;
- (c) a statement of changes in equity for the period;
- (d) a statement of cash flows for the period;
- (e) notes, comprising significant accounting policies and other explanatory information;
(ea) comparative information in respect of the preceding period as specified in paragraphs 38 and 38A; and

Paragraph 38 of PAS 1 – Comparative information

Minimum comparative information:

Except when IFRSs permit or require otherwise, an entity shall present comparative information in respect of the preceding period for all amounts reported in the current period's financial statements. An entity shall include comparative information for narrative and descriptive information if it is relevant to understanding the current period's financial statements.

An entity shall present, as a minimum, two statements of financial position, two statements of profit or loss and other comprehensive income, two separate statements of profit or loss (if presented), two statements of cash flows and two statements of changes in equity, and related notes.

In some cases, narrative information provided in the financial statements for the preceding period(s) continues to be relevant in the current period. For example, an entity discloses in the current period details of a legal dispute, the outcome of which was uncertain at the end of the preceding period and is yet to be resolved. Users may benefit from the disclosure of information that the uncertainty existed at the end of the preceding period and from the disclosure of information about the steps that have been taken during the period to resolve the uncertainty.

Additional comparative information:

An entity may present comparative information in addition to the minimum comparative financial statements required by IFRSs, as long as that information is prepared in accordance with IFRSs. This comparative information may consist of one or more statements referred to in paragraph 10, but need not comprise a complete set of financial statements. When this is the case, the entity shall present related note information for those additional statements.

For example, an entity may present a third statement of profit or loss and other comprehensive income (thereby presenting the current period, the preceding period and one additional comparative period). However, the entity is not required to present a third statement of financial position, a third statement of cash flows or a third statement of changes in equity (i.e. an additional financial statement comparative). The entity is required to present, in the notes to the financial statements, the comparative information related to that additional statement of profit or loss and other comprehensive income.

On the other hand, PAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, provide guidance on the treatment if there are changes in accounting policies, accounting estimates or errors.

Paragraph 19 of PAS 8 – Applying changes in accounting policies

Subject to paragraph 23 of PAS 8:

- (a) an entity shall account for a change in accounting policy resulting from the initial application of an IFRS in accordance with the specific transitional provisions, if any, in that IFRS; and
- (b) when an entity changes an accounting policy upon initial application of an IFRS that does not include specific transitional provisions applying to that change, or changes an accounting policy voluntarily, it shall apply the change retrospectively.

For the purpose of this Standard, early application of an IFRS is not a voluntary change in accounting policy.

In the absence of an IFRS that specifically applies to a transaction, other event or condition, management may, in accordance with paragraph 12, apply an accounting policy from the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework to develop accounting standards. If, following an amendment of such a pronouncement, the entity chooses to change an accounting policy, that change is accounted for and disclosed as a voluntary change in accounting policy.

Further, PFRS 8 – Operating Segments, provides guidance in reporting operating segments.

This IFRS shall apply to:

- (a) the separate or individual financial statements of an entity:
 - (i) whose debt or equity instruments are traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets), or
 - (ii) that files, or is in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market; and

- (b) the consolidated financial statements of a group with a parent:
 - (i) whose debt or equity instruments are traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets), or
 - (ii) that files, or is in the process of filing, the consolidated financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market.

Part II of the Revised SRC Rule 68 pertains to additional requirements for issuers of securities to the public.

Part II, Section 3 – AUDITOR’S OPINION ON FINANCIAL STATEMENTS

- A. Audited financial statements of companies covered by Part II of this Rule with an auditor’s opinion other than unqualified because of deviation(s) from the required financial reporting framework or due to a scope limitation imposed by the company, shall be considered a violation of this Rule.
- C. The company shall, if warranted, after due notice and hearing, be subject to the applicable penalties and shall be required to submit its amended financial statements to address the modification or limitation.

Part II, Section 5 – PERIODIC PRESENTATION

The periodic presentation and coverage of financial statements accompanying the registration statements (SEC Form 12-1), annual reports (SEC Form 7-A) and management reports attached to the information statements (SEC Form 20-15) shall be made in accordance with the requirements of this Section.

A. Registration Statements

(i) Consolidated Statements of Financial Position

- (a) If the registrant has been in existence for less than one (1) fiscal year, there shall be filed an audited Statement of Financial Position as of a date within one hundred eighty (180) days of the date of filing the registration statement.
- (b) If a filing on SEC Form 12-1 is made within one hundred eighty (180) days after the end of the most recently ended fiscal year, the filing shall include Audited Consolidated Statements of Financial Position as of the end of each of the two (2) most recently ended fiscal years.
- (c) If a filing on SEC Form 12-1 is made more than one hundred eighty (180) days but not more than two hundred seventy-four (274) days after the end of the most recently ended fiscal year, the filing shall include Audited Consolidated Statements of Financial Position as of the end of each of the two (2) most recently ended fiscal years and a separate Interim Statement of Financial Position as of the end of the first (1st) fiscal quarter subsequent to the most recent fiscal year end.
- (d) If a filing on Form 12-1 is made more than two hundred seventy-four (274) days after the end of the most recently ended fiscal year, the filing shall include Audited Consolidated Statements of Financial Position as of the end of each of the two (2) most recently ended fiscal years and a separate Interim Statement of Financial Position as of the end of the second (2nd) fiscal quarter subsequent to the most recent fiscal year end.

(ii) Consolidated Statements of Comprehensive Income

- (a) There shall be filed for the registrant and its consolidated subsidiaries and its predecessors Audited Statements of Comprehensive Income in a comparative format for each of the three (3) most recent completed fiscal years or such shorter period as the registrant (including predecessors) has been in existence.
- (b) In addition, a Statement of Comprehensive Income shall be provided for any interim period between the latest Audited Statement of Financial Position and the date of the most recent Interim Statement of Financial Position being filed, and for the corresponding period of the preceding year.

(iii) Consolidated Statements of Changes in Equity

- (a) There shall be filed for the registrant and its consolidated subsidiaries and its predecessors, Audited Statements of Changes in Equity in comparative format for each of the three (3) most recent completed fiscal years or such shorter period as the registrant (including predecessors) has been in existence.
- (b) In addition, Statements of Changes in Equity shall be provided for any interim period between the latest Audited Statement of Financial Position and the date of the most recent Interim Statement of Financial Position being filed, and for the corresponding period of the preceding year.

(iv) Consolidated Statements of Cash Flows

- (a) There shall be filed for the registrant and its consolidated subsidiaries and its predecessors, Audited Statements of Cash Flows in comparative format for each of the three (3) most recent completed fiscal years or such shorter period as the registrant (including predecessors) has been in existence.
- (b) In addition, a consolidated Statement of Cash Flows shall be provided for any interim period between the latest Audited Statement of Financial Position and the date of the most recent Interim Statement of Financial Position being filed, and for the corresponding period of the preceding year.

The above financial statements shall be audited by an independent auditor accredited by the Commission under the category prescribed per Section 3 (B) (i) of Part I of this Rule.

(v) Interim Financial Statements

- (i) The interim financial statements mentioned in the preceding subparagraphs need not be audited. However, in case of an initial public offering of securities by a company, such interim financial statements shall be audited by an independent auditor accredited by the Commission under the prescribed category and shall be complete in details as in a full fiscal year financial report. Reviewed Interim Financial Statements may be accepted by the Commission provided that the registrant submits a written justification citing its constraints for having the interim financial statements audited and a certification that there has been no material event or transactions during the interim period that would necessitate the conduct of audit procedures.
- (ii) The review by an independent auditor of the financial statements shall be in accordance with the applicable standards.

Part II, Section 8 – INTERIM FINANCIAL STATEMENTS

The following additional instructions shall be applicable for purposes of preparing Interim Financial Statements:

- A. If appropriate, the Statement of Comprehensive Income shall show earnings per share and dividends declared per share applicable to common stock. The basis of the earnings per share computation shall be stated together with the number of shares used in the computation. For mutual funds or investment companies, the amount of Net Asset Value per Share and the basis for its computation shall likewise be disclosed in the Statement of Financial Position or the Notes to Financial Statements.

Further, there are additional information required to be disclosed application to regulated/ listed entities as provided in the Annex of the Revised SRC Rule 68.

Annex 68E of Revised SRC Rule 68

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

Name of Company

As of 31 December _____

Ratio	Formula	Current Year	Prior Year
Current ratio			
Acid test ratio			
Solvency ratios			
Debt-to-equity ratio			
Asset-to-equity ratio			
Interest rate coverage			
Ratio			
Return on equity			
Return on assets			
Net profit margin			
Other ratios			

Annex 68J of Revised SRC Rule 68

Schedule D. Long Term Debt

Title of Issue and Type of Obligation (i)	Amount Authorized by Indenture	Amount shown under Caption "Current Portion of Long-term Debt" in related Statement of Financial Position (ii)	Amount shown under Caption "Long-Term Debt" in related Statement of Financial Position (iii)
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- (i) Include in this column each type of obligation authorized.
- (ii) This column is to be totaled to correspond to the related Statements of Financial Position caption.
- (iii) Include in this column details as to interest rates, amounts or number of periodic installments, and maturity dates.

Schedule G. Capital Stock

Title of Issue (i)	Number of Shares Authorized	Number of Shares Issued and Outstanding at shown under related Statement of Financial Position Caption	Number of Shares Reserved for Options, Warrants, Conversion and other Rights	Number of Shares Held by Related Parties (ii)	Directors, Officers and Employees	Others (iii)
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- (i) Include in this column each type of issue authorized.
- (ii) Related Parties referred to include persons for which separate financial statements are filed and those included in consolidated financial statements, other than the issuer of the particular security.
- (iii) Indicate in a note any significant changes since the date of the last Statements of Financial Position filed.

Annex 68K of Revised SRC Rule 68

1. STATEMENT OF COMPREHENSIVE INCOME

A. Revenues

- (i) State separately on the face of the Statement of Comprehensive Income revenues from each of the following:
 - (i) Revenue from sale of goods;
 - (ii) Revenue from rendering of services:
 - (iii) Share of the profit or loss of associates and joint ventures accounted for using the equity method:
 - (iv) Other income.

B. Costs

- (i) State separately on the face of the Statement of Comprehensive Income costs as follows:
 - (i) Cost of sales:
 - (ii) Cost of rendering services:
 - (iii) Operating expenses:
 - (iv) Other expenses.

C. Finance Costs

- (i) State separately in the Notes to Financial Statements the amount of interest expense and amortization of debt discount and expenses for each of the following:
 - (i) Short-term promissory notes:
 - (ii) Long-term promissory notes;
 - (iii) Bonds, mortgages and other similar long-term debt;
 - (iv) Amortization of debt discount, expense or premium:
 - (v) Other interest.

D. Other Income

- i. State separately in a note to financial statements, the items and nature of each material other income including a disclosure on whether or not it is a result of a related party transaction;
- ii. Gain (loss) on Sale of Asset – State separately gain or loss from sale of each class of asset;
- iii. Miscellaneous Income – State separately any material amounts of miscellaneous income indicating clearly the nature of the transactions out of which the items arose.

E. Other Expenses. State separately expenditures with material amount or that which constitutes five per cent (5%) or more of the total revenue of the registrant.

F. Specific Disclosures on the Face of the Statement or in the Notes

- (i) Net Asset Value Per Share, in case of mutual funds or investment companies

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APPENDIX F: LIST OF PAST AND PRESENT PRINCIPAL DIRECTORSHIPS

PAST AND PRESENT DIRECTORSHIPS

The list of present and past principal directorships held by our Directors in the last five years preceding the Latest Practicable Date (excluding those held in our Company) is as follows:

Name	Present Directorships	Past Directorships
Andrew L. Tan	<p><u>Group Companies</u></p> <p>(1) Emperador Distillers, Inc.</p> <p>(2) The Bar Beverage, Inc.</p> <p>(3) Cocos Vodka Distillers Philippines, Inc.</p> <p>(4) Anglo Watsons Glass, Inc.</p> <p>(5) Alcazar De Bana Holdings Company, Inc.</p> <p>(6) Progreen Agricorp, Inc.</p> <p>(7) Zabana Rum Company, Inc.</p> <p><u>Other Companies</u></p> <p>(1) Andresons Global, Inc.</p> <p>(2) Alliance Global Group, Inc.</p> <p>(3) Megaworld Corporation</p> <p>(4) Megaworld Land, Inc.</p> <p>(5) Megaworld Globus Asia, Inc.</p> <p>(6) Megaworld Newport Property Holdings, Inc.</p> <p>(7) Mactan Oceanview Properties and Holdings, Inc.</p> <p>(8) Richmonde Hotel Group International Limited</p> <p>(9) Yorkshire Holdings, Inc.</p>	<p><u>Group Companies</u></p> <p>Nil</p> <p><u>Other Companies</u></p> <p>Nil</p>

Name	Present Directorships	Past Directorships
	<p>(10) Alliance Global Group Cayman Islands, Inc.</p> <p>(11) Empire East Land Holdings, Inc.</p> <p>(12) Alliance Global Brands, Inc.</p> <p>(13) Global-Estate Resorts, Inc.</p> <p>(14) Suntrust Properties, Inc.</p> <p>(15) Adams Properties, Inc.</p> <p>(16) Consolidated Distillers of the Far East, Inc.</p> <p>(17) Townsquare Development, Inc.</p> <p>(18) The Andresons Group, Inc.</p> <p>(19) Infracorp Development, Inc.</p> <p>(20) Eastwood Cyber One Corporation</p> <p>(21) Megaworld Cayman Islands, Inc.</p> <p>(22) Megaworld Cebu Properties, Inc. (Formerly, Forbes Town Properties & Holdings, Inc.)</p> <p>(23) Gilmore Property Marketing Associates, Inc.</p> <p>(24) Megaworld Central Properties, Inc.</p> <p>(25) Raffles & Company, Inc.</p> <p>(26) Golden Arches Development Corporation</p> <p>(27) Golden Arches Realty Corporation</p> <p>(28) Travellers International Hotel Group, Inc.</p> <p>(29) Fairways & Bluewater Resort Golf & Country Club, Inc.</p> <p>(30) Twin Lakes Corporation</p>	

Name	Present Directorships	Past Directorships
Winston S. Co	<p><u>Group Companies</u></p> <p>(1) Emperador Distillers, Inc.</p> <p>(2) Anglo Watsons Glass, Inc.</p> <p>(3) The Bar Beverage, Inc.</p> <p>(4) Cocos Vodka Distillers Philippines, Inc.</p> <p>(5) Zabana Rum Company, Inc.</p> <p>(6) Whyte and Mackay Limited</p> <p>(7) Whyte and Mackay Group Ltd.</p> <p>(8) Whyte and Mackay Warehousing Limited</p> <p>(9) Emperador UK Limited</p> <p>(10) Whyte and Mackay Global Ltd.</p> <p><u>Other Companies</u></p> <p>(1) New Town Land Partners, Inc.</p> <p>(2) Alliance Global Brands, Inc.</p> <p>(3) Raffles & Company, Incorporated</p>	<p><u>Group Companies</u></p> <p>Nil</p> <p><u>Other Companies</u></p> <p>(1) Alliance Global Group, Inc.</p>
Katherine L. Tan	<p><u>Group Companies</u></p> <p>(1) Emperador Distillers, Inc.</p> <p>(2) Anglo Watsons Glass, Inc.</p> <p>(3) The Bar Beverage, Inc.</p> <p>(4) Cocos Vodka Distillers Philippines, Inc.</p> <p>(5) Alcazar De Bana Holdings Company, Inc.</p> <p>(6) Proggreen Agricorp, Inc.</p> <p>(7) Zabana Rum Company, Inc.</p> <p>(8) Emperador International, Ltd.</p>	<p><u>Group Companies</u></p> <p>Nil</p> <p><u>Other Companies</u></p> <p>Nil</p>

Name	Present Directorships	Past Directorships
	<p><u>Other Companies</u></p> <p>(1) Alliance Global Group, Inc.</p> <p>(2) Alliance Global Brands, Inc.</p> <p>(3) Yorkshire Holdings, Inc.</p> <p>(4) Megaworld Corporation</p> <p>(5) Andresons Global, Inc.</p> <p>(6) Choice Gourmet Banquet, Inc.</p> <p>(7) The Andresons Group, Inc.</p> <p>(8) Consolidated Distillers of the Far East, Inc.</p> <p>(9) Raffles & Company, Inc</p> <p>(10) Emperador Brandy, Inc.</p> <p>(11) Kenrich Corporation</p> <p>(12) McKester Pik-nik International Ltd.</p> <p>(13) Venezia Universal Ltd.</p> <p>(14) Megaworld Cayman Islands, Inc.</p> <p>(15) MREIT, Inc.</p>	
Kendrick Andrew L. Tan	<p><u>Group Companies</u></p> <p>(1) Emperador Distillers, Inc.</p> <p>(2) Anglo Watsons Glass, Inc.</p> <p>(3) The Bar Beverage, Inc.</p> <p>(4) Cocos Vodka Distillers Philippines, Inc.</p>	<p><u>Group Companies</u></p> <p>Nil</p> <p><u>Other Companies</u></p> <p>Nil</p>

Name	Present Directorships	Past Directorships
	<p>(5) Alcazar De Bana Holdings Company, Inc.</p> <p>(6) Progreen Agricorp, Inc.</p> <p>(7) Zabana Rum Company, Inc.</p> <p><u>Other Companies</u></p> <p>(1) Consolidated Distillers of the Far East, Inc.</p> <p>(2) The Andresons Group, Inc.</p> <p>(3) Yorkshire Holdings, Inc.</p> <p>(4) Emperador Brandy, Inc.</p> <p>(5) Andresons Global, Inc.</p>	
Kevin Andrew L. Tan	<p><u>Group Companies</u></p> <p>(1) Emperador Distillers, Inc.</p> <p>(2) Anglo Watsons Glass, Inc.</p> <p>(3) The Bar Beverage, Inc.</p> <p>(4) Cocos Vodka Distillers Philippines, Inc.</p> <p>(5) Alcazar De Bana Holdings Company, Inc.</p> <p>(6) Zabana Rum Company, Inc.</p> <p><u>Other Companies</u></p> <p>(1) Alliance Global Group, Inc.</p> <p>(2) Global-Estate Resorts, Inc.</p> <p>(3) Empire East Land Holdings, Inc</p> <p>(4) Alliance Global Brands, Inc.</p> <p>(5) Yorkshire Holdings, Inc.</p>	<p><u>Group Companies</u></p> <p>Nil</p> <p><u>Other Companies</u></p> <p>Nil</p>

Name	Present Directorships	Past Directorships
	<p>(6) New Town Land Partners, Inc.</p> <p>(7) Infracorp Development, Inc.</p> <p>(8) Consolidated Distillers of the Far East, Inc.</p> <p>(9) Emperador Brandy, Inc.</p> <p>(10) Agile Digital Ventures, Inc.</p> <p>(11) MREIT, Inc.</p> <p>(12) Eastwood Cyber One Corporation</p> <p>(13) Uptown Cinemas, Inc.</p> <p>(14) Megaworld Central Properties, Inc.</p> <p>(15) Twin Lakes Corporation</p> <p>(16) Megaworld Land, Inc.</p> <p>(17) Townsquare Development, Inc.</p> <p>(18) Megaworld Foundation, Inc.</p> <p>(19) The Andresons Group, Inc.</p>	
Enrique M. Soriano III	<p><u>Group Companies</u></p> <p>Nil</p> <p><u>Other Companies</u></p> <p>(1) Wong + Bernstein Advisory Group</p> <p>(2) Travellers International Hotel Group, Inc.</p> <p>(3) MREIT Fund Managers, Inc.</p> <p>(4) Alliance Global Group, Inc.</p>	<p><u>Group Companies</u></p> <p>Nil</p> <p><u>Other Companies</u></p> <p>Nil</p>

Name	Present Directorships	Past Directorships
Jesli A Lapus	<u>Group Companies</u> Nil <u>Other Companies</u> (1) STI Education Services Group, Inc. (2) LSERV Corporation (3) Philippine Life Financial Assurance Corporation (4) STI Education Systems Holdings, Inc. (5) Alliance Global Group, Inc. (6) Information and Technology Academy (iAcademy)	<u>Group Companies</u> Nil <u>Other Companies</u> (1) Metropolitan Bank & Trust Company
KEY EXECUTIVES WHO ARE NOT DIRECTORS		
Dina D.R. Inting	<u>Group Companies</u> (1) Progreen Agricorp, Inc. <u>Other Companies</u> Nil	<u>Group Companies</u> Nil <u>Other Companies</u> Nil
Anna Michelle T. Llovido	<u>Group Companies</u> Nil <u>Other Companies</u> Nil	<u>Group Companies</u> Nil <u>Other Companies</u> Nil

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APPENDIX G: LICENCES

The following licences are material to our business. We have applied for or made arrangements to apply for the renewal of the licences and permits below that have expired or are expiring within the next six months as of the date of this Introductory Document. We do not foresee any material difficulties in renewing these licences and permits. We also do not expect that continuing our operations while we wait for the expired licences and permits stated below to be renewed will have a material impact on our business.

Philippines

Number	Description of Licence	Licence Holder	Validity Period	Regulatory Authority
1.	Permit to Operate (Business Permit)	Emperador Inc.	Valid from 8 April 2022 to 8 April 2023.	Quezon City Business Permits and Licensing Department
2.	Certificate of Registration	Emperador Inc.	Valid from 6 December 2001. No expiration date.	Bureau of Internal Revenue
3.	Barangay Clearance	Emperador Inc.	Valid from 2 March 2022 to 2 March 2023.	Barangay Bagumbayan
4.	Hazardous Waste Generator Registration Certificate	EDI (Santa Rosa Laguna Factory/ Facility)	Valid from 10 July 2019. No expiration date.	DENR – EMB
5.	Discharge Permit	EDI (Santa Rosa Laguna Factory/ Facility)	Valid until 15 March 2023 with annual revalidation.	LLDA
6.	Regular Permit to Operate (Air Pollution Source and Control Installations)	EDI (Santa Rosa Laguna Factory/ Facility)	Valid from 18 October 2017 to 3 October 2022.	DENR-EMB
7.	Clearance for development plan	Tradewind Estates, Inc. (Santa Rosa Laguna Factory/ Facility)	Valid from 5 March 2018. Valid for the lifetime of the project.	LLDA
8.	City Environmental Clearance	EDI (Santa Rosa Laguna Factory/ Facility)	Valid from 5 January 2022 to 31 December 2022.	City Environment and Natural Resources Offices (City of Santa Rosa, Laguna)
9.	Sanitary Permit to Operate	EDI (Santa Rosa Laguna Factory/ Facility)	Valid from 15 March 2022 to December 2022.	Office of the City Health Officer (Santa Rosa, Laguna)
10.	Fire Safety Inspection Certificate	EDI (Santa Rosa Laguna Factory/ Facility)	Valid from 26 July 2021 to 26 July 2022.	BFP
11.	Fire Safety Clearance (Welding, cutting, and other hot work operations)	EDI (Santa Rosa Laguna Factory/ Facility)	Valid from 30 July 2021 to 29 July 2022.	BFP
12.	Fire Safety Clearance (Storage for Flammable and Combustible Liquids)	EDI (Santa Rosa Laguna Factory/ Facility)	Valid from 30 July 2021 to 29 July 2022.	BFP

Number	Description of Licence	Licence Holder	Validity Period	Regulatory Authority
13.	Power piping line operation permit (compressed air)	EDI (Santa Rosa Laguna Factory/Facility)	Valid from 2 February 2022 to 2 February 2023.	DOLE
14.	Power piping line operation permit (steam)	EDI (Santa Rosa Laguna Factory/Facility)	Valid from 2 February 2022 to 2 February 2023.	DOLE
15.	Permit to operate elevator	EDI (Santa Rosa Laguna Factory/Facility)	Valid from 2 February 2022 to 2 February 2023.	DOLE
16.	Certification (permit to operate) – Internal Combustion Engine with Model/Serial No. 3512	EDI (Santa Rosa Laguna Factory/Facility)	Valid from 2 February 2022 to 2 February 2023.	DOLE
17.	Certification (permit to operate) – Internal Combustion Engine with Model/Serial No. 600/CAT 00C16JLXK00380	EDI (Santa Rosa Laguna Factory/Facility)	Valid from 2 February 2022 to 2 February 2023.	DOLE
18.	Permits to operate pressure vessels	EDI (Santa Rosa Laguna Factory/Facility)	Valid from 2 February 2022 to 2 February 2023.	DOLE
19.	Permits to operate steam broilers	EDI (Santa Rosa Laguna Factory/Facility)	Valid from 2 February 2022 to 2 February 2023.	DOLE
20.	Regular Permit to Operate (Air Pollution Source and Control Installations)	EDI (Biñan Laguna Factory/Facility)	Valid from 18 October 2017 to 3 October 2022.	DENR-EMB
21.	Hazardous Waste Generator Registration Certificate	EDI (Biñan Laguna Factory/Facility)	Valid from 11 October 2020. No expiration.	DENR-EMB
22.	Clearance for development plan	EDI (Biñan Laguna Factory/Facility)	Valid from 27 January 2021. Valid for the lifetime of the project.	LLDA
23.	City Environmental Clearance	EDI (Biñan Laguna Factory/Facility)	Valid from 26 January 2022 to 31 December 2022.	City Environment and Natural Resources Offices (City of Biñan, Laguna)
24.	Permits to operate pressure vessel (air receiver 1)	EDI (Biñan Laguna Factory/Facility)	Valid from 15 December 2021 to 15 December 2022.	DOLE
25.	Permits to operate pressure vessel (air receiver 2)	EDI (Biñan Laguna Factory/Facility)	Valid from 15 December 2021 to 15 December 2022.	DOLE
26.	Permits to operate pressure vessel (air receiver 3)	EDI (Biñan Laguna Factory/Facility)	Valid from 15 December 2021 to 15 December 2022.	DOLE
27.	Permit to operate elevator	EDI (Biñan Laguna Factory/Facility)	Valid from 15 December 2021 to 15 December 2022.	DOLE
28.	Permits to operate pressure vessel (air receiver 1)	EDI (Santa Rosa Laguna Factory/Facility)	Valid from 2 February 2022 to 2 February 2023.	DOLE

Number	Description of Licence	Licence Holder	Validity Period	Regulatory Authority
29.	Permits to operate pressure vessel (air receiver 2)	EDI (Santa Rosa Laguna Factory/Facility)	Valid from 2 February 2022 to 2 February 2023.	DOLE
30.	Permits to operate pressure vessel (air receiver 3)	EDI (Santa Rosa Laguna Factory/Facility)	Valid from 2 February 2022 to 2 February 2023.	DOLE
31.	Permits to operate pressure vessel (air receiver 4)	EDI (Santa Rosa Laguna Factory/Facility)	Valid from 2 February 2022 to 2 February 2023.	DOLE
32.	Permits to operate pressure vessel (air receiver 5)	EDI (Santa Rosa Laguna Factory/Facility)	Valid from 2 February 2022 to 2 February 2023.	DOLE
33.	Permits to operate pressure vessel (air receiver 6)	EDI (Santa Rosa Laguna Factory/Facility)	Valid from 2 February 2022 to 2 February 2023.	DOLE
34.	Certification (permit to operate) – Internal Combustion Engine with Model/Serial No. C056099/01	EDI (Biñan Laguna Factory/Facility)	Valid from 15 December 2021 to 15 December 2022.	DOLE
35.	Certification (permit to operate) – Internal Combustion Engine with Model/Serial No. MX-350-4/57205-140017	EDI (Biñan Laguna Factory/Facility)	Valid from 15 December 2021 to 15 December 2022.	DOLE
36.	Power piping line (air) operation permit	EDI (Biñan Laguna Factory/Facility)	Valid from 15 December 2021 to 15 December 2022.	DOLE
37.	Power piping line (carbon dioxide) operation permit	EDI (Biñan Laguna Factory/Facility)	Valid from 15 December 2021 to 15 December 2022.	DOLE
38.	Power piping line (steam) operation permit	EDI (Biñan Laguna Factory/Facility)	Valid from 15 December 2021 to 15 December 2022.	DOLE
39.	Permit to Operate Steam Boiler	EDI (Biñan Laguna Factory/Facility)	Valid from 15 December 2021 to 15 December 2022.	DOLE
40.	Registration of Establishment (under Rule 1020 of the DOLE Occupational Safety and Health Standards)	EDI	Valid from 2 October 2013. No expiration date.	DOLE
41.	Registration of Establishment (under Rule 1020 of the DOLE Occupational Safety and Health Standards)	EDI (Biñan Laguna Factory/Facility)	Valid from 18 March 2022. No expiration date.	DOLE
42.	Fire Safety Clearance (Welding, cutting, and other hot work operations)	EDI (Biñan Laguna Factory/Facility)	Valid from 20 October 2021 to 20 October 2022.	BFP
43.	Fire Safety Inspection Certificate	EDI (Biñan Laguna Factory/Facility)	18 October 2021 to 18 October 2022.	BFP

Number	Description of Licence	Licence Holder	Validity Period	Regulatory Authority
44.	Fire Safety Clearance (Storage for Flammable and Combustible Liquids)	EDI (Biñan Laguna Factory/Facility)	Valid from 26 November 2021 to 26 November 2022.	BFP
45.	License to operate as Importer/Exporter LTO-3000007411891	EDI (Corporate Office)	Valid until 14 March 2026. No issue date indicated.	FDA
46.	License to operate as Food Manufacturer LTO- 3000003097413	EDI (Biñan Laguna Factory/Facility)	Valid until 3 October 2025. No issue date indicated.	FDA
47.	License to operate as Food Manufacturer LTO 3000007250766	EDI (Santa Rosa Laguna Factory/ Facility)	Valid until 6 June 2026. No issue date indicated.	FDA
48.	License to Operate as Domestic Molasses Trader	EDI Distillery Division	Valid from 28 September 2021 to 31 August, 2022	Sugar Regulatory Administration
49.	ECC	Tradewind Estates, Inc. (Santa Rosa Laguna Factory/ Facility)	Valid from 12 November 2012. No expiration date indicated.	DENR-EMB
50.	ECC	EDI (Biñan Laguna Factory/Facility)	Valid from 6 December 2019. No expiration date indicated.	DENR-EMB
51.	ECC	EDI (Balayan, Batangas)	Valid from 14 January 2016. No expiration date indicated.	DENR-EMB
52.	Certificate of Interconnection	EDI (Biñan Laguna Factory/Facility)	Valid from 11 November 2020 to 11 November 2022.	Laguna Water
53.	Certificate of Electrical Inspection	EDI (Biñan Laguna Factory/Facility)	Valid from 15 December 2021 to 15 December 2022.	DOLE
54.	Certificate of Electrical Inspection	EDI (Santa Rosa Laguna Factory/ Facility)	Valid from 2 February 2022 to 2 February 2023.	DOLE
55.	Certificate of Employer's Registration	EDI	Valid from 16 December 2014. No expiration date indicated.	Home Development Mutual Fund (Pag-IBIG)
56.	Certificate of Registration	EDI	Valid from 5 June 2018. No expiration date indicated.	Bureau of Internal Revenue
57.	Business Permit	EDI	Valid from 2 March 2022 to 2 March 2023.	Local Government Unit (Quezon City)
58.	Permit to Operate	EDI	Valid from 8 April 2022 to 8 April 2023.	Local Government Unit (Quezon City)
59.	Community Tax Certificate	EDI	Valid from 6 January 2022 to 6 January 2023.	Local Government Unit (Quezon City)
60.	Barangay Business Clearance	EDI (Santa Rosa, Laguna)	Valid from 5 January 2022 to 31 December 2022.	Local Government Unit (City of Santa Rosa)

Number	Description of Licence	Licence Holder	Validity Period	Regulatory Authority
61.	Business Permit	EDI (Santa Rosa, Laguna)	Valid from 5 January 2022 to 31 December 2022.	Local Government Unit (City of Santa Rosa)
62.	Barangay Business Clearance	EDI	Valid from 5 January 2022 to 31 December 2022.	Local Government Unit (Quezon City)
63.	Business Permit	EDI	Valid from 17 January 2022 to 31 December 2022.	Local Government Unit (Pili)
64.	Business Permit	EDI	Valid from 26 January 2022 to 31 December 2022.	Local Government Unit (Legazpi City)
65.	Business Permit	EDI	Valid from 24 January 2022 to 31 December 2022.	Local Government Unit (Bacolod City)
66.	Business Permit	EDI	Valid from 21 January 2022 to 31 December 2022.	Local Government Unit (Batangas City)
67.	Business Permit	EDI	Valid from 21 January 2022 to 31 December 2022.	Local Government Unit (Butuan City)
68.	Business Permit	EDI	Valid from 20 January 2022 to 31 December 2022.	Local Government Unit (Mandaue City)
69.	Business Permit	EDI	Valid from 9 March 2022 to 31 December 2022.	Local Government Unit (Dumaguete City)
70.	Business Permit	EDI	Valid from 17 January 2022 to 31 December 2022.	Local Government Unit (General Santos City)
71.	Business Permit	EDI	Valid from 14 February 2022 to 31 December 2022.	Local Government Unit (Bantay, Ilocos Sur)
72.	Business Permit	EDI	Valid from 20 January 2022 to 31 December 2022.	Local Government Unit (Iloilo City)
73.	Business Permit	EDI	Valid from 27 January 2022 to 31 December 2022.	Local Government Unit (Cauayan City)
74.	Business Permit	EDI	Valid from 17 January 2022 to 31 December 2022.	Local Government Unit (San Fernando City, La Union)
75.	Business Permit	EDI	Valid from 28 January 2022 to 31 December 2022.	Local Government Unit (La Trinidad, Benguet)
76.	Business Permit	EDI	Valid from 11 April 2022 to 31 December 2022.	Local Government Unit (Calamba City)
77.	Business Permit	EDI	Valid from 24 January 2022 to 31 December 2022.	Local Government Unit (Calapan City, Oriental Mindoro)
78.	Business Permit	EDI	Valid from 15 February 2022 to 31 December 2022.	Local Government Unit (Ozamiz City)

Number	Description of Licence	Licence Holder	Validity Period	Regulatory Authority
79.	Business Permit	EDI	Valid from 20 January 2022 to 31 December 2022.	Local Government Unit (Puerto Princesa City)
80.	Business Permit	EDI	Valid from 17 January 2022 to 31 December 2022.	Local Government Unit (San Fernando City, Pampanga)
81.	Business Permit	EDI	Valid from 2 February 2022 to 31 December 2022.	Local Government Unit (Urdaneta City, Pangasinan)
82.	Business Permit	EDI	Valid from 6 January 2022 to 31 December 2022.	Local Government Unit (Lucena City)
83.	Business Permit	EDI	Valid from 20 January 2022 to 31 December 2022.	Local Government Unit (Roxas City)
84.	Business Permit	EDI	Valid from 28 January 2022 to 31 December 2022.	Local Government Unit (Municipality of Catarman)
85.	Business Permit	EDI	Valid from 19 January 2022 to 31 December 2022.	Local Government Unit (Tacloban City)
86.	Employer Registration Form (R-1)	EDI	Valid from 24 January 2007. No expiration date indicated.	SSS
87.	Employer Data Record	EDI	Valid from 24 January 2007. No expiration date indicated.	PHIC
88.	CPR for Andy Player Blended Whisky Registration No: 4000000130101	EDI	Valid from 19 February 2020 to 22 May 2025.	FDA
89.	CPR for The Dalmore Aged 30 Years Single Malt Scotch Whisky 42.8% ALC./VOL. Registration No. FR-4000001570225	EDI	Valid from 2 March 2021 to 2 March 2026.	FDA
90.	CPR for Club Mix Lemonade Cocktail Cordial Registration No. FR-4000005947203	EDI	Valid from 31 March 2020 to 31 March 2025.	FDA
91.	CPR for Cluny Blended Scotch Whisky 40% ALC./VOL. Registration No. FR-4000005711365	EDI	Valid from 18 March 2020 to 18 March 2025.	FDA
92.	CPR for The Dalmore Aged 12 Years Highland Single Malt Scotch Whisky 40% ALC./VOL. Registration No. FR-4000005918708	EDI	Valid from 19 March 2020 to 19 March 2025.	FDA

Number	Description of Licence	Licence Holder	Validity Period	Regulatory Authority
93.	CPR for The Dalmore Aged 15 Years Highland Single Malt Scotch Whisky 40% ALC./VOL. Registration No. FR-4000005918740	EDI	Valid from 19 March 2020 to 16 February 2025.	FDA
94.	CPR for The Dalmore Aged 25 Years Highland Single Malt Scotch Whisky 42% ALC./VOL. Registration No. FR-4000005918867	EDI	Valid from 26 March 2020 to 16 February 2025.	FDA
95.	CPR for The Dalmore King Alexander III Highland Single Malt Scotch Whisky 40% ALC./VOL. Registration No. FR-4000005923283	EDI	Valid from 20 March 2020 to 16 February 2025.	FDA
96.	CPR for Emperador Brandy 36% ALC./VOL. Registration No. FR-4000001022449	EDI	Valid from 7 November 2017 to 7 November 2022.	FDA
97.	CPR for Emperador Grand Supreme Registration No. FR-4000000132585	EDI	Valid from 2 April 2020 to 22 May 2025.	FDA
98.	CPR for Emperador Light Premium Brandy Liqueur 55 Proof Registration No. FR-4000007948022	EDI	Valid from 21 June 2021 to 15 June 2026.	FDA
99.	CPR for FUNDADOR ULTRA SMOOTH SPIRIT DRINK Registration No. FR-4000007941728	EDI	Valid from 2 July 2021 to 16 June 2026.	FDA
100.	CPR for Fettercairn Aged 12 Years Single Malt Scotch Whisky 40% ALC./VOL. Registration No. FR-4000003702118	EDI	Valid from 4 February 2019 to 4 February 2024.	FDA
101.	CPR for Fettercairn Highland Single Malt Scotch Whisky Aged 16 Years 46.4% ALC./VOL. Registration No. FR-4000006336358	EDI	Valid from 17 June 2020 to 17 June 2025.	FDA
102.	CPR for Fettercairn Aged 22 Years Single Malt Scotch Whisky 47% ALC./VOL. Registration No. FR-4000006397979	EDI	Valid from 16 June 2020 to 16 June 2025.	FDA

Number	Description of Licence	Licence Holder	Validity Period	Regulatory Authority
103.	CPR for Fundador Double Light Spirit Drink 25.8% ALC./VOL. Registration No. FR-4000005347726	EDI	Valid from 28 January 2020 to 28 January 2025.	FDA
104.	CPR for FUNDADOR EXCLUSIVO SOLERA GRAN RESERVA BRANDY DE JEREZ 40% ALC./VOL. Registration No. FR-4000008003203	EDI	Valid from 21 June 2021 to 8 July 2026.	FDA
105.	CPR for Fundador Imperial Brandy De Jerez Solera Reserva 36% ALC./VOL. Registration No. FR-4000005654769	EDI	Valid from 11 March 2020 to 11 March 2025.	FDA
106.	CPR for FUNDADOR GOLD RESERVE Brandy De Jerez SOLERA RESERVA 36% ALC./VOL. Registration No. FR-4000008146557	EDI	Valid from 29 July 2021 to 8 August 2026.	FDA
107.	CPR for JURA Aged 12 Years Sherry Cask Single Malt Scotch Whisky 40% ALC./VOL. Registration No. FR-4000007083024	EDI	Valid from 5 November 2020 to 5 November 2025.	FDA
108.	CPR for A Blend of Smirnoff Vodka Ginger Beer and Lime Flavoured Mixer Registration No. FR-4000000071990	EDI	Valid from 19 February 2020 to 4 April 2025.	FDA
109.	CPR for So Nice Green Grape Flavoured Ultra Light Alcohol 14.5% ALC./VOL. Registration No. FR-4000006804006	EDI	Valid from 11 September 2020 to 11 September 2025.	FDA
110.	CPR for So Nice Original Ultra Light Alcohol 17.5% ALC./VOL. Registration No. FR-4000007129713	EDI	Valid from 9 December 2020 to 9 December 2025.	FDA
111.	CPR for Tamnavulin Sherry Cask Edition Speyside Single Malt Scotch Whisky 40% ALC./VOL. Registration No. FR-4000005018147	EDI	Valid from 4 February 2020 to 4 February 2025.	FDA

Number	Description of Licence	Licence Holder	Validity Period	Regulatory Authority
112.	CPR for Tamnavulin Speyside Single Malt Scotch Whisky 40% ALC./VOL. Registration No. FR-4000001490224	EDI	Expired. Valid from 10 May 2017 to 10 May 2022. Awaiting release of new CPR following filing and payment of renewal fee.	FDA
113.	CPR for Tamnavulin Vintages Collection 2000 Speyside Single Malt Scotch Whisky Registration No. FR-4000005265745	EDI	Valid from 23 December 2019 to 23 December 2024.	FDA
114.	CPR for Tamnavulin Vintages Collection 1979 Speyside Single Malt Scotch Whisky 46.5% ALC/VOL Registration No. FR-4000005265921	EDI	Valid from 11 December 2019 to 11 December 2024.	FDA
115.	CPR for The Bar Lime Gin 30% ALC/VOL Registration No. FR-4000004582397	EDI	Valid from 29 August 2019 to 29 August 2024.	FDA
116.	CPR for The Bar Pink Gin 55 Proof Registration No. FR-4000005649848	EDI	Valid from 13 February 2020 to 13 February 2025.	FDA
117.	CPR for The Bar Silver, Spirit 70 Proof Registration No. FR-4000005229570	EDI	Valid from 13 February 2020 to 24 October 2024.	FDA
118.	CPR for The Bar Apple Fruity Mix Ultra Light Alcohol 15% ALC./VOL. Registration No. FR-4000005817119	EDI	Valid from 24 March 2020 to 24 March 2025.	FDA
119.	CPR for The Bar Green Grape Fruity Mix Ultra Light Alcohol 15% ALC./VOL. Registration No. FR-4000005816985	EDI	Valid from 24 March 2020 to 24 March 2025.	FDA
120.	CPR for The Bar Pink Grapefruit Fruity Mix Ultra Light Alcohol 15% ALC./VOL. Registration No. FR-4000005817047	EDI	Valid from 24 March 2020 to 24 March 2025.	FDA
121.	CPR for So Nice Grapefruit Ultra Light Alcohol 15% ALC./VOL. Registration No: 4000006398422	EDI	Valid from 14 September 2020 to 14 September 2025.	FDA

Number	Description of Licence	Licence Holder	Validity Period	Regulatory Authority
122.	CPR for Whyte & Mackay Blended Scotch Whisky 40% ALC/VOL Registration No. FR-4000003056680	EDI	Valid from 17 August 2018 to 17 August 2023.	FDA
123.	CPR for Emperador Brandy Solera Reservada 36% ALC./VOL. Registration No. FR-4000004251682	EDI	Valid from 27 June 2019 to 13 March 2024.	FDA
124.	CPR for Emperador Double Light BRANDY LIQUEUR 47PROOF Registration No. FR-4000004251679	EDI	Valid from 24 May 2019 to 24 May 2024.	FDA
125.	CPR for Claymore BLENDED SCOTCH WHISKY 40% ALC/VOL Registration No. FR-4000002279426	EDI	Valid from 27 November 2017 to 27 November 2022.	FDA
126.	CPR for Shackleton BLENDED MALT SCOTCH WHISKY 40% ALC/VOL Registration No. FR-400000407240	EDI	Valid from 3 June 2022 to 8 July 2027. Awaiting release of new CPR following filing and payment of renewal fee.	FDA
127.	CPR for Whyte & Mackay Light SPIRIT DRINK, 21.5% ALC./VOL. Registration No. FR-4000005168523	EDI	Valid from 23 December 2019 to 23 December 2024.	FDA
128.	CPR for Fettercairn HIGHLAND SINGLE MALT SCOTCH WHISKY AGED 50 YEARS 47.9% ALC/VOL Registration No. FR-4000003701854	EDI	Valid from 21 March 2019 to 21 March 2024.	FDA
129.	CPR for Fettercairn HIGHLAND SINGLE MALT SCOTCH WHISKY AGED 16 YEARS 46.4% ALC./VOL. Registration No. FR-4000006336358	EDI	Valid from 17 June 2020 to 17 June 2025.	FDA
130.	CPR for Fettercairn SINGLE MALT SCOTCH WHISKY 40 YEAR OLD, 48.9% ALC./VOL. Registration No. FR-4000003701812	EDI	Valid from 31 January 2019 to 31 January 2024.	FDA

Number	Description of Licence	Licence Holder	Validity Period	Regulatory Authority
131.	CPR for Fettercairn SINGLE MALT SCOTCH WHISKY AGED 28 YEARS, 42% ALC./VOL. Registration No. FR-4000003701870	EDI	Valid from 31 January 2024 to 31 January 2024.	FDA
132.	CPR for Tamnavulin Vintages Collection 1970 Speyside SPEYSIDE SINGLE MALT SCOTCH WHISKY 70cl 40% vol Registration No. FR-4000005266357	EDI	Valid from 23 December 2019 to 23 December 2024.	FDA
133.	CPR for Tamnavulin Vintages Collection 1973 SPEYSIDE SINGLE MALT SCOTCH WHISKY – 40% ALC./VOL. Registration No. FR-4000005260001	EDI	Valid from 4 February 2020 to 4 February 2025.	FDA
134.	CPR for Jura SINGLE MALT SCOTCH WHISKY AGED 18 YEARS 44% ALC./VOL. Registration No. FR-4000002818047	EDI	Valid from 22 July 2018 to 22 July 2023.	FDA
135.	CPR for Jura Seven Wood SINGLE MALT SCOTCH WHISKY 42%ALC./VOL. Registration No. FR-4000003181825	EDI	Valid from 17 August 2018 to 17 August 2023.	FDA
136.	CPR for The Dalmore Quintessence HIGHLAND SINGLE MALT SCOTCH WHISKY 45% ALC./VOL. Registration No. FR-4000001041901	EDI	Valid from 7 February 2022 to 6 January 2027	FDA
137.	CPR The Dalmore Aged 28 Years for SINGLE MALT SCOTCH WHISKY Registration No. FR-4000005168767	EDI	Valid from 19 December 2019 to 19 December 2024.	FDA
138.	CPR for The Dalmore AGED 18 YEARS HIGHLAND SINGLE MALT SCOTCH WHISKY 43% ALC./VOL Registration No. FR-4000005918825	EDI	Valid from 20 March 2020 to 16 February 2025.	FDA
139.	CPR for The Dalmore Port Wood SINGLE MALT SCOTCH WHISKY 46.5% ALC./VOL Registration No. FR-4000002710734	EDI	Valid from 27 June 2018 to 27 June 2023.	FDA

Number	Description of Licence	Licence Holder	Validity Period	Regulatory Authority
140.	CPR for The Dalmore Sherry Cask Aged 12 Years SINGLE MALT SCOTCH WHISKY, 43% ALC./VOL. Registration No. FR-4000005677193	EDI	Valid from 24 March 2020 to 24 March 2025.	FDA
141.	CPR for Harveys Bristol Cream SHERRY 17.5% ALC/VOL Registration No. FR-4000008691392	EDI	Valid from 26 November 2021 to 12 December 2026.	FDA
142.	CPR for Harveys Pedro Ximenez SHERRY 30 YEARS V.O.R.S.,16% ALC./VOL. Registration No. FR-4000008896641	EDI	Valid from 9 February 2022 to 6 January 2027.	FDA
143.	CPR for Harveys Very Old Oloroso Blend Medium Sherry SHERRY 30 YEARS 20% ALC/VOL Registration No. FR-4000008691581	EDI	Valid from 2 December 2021 to 14 December 2026.	FDA
144.	CPR for Tres Cepas Very Special VS BRANDY DE JEREZ 36% ALC./VOL. Registration No. FR-4000004000009059890	EDI	Valid from 20 May 2022 to 17 May 2027	FDA
145.	CPR for Tres Cepas Light SPIRIT DRINK, 25% ALC./VOL. Registration No. FR-4000004059752	EDI	Valid from 24 October 2019 to 24 October 2024.	FDA
146.	CPR for FUNDADOR SUPREMO AGED IN 15 YEARS OLD AMONTILLADO SHERRY CASKS BRANDY DE JEREZ 40% ALC./VOL. Registration No. FR-4000007941656	EDI	Valid from 31 May 2021 to 20 May 2026.	FDA
147.	CPR for FUNDADOR SUPREMO BRANDY DE JEREZ AGED IN 12 YEARS OLD PEDRO XIMENEZ SHERRY CASK 40% ALC./VOL. Registration No. FR-4000007941207	EDI	Valid from 22 June 2021 to 22 June 2026.	FDA
148.	CPR for Fundador Doble Madera BRANDY DE JEREZ 36% ALC./VOL. Registration No. FR-4000003912867	EDI	Valid from 27 March 2019 to 27 March 2024.	FDA

Number	Description of Licence	Licence Holder	Validity Period	Regulatory Authority
149.	CPR for Zabana Rum Registration No. FR-4000000156882	EDI	Valid from 29 July 2020 to 6 August 2025.	FDA
150.	CPR for The Bar Premium DRY GIN 30% ALC./VOL. Registration No. FR-4000005813931	EDI	Valid from 20 March 2020 to 20 March 2025.	FDA
151.	CPR for Emperador BRANDY DE ESPAÑA DELUXE SPECIAL RESERVE – 36% ALC./VOL. Registration No. FR-4000006059435	EDI	Valid from 7 April 2020 to 30 March 2025.	FDA
152.	CPR for Emperador Gold BRANDY 65 PROOF Registration No. FR-4000000129787	EDI	Valid from 17 March 2020 to 22 May 2025.	FDA
153.	CPR for Emperador Gold BRANDY LIQUEUR 62 PROOF Registration No. FR-4000002904148	EDI	Valid from 24 July 2018 to 24 July 2023.	FDA
154.	CPR for Emperador Red BRANDY LIQUEUR 36.25% ALC/VOL Registration No. FR-4000002149882	EDI	Valid from 27 October 2017 to 27 October 2022.	FDA
155.	CPR for Emperador Deluxe Spanish Edition SPIRIT DRINK 30% ALC./VOL Registration No. FR-4000002819499	EDI	Valid from 16 May 2018 to 20 March 2023.	FDA
156.	CPR for Tamnavulin Vintages Collection 2000 SPEYSIDE SINGLE MALT SCOTCH WHISKY Registration No. FR-4000005265745	EDI	Valid from 23 December 2019 to 23 December 2024.	FDA
157.	CPR for Tamnavulin Sherry Cask Edition SPEYSIDE SINGLE MALT SCOTCH WHISKY 40% ALC/VOL Registration No. FR-4000005018147	EDI	Valid from 4 February 2020 to 04 February 2025.	FDA
158.	CPR for The Dalmore Aged 25 YEARS HIGHLAND SINGLE MALT SCOTCH WHISKY 42% ALC. VOL. Registration No. FR-4000005918867	EDI	Valid from 26 March 2020 to 16 February 2025.	FDA
159.	CPR for Fundador Triple Madera BRANDY DE JEREZ-38% ALC/VOL Registration No. FR-4000003914573	EDI	Valid from 14 October 2019 to 14 October 2024.	FDA

Number	Description of Licence	Licence Holder	Validity Period	Regulatory Authority
160.	CPR for FUNDADOR SUPREMO BRANDY DE JEREZ AGED IN 18 YRS OLD OLOROSO SHERRY CASKS, 40% ALC./VOL. Registration No. FR-4000000615239	EDI	Valid from 7 April 2021 to 28 April 2026.	FDA
161.	CPR for Emperador Hotshot BRANDY LIQUEUR 62 PROOF Registration No. FR-4000001803688	EDI	Valid from 20 February 2018 to 20 February 2023.	FDA
162.	CPR for SINGLE MALT SCOTCH WHISKY 40% ALC/VOL Registration No. FR-4000003667624	EDI	Valid from 22 January 2019 to 22 January 2024.	FDA
163.	CPR for SINGLE MALT SCOTCH WHISKY Registration No. FR-4000000271358	EDI	Valid from 4 November 2020 to 5 November 2025.	FDA
164.	CPR for SPEYSIDE SINGLE MALT SCOTCH WHISKY 70cle 40% vol Registration No. FR-4000005266357	EDI	Valid from 23 December 2019 to 23 December 2024.	FDA
165.	CPR for SPEYSIDE SINGLE MALT SCOTCH WHISKY – 40% ALC./VOL. Registration No. FR-4000005260001	EDI	Valid from 4 February 2020 to 4 February 2025.	FDA
166.	CPR for VERY OLD AMONTILLADO SHERRY, 19.5% ALC./VOL. Registration No. FR-4000009025895	EDI	Valid from 16 March 2022 to 16 March 2027.	FDA
167.	CPR for SHERRY 30 YEARS 20% ALC/VOL Registration No. FR-4000001127753	EDI	Valid from 2 December 2021 to 14 December 2026.	FDA
168.	CPR for FINO SHERRY EXTRA DRY, 15% ALC./VOL. Registration No. FR-4000008896784	EDI	Valid from 28 January 2022 to 28 January 2027. Renewal application will be filed in December 2021.	FDA
169.	CPR for SHERRY 30 YEARS V.O.R.S., 16% ALC./VOL. Registration No. FR-4000001127115	EDI	Valid from 9 February 2022 to 6 January 2027.	FDA
170.	CPR for SIGNATURE 12 YEAR OLD CREAM SHERRY, 19% ALC./VOL Registration No. FR-4000001121508	EDI	Valid from 9 February 2022 to 6 January 2027.	FDA

Number	Description of Licence	Licence Holder	Validity Period	Regulatory Authority
171.	CPR for BRANDY DE JEREZ-38% ALC/VOL Registration No. FR-4000003914573	EDI	Valid from 14 October 2019 to 14 October 2024.	FDA
172.	Certificate of Registration Necessary for export operations	Anglo Watsons Glass, Inc.	Valid from 14 July 2021 to 14 July 2022.	Bureau of Customs
173.	Sanitary Permit for Manufacturer and other services	Anglo Watsons Glass, Inc.	Valid from 9 February 2022 to 31 December 2022.	City Health Office of Calamba
174.	Fire Safety Clearance – Installation of Fire Detection, Alarm, and Communication System	Anglo Watsons Glass, Inc.	Valid from 9 February 2022. No expiration date indicated.	Bureau of Fire Protection Regional Office 4A, Calamba City Fire Station
175.	Fire Safety Inspection Certificate (Head Office)	Anglo Watsons Glass, Inc.	Valid from 20 December 2021 to 20 December 2022.	Bureau of Fire Protection – Quezon City Fire District
176.	Fire Safety Inspection Certificate (Silangan Plant)	Anglo Watsons Glass, Inc.	Valid from 1 April 2022 to 1 April 2023.	Bureau of Fire Protection – Region IV-A Calabarzon
177.	PAG-IBIG Fund Certificate of Employers Registration Employer No. 202403260009	Anglo Watsons Glass, Inc.	Valid from 14 November 2012. No expiration date indicated.	Home Development Mutual Fund also known as the Pag- IBIG Fund
178.	Philhealth ER-3 Form (Employer Data Amendment Form) Employer No. 01-9000001834	Anglo Watsons Glass, Inc.	Valid from 18 July 2014. No expiration date indicated.	PHIC
179.	Social Security System R-1 and Card with Employer ID No. 03-9150963-4	Anglo Watsons Glass, Inc.	Valid from 22 September 2000. No expiration date indicated.	SSS
180.	Discharge Permit	Anglo Watsons Glass, Inc.	Expired. Valid from 1 September 2020 to 18 May 2022. Renewal application was submitted on 11 of May 2022.	Laguna Lake Development Authority
181.	ECC ECC-R4A-1204-0157	Anglo Watsons Glass, Inc.	Valid from 25 June 2012. No expiration date indicated.	Department of Environment and Natural Resources – Environmental Management Bureau Regional Office No. IV- Calabarzon
182.	Hazardous Waste Generator Registration Certificate with online registration no. OL-GR- R4A-34-014563	Anglo Watsons Glass, Inc.	Valid from 9 May 2021. No expiration date indicated.	Department of Environment and Natural Resources – Environmental Management Bureau Regional Office No. IV- Calabarzon

Number	Description of Licence	Licence Holder	Validity Period	Regulatory Authority
183.	Bureau of Internal Revenue Certificate of Registration with Tax Identification Number 203-041-0324 for Head Office, Quezon City	Anglo Watsons Glass, Inc.	Valid from 10 August 1999. No expiration date indicated.	Bureau of Internal Revenue
184.	Registry of Establishment under Rule 1020 of the Occupational Safety and Health Standards Control No. RE-LPO-0414-264 for Calamba Plant	Anglo Watsons Glass, Inc.	Valid from 14 April 2014. No expiration date indicated.	Department of Labor and Employment
185.	Permit to Operate for the business address at 7/F Eastwood Ave. Eastwood City, Quezon City	Anglo Watsons Glass, Inc.	Valid from 8 April 2022 to 8 April 2023.	Quezon City Local Government Unit
186.	Business Permit for the business address at Silangan Industrial Park, Canlubang Calamba City with Official Receipt of Payment	Anglo Watsons Glass, Inc.	Valid from 9 February 2022 to 31 December 2022. Renewal must be made within the first 20 days of January of the succeeding year.	City of Calamba Local Government
187.	Barangay Business Clearance for Silangan Industrial Plant (Calamba)	Anglo Watsons Glass, Inc.	Valid from 9 February 2022 to 31 December 2022.	Sangguniang Barangay ng Canlubang
188.	Barangay Clearance for Business Permit Renewal	Anglo Watsons Glass, Inc.	Valid from 22 February 2022 to 22 February 2023.	Barangay Bagumbayan, Quezon City
189.	Community Tax Certificate	Anglo Watsons Glass, Inc.	Valid from 9 February 2022 to 31 December 2022.	City of Calamba Local Government
190.	Certificate of Registration of Facility (Calamba Plant)	Anglo Watsons Glass, Inc.	Valid from 22 February 2017. No expiration date indicated.	Bureau of Internal Revenue
191.	Community Tax Certificate (Head Office)	Anglo Watsons Glass, Inc.	Valid from 14 February 2022 to 31 December 2022.	Quezon City
192.	Certificate of Registration (BIR Form No. 2303)	Progreen Agricornp, Inc.	Valid from 22 March 2021. No expiration date indicated.	Bureau of Internal Revenue
193.	Certificate of Accreditation	Progreen Agricornp, Inc.	Valid from 4 October 2018 to 3 October 2023.	Department of Energy
194.	Controlled Chemicals Purchaser's Licence	Progreen Agricornp, Inc.	Valid from 25 March 2022 until 20 July 2023	Philippine National Police – Civil Security Group, Firearms and Explosives Office
195.	Permit to Purchase and Move Controlled Chemicals	Progreen Agricornp, Inc.	2 May 2022. No expiration date specified.	Philippine National Police – Civil Security Group, Firearms and Explosives Office

Number	Description of Licence	Licence Holder	Validity Period	Regulatory Authority
196.	Licence to Operate as Domestic Molasses Trader	Progreen Agricorp, Inc.	Valid from 28 September 2021 to 31 August 2022.	Sugar Regulatory Administration
197.	Certificate of Registration (Bioethanol Producer) (Nasugbu, Batangas)	Progreen Agricorp, Inc.	Valid from 2 April 2022 to 31 August 2022.	Sugar Regulatory Administration
198.	Certificate of Registration (Bioethanol Producer) (Balayan, Batangas)	Progreen Agricorp, Inc.	Valid from 2 April 2022 to 31 August 2022.	Sugar Regulatory Administration
199.	Business Permit (To Engage in Manufacturing-Ethanol)	Progreen Agricorp, Inc.	Valid from 5 May 2022 to 31 December 2022.	Office of the Mayor of Nasugbu, Batangas
200.	Permit to Operate (Air Pollution Source and Control Installations) (Balayan Batangas Plant)	Progreen Agricorp, Inc.	Valid from 2 June 2022 to 2 June 2023	Department of Environment and Natural Resources – Environmental Management Bureau of Regional Office No. IV-CALABARZON
201.	Discharge Permit – (Balayan Batangas Plant)	Progreen Agricorp, Inc.	Valid from 29 March 2022 to 29 March 2023.	Department of Environment and Natural Resources – Environmental Management Bureau of Regional Office No. IV-CALABARZON
202.	Permit to Operate (Mayor's Permit)	Tradewind Estates, Inc.	Valid from 8 April 2022 to 8 April 2023.	Business Permits and Licensing Department, Local Government of Quezon City
203.	Barangay Clearance	Tradewind Estates, Inc.	Valid from 22 February 2022 to 22 February 2023.	Office of the Punong Barangay, Barangay Bagumbayan, Quezon City
204.	Community Tax Certificate	Tradewind Estates, Inc.	Valid from 16 February 2022. Must be obtained yearly.	City Treasurer's Office, Quezon City
205.	Barangay Business Clearance	Tradewind Estates, Inc.	Valid from 5 January 2022 to 31 December 2022.	Barangay Don Jose, City of Sta Rosa, Laguna
206.	City Environmental Clearance	Tradewind Estates, Inc. (Santa Rosa Laguna Factory/Facility)	Valid from 5 January 2022 to 31 December 2022.	City Environment and Natural Resources Offices (City of Santa Rosa, Laguna)
207.	Certificate of Registration	Tradewind Estates, Inc.	Valid from 7 February 2001. No expiration date.	Bureau of Internal Revenue
208.	Employer Registration	Tradewind Estates, Inc.	Filed on 6 June 2003. No expiration date.	Social Security System

Number	Description of Licence	Licence Holder	Validity Period	Regulatory Authority
209.	Certificate of Registration	Tradewind Estates, Inc.	Valid from 18 April 2007. No expiration date.	PHIC
210.	Clearance for Development Plan	Tradewind Estates, Inc. (Santa Rosa Laguna Factory/ Facility)	Valid from 5 March 2018. Valid for the lifetime of the project.	Laguna Lake Development Authority
211.	ECC	Tradewind Estates, Inc. (Santa Rosa Laguna Factory/ Facility)	Valid from 12 November 2012. No expiration date.	Department of Environment and Natural Resources – Environmental Management Bureau
212.	Registry of Establishment (under Rule 1020)	Progreen Agricorn, Inc.	Valid from 8 August 2018. No expiration date.	DOLE
213.	Employer Registration	Progreen Agricorn, Inc.	Valid from 31 August 2016. No expiration date.	Social Security System
214.	Certificate of Registration	Progreen Agricorn, Inc.	Valid from 2 September 2016. No expiration date.	PHIC
215.	Certificate of Employer's Registration	Progreen Agricorn, Inc.	Valid from 4 November 2016. No expiration date.	Home Development Mutual Fund (Pag-IBIG)
216.	Business Permit (Balayan Batangas Plant)	Progreen Agricorn, Inc.	Valid from 17 March 2022 to 31 December 2022.	Office of the Mayor of Balayan, Batangas

UK

Number	Description of Licence	Licence Holder	Validity Period	Regulatory Authority
1.	Excise Warehousing Authorised Warehousekeeper Registration Certificate (Excise ID: GBWK556618711)	WML	Valid from 8 December 2017. There is no expiry date. The certificate is valid until the registration is cancelled or replaced by a new certificate because of changes to the details it contains.	HMRC
2.	Excise Warehousing Authorised Warehousekeeper Registration Certificate (Excise ID: GBWK556618711)	WML	Valid from 30 November 2021. There is no expiry date. The certificate is valid until the registration is cancelled or replaced by a new certificate because of changes to the details it contains.	HMRC

Number	Description of Licence	Licence Holder	Validity Period	Regulatory Authority
3.	Excise Warehousing Duty Representative Registration Certificate (Excise ID: GBDR556618711)	WML	Valid from 12 May 2016. There is no expiry date. The certificate is valid until the registration is cancelled or replaced by a new certificate because of changes to the details it contains.	HMRC
4.	Excise Warehousing Registered Owners of Duty Suspended Goods held in Excise Warehouses Registration Certificate (Excise ID: GBOG556618711)	WML	Valid from 12 May 2016. There is no expiry date. The certificate is valid until the registration is cancelled or replaced by a new certificate because of changes to the details it contains.	HMRC
5.	Certificate of Registration for "Occupational Health and Safety Management System – ISO 45001:2018	WML	Valid from 21 September 2021 to 28 January 2024.	BSI
6.	Certificate of Registration for "Quality Management System – ISO 9001:2015"	WML	Valid from 31 May 2021 to 30 May 2024.	BSI
7.	Alcohol Wholesaler Registration Scheme (Registration number: XDAW00000100083)	WML	Valid from 1 April 2017. No certificate is issued for this approval.	HMRC
8.	Approval to utilise the Dalmore Distillery as a Tax Warehouse for '1. Malt Spirits'. (Distillery Approval Number: 44011)	WML	Valid from 26 May 2021. No expiration date.	HMRC
9.	Approval to utilise the Fettercairn Distillery as a Tax Warehouse for '1. Malt Spirits'. (Distillery Approval Number: 43025)	WML	Valid from 26 May 2021 (Fettercairn). No expiration date.	HMRC
10.	Approval to utilise the Tamnavulin-Glenlivet Distillery as a Tax Warehouse for '1. Malt Spirits'. (Distillery Approval Number: 44054)	WML	Valid from 26 May 2021. No expiration date.	HMRC
11.	Approval to utilise the Jura Distillery as a Tax Warehouse for '1. Malt Spirits'. (Distillery Approval Number: 43025)	WML	Valid from 21 December 2021. No expiration date.	HMRC

Number	Description of Licence	Licence Holder	Validity Period	Regulatory Authority
12.	Approval to utilise the Invergordon Distillery as a Tax Warehouse for '2. Grain Spirits'. (Distillery Approval Number: 44020)	WML	Valid from 1 December 2016. No expiration date.	HMRC
13.	Water Use Licence (Licence number: CAR/L/1011705) in respect of the Isle of Jura Distillery	WML	Valid from 11 August 2006. No expiration date.	SEPA
14.	Water Use Licence (Licence number: CAR/L/1011865) in respect of the Isle of Jura Distillery	WML	Valid from 11 April 2007. No expiration date.	SEPA
15.	Water Use Licence (Licence number: CAR/L/1003978) in respect of the Invergordon Distillery	WML	Valid from 17 May 2007. No expiration date.	SEPA
16.	Greenhouse gas emissions permit (Permit number: UK-S-IN-12360)	WML	Valid from 1 April 2021. No expiration date.	SEPA
17.	Pollution Prevention and Control Permit (Permit number: PPC/B/1003238)	WML	Valid from 1 May 2007. No expiration.	SEPA
18.	Authorisation under the Water Environment (Controlled Activities) (Scotland) Regulations 2011 (Authorisation number: CAR/L/1011698) in respect of The Dalmore Distillery	WML	Valid from 11 August 2006. No expiration.	SEPA
19.	Authorisation under the Water Environment (Controlled Activities) (Scotland) Regulations 2011 (Authorisation number: CAR/L/1003978/VN01) in respect of the Invergordon Distillery	WML	Valid from 17 May 2007. No expiration.	SEPA
20.	Waste Carrier Licence (Registration number: WCR-cb314c)	WML	Valid from 2 June 2021 to 1 June 2024.	SEPA
21.	Bureau Veritas Certification in relation to the Global Standard for Food Safety (Issue 8: August 2018)	WML	Valid from 12 August 2021 to 10 August 2022.	Bureau Veritas

Number	Description of Licence	Licence Holder	Validity Period	Regulatory Authority
22.	General Storage and Distribution Warehouse Approval Number (Number: GB00004382013)	Whyte and Mackay Warehousing Limited	Valid from 12 May 2016. There is no expiry date. The approval is valid until the registration is cancelled or replaced by a new approval because of changes to the details it contains.	HMRC
23.	Licence to carry on an excise trade (Licence number: DNA/211173)	WML	Valid from 27 July 2020. There is no expiry date. The licence is valid until the registration is cancelled or replaced by a new licence because of changes to the details it contains.	HMRC

Spain

Number	Description of Licence	Licence Holder	Validity Period	Regulatory Authority
1.	Interior Emergency Plan in accordance with RD 840/2015 (Jerez) Ref. # 11/13/0007/19	Bodegas Fundador	Valid from 24 July 2019 to 24 July 2022.	Junta de Andalucía – Consejería de Presidencia, Administración Pública e Interior
2.	Safety inspection in accordance with RD 840/2015 (Jerez) Ref. # 11/13/0008/19	Bodegas Fundador	Valid from 24 July 2019 to 24 July 2022.	Junta de Andalucía – Consejería de Hacienda, Industria y Energía
3.	Safety inspection in accordance with RD 840/2015 (Tomelloso) Ref. # 13/13/0003/21	Bodegas Fundador	Valid from 10 March 2021 to 3 February 2024.	Junta de Comunidades de Castilla-La Mancha – Dirección General de Industria, Energía y Minería
4.	Energy audit report (Tomelloso) Ref. # 02-938-277037 Tomelloso	Bodegas Fundador	Valid from 1 September 2020 to 1 September 2024.	Ministerio para la Transición Ecológica y el Reto Demográfico
5.	PCB contamination analysis Reports # ASING 575/06, 314/06, 315/06, 574/06 and ENDESA 201702753PCB	Bodegas Fundador	Issued in 2006 and 2017. The report must be updated as often as deemed necessary.	Various Collaborating Entities of the Administration
6.	Energy audit report (Jerez) Ref. # 02-938-277037 Jerez	Bodegas Fundador	Valid from 7 July 2020 to 7 July 2024.	Ministerio para la Transición Ecológica y el Reto Demográfico

Number	Description of Licence	Licence Holder	Validity Period	Regulatory Authority
7.	Environmental risk analysis report (Jerez) Ref. # 41-11-EA3-1-002118	Bodegas Fundador	Valid from 31 October 2018. The environmental risk report must be updated as often as deemed necessary.	Ministerio para la Transición Ecológica y el Reto Demográfico
8.	Environmental risk analysis report (Tomelloso) Ref. # 28-13-S31-1-007948	Bodegas Fundador	Valid from 12 December 2018. The environmental risk report must be updated as often as deemed necessary.	Ministerio para la Transición Ecológica y el Reto Demográfico
9.	Report about tests to comply with the external control of emissions from activities that potentially pollute the atmosphere (art. 15 Andalusian Decree 239/2011) (Jerez) Report # C/ATM/002080	Bodegas Fundador	Valid from 8 October 2020 to 29 September 2025.	Junta de Andalucía – Consejería de Medio Ambiente
10.	Test report for the determination of the level of atmospheric emissions in ducted sources (RD 100/2011) (Tomelloso) Report # I.18.017.0501.00968	Bodegas Fundador	Valid from 13 October 2021 to 13 October 2024.	Junta de Comunidades de Castilla-La Mancha – Consejería de Agricultura y Medio Ambiente
11.	Authorisation for the use of subterranean waters (RDL 1/2001). Key B-721/2001 (Jerez)	Bodegas Fundador	Valid from 11 May 2017. No expiration date.	Confederación Hidrográfica del Guadalquivir
12.	Authorisation for the use of subterranean waters (RDL 1/2001 and L 9/2010). Ref. # 2015SCB001146CA (Jerez)	Bodegas Fundador	Valid from 25 October 2017. No expiration date.	Junta de Andalucía – Consejería de Medio Ambiente y Ordenación del Territorio
13.	Authorisation for the use of subterranean waters (RDL 1/2001 and L 9/2010). Ref. # 2018SCB000463CA (Jerez)	Bodegas Fundador	Valid from 3 May 2019. No expiration date.	Junta de Andalucía – Consejería de Medio Ambiente y Ordenación del Territorio
14.	Authorisation for the legalisation of a cistern (RDL 1/2001) (Jerez) Ref. # 11020/1701/2016/11	Bodegas Fundador	Valid from 13 March 2019. No expiration date.	Confederación Hidrográfica del Guadalquivir
15.	Modification of registration as a waste producer (L 22/2011 and D 73/2012) (Jerez) Ref. # 11-5815-P	Bodegas Fundador	Valid from 15 October 2018. No expiration date.	Junta de Andalucía – Consejería de Medio Ambiente y Ordenación del Territorio

Number	Description of Licence	Licence Holder	Validity Period	Regulatory Authority
16.	Modification of registration as a waste producer (L 22/2011 and D 73/2012) (Jerez) Ref. # 11-5816-P	Bodegas Fundador	Valid from 19 September 2018. No expiration date.	Junta de Andalucía – Consejería de Medio Ambiente y Ordenación del Territorio
17.	Modification of registration as a waste producer (L 22/2011 and D 73/2012) (Jerez) Ref. # 11-5813-P	Bodegas Fundador	Valid from 18 August 2018. No expiration date.	Junta de Andalucía – Consejería de Medio Ambiente y Ordenación del Territorio
18.	Modification of registration as a waste producer (L 22/2011 and D 73/2012) (Jerez) Ref. # 11-5814-P	Bodegas Fundador	Valid from 3 May 2016. No expiration date.	Junta de Andalucía – Consejería de Medio Ambiente y Ordenación del Territorio
19.	Change of ownership in the Register of Small Producers of Hazardous Products (Tomelloso) Ref. # CM/5CR134T	Bodegas Fundador	Valid from 13 March 2017. No expiration date.	Junta de Comunidades de Castilla-La Mancha – Consejería de Agricultura, Medio Ambiente y Desarrollo Rural
20.	Notification of change of ownership of the registration of facilities in which activities potentially polluting the atmosphere are carried out (Jerez)	Bodegas Fundador	Valid from 8 March 2016. No expiration date.	Junta de Andalucía – Consejería de Medio Ambiente y Ordenación del Territorio
21.	Activity Licence (Jerez) ADM-URB-CAMTC-2016/66	Bodegas Fundador	Valid from 15 June 2016. No expiration date.	Ayuntamiento de Jerez de la Frontera
22.	Activity Licence (Jerez) ADM-URB-CAMTC-2016/65	Bodegas Fundador	Valid from 15 June 2016. No expiration date.	Ayuntamiento de Jerez de la Frontera
23.	Activity Licence (Jerez) ADM-URB-CAMTC-2016/64	Bodegas Fundador	Valid from 14 June 2016. No expiration date.	Ayuntamiento de Jerez de la Frontera
24.	Activity Licence (Jerez) ADM-URB-CAMTC-2016/67	Bodegas Fundador	Valid from 15 June 2016. No expiration date.	Ayuntamiento de Jerez de la Frontera
25.	Activity Licence (Jerez) ADM-URB-CAMTC-2016/68	Bodegas Fundador	Valid from 15 June 2016. No expiration date.	Ayuntamiento de Jerez de la Frontera
26.	Activity Licence (Jerez) ADM-URB-CAMTC-2021/17	Bodegas Fundador	Valid from 4 May 2021. No expiration date.	Ayuntamiento de Jerez de la Frontera
27.	Certificate exempting the processing of the opening and activity licence in relation to the bodega at Santísima Trinidad Street in Jerez de la Frontera.	Bodegas Fundador	Valid from 5 April 2000. No expiration date.	Ayuntamiento de Jerez de la Frontera

Number	Description of Licence	Licence Holder	Validity Period	Regulatory Authority
28.	Activity licence application (Tomelloso) P-037-1/98	Bodegas Fundador	Valid from 29 May 2018. No expiration date.	Ayuntamiento de Tomelloso
29.	Authorisation for wastewater discharges (Jerez) # 12500 and 12502	Bodegas Fundador	Valid from 19 December 2019 to 19 December 2022.	Aquajerez SL
30.	Authorisation for wastewater discharges (Jerez) # 12503, 12505, 12506, 12507 and 12508	Bodegas Fundador	Valid from 20 December 2019 to 20 December 2022.	Aquajerez SL
31.	Authorisation for wastewater discharges (Jerez) # 12596	Bodegas Fundador	Valid from 11 February 2020 to 11 February 2023.	Aquajerez SL
32.	Authorisation for wastewater discharges (Jerez) # 12903	Bodegas Fundador	Valid from 9 September 2020 to 9 September 2023.	Aquajerez SL
33.	Authorisation for wastewater discharges (Jerez) # UR0168/CA-35/2016	Bodegas Fundador	Valid from 28 July 2021 to 28 July 2026.	Confederación Hidrográfica del Guadalquivir
34.	Authorisation for wastewater discharges (Tomelloso) # 2017/3831	Bodegas Fundador	Valid from 5 July 2017. No expiration date.	Ayuntamiento de Tomelloso
35.	Registration in the Industrial Registry of Andalusia (Jerez) # 11007.381, 11002.143, 11023.541, 11002.617, 11002.324 and 11003.357 (RD 559/2010)	Bodegas Fundador	Valid from 21 October 2016. No expiration date.	Junta de Andalucía – Consejería de Transformación Económica, Industria, Conocimiento y Universidades
36.	Registration in the Industrial Registry of Castilla-La Mancha (Tomelloso) # 08-A-110-13004046 (RD 559/2010)	Bodegas Fundador	Valid from 16 March 2016. No expiration date.	Junta de Comunidades de Castilla-La Mancha – Consejería de Economía, Empresas y Empleo
37.	Underground storage tanks permit for petroleum (Jerez) # 11.7.00041 (RD 2085/1994)	Bodegas Fundador	Valid from 10 November 2010. No expiration date.	Junta de Andalucía – Consejería de Economía, Innovación y Ciencia
38.	Underground storage tanks permit for petroleum (Jerez) # 681 (RD 2085/1994)	Bodegas Fundador	Valid from 4 January 2005. No expiration date.	Junta de Andalucía – Consejería de Economía, Innovación y Ciencia
39.	Registration in the General Sanitary Registry of Food Companies and food products (Jerez) # 30.02236/CA and 31.02441/CA (RD 191/2011)	Bodegas Fundador	Valid from 10 February 2017. No expiration date.	Junta de Andalucía – Consejería de Salud

Number	Description of Licence	Licence Holder	Validity Period	Regulatory Authority
40.	Registration in the General Sanitary Registry of Food Companies and food products (Jerez) # 40.21671/CA (RD 191/2011)	Bodegas Fundador	Valid from 10 February 2017. No expiration date.	Junta de Andalucía – Consejería de Salud
41.	Registration in the General Sanitary Registry of Food Companies and food products (Jerez) # 30.002012/CA (RD 191/2011)	Bodegas Fundador	Valid from 19 January 2021. No expiration date.	Junta de Andalucía – Consejería de Salud
42.	Registration in the General Sanitary Registry of Food Companies and food products (Jerez) # 30.000023/CA (RD 191/2011)	Bodegas Fundador	Valid from 10 February 2017. No expiration date.	Junta de Andalucía – Consejería de Salud
43.	Registration in the General Sanitary Registry of Food Companies and food products (Tomelloso) # 30.03573/CR (RD 191/2011)	Bodegas Fundador	Valid from 18 March 2016. No expiration date.	Junta de Comunidades de Castilla-La Mancha – Consejería de Sanidad
44.	Registration in the General Agri-food industry Registry (Jerez) # IA-CA-018/2016 Registration number 11/41476 Decreto 173/2001	Bodegas Fundador	Valid from 21 March 2016. No expiration date.	Junta de Andalucía – Consejería de Agricultura, Ganadería, Pesca y Desarrollo Sostenible
45.	Registration in the General Agri-food industry Registry (Jerez) # IA-CA-020/2016 Registration number 11/40783 Decreto 173/2001	Bodegas Fundador	Valid from 21 March 2016. No expiration date.	Junta de Andalucía – Consejería de Agricultura, Ganadería, Pesca y Desarrollo Sostenible
46.	Registration in the General Agri-food industry Registry (Jerez) # IA-CA-067/2016 Registration number 11/40912 Decreto 173/2001	Bodegas Fundador	Valid from 3 October 2016. No expiration date.	Junta de Andalucía – Consejería de Agricultura, Ganadería, Pesca y Desarrollo Sostenible
47.	Registration in the General Agri-food industry Registry (Jerez) # IA-CA-018/2019 Registration number 11/41147 Decreto 173/2001	Bodegas Fundador	Valid from 30 April 2019. No expiration date.	Junta de Andalucía – Consejería de Agricultura, Ganadería, Pesca y Desarrollo Sostenible
48.	Registration in the General Agri-food industry Registry (Jerez) # IA-CA-017/2016 Registration number 11/40268 Decreto 173/2001	Bodegas Fundador	Valid from 21 March 2016. No expiration date.	Junta de Andalucía – Consejería de Agricultura, Ganadería, Pesca y Desarrollo Sostenible

Number	Description of Licence	Licence Holder	Validity Period	Regulatory Authority
49.	Registration in the General Agri-food industry Registry (Jerez) # IA-CA-068/2020 Registration number 11/41567 Decreto 173/2001	Bodegas Fundador	Valid from 20 January 2021. No expiration date.	Junta de Andalucía – Consejería de Agricultura, Ganadería, Pesca y Desarrollo Sostenible
50.	Registration in the General Agri-food industry Registry (Tomelloso) # IA-CR-200/19 Ley 7/2007	Bodegas Fundador	Valid from 7 October 2019. No expiration date.	Junta de Comunidades de Castilla-La Mancha – Consejería de Agricultura
51.	Authorization for wastewater discharges (Jerez) # 13970	Bodegas Fundador	Valid from 9 September 2020 to 20 April 2023.	Aquajerez S.L.
52.	Wastewater discharges (El Puerto) # 12903	Bodegas Fundador	No expiry date.	Aguas del Puerto Empresa Municipal, S.A.

APPENDIX H: EMPLOYEE STOCK OPTION PLAN

EMPLOYEE STOCK OPTION PLAN

DEFINITION OF TERMS

As used herein, the following terms shall have the meanings ascribed to them below:

- 1.01 Auditors – the Company’s current external auditors at the relevant period referred to in this Plan.
- 1.02 Board – the Board of Directors of the Company.
- 1.03 Committee – the Corporate Governance Committee of the Board.
- 1.04 Company – Emperor Inc.
- 1.05 Eligible Participant(s) – the Employee(s) determined by the Committee to be eligible to receive an Option under this Plan.
- 1.06 Employee(s) – the regular employee(s) or officer(s) of the Company and/or any of its subsidiaries.
- 1.07 Exercise Price – the price at which Shares the subject of an Option shall be purchased under this Plan, as determined by the Committee in accordance with Article VII hereof.
- 1.08 Latest Refreshed Date – the latest date when a Refreshment Event occurs.
- 1.09 Option – an option to subscribe for Shares granted pursuant to this Plan.
- 1.10 Option Holder(s) – the Eligible Participant(s) who accept the Option offered under this Plan.
- 1.11 Option’s Life – the period during which an Option granted under this Plan shall be exercisable as provided in relevant provisions herein.
- 1.12 Option Offer Date – the date on which an Option is offered to an Eligible Participant and which Option is accepted by the Eligible Participant within the period prescribed herein for acceptance.
- 1.13 Option’s Life – the period during which an Option granted under this Plan shall be exercisable as provided in relevant provisions herein.
- 1.14 Plan – this Plan shall be known as the Emperor Inc. Employee Stock Option Plan.
- 1.15 Plan Adoption Date – shall be 15 December 2014, the date on which this Plan was adopted by the shareholders of the Company owning at least two-thirds (2/3) of all the outstanding capital stock, voting or non-voting, excluding treasury stock, in a meeting called for such purpose.
- 1.16 Plan Limit – has the meaning ascribed to it in paragraph 4.02.
- 1.17 PSE – Philippine Stock Exchange.
- 1.18 Refreshment Event – has the meaning ascribed to it in paragraph 4.04.

1.19 SEC – Philippine Securities and Exchange Commission.

1.20 Shares – the common shares or any subsequent classification thereof designated as such in the authorised capital stock of the Company.

1.21 SLSP – Senior Leadership & Succession Programme Stock Option Plan.

1.22 YLDP – Young Leadership Development Programme Stock Option Plan.

II

PURPOSE AND DURATION OF THE PLAN

2.01 This Plan is intended to:

- (i) enable Employees who are largely responsible for the further growth and development of the Company to participate in the growth of the Company;
- (ii) encourage the long-term commitment of such Employees;
- (iii) motivate such Employees to continue their efforts in contributing to the long-term financial success of the Company; and
- (iv) encourage senior management to develop and train future leaders that will continue the business growth and success of the Company.

2.02 Subject to Article XI, this Plan shall be valid and effective for a period of ten years commencing on the Plan Adoption Date. On and after the tenth anniversary of the Plan Adoption Date, no further Options shall be granted but in all other respects the provisions of this Plan shall remain in full force and effect. Options which are granted during the life of this Plan shall continue to be exercisable in accordance with their terms of issue.

III

ADMINISTRATION OF THE PLAN

3.01 The Committee shall administer this Plan and perform such other functions as are assigned to the Committee under this Plan. Subject to the provisions of this Plan and the supervision of the Board: the Committee shall have the power to issue rules and regulations to implement this Plan; amend such rules and regulations; adopt resolutions and orders not inconsistent with this Plan; execute agreements in implementation of this Plan; interpret the provisions of this Plan; and undertake acts as it may deem appropriate for the proper implementation of this Plan; *provided*, that, in any case, the Company shall comply with relevant corporate approvals and regulations applicable to the Company.

3.02 All determinations or actions of the Committee in respect of this Plan shall be by the affirmative vote of a majority of the members thereof at a meeting called for such purpose or by a written instrument signed by a majority of the members of the Committee, in which latter case, the determinations or actions so taken shall be fully as effective as if they had been taken by a vote of the majority of the members of the Committee at a meeting duly called and held.

IV

SHARES SUBJECT TO THE PLAN

- 4.01 There shall be initially reserved for exercise of the Options to be granted from time to time under this Plan, up to 1,000,000,000 Shares, representing five percent (5%) of the authorised capital stock of the Company as of Plan Adoption Date. Such Shares may be issued, in whole or in part, out of the authorised but unissued Shares.
- 4.02 Subject to the provisions of paragraph 4.04 hereof, the maximum number of Shares in respect of which Options may be granted under this Plan shall not (when aggregated with any Shares subject to any other stock option plans of the Company) exceed five percent (5%) of the outstanding Shares of the Company as of Plan Adoption Date or the Latest Refreshed Date, as the case may be (the “**Plan Limit**”).
- 4.03 If an Option expires or lapses for any reason without having been exercised in full, the remaining Shares covered thereby (unless the Plan shall have been terminated) shall not be counted for purposes of calculating the Plan Limit and shall be added to the Shares otherwise available for Options under this Plan.
- 4.04 In the event of a merger, consolidation, reorganisation, recapitalisation, reclassification of stock, stock dividend, stock split or other change in the corporate structure or capitalisation affecting the Company’s Shares (each a “**Refreshment Event**”), the Committee shall, subject to the approval of the Auditors or an independent financial adviser engaged by the Company for this purpose, make reasonable adjustments as may be warranted in the aggregate number and kind of Shares for which Options may be granted, the number and kind of Shares and the price per Share subject to outstanding Options and the method of exercise of Options under this Plan.

V

PERSONS ELIGIBLE TO PARTICIPATE

- 5.01 Options may be granted pursuant to this Plan to individuals who, at the time of the grant, are regular employees or officers of the Company and/or any of its subsidiaries.
- 5.02 Prior to an Option Offer Date, the Committee shall select the Eligible Participants to whom Options may be granted for that calendar year and determine the number of Shares to be covered by each Option so granted. In determining the eligibility of an Employee to receive an Option, as well as the number and class of Shares to be covered by each Option, the Committee shall consider the position and responsibilities of the Employee, the nature and value of his services and accomplishment(s), his present and potential contribution to the success of the Company, and such other factors as the Committee may deem relevant.
- 5.03 The Young Leadership Development Programme Stock Option Plan (“**YLDP-SOP**”) is for regular employees or officers of the Company and/or its subsidiaries who are below 50 years old.
- 5.04 The Senior Leadership and Succession Programme Stock Option Plan (“**SLSP-SOP**”) is for regular employees or officers of the Company and/or its subsidiaries who are 50 years old and above.

VI

A. TERMS AND CONDITIONS OF THE YLDP

- 6.01 The Option shall vest on the date of the Option Holder's 60th birthday or until the date of his retirement from the Company and/or its subsidiary, whichever is later, provided that the Option Holder had continuously served as an Employee from the date of grant until his 60th birthday or until the date of his retirement from the Company and/or its subsidiary. The Option Holder is given 5 years from the date of vesting to exercise the Options.
- 6.02 If an Option Holder dies before his 60th birthday, provided that such Option Holder had continuously served as an Employee from the date of grant until the date of his death and provided, further, that his death did not result from suicide, self-inflicted injury or commission by the Option Holder of a criminal act, the Option shall vest on the date of death of the Option Holder, in which case the Option may be exercised by his heirs or legal representative within the period and in the manner prescribed in paragraphs 8.02 and 8.03 hereof.

B. TERMS AND CONDITIONS OF THE SLSP

- 6.03 Subject to Section 6.06 of this Plan, the Option shall vest on the date the Option Holder has rendered another 11 years of service to the Company and/or any of its subsidiaries, provided that the Option Holder had continuously served as an Employee from the Option Offer Date of the Option until the 11th year. The Option Holder is given 5 years from the date of vesting to exercise the Options.
- 6.04 If an Option Holder will retire at the mandatory age of 65 years old pursuant to the Labor Code of the Philippines or the Company retirement age of 60 years old before reaching the 11th year of service, the Option Holder shall appoint a "protégé/disciple" who is also part of the YLDP whom the Option Holder should train, instill the core values of the Company, and impart knowledge in order for the said "protégé/disciple" to succeed and continue the Option Holder's work. This protégé/disciple shall continue to remain as a key employee of the Company and/or any of its subsidiaries until the date the SLSP Option Holder should have reached his 11th year of service.
- 6.05 If an Option Holder dies before the 11th year of service, provided that such Option Holder had continuously served as an Employee from the date of grant until the date of his death and provided, further, that his death did not result from suicide, self-inflicted injury or commission by the Option Holder of a criminal act, the Option shall vest on the date that the Option Holder should have reached his 11th year of service provided that the "protégé/disciple" will continue to be an employee of the Company and/or any of its subsidiaries.
- 6.06 If an Option Holder has continuously served as an Employee for the Company, its subsidiaries, or any of its affiliates engaged in the manufacturing of liquor, alcohol and/or glass, for at least 20 years before the Option Offer Date, the Option shall vest as follows:
- (i) on the date the Option Holder has rendered another eleven years of service to the Company and/or any of its subsidiaries, subject to Section 6.04 of the Plan; or
 - (ii) after three years from the date of the Option Holder's retirement, provided that the Option Holder shall appoint a "protege/disciple" who must be a regular employee of the Company and/or any of its subsidiaries whom the Option Holder should train, instill the core values of the Company, and impart knowledge in order for the said protege/disciple to succeed and continue the Option Holder's work, and such protege/disciple shall continue to remain as a key employee of the Company and/or any of its subsidiaries for three years from the date of the Option Holder's retirement;

whichever comes earlier.

C. COMMON TERMS AND CONDITIONS

- 6.07 If in accordance with Article V, the Committee determines to grant an Option to an Eligible Participant under either the YLDP or the SLSP, an offer shall be forwarded by the Committee to the Eligible Participant.
- 6.08 The offer of the Option to an Eligible Participant shall be by means of an Option Offer Letter under the terms and conditions set forth in this Plan and such other terms and conditions as the Committee may determine from time to time. The offer shall be open for acceptance by an Eligible Participant by payment of ten pesos (P10.00) within 30 days from receipt of the Option Offer Letter.
- 6.09 In the event of cessation of employment of an Option Holder with the Company and/or any of its subsidiaries before he reaches 60 years old (for the YLDP) or the 11th year of service (for the SLSP) due to long-term disability, the general rule is that such Option Holder shall not be entitled to any rights or benefits arising from the Option. The Committee may, however, in its exclusive discretion, consider all or part of the Option held by the Option Holder vested on such date or dates after the effective date of the cessation of employment and allow such Option Holder to exercise any vested Option on such date or dates as may be determined by the Committee, subject to such terms and conditions as may be imposed by the Committee; provided that such Option Holder had continuously served as an Employee from the date of grant until the date of cessation of his employment with the Company and/or any of its subsidiaries and provided, further, that such long-term disability did not result from self-inflicted injury or commission by the Option Holder of a criminal act.
- 6.10 An Option under this Plan shall be personal to the Option Holder and shall not be assignable or transferable, except to his heirs or legal representative whom the Option Holders have designated as their beneficiary on Grant Date or at any point of his employment with the Company and/or any of its subsidiaries who may exercise any unexercised and vested Option during the period and in the manner prescribed in paragraphs 8.02 and 8.03 hereof. The Option Holder concerned shall not sell, transfer, charge, mortgage, encumber or create any security interest over an Option granted under this Plan. Any breach of the foregoing shall entitle the Company to cancel any outstanding Options or part thereof granted to such Option Holder (including, but not limited to, the Option in question).
- 6.11 An Option Holder shall forfeit all his rights and interest in the Option upon being found guilty of an offence punishable by the penalty of suspension or dismissal under the Code of Discipline of the Company and/or any of its subsidiaries or under applicable law.
- 6.12 An Option granted under this Plan shall lapse automatically (to the extent not already exercised) at the earliest of the:
- (i) end of an Option's Life;
 - (ii) expiration of the period to pay the Exercise Price referred to in paragraph 8.03 hereof without the Company receiving the full Exercise Price prior to such expiration;
 - (iii) date prior to an Option Holder's 60th birthday (for the YLDP) or the 11th year of service after Option Offer Date (for the SLSP) that an Option Holder ceases to be an Employee by reason of resignation, retrenchment or redundancy or any other reason other than death or long-term disability as contemplated herein;
 - (iv) date an Option Holder commits an offence punishable by the penalty of suspension or dismissal under the Code of Discipline of the Company and/or any of its subsidiaries or under applicable law and of which he was subsequently found guilty;
 - (v) effective date of the Company's dissolution; and
 - (vi) date on which an Option Holder commits any of the acts prohibited under paragraph 6.10 hereof.

VII

EXERCISE PRICE

The Exercise Price shall be determined by the Committee and shall be at most a 15% discount from the volume weighted average closing price of the Shares for nine months immediately preceding the Option Offer Date. The Exercise Price may be reasonably adjusted by the Committee, subject to the approval of the Auditors or an independent financial adviser engaged by the Company for this purpose, in case of payment of stock dividends, issuance of rights shares, stock splits and other analogous acts resulting in the increase or decrease in the outstanding capital stock of the Company.

However, for the first batch of the YLDP and SLSP Options, the Committee has set the exercise price of the options at ₱7.00 per share.

VIII

EXERCISE OF OPTION

- 8.01 An Option Holder may exercise in whole or in part his vested Option, provided that an Option exercisable but not actually exercised within a given year shall accrue and may be exercised at any time thereafter but prior to the expiration of said Option's Life.
- 8.02 An Option Holder's heirs or legal representative shall be entitled to exercise any unexercised and vested Options held by the Option Holder within 24 months following the Option Holder's death.
- 8.03 Vested Options may be exercised in whole or in part by an Option Holder (or his heirs or legal representative) by giving notice in writing to the Committee specifying the number of Option Shares to be purchased and paying in cash the full amount of the Exercise Price within 24 months from receipt by the Committee of such notice of exercise. Within 30 days from receipt of the full amount of the Exercise Price, the Company shall issue and allot the Option Shares subscribed for and as soon as practicable thereafter, shall issue the certificate of stock evidencing the corresponding number of fully paid and issued Option Shares to the Option Holder.

IX

RANKING OF SHARES

The Shares to be issued and allotted upon the exercise of an Option shall rank *pari passu* in all respects with the then existing Shares of the same kind in the Company with effect from the date of issue of the Shares, and will be subject to all the provisions of the Articles of Incorporation and By-Laws of the Company. Prior to the Option Holder being issued the Shares in respect of the Option, the Option Holder shall not have any voting rights or rights to participate in any dividends or distributions in respect of the Shares to be allotted and issued upon the exercise of the Option.

X

DISPUTES

The Committee may, in its discretion and subject to the approval of the Board, refer any dispute arising under this Plan to the Auditors who shall act as experts and not as arbitrators and whose decision, in the absence of manifest error, shall be final and binding.

XI

SUSPENSION, TERMINATION, OR AMENDMENT OF THE PLAN

- 11.01 Upon the recommendation of the Committee, the Board may, at any time, suspend or terminate this Plan and in such event no further Options shall be granted hereunder, provided that, in all other respects, the provisions of this Plan shall remain in force and the suspension or termination of this Plan shall not impair the rights of an Option Holder to whom Options had been previously granted under this Plan.
- 11.02 The approval of the shareholders owning at least two-thirds (2/3) of the outstanding capital stock of the Company shall first be secured for any modification or amendment of this Plan, where such approval is required under law or regulation applicable to the Company.

XII

MISCELLANEOUS

- 12.01 Nothing contained herein shall restrict the right of the Company or its subsidiaries to terminate the employment of an Employee otherwise entitled to an Option under this Plan.
- 12.02 This Plan shall not form part of any contract of employment or other contract between the Company or its subsidiaries and any Eligible Participant or Option Holder. The rights and obligations of an Eligible Participant or Option Holder under the terms of his employment or contract shall not be affected by his participation in this Plan or any right which he may have to participate in it. This Plan shall afford such Eligible Participant or Option Holder no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason. This Plan shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against the Company or its subsidiaries directly or indirectly or give rise to any cause of action at law or in equity against the Company or its subsidiaries.
- 12.03 This Plan and all Options granted hereunder shall be governed by and construed in accordance with the laws of the Republic of the Philippines.
- 12.04 The Company shall bear the costs of establishing and administering this Plan.

XIII

ADOPTION OF THE PLAN

This Plan was adopted on 15 December 2014 and amended on 17 August 2021 and any amendments to this Plan shall be deemed adopted and made effective upon the approval thereof by the shareholders owning at least two-thirds of the outstanding capital stock of the Company, excluding treasury shares, and, to the extent legally necessary, by the SEC.

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APPENDIX I: INDUSTRY REPORT

Independent Market Research (IMR) on Selected Spirits/Liquor Industries Globally and in Select Markets including Mainland China and the Philippines

**Final Report
June 2022**

F R O S T  S U L L I V A N

© 2022

Date: 17 June, 2022

The Board of Directors

Emperador Inc.

7/F, 1880 Eastwood Avenue, Eastwood Cyberpark, E. Rodriguez Jr. Ave.,
Bagumbayan, Quezon City 1110, Metro Manila, Philippines

Dear Sirs,

Independent Market Research on Selected Spirits/Liquor Industries Globally and in Select Markets including Mainland China and the Philippines

We, Frost & Sullivan (Singapore) Pte Ltd ("**Frost & Sullivan**"), have prepared this Independent Market Report on Selected Spirits/Liquor Industries Globally and in Select Markets including Mainland China, and the Philippines ("**IMR Report**") for Emperador Inc. ("**Emperador**"), in association with the submission of a prospectus to the Singapore Stock Exchange ("**Prospectus**").

Frost & Sullivan has prepared this IMR Report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of this IMR Report. We believe that this IMR Report presents a true and fair view of the industry within the limitations of, among others, secondary statistics and primary research, and does not purport to be exhaustive. Our research has been conducted with an "overall industry" perspective and may not necessarily reflect the performance of individual companies in the industry.

For the purpose of preparing this Report, Frost & Sullivan relied on the data from two main sources: (i) The Nielsen Company (Philippines), Inc. ("**Nielsen**"); and (ii) IWSR Drinks Market Analysis Limited ("**IWSR**"). Nielsen information was used for the Philippines market and IWSR was used for global and markets excluding the Philippines. The selected markets included in this IMR are Mainland China, the Philippines, Spain, United Kingdom, United States, and Mexico.

In addition to it, Frost & Sullivan has conducted primary research encompassing interviews with industry experts and industry players, and secondary research, which included reviews of company reports, official websites/social media pages, independent research reports, information from industry associations/international organisations, and information from Frost & Sullivan research database.

Frost & Sullivan shall not be held responsible for the decisions and/or actions of the readers of this IMR Report. This IMR Report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies as mentioned in this IMR Report or otherwise.

For and on behalf of Frost & Sullivan (Singapore) Pte Ltd:



Sanjay Singh

Senior Vice President, Business & Financial Services

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1 A BRIEF SNAPSHOT OF THE SPIRITS MARKET

1.1 DEFINITIONS AND SEGMENTATION

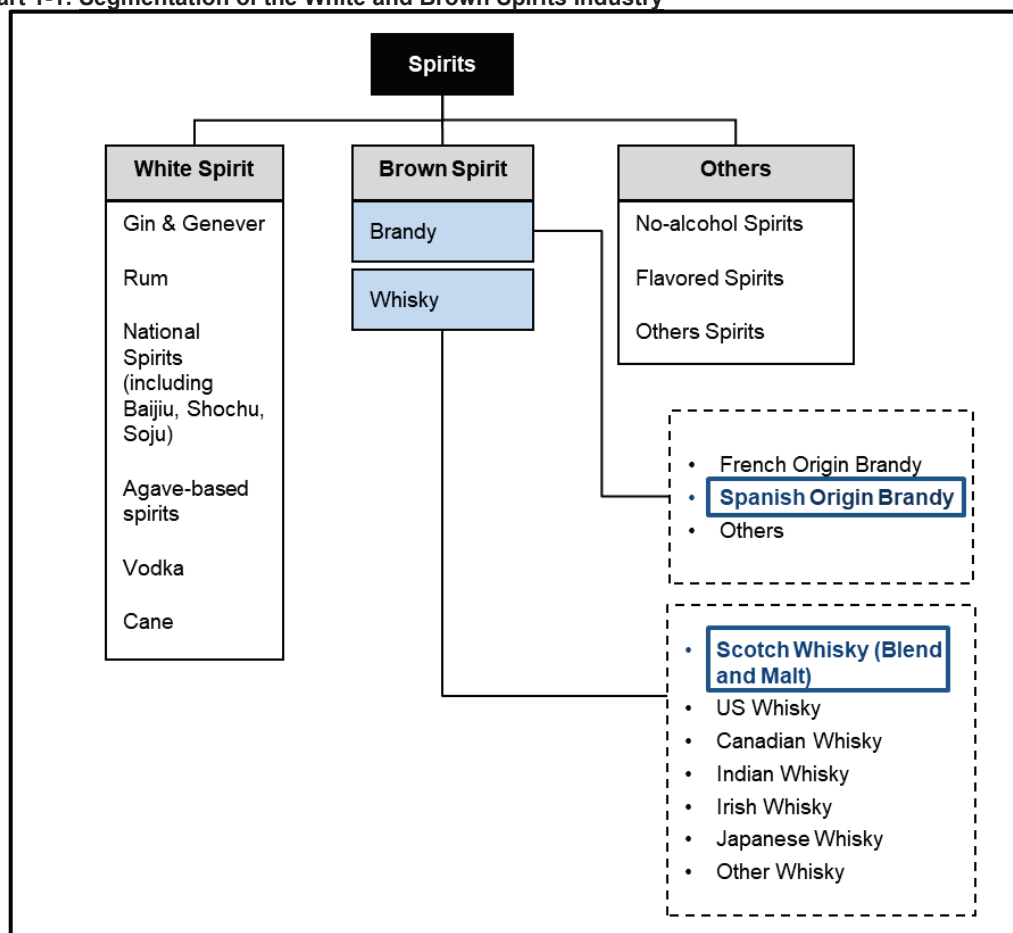
Spirits are alcoholic beverages produced by distilling ethanol from fermented grains, fruits, or vegetables. In general, spirits can be broadly segmented into white spirits, brown spirits, and others.

White spirits, commonly known as clear spirits, are by definition clear in colour. The products that fall under this category include gin, rum, agave-based spirits (including tequila), cane, national spirits (including baijiu, shochu, soju), and vodka. While there may be some coloured variants in sub-categories example dark rum, gold tequila for ease of reference these are included in this definition.

Brown spirits are not clear in colour and can range from warm amber to deep brown, such as Cognac/Armagnac, other brandy and all, whisky types including Scotch, US, Canadian, Irish, Indian, Japanese and other whiskies. Other Brandy includes some brandy types that are naturally clear in colour (example grappa) but for ease of reference are classified as 'brown spirits'.

Scotch whisky is made only in Scotland. Malt Scotch refers to whisky made only from malted barley and distilled in pot stills. It can be Blended Malt if made from malt whisky from multiple distilleries, or Single Malt if it is from a single distillery. Blended Scotch refers to whisky made by blending one or more Malt Scotches with grain whisky (produced from a combination of malted barley and other non-malted cereals, and distilled in column stills).

Chart 1-1: Segmentation of the White and Brown Spirits Industry



Source: Frost & Sullivan Analysis

Emperador's Key Addressable Markets

Within the overall spirits industry, Emperador's key addressable markets include brown spirits, specifically Scotch Whisky and Other Brandy. This report aims to provide an overall assessment of growth drivers, market growth, relative brand strength, and prospects in Scotch Whisky and Other Brandy.

1.2 MACROECONOMIC AND INDUSTRY DRIVERS

The global economic drivers influencing the spirits industry include:

- **Legal Drinking-age population:**
 - With 70.7% of the global population above the legal drinking age by 2025, the group is expected to drive growth of demand for spirits.
 - The legal drinking age is 18 for China. 79.6% of the Chinese population is expected to be above the legal drinking age by 2025.
 - The legal drinking age is 18 for Philippines. 66.4% of the Filipino population is expected to be above the legal drinking age by 2025.
 - The legal drinking age is 18 for Spain. 83.7% of the Spanish population is expected to be above the legal drinking age by 2025.
 - The legal drinking age is 18 for UK. 79.2% of the UK population is expected to be above the legal drinking age by 2025.
 - The legal drinking age is 21 for United States. 78.5% of the US population is expected to be above the legal drinking age by 2025.
 - The legal drinking age is 18 for Mexico. 70.9% of the Mexican population is expected to be above the legal drinking age by 2025.
- **Industry growth drivers:**
 - Spirits have a different trend as compared to other consumer goods categories. In terms of distribution channels, off-premise consumption of alcohol has dominated spirits sold since at least 2015. In 2020, a larger disparity between on-premise and off-premise consumption was witnessed due to COVID-19 and subsequent stay-at-home orders, which drastically reduced on-premise consumption. During the lock-down and the associated period of economic downturn due to the Covid-19 pandemic, consumers purchase had gradually shifted to alternative sales channels. Consumer consumption shifted out of GTR and on trade, while there is a notable increase of sales in local chain retail and convenience stores.
 - In addition, there is an also an increase in Ecommerce sales for BWS (beer, wine & spirits) which typically goes under indexes ecommerce. A consistent trend has been identified between on-premises and off-premises distribution channels, where in sales through off-premise channels had become more prominent. In established Ecommerce markets such as China, there are generational shifts which observe older consumers make increasing purchases through Ecommerce channels. Local regulations mandating the closure of food and beverage (F&B) outlets and bars had also created a shift from on-premises to home-based consumption, which further aggregates Ecommerce sales of spirits. The COVID-19 pandemic has constrained on-premises consumption, a critical segment of sales for the alcohol industry.
 - However, as the tourism industry starts to pick up, this leads to a positive outlook for the spirits industry, specifically due to the increase of sales of spirits in hotels, bars and premium restaurants. Among the locals, with lifting up of lockdown, on-premises channel is expected to regain popularity. Although e-Commerce emerged as a key distribution channel, it is believed that, in the long-term, its use will remain primarily for imported products and not significantly for locally distilled products.
 - One emerging trend in the spirits market is the appearance of lower-alcohol, lower-calorie offerings. The COVID-19 pandemic has accelerated a consumer shift towards health consciousness and well-being at least for a certain strata of population. Growing

health consciousness especially within the global younger population will lead to increasing demand for what may be seen as healthier, lighter spirit options, with lower ABV and/or calories. Nevertheless, despite their growth it is from a small base and magnitudes of these lower-alcohol solutions are likely to remain limited. They are currently not seen to be impacting significantly on the trajectory of full-ABV spirits consumption going forward.

- Ultra-premium spirits demonstrated resilience, with luxury goods continuing to grow. Key factors that underpin the growth of the spirits market include the growing levels of affluence, especially among the middle class, increased exposure to international products among the globally minded generation, and the fact that premium spirits symbolize wealth. As the global income per capita increases over time, the sales of premium spirits are expected to increase due to more favourable perceptions of premium priced spirits compared to economy priced spirits. There is also a trend of premiumization, for example in the US spirits industry. Even during the COVID-19 pandemic, consumer interest in, and consumption of, premium whisky increased. As the young working demographic is displaying curiosity in boutique and experimental brands, and with leading brands having sufficient stock of aged liquids, premiumization will continue increasing.

1.3 GLOBAL SPIRITS MARKET

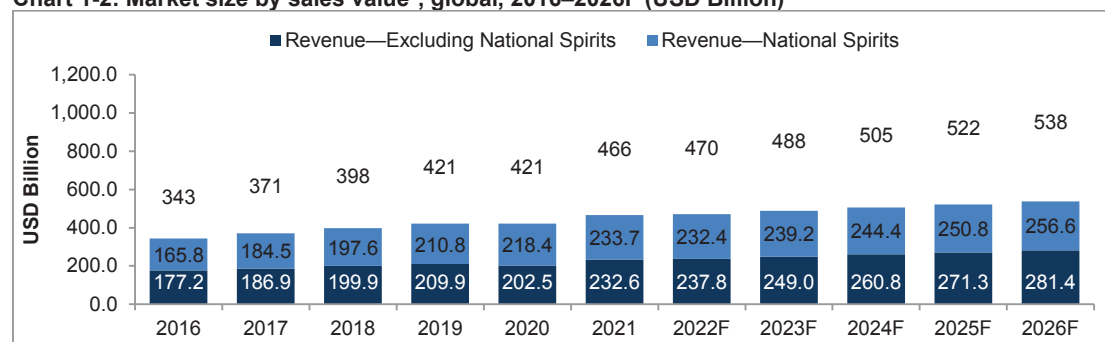
The global spirits market revenue at fixed US\$ exchange rates, including national spirits, grew at a CAGR of 5.2% from 2016 to 2020 from USD343.1 billion in 2016 to USD420.9 billion in 2020. Excluding national spirits, the revenue grew at a CAGR of 3.4% between 2016 and 2020 to reach USD202.5 billion. In 2020, due to the pandemic, the revenue fell to USD209.9 billion when compared to preceding year when the revenue was USD209.9 billion as lockdown was imposed by most of the countries. Between 2020 and 2021, the revenue of total spirits grew at a faster growth rate of 10.8% to reach USD466.3 billion due to opening up of economy and lifting up of lockdown in most parts of the world. The spirits market revenue is expected to grow at a CAGR of 3.4% between 2022F and 2026F to reach USD538.0 billion.

In terms of volume, there was a decreasing trend from 2016 to 2020 due to a decline in the Chinese national spirits (Baijiu). The decline in Baijiu's sales volume can be attributed to some extent to the anti-corruption campaign launched by the Chinese government in late 2012, which reduced government-sponsored meals.¹ Volume sales of Baijiu are expected to continue declining between 2021 and 2026F. Excluding national spirits, the spirits industry's volume declined moderately at a CAGR of -0.5% between 2016 and 2020 but saw a 6.8% growth between 2020 and 2021 which can be attributed to pandemic led lockdown. Going forward, spirits volume is expected to grow at 2.6% CAGR between 2022F and 2026F. A higher growth in revenue and a comparatively slower volume growth can be attributed to increasing customer preference for premiumization.

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¹ Source: Peertechz, Author: Yong Zhao, Title: Effects of "Eight-Point Regulation" and "Chinese Military Bans Luxury Banquets" on Price, Sale, and Consumption of High-End Alcohol Products in China, Publication date: 05 December 2016 found in (<https://www.peertechzpublications.com/articles/doi10.17352-2581-4265.000016-anpc.php>), extracted on 08 June 2021. Peertechz has not provided its consent to the inclusion of the information cited and attributed to it in this document and has not provided its consent to be liable for such information. While the Company has taken reasonable actions to ensure that such information has been included in its proper form and context in this Introductory Document, neither our Company, our Directors, the Joint Managers nor any other party has verified the accuracy of the contents of such information.

Chart 1-2: Market size by sales value², global, 2016–2026F (USD Billion)



Source: International Wine & Spirit Research (IWSR)³

Chart 1-3: Market size by volume, global, 2016–2026F (Billions of 9 litre cases)



Source: IWSR⁴

Whisky and brandy (including Cognac/Armagnac) comprised approximately 46.1% of the global spirits industry's sales value excluding national spirits in 2021 and 38.0% in terms of volume with decent growth anticipated in the next few years. It is expected that whisky will continue to dominate the market in 2026F with a slightly higher share of 36.8% compared to 2021, and brandy is expected to have a market share of 11.4% in terms of sales value while by volume whisky and brandy market share is expected to be 30.4% and 10.0% in 2026F. Emperor's addressable market represents a sizeable share of the global spirits industry with sustainable growth, and the company is among the leading whisky and brandy players globally.

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² "Fixed Exchange Rate" is used to convert from GBP to USD

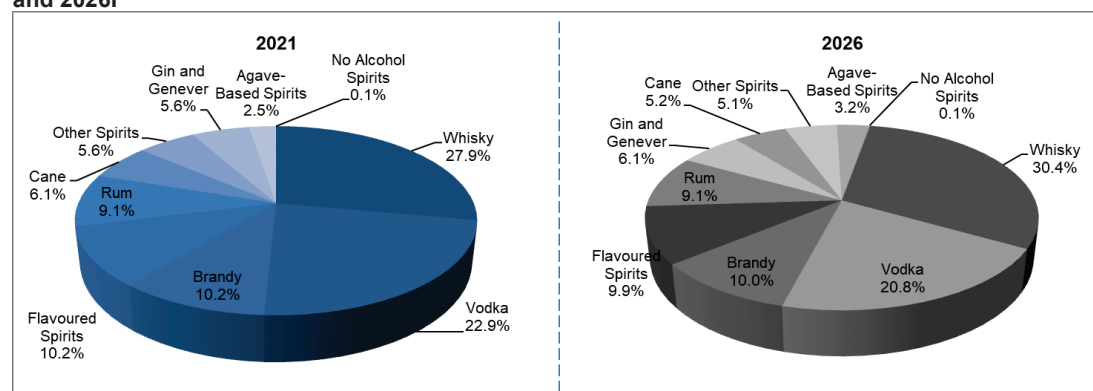
³ Source: IWSR, Title: Global Database, Data Extracted in May 2022.

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⁴ Source: IWSR, Title: Global Database, Data in May 2022.

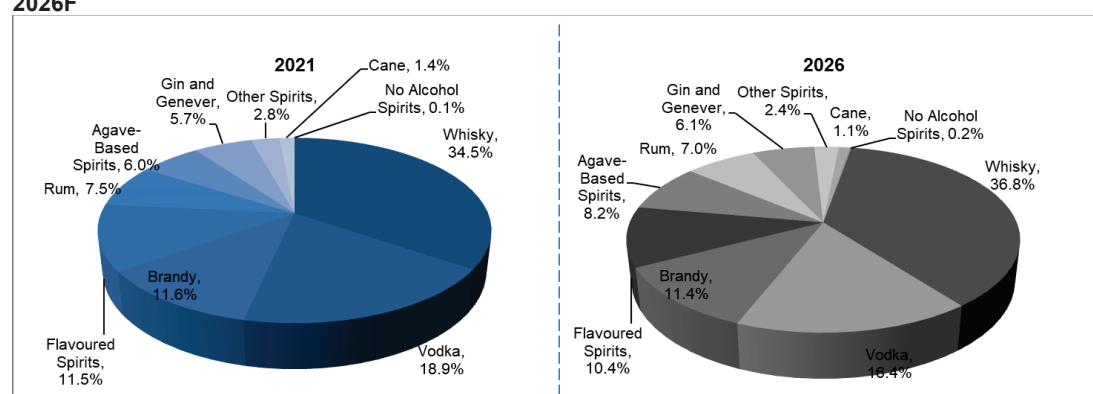
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Chart 1-4: Market share (by sales volume) by types of spirits (excluding national spirits), global, 2021 and 2026F



Source: IWSR⁵

Chart 1-5: Market share (by sales value) by types of spirits (excluding national spirits), global, 2021 and 2026F



Source: IWSR⁶

Key Whisky Markets

China is expected to grow at a CAGR of 7.8% between 2022F and 2026F followed by United States at 4.5%, while Germany to grow at 1.7%, Taiwan at 1.4% and both United Kingdom and France to see a growth of 0.9% during the forecast period.

Other than Indian Whisky, Scotch Whisky is the most frequently sold type by volume, with 102 million 9 litre cases sold in 2021, representing 39.5% of the total whisky volume excluding Indian Whisky. The global Scotch Whisky volume is poised to grow at a moderate 3.6% CAGR during the forecast period (2022F to 2026F); however, the market size by value is expected to grow faster at 5.1% during the same period. Higher value growth can be attributed to the demand for premium products. Growth in Scotch Whisky will be driven by a combination of demand for single malt Scotch, blended malt Scotch and blended Scotch.

⁵ Source: IWSR, Title: Global Database, Data Extracted in May 2022.

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⁶ Source: IWSR, Title: Global Database, Data Extracted in May 2022.

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Table 1-1: Market size by cases volume sold, Whisky, global (2016–2026F)

Types of whisky ('000 9 litre cases)	2016	2020	2021	2022F	2026F	CAGR 2016-2020	Growth 2020-2021	Growth 2021-2022F	CAGR 2022F-2026F
Indian Whisky	194,333	185,014	214,864	230,655	262,783	-1.2%	16.1%	7.3%	3.3%
Scotch Whisky	92,549	87,942	101,780	103,167	118,820	-1.3%	15.7%	1.4%	3.6%
US Whiskey	45,229	57,348	60,678	63,257	78,199	6.1%	5.8%	4.3%	5.4%
Other Whisky*	34,459	32,006	33,432	35,313	42,575	-1.8%	4.5%	5.6%	4.8%
Canadian Whisky	27,750	29,983	30,841	31,764	34,532	2.0%	2.9%	3.0%	2.1%
Irish Whiskey	8,853	11,538	14,018	14,862	21,605	6.8%	21.5%	6.0%	9.8%
Japanese Whisky	13,555	16,947	16,927	17,836	20,752	5.7%	-0.1%	5.4%	3.9%

Source: IWSR⁷

*Other whisky refers to any locally made whisky not mentioned above. This would include Spanish, French, German and Brazilian whisky, among others.

In terms of growth, Europe as a region (inclusive of CIS) and Asia Pacific are the key growth drivers regions with a considerable upside of 5.5% and 4.3% CAGR from 2022F to 2026F in terms of volume respectively while by sales value Europe region is forecast to grow at 9.8% while Asia Pacific to grow at 5.3%. Premiumization is expected across all markets, with an expected market growth of 5.1% CAGR by revenue from 2022F to 2026F.

Table 1-2: Scotch Whisky size by volume, by region, 2016–2026F ('000 9 litre cases)

Region ('000 9 litre cases)	2016	2020	2021	2022F	2026F	CAGR 2016-2020	Growth 2020-2021	Growth 2021-2022F	CAGR 2022F-2026F
Total	92,549	87,942	101,780	103,167	118,820	-1.3%	15.7%	1.4%	3.6%
Europe	36,073	34,087	37,670	38,036	39,470	-1.4%	10.5%	1.0%	0.9%
Americas	23,886	24,247	28,185	28,077	30,473	0.4%	16.2%	-0.4%	2.1%
Asia Pacific	13,529	14,609	17,222	18,489	21,906	1.9%	17.9%	7.4%	4.3%
CIS	3,517	6,084	7,355	5,381	9,546	14.7%	20.9%	-26.8%	15.4%
Africa & Middle East	8,315	6,931	8,057	8,352	9,271	-4.4%	16.2%	3.7%	2.6%
Duty Free	7,230	1,983	3,291	4,832	8,154	-27.6%	65.9%	46.8%	14.0%

Source: IWSR⁸

⁷ Source: IWSR, Title: Global Database, Data Extracted in May 2022.

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Table 1-3: Scotch whisky size by revenue⁹, by region, 2016–2026F (USD '000)

Region (USD '000)	2016	2020	2021	2022F	2026F	CAGR 2016-2020	Growth 2020-2021	Growth 2021-2022F	CAGR 2022F-2026F
Total	26,286,211	26,957,756	33,350,667	34,073,156	41,622,599	0.6%	23.7%	2.2%	5.1%
Europe	8,878,673	9,490,744	10,898,028	10,991,339	11,747,447	1.7%	14.8%	0.9%	1.7%
Asia Pacific	5,485,972	6,125,774	7,730,179	8,221,350	10,118,982	2.8%	26.2%	6.4%	5.3%
Americas	6,168,788	6,691,281	8,425,506	8,505,603	9,767,097	2.1%	25.9%	1.0%	3.5%
Duty Free	3,317,365	1,242,959	1,898,689	2,497,308	4,641,231	21.8%	52.8%	31.5%	16.8%
Africa & Middle East	1,667,875	1,829,380	2,432,913	2,613,807	3,060,212	2.3%	33.0%	7.4%	4.0%
CIS	767,538	1,577,617	1,965,351	1,243,750	2,287,630	19.7%	24.6%	-36.7%	16.5%

Source: IWSR¹⁰

Brandy Market

The global brandy market's volume (including Cognac/Armagnac) is forecast to grow at 2.9% CAGR from 2022F to 2026F. Asia-Pacific is expected to grow at a CAGR 4.3% from 2022F to 2026F, followed by Africa & Middle East at 1.7%.

The global brandy market revenue is forecast to grow at 5.0% CAGR from 2022F to 2026F while Asia-Pacific as a region is expected to have a CAGR of 6.3%. Similar to whisky, premiumization is expected across all regions for brandy.

Table 1-4: Brandy market size by volume, by region, 2016–2026F ('000 9 litre cases)

Region ('000 9 litre cases)	2016	2020	2021	2022F	2026F	CAGR 2016-2020	Growth 2020-2021	Growth 2021-2022F	CAGR 2022F-2026F
Total	190,353	163,922	172,237	169,448	190,293	-3.7%	5.1%	-1.6%	2.9%
Asia Pacific	106,044	84,458	89,381	91,290	107,675	-5.5%	5.8%	2.1%	4.2%
Americas	28,488	29,498	29,120	28,752	29,020	0.9%	-1.3%	-1.3%	0.2%
CIS	21,041	21,255	23,735	18,930	23,385	0.3%	11.7%	-20.2%	5.4%
Europe	26,340	23,461	23,925	23,865	22,195	-2.9%	2.0%	-0.2%	-1.8%
Africa & Middle East	6,072	4,444	4,926	4,995	5,342	-7.5%	10.9%	1.4%	1.7%
Duty Free	2,369	805	1,150	1,616	2,677	-23.6%	42.9%	40.5%	13.4%

Source: IWSR¹¹

⁹ "Fixed Exchange Rate" is used to convert from GBP to USD

¹⁰ Source: IWSR, Title: Global Database, Data Extracted in May 2022.

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Table 1-5: Brandy market size by revenue¹², by region, 2016–2026F (USD '000)

Region (USD '000)	2016	2020	2021	2022F	2026F	CAGR 2016-2020	Growth 2020-2021	Growth 2021-2022F	CAGR 2022F-2026F
Total	21,666,598	23,891,600	27,037,012	26,315,052	31,969,748	2.5%	13.2%	-2.7%	5.0%
Europe	8,173,812	8,645,599	10,064,785	9,971,443	12,747,742	1.4%	16.4%	-0.9%	6.3%
Asia Pacific	4,691,905	6,708,150	6,976,324	7,034,306	7,941,942	9.3%	4.0%	0.8%	3.1%
Americas	2,177,844	2,965,727	3,428,020	2,444,937	3,249,372	8.0%	15.6%	-28.7%	7.4%
Duty Free	4,063,962	3,896,325	4,125,960	4,097,842	3,942,532	-1.0%	5.9%	-0.7%	-1.0%
Africa & Middle East	633,350	762,836	1,010,727	1,046,119	1,176,072	4.8%	32.5%	3.5%	3.0%
CIS	1,925,725	912,965	1,431,196	1,720,405	2,912,087	-17.0%	56.8%	20.2%	14.1%

Source: IWSR¹³

2 SCOTCH WHISKY MARKET OVERVIEW

2.1 SCOTCH WHISKY AS A CATEGORY (WITHIN WHISKY)

Scotch whisky Segment Growth

Scotch whisky is made only in Scotland. Malt Scotch refers to whisky made only from malted barley and distilled in pot stills. It can be Blended Malt if made from malt whisky from multiple distilleries, or Single Malt if it is from a single distillery. Blended Scotch refers to whisky made by blending one or more Malt Scotches with grain whisky (produced from a combination of malted barley and other non-malted cereals, and distilled in column stills).

Malt Scotch

The malt Scotch market's volume is estimated to grow at 6.1% CAGR from 2022F to 2026F compared to 3.2% CAGR of blended Scotch during the same period. The malt market's sales value is forecast to grow at 6.5% compared to blended, which is expected to grow at 4.5% from 2022F to 2026F, attributed to the rising middle-class population.

Africa & Middle East and Asia-Pacific are the two key growth markets for malt Scotch and is expected to a growth both 7.6% and 6.2% respectively in terms of volume and 9.1% and 6.1% respectively by sales value between 2022F and 2026F.

Table 2-1: Malt Scotch size by volume, by region, 2016–2026F ('000 9 litre cases)

Region ('000 9 litre cases)	2016	2020	2021	2022F	2026F	CAGR 2016-2020	Growth 2020-2021	Growth 2021-2022F	CAGR 2022F-2026F
Total	9,472	10,580	12,620	12,991	16,463	2.8%	19.3%	2.9%	6.1%
Asia Pacific	3,469	4,017	4,597	4,683	5,367	3.7%	14.4%	1.9%	3.5%
Americas	2,331	2,774	3,159	3,350	4,104	4.4%	13.9%	6.0%	5.2%
CIS	1,815	2,396	2,975	3,188	4,051	7.2%	24.2%	7.1%	6.2%
Europe	288	422	570	610	816	10.0%	35.0%	6.9%	7.6%

¹² "Fixed Exchange Rate" is used to convert from GBP to USD

¹³ Source: IWSR, Title: Global Database, Data Extracted in May 2022.

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Region (‘000 9 litre cases)	2016	2020	2021	2022F	2026F	CAGR 2016- 2020	Growth 2020- 2021	Growth 2021- 2022F	CAGR 2022F- 2026F
Africa & Middle East	186	420	552	210	490	22.6%	31.4%	-61.9%	23.5%
Duty Free	1,383	550	765	951	1,636	-20.6%	39.0%	24.3%	14.5%

Source: IWSR¹⁴

Table 2-2: Malt Scotch size by revenue¹⁵, by region, 2016–2026F (USD ‘000)

Region (USD ‘000)	2016	2020	2021	2022F	2026F	CAGR 2016- 2020	Growth 2020- 2021	Growth 2021- 2022F	CAGR 2022F- 2026F
Total	5,926,194	7,715,648	9,674,184	9,864,901	12,689,133	6.8%	25.4%	2.0%	6.5%
Europe	1,884,995	2,404,159	2,809,016	2,859,881	3,297,630	6.3%	16.8%	1.8%	3.6%
Asia Pacific	1,540,407	2,036,351	2,372,366	2,495,517	3,081,875	7.2%	16.5%	5.2%	5.4%
Americas	1,309,407	2,140,130	2,967,519	3,167,647	4,015,488	13.1%	38.7%	6.7%	6.1%
Duty Free	138,537	276,401	418,079	454,916	644,557	18.8%	51.3%	8.8%	9.1%
Africa & Middle East	134,474	326,636	438,751	163,682	376,091	24.8%	34.3%	-62.7%	23.1%
CIS	918,374	531,971	668,453	723,259	1,273,491	-12.8%	25.7%	8.2%	15.2%

Blended Scotch

The fastest growing region for blended Scotch is CIS, both in terms of volume and value, with 15.0% and 15.3% CAGR from 2022 to 2026F, respectively. In Asia Pacific blended Scotch is expected to see a 3.9% growth in volume and 4.8% in value during the same period. The rising affluent population will drive the demand for higher-value blended Scotch in the region.

Table 2-3: Blended Scotch size by volume, by region, 2016–2026F (‘000 9 litre cases)

Region (‘000 9 litre cases)	2016	2020	2021	2022F	2026F	CAGR 2016- 2020	Growth 2020- 2021	Growth 2021- 2022F	CAGR 2022F- 2026F
Total	82,998	77,209	88,934	89,913	102,016	-1.8%	15.2%	1.1%	3.2%
Asia Pacific	32,554	29,933	32,870	33,115	33,796	-2.1%	9.8%	0.7%	0.5%
Americas	21,555	21,471	25,024	24,726	26,370	-0.1%	16.5%	-1.2%	1.6%
CIS	11,692	12,206	14,230	15,283	17,825	1.1%	16.6%	7.4%	3.9%
Europe	8,027	6,504	7,482	7,737	8,450	-5.1%	15.0%	3.4%	2.2%
Africa & Middle East	3,331	5,663	6,803	5,171	9,056	14.2%	20.1%	-24.0%	15.0%
Duty Free	5,838	1,433	2,526	3,881	6,519	-29.6%	76.3%	53.7%	13.8%

¹⁴ Source: IWSR, Title: Global Database, Data Extracted in May 2022.

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¹⁵ "Fixed Exchange Rate" is used

Source: IWSR¹⁶

Table 2-4: Blended Scotch size by revenue¹⁷, by region, 2016–2026F (USD '000)

Region (USD '000)	2016	2020	2021	2022F	2026F	CAGR 2016-2020	Growth 2020-2021	Growth 2021-2022F	CAGR 2022F-2026F
Total	20,310,279	19,183,273	23,583,052	24,100,391	28,792,568	-1.4%	22.9%	2.2%	4.5%
Europe	6,967,480	7,033,748	8,007,569	8,035,566	8,326,309	0.2%	13.8%	0.3%	0.9%
Asia Pacific	4,628,381	4,654,290	6,052,636	6,009,726	6,685,150	0.1%	30.0%	-0.7%	2.7%
Americas	4,158,746	3,981,582	4,752,373	5,043,169	6,087,208	-1.1%	19.4%	6.1%	4.8%
Duty Free	1,529,338	1,551,751	2,013,720	2,157,823	2,414,692	0.4%	29.8%	7.2%	2.9%
Africa & Middle East	633,064	1,250,981	1,526,518	1,080,058	1,911,469	18.6%	22.0%	-29.2%	15.3%
CIS	2,393,270	710,920	1,230,236	1,774,048	3,367,740	-26.2%	73.0%	44.2%	17.4%

Source: IWSR¹⁸

2.2 MARKET SIZE AND GROWTH BY PRICE TIER

Globally luxury segment¹⁹ sales volume is expected to grow at a CAGR of 12.0% between 2022F and 2026F, followed by premium Premium/Super/Ultra-Premium at 5.6% while standard/accessible sales volume to grow at 2.8% and 2.1% respectively.

In the Asia Pacific region (excluding duty free), the luxury segment is expected to grow faster at a CAGR of 6.1% between 2022F and 2026F in terms of volume and 6.5% in terms of sales value. The standard and accessible segments', volume in the Asia Pacific region are forecast to see a lower CAGR of 3.1% and 4.2% respectively, and by sales value, they are forecast to grow at 2.8% and 3.4% respectively.

Table 2-5: Scotch whisky by price band (volume), global, 2016–2026F

Price Band ('000 9 litre cases)	2016	2020	2021	2022F	2026F	CAGR 2016-2020	Growth 2020-2021	Growth 2021-2022F	CAGR 2022F-2026F
Premium/ Super/ Ultra-Premium	25,200	22,410	28,515	29,380	36,515	-2.9%	27.2%	3.0%	5.6%
Prestige/Prestige Plus	907	963	1,332	1,386	2,179	1.5%	38.3%	4.1%	12.0%
Standard	47,065	43,782	50,471	50,403	56,224	-1.8%	15.3%	-0.1%	2.8%
Value below	19,377	20,786	21,462	21,998	23,902	1.8%	3.3%	2.5%	2.1%

Source: IWSR²⁰

¹⁶ Source: IWSR, Title: Global Database, Data Extracted in May 2022.

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¹⁷ "Fixed Exchange Rate" is used

¹⁸ Source: IWSR, Title: Global Database, Data Extracted in May 2022.

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¹⁹ For the purpose of this report, price bands covering prestige and prestige plus are the 2 subcategories in the luxury segment.

²⁰ Source: IWSR, Title: Global Database, Data Extracted in May 2022.

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Table 2-6: Scotch Whisky by price band (Revenue), global, 2016–2026F

Region (USD '000)	2016	2020	2021	2022F	2026F	CAGR 2016-2020	Growth 2020-2021	Growth 2021-2022F	CAGR 2022F-2026F
Premium/ Super/ Ultra-Premium	12,132,982	11,656,892	15,184,907	15,671,757	19,680,816	-1.0%	30.3%	3.2%	5.9%
Prestige/ Prestige Plus	2,011,095	2,528,467	3,568,642	3,709,591	5,687,105	5.9%	41.1%	3.9%	11.3%
Standard	9,657,141	9,984,987	11,688,514	11,726,730	13,064,886	0.8%	17.1%	0.3%	2.7%
Value below	2,484,993	2,787,410	2,908,604	2,965,078	3,189,792	2.9%	4.3%	1.9%	1.8%

Source: IWSR²¹

2.3 COMPETITIVE LANDSCAPE

In the Scotch whisky category, the top 3 companies represented 64.6% of the total Scotch whisky volume in 2021 and 66.0% by value. Emperor is among the leading global Scotch whisky players with a recognized brand portfolio of close to 38 brands. Globally, Emperor is ranked 5th in terms of Scotch whisky (single malt Scotch and grain) manufacturing capacity (as of 2020) and #7 single malt Scotch based on 2021 value and volume.

Key industry players	Emperor	Competitor 1	Competitor 2	Competitor 3
Key price band	Standard, value, ultra-premium, premium, super premium	Standard, premium, value, super premium, ultra-premium	Standard, premium, value, super premium	Standard, ultra-premium, prestige plus, prestige, super premium, premium
Scotch (single malt and grain) whisky Manufacturing capacity (2020)	6.0% (Rank: 5)	27.4% (Rank:1)	14.3% (Rank: 2)	3.8% (Rank: 6)
Single malt Scotch manufacturing capacity (2020)	3.2% (Rank: 5)	27.9% (Rank:1)	19.3% (Rank:2)	10.9% (Rank:3)
Single malt Scotch value share (2021)	Rank: 7	Rank: 2	Rank: 4	Rank: 3
Single malt Scotch volume share (2021)	Rank: 7	Rank: 1	Rank: 3	Rank: 2
Scotch Whisky value share (2021)	Rank: 8	Rank:1	Rank: 2	Rank: 3
Scotch Whisky volume share (2021)	Rank: 8	Rank: 1	Rank: 2	Rank: 3

Source: SWIR and IWSR²²

The table below show Emperor's and its brand rank in the global single malt Scotch industry and do not include competitors from the blended malt Scotch.

Top 10 Single Malt Players

In the single malt Scotch industry, Emperor ranked 7 both in terms volume sold and sales value in 2021.

²¹ Source: IWSR, Title: Global Database, Data Extracted in May 2022.

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²² Source: IWSR, Title: Global Database, Data Extracted in May 2022.

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Company	Rank by Volume	Company	Rank by Sales Value
Company A	1	Company D	1
Company B	2	Company A	2
Company C	3	Company B	3
Company D	4	Company C	4
Company E	5	Company F	5
Company F	6	Company E	6
EMPERADOR	7	EMPERADOR	7
Company G	8	Company I	8
Company H	9	Company J	9
Company I	10	Company K	10

Source: IWSR²³

Emperador and Whyte & Mackay has 3 brands, namely The Dalmore single malt Scotch, Jura single malt Scotch, Tamnavulin single malt Scotch, in top 20 single malt scotch brands globally by volume and by value, as of 2021.

The Dalmore Single Malt Scotch was the #7 single malt Scotch brand by value globally as of 2021. Dalmore doubled in volume and value over the past 5 years, based on volume and value growth since 2016.

Tamnavulin is the #1 fastest growing single malt Scotch globally, based on absolute value and volume growth in the single malt Scotch category between 2019 and 2021. Tamnavulin was the #9 single malt Scotch in Europe, based on 2021 volume. Tamnavulin was the #1 single malt Scotch in Sweden, based both on both volume and value 2021, the #4 single malt in UK and #9 in Europe by volume in 2021.

Jura Single Malt Scotch ranked #13 in 2021 in terms of volume. Jura was the #2 fastest growing single malt globally, based on % growth in value in the single malt whisky category between 2019 and 2021. It was the #1 single malt in UK by volume in 2021 and #9 single malt in Europe by value in 2021.

Emperador's Performance versus Various Single Malt Scotch Markets Globally

Emperador's growth has outpaced some of the key whisky growth markets, including Canada, China, Australia, the United Kingdom, Japan, the United States, Netherlands, and Taiwan.

Country	Emperador's Growth vs. Single Malt Scotch Industry Growth Comparison			Emperador's market share (by volume)	
	Industry growth (2016–2021 CAGR)	Emperador's growth (2016–2021 CAGR)	Emperador's Growth vs. Industry Growth	2016	2021
Canada	5.7%	15.0%	2.6x	1.6%	2.4%
China	34.5%	77.0%	2.2x	1.7%	6.6%

²³ Source: IWSR, Title: Global Database, Data Extracted in May 2022.

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Country	Emperor's Growth vs. Single Malt Scotch Industry Growth Comparison			Emperor's market share (by volume)	
	Industry growth (2016–2021 CAGR)	Emperor's growth (2016–2021 CAGR)	Emperor's Growth vs. Industry Growth	2016	2021
Japan	5.5%	46.5%	8.4x	0.4%	2.0%
Netherlands	8.2%	34.0%	4.1x	2.0%	5.9%
Taiwan	0.0%	65.2%	1,336.1x	0.9%	11.2%
Australia	14.5%	22.0%	1.5x	0.8%	1.0%
United Kingdom	7.5%	22.0%	2.9x	8.3%	15.7%
United States	5.4%	13.3%	2.5x	1.4%	2.0%

Source: IWSR²⁴

3 BRANDY MARKET OVERVIEW

3.1 BRANDY AS A CATEGORY (WITHIN SPIRITS)

Brandy Segment Growth

Within the brandy category, while Cognac/Armagnac captures a sizeable value share, other brandies are widely prevalent globally. The Cognac/Armagnac segment is forecasted to continue to be the key growth area, with a CAGR of 5.4% by volume and 6.8% in terms of value for 2022F–2026F, compared to a CAGR of 2.6% both in terms of volume and value in the Other Brandy market for the same period.

Table 3-1: Brandy market growth by types, global, 2026F and CAGR

Type of Brandy	CAGR 2016-2020	CAGR by Volume			CAGR by Revenue			
		Growth 2020-2021	Growth 2021-2022F	CAGR 2022-2026F	CAGR 2016-2020	Growth 2020-2021	Growth 2021-2022F	CAGR 2022-2026F
Cognac / Armagnac	3.5%	8.0%	-0.1%	5.4%	3.8%	18.4%	-0.9%	6.8%
Other Brandy	-4.3%	4.7%	-1.8%	2.6%	1.1%	7.3%	-4.8%	2.6%
Total	-3.7%	5.1%	-1.6%	2.9%	2.5%	13.2%	-2.7%	5.0%

Source: IWSR²⁵

Brandy by Origin

Although Cognac/Armagnac and other French brandies are one of the larger segments, Spanish brandy is also popular, despite growing from a smaller base. It is forecast to be the key growth market segment in 2022F–2026F, with a CAGR of 9.2% by volume and 6.7% by revenue, making it the fastest-growing segment, while French brandy in terms of volume is expected to have a CAGR of 4.6% in the same period and value to grow at 6.5%.

²⁴ Source: IWSR, Title: Global Database, Data Extracted in May 2022.

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²⁵ Source: IWSR, Title: Global Database, Data Extracted in May 2022.

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Table 3-2: Brandy volume by origin, global, 2016–2026F ('000 9 litre cases)

Type of Brandy (000's of 9 litre cases)	2016	2020	2021	2022F	2026F	CAGR 2016- 2020	Growth 2020- 2021	Growth 2021- 2022F	CAGR 2022F- 2026F
French	18,361	19,917	21,198	21,152	25,297	2.1%	6.4%	-0.2%	4.6%
Spain	6,476	7,798	8,076	9,192	13,077	4.8%	3.6%	13.8%	9.2%
Other Origin	165,516	136,207	142,963	139,103	151,919	-4.8%	5.0%	-2.7%	2.2%
Total	190,353	163,922	172,237	169,448	190,293	-3.7%	5.1%	-1.6%	2.9%

Source: IWSR²⁶

Table 3-3: Brandy revenue²⁷ by origin, global, 2016–2026F

Type of Brandy (USD 000's)	2016	2020	2021	2022F	2026F	CAGR 2016- 2020	Growth 2020- 2021	Growth 2021- 2022F	CAGR 2022F- 2026F
French	11,625,156	13,376,092	15,705,971	15,562,073	19,984,031	3.6%	17.4%	-0.9%	6.5%
Spain	748,817	849,845	910,199	983,684	1,273,331	3.2%	7.1%	8.1%	6.7%
Other Origin	9,292,625	9,665,663	10,420,842	9,769,295	10,712,386	1.0%	7.8%	-6.3%	2.3%
Total	21,666,598	23,891,600	27,037,012	26,315,052	31,969,748	2.5%	13.2%	-2.7%	5.0%

Source: IWSR²⁸

The focus of the remainder of this section is 'Other Brandy' which is Emperor's addressable market and excludes Cognac / Armagnac.

3.2 MARKET SIZE AND GROWTH BY PRICE TIER

Globally luxury segment sales value is expected to grow at a CAGR of 18.8% between 2022F and 2026F, followed by Premium/Super/Ultra-Premium segment at 5.8% while Standard Other Brandy sales value to grow slowest at 1.5%.

The luxury 'Other Brandy' in the Asia Pacific region is expected to grow at a higher CAGR of 6.7% by volume and 7.3% by value between 2022F and 2026F. The standard segment volume in the Asia Pacific region is expected to see a lower growth of 5.3% and 3.5% by sales value while value/ low-price segment volume is expected to grow at 4.1% CAGR and 5.3% by sales value during the forecast period.

Table 3-4: Other Brandy market by price band (volume), global, 2016–2026F ('000 9 litre cases)

Price Band - Volume ('000 9- litres cases)	2016	2020	2021	2022F	2026F	CAGR 2016- 2020	Growth 2020- 2021	Growth 2021- 2022F	CAGR 2022F- 2026F
Premium/ Super- Premium/ Ultra-Premium	1,761	1,733	2,022	1,899	2,365	-0.4%	16.7%	-6.1%	5.6%
Prestige/ Prestige Plus	16	9	13	10	22	-14.5%	55.1%	-22.8%	20.5%

²⁶ Source: IWSR, Title: Global Database, Data Extracted in May 2022.

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²⁷ "Fixed Exchange Rate" is used to convert from GBP to USD

²⁸ Source: IWSR, Title: Global Database, Data Extracted in May 2022.

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Price Band - Volume ('000 9-litres cases)	2016	2020	2021	2022F	2026F	CAGR 2016-2020	Growth 2020-2021	Growth 2021-2022F	CAGR 2022F-2026F
Standard	19,671	18,704	20,350	16,577	17,602	-1.3%	8.8%	-18.5%	1.5%
Value/ Low-price	154,571	127,027	132,081	133,207	148,395	-4.8%	4.0%	0.9%	2.7%

Source: IWSR²⁹

Table 3-5: Other Brandy market by price band (revenue), global, 2016–2026F (USD '000)

Price Band - Revenue (USD '000)	2016	2020	2021	2022F	2026F	CAGR 2016-2020	Growth 2020-2021	Growth 2021-2022F	CAGR 2022F-2026F
Premium/ Super-Premium/ Ultra-Premium	586,554	648,546	768,190	714,221	894,510	2.5%	18.4%	-7.0%	5.8%
Prestige/ Prestige Plus	22,860	15,022	21,992	19,454	38,813	-10.0%	46.4%	-11.5%	18.8%
Standard	3,094,709	3,367,513	3,753,120	3,099,516	3,290,465	2.1%	11.5%	-17.4%	1.5%
Value/ Low-price	7,113,791	7,254,348	7,564,174	7,688,500	8,528,991	0.5%	4.3%	1.6%	2.6%

IWSR³⁰

3.3 COMPETITIVE LANDSCAPE

In the other brandy category Emperor continues to be the world's #1 selling brandy in terms of volume since 2011.

Table 3-6: Emperor's Other Brandy market share, global, 2011, 2015, 2020 and 2021

Key Industry Players	2011	2015	2020	2021
Emperor's Market Share, volume	12.3% (Rank:1)	18.0% (Rank:1)	14.0% (Rank:1)	11.3% (Rank:1)
Competitor 1's Market Share, by volume	11.9% (Rank:2)	9.9% (Rank:2)	7.9% (Rank:2)	7.4% (Rank:2)

Source: IWSR³¹

The global other brandy market is fragmented, with the top 2 companies representing 18.7% of market share by volume in 2021. With a 11.3% market share by volume, Emperor is the leader, substantially ahead of nearest Competitor 1 with 7.4%.

Table 3-7: Other brandy market key players, global, 2021

Key industry players	Emperor	Competitor 1	Competitor 2	Competitor 3
Key price band	Low-price, standard, value, premium, super-premium	Standard, premium, value, super-premium, ultra-premium	Standard, premium, value, super-premium	Value, standard
Market share, volume (2021)	Rank: 1	Rank: 2	Rank: 3	Rank: 4

²⁹ Source: IWSR, Title: Global Database, Data Extracted in May 2022.

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³⁰ Source: IWSR, Title: Global Database, Data Extracted in May 2022.

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Source: IWSR³²

In 2021, the key markets for Emperor's brandy (other brandy) included Spain, Colombia*, Mexico*, and Equatorial Guinea, where it retained the leading position in terms of volume. In the case of Colombia and Mexico the leading position can be attributed to Emperor's joint venture with Domecq.

Table 3-8: Emperor's key markets, 2021

Key Market	Emperor's market share by volume
Spain	31.2%
Colombia*	88.1% (Including JV with Domecq)
Mexico*	62.6% (Including JV with Domecq)
Equatorial Guinea	97.1% (including Jose de Soto Brand)

Source: IWSR³³

Emperor's Share in Spanish Brandy (other brandy) Markets Globally

In the global Spanish brandy (other brandy) category, the leading Top 4 players, including Emperor, represent 87.5% of market share by volume and 83.0% by revenue. Emperor, the second-largest global player, maintains a strong presence in the Spanish brandy (other brandy) category, representing 19.8% of market share by volume.

4 OVERVIEW OF SELECT MARKETS

4.1 CHINA

Market Size and Growth

The Chinese market has been dominated by Baijiu (national spirits), with these constituting over 99.2% of the overall market in 2021; foreign spirits present a significant, fast-growing opportunity. Chinese consumers have developed and will maintain a strong affinity towards brandy as a spirit type. Brandy and whisky are among the largest segments within the foreign spirits category, accounting for 46.2% and 23.1% of foreign spirits sold, respectively, in 2021 and showing continued growth.

Whisky

The Scotch whisky is the most popular type of whisky sold in China, accounting for 1.8 million 9 litre cases sold in 2021. The Scotch whisky sales volume is forecast to have a CAGR of 7.4% between 2022F and 2026F, with sales value estimated to grow at 7.3%. Within the Scotch whisky category, malt Scotch is more popular and is predicted to have a CAGR of 9.8% by volume, compared with 5.7% for blended Scotch. A similar trend is expected for sales value, since malt Scotch is forecast to lead the drive for growth at a CAGR of 9.0% from 2022F–2026F.

A rising middle-class population displaying curiosity for different whiskies and a large working population with increasing disposable income, especially in urban areas, will contribute to sales growth of luxury whisky.

Brandy

Cognac/Armagnac is the largest segment of brandy in the Chinese market, accounting for 95.4% of the volume sold in 2021.

³² Source: IWSR, Title: Global Database, Data Extracted in May 2022.

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³³ Source: IWSR, Title: Global Database, Data Extracted in May 2022.

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The Other Brandy sales volume is expected to grow at a CAGR of 4.2% between 2022F and 2026F and sales value to grow at a higher rate of 5.5%, attributable to increased demand for premium brandy.

Table 4-1: Whisky and other brandy market size by volume, China, 2016–2026F ('000 9 litre cases)

Types of Spirits ('000 9 litre cases)	2016	2020	2021	2022F	2026F	CAGR 2016-2020	Growth 2020-2021	Growth 2021-2022F	CAGR 2022F-2026F
Overall Whisky	1,250	1,652	2,259	2,213	2,987	7.2%	36.8%	-2.0%	7.8%
Scotch Whisky	1,084	1,325	1,773	1,736	2,306	5.2%	33.7%	-2.1%	7.4%
Malt Scotch	170	395	640	643	936	23.5%	61.9%	0.5%	9.8%
Blended Scotch	910	924	1,119	1,079	1,346	0.4%	21.2%	-3.6%	5.7%
Other Brandy	150	141	176	171	202	-1.6%	24.8%	-2.7%	4.2%
Spanish Origin	6	5	6	6	7	-4.6%	123.8%	2.8%	4.1%

Source: IWSR³⁴

Table 4-2: Whisky and other brandy market size by revenue, China, 2016– 2026F (USD '000)

Type of Spirit (USD '000)	2016	2020	2021	2022F	2026F	CAGR 2016-2020	Growth 2020-2021	Growth 2021-2022F	CAGR 2022F-2026F
Overall Whisky	677,006	1,070,444	1,622,078	1,597,295	2,135,041	12.1%	51.5%	-1.5%	7.5%
Scotch Whisky	605,711	909,470	1,382,969	1,361,685	1,807,580	10.7%	52.1%	-1.5%	7.3%
Malt Scotch	149,106	477,692	832,501	831,134	1,173,278	33.8%	74.3%	-0.2%	9.0%
Blended Scotch	412,429	427,919	541,924	522,082	621,059	0.9%	26.6%	-3.7%	4.4%
Other Brandy	27,895	26,493	35,058	34,230	42,458	-1.3%	32.3%	-2.4%	5.5%
Spanish Origin	1,813	1,359	1,759	1,803	2,140	-7.0%	29.4%	2.5%	4.4%

Source: IWSR³⁵

Competitive Landscape

Scotch whisky

According to IWSR, Claymore is the 9th best-selling blended Scotch in China, capturing 1.3% of the market share by volume sold in 2021. Between 2016 and 2021, Emperador emerged as one of the top 5 Scotch whisky players in China, with the company's growth in China's single malt Scotch market 2.2 times faster than the overall market segment.

³⁴ Source: IWSR, Title: Global Database, Data Extracted in May 2022.

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³⁵ Source: IWSR, Title: Global Database, Data Extracted in May 2022.

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Table 4-3: Key players in Scotch whisky market, China, 2021

Key industry players	Emperador	Competitor 1	Competitor 2	Competitor 3
Key price band	Ultra-premium, value, prestige, super-premium	Premium, standard, ultra-premium	Premium, ultra-premium, standard, super-premium	Ultra-premium, prestige plus
Ranking (by Revenue)	Rank: 5	Rank: 1	Rank: 2	Rank: 3

Source: IWSR³⁶

Other Brandy

The Other Brandy category remains fragmented, with potential for successful challengers to drive industry and market share growth.

4.2 PHILIPPINES

Market Size and Growth

Brandy was the most popular spirit in the Philippines, with a market share of 39.1% by volume and 41.6% by value in 2020³⁷. In 2021, gin being comparatively cheaper, became the market leader while the market share of Brandy fell to 33.1% in terms of volume but maintained the highest market share in terms of value at 35.2%.

During the forecast period of 2021–2025F, brandy volume is expected to show a CAGR of 3.5%, with revenue expected to grow by 7.5%. This rapid revenue growth can be attributed to increased consumption of imported brandy and rising demand for premium products.

Imported brandy has experienced a steady increase since 2012. The market share of imports as a percentage of total spirits value increased from 7.0% in 2012 to 20.9% in 2021³⁸. This trend can be expected to continue until 2025F. The company is expected to have secured close to one-third of brandy market share by volume by 2025F. Demand for Spanish brandy has increased steadily and, by 2025F, is forecast to have reached one-third of total brandy volume sales.

In the Philippines, whisky is not a popular drink among the locals, particularly in the low-income group, representing a minimal (less than 1%) share of the spirits industry market in 2021. Whisky is largely consumed by foreigners and wealthier locals in the Philippines. With the improving economy which is forecast to grow at a CAGR of 5.4% between 2021 and 2025³⁹, and opening up of international borders for tourism, the whisky market by value is expected to show a CAGR of 5.5% between 2021 and 2025F.

Table 4-4: Whisky and brandy market size by volume, Philippines, 2019-2025F ('000 9 litre cases)

Volume (# 9 litre cases)	2019	2020	2021	2025F	Growth 2019–2021	CAGR 2021–2025F
Overall whisky	165	180	267	284	5.9%	1.6%
Brandy	15,148	14,069	12,593	14,451	-3.6%	3.5%

³⁶ Source: IWSR, Title: Global Database, Data Extracted in May 2022.

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³⁷ Source: Frost & Sullivan calculation based in part on data reported by Nielsen through its Retail Index Service for the Spirit category for the 52-week period ending 2021, for the Philippines (Copyright © 2022. The Nielsen Company (Phils), Inc.). "Nielsen information reflects estimates of market conditions based on samples and is prepared primarily as a marketing research tool for consumer-packaged goods manufacturers and others in the consumer goods industry. Nielsen information is not a substitute for financial, investment, legal or other professional advice and should not be viewed as a basis for investments. References to Nielsen should not be considered as Nielsen's opinion as to the value of any security or the advisability of investing in any company, product or industry."

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³⁹ Source: International Monetary Fund (IMF) World Economic Outlook (WEO) April 2022

Source: Data for 2021 Nielsen through its Retail Index Service for the Spirit category for the 52-week period ending 2021, for the Philippines (Copyright © 2022. The Nielsen Company (Phils), Inc.) Forecast 2022 to 2025F Frost & Sullivan Analysis⁴⁰

Table 4-5: Whisky and brandy market size by revenue, Philippines, 2019–2025F (USD '000)

Revenue (USD '000)	2019	2020	2021	2025F	Growth 2019–2021	CAGR 2021–2025F
Overall whisky	25,882	29,310	49,483	61,300	38.3%	5.5%
Brandy	420,448	410,346	401,181	535,765	-2.3%	7.5%

Source: Data for Upto 2021 Nielsen through its Retail Index Service for the Spirit category for the 52-week period ending 2021, for the Philippines (Copyright © 2022. The Nielsen Company (Phils), Inc.) Forecast 2022 to 2025F Frost & Sullivan Analysis⁴¹. Currency conversion USD/PHP taken at 52.4

Growth in brandy by Price Tier

Economy brandy has dominated the Philippines brandy market in both volume and value. However, during the forecast period 2021–2025F, the premium segment is expected to be the fastest-growing price-tier, registering a CAGR of 9.8% in volume and 11.3% in revenue, driven by the opening up of international borders for tourism, growing propensity to spend and increasing working-age population.

Table 4-6: Brandy by price tier, Philippines, 2021-2025F, CAGR 2021–2025F

Price tier	Brandy volume			Brandy revenue		
	2021 (# '000 9 litre cases)	2025F (# '000 9 litre cases)	CAGR 2021–2025F	2021 (USD '000)	2025F (USD '000)	CAGR 2021F–2025F
Economy	9,843	10,453	1.5%	251,951	305,083	5.0%
Standard	0	0	2.0%	0.1	0.1	6.5%
Premium	2,751	3998	9.8%	149,230	229,001	11.3%

Source: Data for 2021 Nielsen through its Retail Index Service for the Spirit category for the 52-week period ending 2021, for the Philippines (Copyright © 2022. The Nielsen Company (Phils), Inc.) Forecast 2022 to 2025F Frost & Sullivan Analysis⁴². Currency conversion USD/PHP taken at 52.4

Competitive Landscape

For the 52-week period ending in 2021, Emperador brandy products held an 82.3% market share among all local and imported brandies in the Philippines based on volume⁴³. It is the most profitable

⁴⁰ Source: Frost & Sullivan calculation based in part on data reported by Nielsen through its Retail Index Service for the Spirit category for the 52-week period ending 2021, for the Philippines (Copyright © 2021. The Nielsen Company (Phils), Inc.). "Nielsen information reflects estimates of market conditions based on samples and is prepared primarily as a marketing research tool for consumer-packaged goods manufactures and others in the consumer goods industry. Nielsen information is not a substitute for financial, investment, legal or other professional advice and should not be viewed as a basis for investments. References to Nielsen should not be considered as Nielsen's opinion as to the value of any security or the advisability of investing in any company, product or industry."

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⁴² Source: Frost & Sullivan calculation based in part on data reported by Nielsen through its Retail Index Service for the Spirit category for the 52-week period ending 2021, for the Philippines (Copyright © 2022. The Nielsen Company (Phils), Inc.). "Nielsen information reflects estimates of market conditions based on samples and is prepared primarily as a marketing research tool for consumer-packaged goods manufactures and others in the consumer goods industry. Nielsen information is not a substitute for financial, investment, legal or other professional advice and should not be viewed as a basis for investments. References to Nielsen should not be considered as Nielsen's opinion as to the value of any security or the advisability of investing in any company, product or industry."

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⁴³ Source: Frost & Sullivan calculation based in part on data reported by Nielsen through its Retail Index Service for the Spirit category for the 52-week period ending 2021, for the Philippines (Copyright © 2022. The Nielsen Company (Phils), Inc.). "Nielsen information reflects estimates of market conditions based on samples and is prepared primarily as a marketing research tool for consumer-packaged goods manufactures and others in the consumer goods industry. Nielsen information is not a substitute for financial, investment, legal or other professional advice and should not be viewed as a basis for investments. References to Nielsen should not be considered as Nielsen's opinion as to the value of any security or the advisability of investing in any company, product or industry."

operator in the domestic spirits market and is the only pan-Philippines player with material market share across various regions.

Emperador's brands have the highest numeric distribution in the Philippines stores among other spirits manufacturers with their 'numeric distribution'⁴⁴ at 28% as of December 2021⁴⁵.

Table 4-7: Key players in brandy category, Philippines, 2021

Key industry players	Emperador	Medina	Tanduay
Major brand	Emperador, Fundador	Medina Syrah	Barcelona Philippine
Ranking (2021)	1	2	3

Source: Frost & Sullivan analysis

4.3 SPAIN

Market Size and Growth

Whisky

In the Spanish market, Scotch whisky volume is expected to see a negative CAGR of 0.6% between 2022F and 2026F. Meanwhile, revenue is expected to grow at 0.1% in the same period.

Brandy

Similar to Whisky, the Other Brandy market volume is also expected to see a negative CAGR of 0.8% between 2022F and 2026F, while revenue to decline at a CAGR of 0.6%. During the same period, Spanish origin brandy is predicted to decline at a CAGR of -0.9% by volume.

Table 4-8: Whisky and other brandy market size by volume, Spain, 2016–2026F ('000 9 litre cases)

Types of Spirits ('000 9 litre cases)	2016	2020	2021	2022F	2026F	CAGR 2016-2020	Growth 2020-2021	Growth 2021-2022F	CAGR 2022F-2026F
Overall Whisky	5,155	3,269	4,380	4,577	4,491	-10.8%	34.0%	4.5%	-0.5%
Scotch Whisky	3,785	2,249	3,064	3,203	3,128	-12.2%	36.2%	4.6%	-0.6%
Other Brandy	1,932	1,189	1,454	1,600	1,548	-11.4%	22.3%	10.0%	-0.8%
Spanish Origin	1,907	1,177	1,430	1,580	1,526	-11.4%	121.5%	10.5%	-0.9%

Source: IWSR⁴⁶

Table 4-9: Whisky and other brandy market size by revenue, Spain, 2016– 2026F (USD '000)

Type of Spirit (USD '000)	2016	2020	2021	2022F	2026F	CAGR 2016-2020	Growth 2020-2021	Growth 2021-2022F	CAGR 2022F-2026F
Overall Whisky	928,625	634,544	868,887	893,965	904,518	-9.1%	36.9%	2.9%	0.3%
Scotch Whisky	712,176	455,019	637,913	651,327	653,314	-10.6%	40.2%	2.1%	0.1%

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⁴⁴ Numeric distribution defined as percentage of the actual number of stores in the Nielsen universe that stock Emperador.

⁴⁵ Source: Frost & Sullivan calculation based in part on data reported by Nielsen through its Retail Index Service for the Spirit category for the 52-week period ending 2021, for the Philippines (Copyright © 2022. The Nielsen Company (Phils), Inc.). "Nielsen information reflects estimates of market conditions based on samples and is prepared primarily as a marketing research tool for consumer-packaged goods manufacturers and others in the consumer goods industry. Nielsen information is not a substitute for financial, investment, legal or other professional advice and should not be viewed as a basis for investments. References to Nielsen should not be considered as Nielsen's opinion as to the value of any security or the advisability of investing in any company, product or industry."

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⁴⁶ Source: IWSR, Title: Global Database, Data Extracted in May 2022.

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Type of Spirit (USD '000)	2016	2020	2021	2022F	2026F	CAGR 2016-2020	Growth 2020-2021	Growth 2021-2022F	CAGR 2022F-2026F
Other Brandy	229,768	140,424	176,346	189,614	184,924	-11.6%	25.6%	7.5%	-0.6%
Spanish Origin	224,957	136,966	168,983	183,082	177,640	-11.7%	23.4%	8.3%	-0.8%

Source: IWSR⁴⁷

Competitive Landscape

Scotch whisky

Emperador ranks 8th in Spain, with 5.8% of the market share of the Scotch whisky market according to IWSR. The table below details the key players and their market share ranking by sales value in 2021.

Table 4-10: Key players in Scotch whisky market, Spain, 2021

Key industry players	Emperador	Competitor 1	Competitor 2	Competitor 3
Key price band	Premium, ultra-premium, super-premium	Premium, standard, super-premium	Premium, ultra-premium, super-premium, standard	Standard, premium, ultra-premium, super-premium
Ranking (by Revenue)	Rank: 8	Rank: 1	Rank: 2	Rank: 3

Source: IWSR⁴⁸

Other Brandy

In 2021, Emperador had a 31.0% volume market share in brandy in Spain. Terry Centenario was one of the leading brands in Spain in 2021 with a 29.0% market share by volume and 20.9% by value⁴⁹.

Table 4-11: Key players in other brandy market, Spain, 2021

Key industry players	Emperador	Competitor 1	Competitor 2	Competitor 3
Key price band	Value, standard	Standard, value, super-premium	Value, super-premium, standard	Value
Ranking (by Volume)	Rank: 1	Rank: 2	Rank: 3	Rank: 4

Source: IWSR⁵⁰

4.4 UNITED KINGDOM (UK)

Market Size and Growth

Whisky

Scotch whisky sales volume growth in the UK is forecast to see a negative CAGR of 1.7% between 2022F and 2026F, and sales value is expected to decline by -0.8%.

Brandy

⁴⁷ Source: IWSR, Title: Global Database, Data Extracted in May 2022.

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⁴⁸ Source: IWSR, Title: Global Database, Data Extracted in May 2022.

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⁴⁹ Source: IWSR, Title: Global Database, Data Extracted in May 2022.

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⁵⁰ Source: IWSR, Title: Global Database, Data Extracted in May 2022.

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The Other Brandy sales volume in the UK is expected to grow at a CAGR of 5.7% between 2022F and 2026F; while the sales value is likely to experience negative growth of 1.3%.

Table 4-12: Whisky and other brandy market size by volume, UK, 2016–2026F ('000 9 litre cases)

Types of Spirits ('000 9 litre cases)	2016	2020	2021	2022F	2026F	CAGR 2016-2020	Growth 2020-2021	Growth 2021-2022F	CAGR 2022F-2026F
Overall Whisky	8,080	8,891	9,007	8,873	9,195	2.4%	1.3%	-1.5%	0.9%
Scotch Whisky	5,785	5,879	5,864	5,567	5,202	0.4%	-0.3%	-5.1%	-1.7%
Other Brandy	1,276	923	1,119	1,079	1,346	-7.8%	21.2%	-3.6%	5.7%
Spanish Origin	56	72	88	91	99	6.7%	122.1%	3.6%	2.0%

Source: IWSR⁵¹

Table 4-13: Whisky and other brandy market size by revenue, UK, 2016– 2026F (USD '000)

Type of Spirit (USD '000)	2016	2020	2021	2022F	2026F	CAGR 2016-2020	Growth 2020-2021	Growth 2021-2022F	CAGR 2022F-2026F
Overall Whisky	2,951,936	3,590,093	3,700,239	3,663,953	3,890,559	5.0%	3.1%	-1.0%	1.5%
Scotch Whisky	2,034,591	2,297,953	2,342,845	2,233,818	2,161,335	3.1%	2.0%	-4.7%	-0.8%
Other Brandy	321,076	340,395	334,107	323,543	306,927	1.5%	-1.8%	-3.2%	-1.3%
Spanish Origin	15,462	21,858	25,833	26,863	29,404	9.0%	18.2%	4.0%	2.3%

Source: IWSR⁵²

Competitive Landscape

Scotch whisky

According to IWSR, Emperor's malt Scotch volume in the UK grew 2.9 times more than the country's overall malt Scotch growth between 2016 and 2021.

Table 4-14: Key players in Scotch whisky market, UK, 2021

Key industry players	Emperor	Competitor 1	Competitor 2	Competitor 3
Key price band	Standard, super-premium	Premium, Standard	Standard	Value
Ranking (by Revenue)	Rank: 3	Rank: 1	Rank: 2	Rank: 4

Source: IWSR⁵³

Other Brandy

In the other brandy market, Emperor ranks 5th in terms of volume in the UK, with a market share of 3.9%. Emperor has the largest Spanish brandy (other brandy) sales in the UK, with a market

⁵¹ Source: IWSR, Title: Global Database, Data Extracted in May 2022.

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⁵² Source: IWSR, Title: Global Database, Data Extracted in May 2022.

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⁵³ Source: IWSR, Title: Global Database, Data Extracted in May 2022.

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share of 49.0% by volume. The table below details the key players, their major brands, and their market share by value in 2021.

Table 4-15: Key players in other brandy market, UK, 2021

Key industry players	Emperador	Competitor 1	Competitor 2	Competitor 3
Key price band	Standard, super-premium	Premium, Standard	Standard	Value
Market share (Volume)	Rank: 5	Rank: 1	Rank: 2	Rank: 3

Source: IWSR⁵⁴

4.5 UNITED STATES (US)

Market Size and Growth

Whisky

Scotch whisky sales volume in the US is expected to grow at a CAGR of 1.8% between 2022F and 2026F; while the sales value during the same period is forecast to grow at 4.2%, indicating a stronger shift in consumer preference towards premium products.

Brandy

Other brandy market sales volume is forecast to see a decline of 3.8% between 2022F and 2026F, while the sales value to see a negative CAGR of 3.3%.

Table 4-16: Whisky and other brandy market size by volume, US, 2016–2026F ('000 9 litre cases)

Types of Spirits ('000 9 litre cases)	2016	2020	2021	2022F	2026F	CAGR 2016-2020	Growth 2020-2021	Growth 2021-2022F	CAGR 2022F-2026F
Overall Whisky	64,532	78,970	82,737	86,357	102,923	5.2%	4.8%	4.4%	4.5%
Scotch Whisky	8,346	8,582	9,061	9,001	9,677	0.7%	5.6%	-0.7%	1.8%
Other Brandy	7,524	7,502	6,868	6,523	5,596	-0.1%	-8.4%	-5.0%	-3.8%
Spanish Origin	70	72	79	72	72	0.8%	109.9%	-9.0%	-0.1%

Source: IWSR⁵⁵

Table 4-17: Whisky and other brandy market size by revenue, US, 2016– 2026F (USD '000)

Type of Spirit (USD '000)	2016	2020	2021	2022F	2026F	CAGR 2016-2020	Growth 2020-2021	Growth 2021-2022F	CAGR 2022F-2026F
Overall Whisky	14,347,723	19,712,383	21,631,180	22,906,052	29,498,835	8.3%	9.7%	5.9%	6.5%
Scotch Whisky	2,865,772	3,432,480	3,919,043	3,898,125	4,592,316	4.6%	14.2%	-0.5%	4.2%
Other Brandy	1,029,733	1,090,254	1,014,195	966,975	846,538	1.4%	-7.0%	-4.7%	-3.3%
Spanish Origin	21,662	22,766	24,698	23,318	23,616	1.3%	8.5%	-5.6%	0.3%

Source: IWSR⁵⁶

⁵⁴ Source: IWSR, Title: Global Database, Data Extracted in May 2022.

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⁵⁶ Source: IWSR, Title: Global Database, Data Extracted in May 2022.

Competitive Landscape

Scotch whisky

In the US Scotch Whisky segment, Emperador ranked 7th in 2021. Emperador's growth in malt Scotch grew 2.5 times higher than US overall malt Scotch growth between 2016 and 2021.

Table 4-18: Key players in Scotch whisky market, US, 2021

Key industry players	Emperador	Competitor 1	Competitor 2	Competitor 3
Key price band	Standard, ultra-premium, super-premium, prestige	Premium, standard, ultra-premium, super-premium	Super-premium, premium, ultra-premium	Standard, premium
Ranking (by Revenue)	Rank: 9	Rank: 1	Rank: 2	Rank: 3

Source: IWSR⁵⁷

Other Brandy

In the US other brandy segment, Emperador ranked 8th in 2021 in terms of sales value. Emperador's popular brands in the US are Presidente, Fundador, and Don Pedro. Emperador had the 3rd highest Spanish brandy sales in 2021 with a market share of 15.7% by volume according to IWSR.

Table 4-19: Key players in other brandy market, US, 2021

Key industry players	Emperador	Competitor 1	Competitor 2	Competitor 3
Key price band	Standard, super-premium	Standard, value	Standard, value	Standard, value
Market share (Volume)	Rank: 9	Rank: 1	Rank: 2	Rank: 3

Source: IWSR⁵⁸

4.6 MEXICO

Market Size and Growth

Whisky

The overall whisky sales volume in Mexico is forecast to remain stagnant between 2022F and 2026F, while sales value to see a very moderate growth of 0.6% while Scotch whisky volume is expected to decline by -0.2% and sales value to a grow at 0.4% during the forecast period.

Brandy

In Mexico, demand for other brandy is on a declining trend and during the forecast period, 2022F to 2026F, the sales volume is expected to further decline by 1.8% while sales value to see a -2.4% CAGR.

The stagnant growth in Scotch whisky and other brandy sales can be attributed to the increased demand for other spirits, namely no-alcohol spirits and gin and genever, which are poised to grow at a CAGR of 7.5% and 7.3% respectively according to IWSR.

Table 4-20: Whisky and other brandy market size by volume, Mexico, 2016–2026F ('000 9 litre cases)

Types of Spirits ('000 9 litre cases)	2016	2020	2021	2022F	2026F	CAGR 2016-2020	Growth 2020-2021	Growth 2021-2022F	CAGR 2022F-2026F
Overall Whisky	4,954	4,326	4,213	4,380	4,379	-3.3%	-2.6%	4.0%	0.0%

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⁵⁷ Source: IWSR, Title: Global Database, Data Extracted in May 2022.

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Types of Spirits ('000 9 litre cases)	2016	2020	2021	2022F	2026F	CAGR 2016-2020	Growth 2020-2021	Growth 2021-2022F	CAGR 2022F-2026F
Scotch Whisky	4,637	4,060	3,905	4,062	4,029	-3.3%	-3.8%	4.0%	-0.2%
Other Brandy	2,344	2,004	2,003	1,945	1,806	-3.8%	-0.1%	-2.9%	-1.8%
Spanish Origin	1,083	767	768	721	622	-8.3%	100.3%	-6.2%	-3.6%

Source: IWSR⁵⁹

Table 4-21: Whisky and other brandy market size by revenue, Mexico, 2016– 2026F (USD '000)

Type of Spirit (USD '000)	2016	2020	2021	2022F	2026F	CAGR 2016-2020	Growth 2020-2021	Growth 2021-2022F	CAGR 2022F-2026F
Overall Whisky	934,689	733,985	881,354	889,985	911,371	-5.9%	20.1%	1.0%	0.6%
Scotch Whisky	877,945	673,696	808,442	815,167	828,167	-6.4%	20.0%	0.8%	0.4%
Other Brandy	221,922	201,535	214,140	205,537	186,443	-2.4%	6.3%	-4.0%	-2.4%
Spanish Origin	153,870	115,234	128,528	120,454	103,720	-7.0%	11.5%	-6.3%	-3.7%

Source: IWSR⁶⁰

Competitive Landscape

Scotch whisky

In the Scotch whisky category Emperador ranked 10th in terms of market share by value in 2021. The table below shows the details of the key players, and market share by value in 2021.

Table 4-22: Key players in Scotch whisky market, Mexico, 2021

Key industry players	Emperador	Competitor 1	Competitor 2	Competitor 3
Key price band	Value, ultra-premium, super-premium	Standard, value, super-premium	Value, super-premium, standard	Value
Ranking (by Revenue)	Rank: 10	Rank: 1	Rank: 2	Rank: 3

Source: IWSR⁶¹

Other Brandy

In the Mexico other brandy segment, Emperador ranked 1st in 2021 in terms of sales value. Emperador's popular brands in Mexico are Presidente, Don Pedro and Azteca de Oro.

⁵⁹ Source: IWSR, Title: Global Database, Data Extracted in May 2022.

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Table 4-23: Key players in other brandy market, Mexico, 2021

Key industry players	Emperador	Competitor 1
Key price band	Value, standard, low-price	Standard, premium
Rank	1	2
Market share (Value)	62.4% (Rank: 1)	35.5% (Rank: 2)

Source: IWSR⁶²**[THE REST OF THE PAGE IS INTENTIONALLY LEFT BLANK]**⁶² Source: IWSR, Title: Global Database, Data Extracted in May 2022.

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5 GLOSSARY

Term	Definition
Brown spirits	Brown spirits are spirits that are not clear in color and can range from warm amber to deep brown. Spirits such as brandy, whisky, bourbon, tequila (barrel matured), and herb and bitter liquors are examples of brown spirits.
CAGR	Compound annual growth rate
Cane	Spirit made using cane
CIS	Commonwealth of Independent States
Flavoured spirits	Include traditional high-strength (high alcohol by volume of around 40%) liqueurs, amaretti from Italy, coffee liqueurs among others
Luxury segment	The luxury segment can be defined as expensive liquor attributed to a more careful distilling and aging process. Price bands covering prestige and prestige plus are the 2 subcategories in the luxury segment.
National spirits	A national liquor is a distilled alcoholic beverage considered standard and respected in a given country. National spirits covered in this report include Baijiu from China, and small portion of Shochu/soju from Japan/ South Korea
NA	Not available/ not applicable
NM	Not meaningful
Other Whisky	*Other whisky refers to any locally made whisky not mentioned above. This would include Japanese, Spanish, French, German and Brazilian whisky, among others
Premium Segment	Premium, super-premium and ultra-premium price bands can be classified as premium segment. Based on IWSR, premium is defined as spirits retailing for USD22.50+ per bottle.
Standard/Accessible Segment	Standard/Accessible segment covers standard and value price bands.
Term	Definition

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