

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended
Mar 31, 2023
2. SEC Identification Number
A200117595
3. BIR Tax Identification No.
214-815-715-000
4. Exact name of issuer as specified in its charter
EMPERADOR INC.
5. Province, country or other jurisdiction of incorporation or organization
METRO MANILA, PHILIPPINES
6. Industry Classification Code(SEC Use Only)
7. Address of principal office
7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez Jr.
Avenue, Bagumbayan, Quezon City
Postal Code
1110
8. Issuer's telephone number, including area code
(632) 8709-2038 to 41
9. Former name or former address, and former fiscal year, if changed since last report
N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	15,736,471,238
Treasury	505,919,938

11. Are any or all of registrant's securities listed on a Stock Exchange?
 Yes No
 If yes, state the name of such stock exchange and the classes of securities listed therein:
 Philippine Stock Exchange; Common Shares
12. Indicate by check mark whether the registrant:

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

Yes No

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

Yes No

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.



EMPERADOR INC.

Emperador Inc. EMI

PSE Disclosure Form 17-2 - Quarterly Report References: SRC Rule 17 and Sections 17.2 and 17.8 of the Revised Disclosure Rules

For the period ended	Mar 31, 2023
Currency (indicate units, if applicable)	Philippine Peso

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Mar 31, 2023	Dec 31, 2022
Current Assets	83,625,978,745	78,355,582,803
Total Assets	147,740,881,883	141,211,124,161
Current Liabilities	31,457,041,355	28,350,051,524
Total Liabilities	56,115,716,776	52,621,701,045
Retained Earnings/(Deficit)	54,754,754,182	52,615,199,973
Stockholders' Equity	91,625,165,107	88,589,423,116
Stockholders' Equity - Parent	90,449,864,025	87,391,939,223
Book Value per Share	5.75	5.55

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	15,267,287,530	11,764,573,243	15,267,287,530	11,764,573,243
Gross Expense	12,519,856,002	9,696,950,532	12,519,856,002	9,696,950,532
Non-Operating Income	324,202,623	568,771,089	324,202,623	568,771,089
Non-Operating Expense	281,685,420	156,884,188	281,685,420	156,884,188
Income/(Loss) Before Tax	2,789,948,731	2,479,509,612	2,789,948,731	2,479,509,612
Income Tax Expense	447,603,243	349,201,226	447,603,243	349,201,226
Net Income/(Loss) After Tax	2,342,345,488	2,130,308,386	2,342,345,488	2,130,308,386
Net Income Attributable to Parent Equity Holder	2,318,409,259	2,098,349,310	2,318,409,259	2,098,349,310

Earnings/(Loss) Per Share (Basic)	0.15	0.13	0.15	0.13
Earnings/(Loss) Per Share (Diluted)	0.15	0.13	0.15	0.13

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	0.67	0.64
Earnings/(Loss) Per Share (Diluted)	0.67	0.64

Other Relevant Information

See attached SEC Form 17-Q.

Filed on behalf by:

Name	Anna Michelle Llovido
Designation	Corporate Secretary

A 2 0 0 1 1 7 5 9 5

S.E.C. Registration Number

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

(Company's Full Name)

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

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

DINA D.R. INTING

Contact Person

8709-2038 to 41

Company Telephone Number

1 2 3 1

Month Day Fiscal Year

1 7 - Q

FORM TYPE

(QUARTERLY REPORT FOR MARCH 31, 2023)

0 5 3rd Monday

Month Day Annual Meeting

Registration of Securities

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Domestic

Foreign

Foreign

To be accomplished by SEC Personnel concerned

File Number

File Number

LCU

LCU

Document I.D.

Document I.D.

Cashier

Cashier

STAMPS

STAMPS

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended.....**March 31, 2023**
2. Commission identification number.....**A200117595**
3. BIR Tax Identification No.....**214-815-715-000**
4. Exact name of issuer as specified in its charter....**EMPERADOR INC.**
5. **METRO MANILA, PHILIPPINES**
Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code: (SEC Use Only)
7. **7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez Jr. Ave.,
Bagumbayan, Quezon City** **1110**
Address of issuer's principal office Postal Code
8. Issuer's telephone number, including area code.....**632-870920-38 to -41**
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding As of March 31, 2023
Common issued	16,242,391,176
Less Treasury	<u>505,919,938</u>
Outstanding	15,736,471,238

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

Yes No **PHILIPPINE STOCK EXCHANGE, INC. Common Shares**

12. Indicate by check mark whether the registrant:

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

Yes No

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

Yes No

PART I - FINANCIAL INFORMATION

1. Financial Statements

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

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

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

Business Segments

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

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

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

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

Five Key Performance Indicators

- Revenue growth – measures the percentage change in revenues over a designated period
- Net profit growth – measures the percentage change in net profit over a designated
- Gross profit rate (“GPR”) – computed as percentage of gross profit [which is sales less cost of sales] to sales – gives indication of pricing, cost structure and production efficiency.
- Net profit rate (“NPR”) – computed as percentage of net profit to revenues – measures the operating efficiency and success of maintaining satisfactory control of costs
- Return on assets (“ROA”) – the ratio of net profit to total assets - measures the degree of efficiency in the use of resources to generate net profit
- Current ratio – computed as current assets divided by current liabilities – measures the ability of the business to meet its current obligations. To measure immediate liquidity, quick assets [cash, marketable securities, accounts receivables] is divided by current liabilities.
- Interest rate coverage ratio – computed as profit before tax and interest expense (“EBIT”) divided by interest expense - measures the business’ ability to meet its interest payments.

	Q1	Q1	Q1	Q1	Q1
<i>In Million Pesos</i>	2023	2022	2021	2020	2019
Revenues and other income	15,591	12,333	12,077	10,658	11,026
Net profit [“NP”]	2,342	2,130	2,099	1,421	1,743
NP to owners [“NPO”]	2,318	2,098	2,084	1,457	1,738
Revenue growth	26%	2%	13%	(3%)	13%
NP growth	10%	2%	48%	(18%)	5%
NPO growth	10%	1%	43%	(16%)	10%
GPR	33%	32%	33%	33%	34%
NPR	15%	17%	17%	13%	16%
NPOR	15%	17%	17%	14%	16%
ROA	1.6%	1.6%	1.7%	1.2%	1.4%
EBIT	3,072	2,636	2,630	1,862	2,218
Interest expense	282	157	169	152	198
Interest coverage	12x	17x	16x	12x	11x

<i>In Million Pesos</i>	Mar 31	Dec 31	Increase	
	2023	2022	YTD	%
Quick assets	39,811	36,176	3,635	9%
Current assets	83,626	78,356	5,270	7%
Current liabilities	31,457	28,350	3,107	11%
Total Assets	147,741	141,211	6,530	5%
Current ratio	2.7x	2.8x		
Quick ratio	1.3x	1.3x		

Results of Operations – First Quarter 2023 vs 2022

Emperador Inc., the world’s largest brandy company and the owner of the world’s 5th largest Scotch Whisky producer by capacity, continued its first-quarter (“Q1”) consolidated growth trajectory for three consecutive years in the pandemic as it opened the current year strongly with Q1 revenues and other income surging 26% year-on-year (“YoY”) to P15.6 billion and net profit (“NP”) climbing 10% YoY to P2.3 billion. These were anchored on the double-digit revenue growths of Brandy and Scotch Whisky segments from local and global channels. Global business remained robust during the quarter amid high inflation¹, interest rate hikes², supply chain disruptions³ and logistics pressures. The easing/removal of mobility restrictions from the lingering COVID-19 pandemic⁴ and the resumption of travel helped drive economic activities⁵ and the Group’s business during the quarter. Getting a boost from its high-margin branded business, the Group achieved 33% GPR in Q1 compared to 32% a year ago as costs grew at a slower pace than revenues. The Group had resumed advertising and promotional spending and physical meetings that increased operating expenses to end the quarter with 15% NPR as compared to 17% a year ago.

The Group continues to pursue its strategic long-term CPI strategy – Contemporize our offering, Premiumize our portfolio and Internationalize our business. The topline split is bigger for Brandy segment, yet, Scotch Whisky is growing its share:

Revenue and other income share	Q1 2023	Q1 2022	Q1 2021	Q1 2020	Q1 2019	YE 2022	YE 2021
Brandy	63%	62%	68%	71%	70%	65%	67%
S. Whisky	37%	38%	32%	29%	30%	35%	33%

The Brandy segment grew its Q1 external revenues and other income 28% YoY (+P2.1 billion) to P9.8 billion, as global operations in Philippines, Spain and Mexico delivered remarkable growths. GP expanded 25% YoY to P2.4 billion, resulting in GPR standing at 25%, easing from 26% a year ago. With increased promotional activities and higher interest rates (especially EURIBOR), NPR and NPOR were registered at 10% from 15% a year ago.

The Scotch Whisky segment grew its Q1 external revenues and other income 24% YoY (+P1.1 billion) to P5.8 billion, driven by the single malt products which accounted for 67% of segment’s sales (as compared to 64% a year ago). Scotch Whisky products sold strongly in UK, Asia Pacific, Europe and North America as restrictions eased in most regions and global travel retail opened up. Supply chain challenges continued to affect this segment’s markets, yet demand remains high with orders on hand. GP expanded 45% YoY to P2.7 billion, resulting in GPR rising to 46% from 40% a year ago, on the back of high-margin single malts. The increase in promotional spending and return-to-office related expenses resulted in NPR and NPOR jumping to 23% as compared to 19% a year ago.

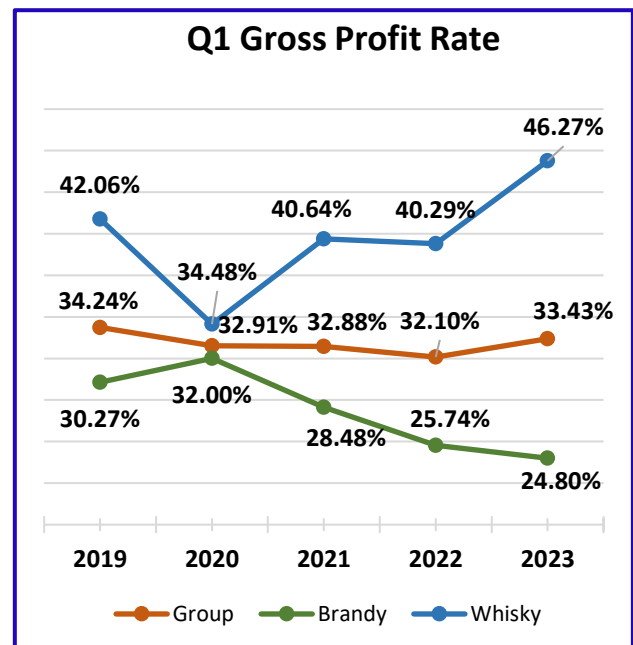
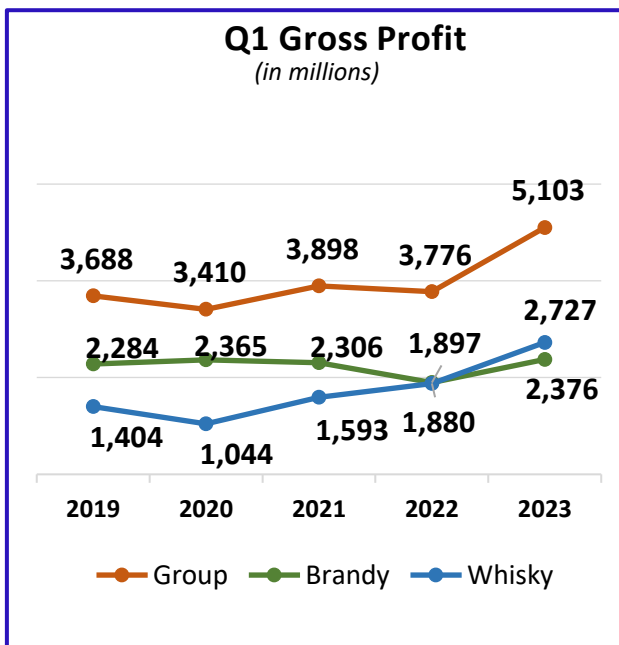
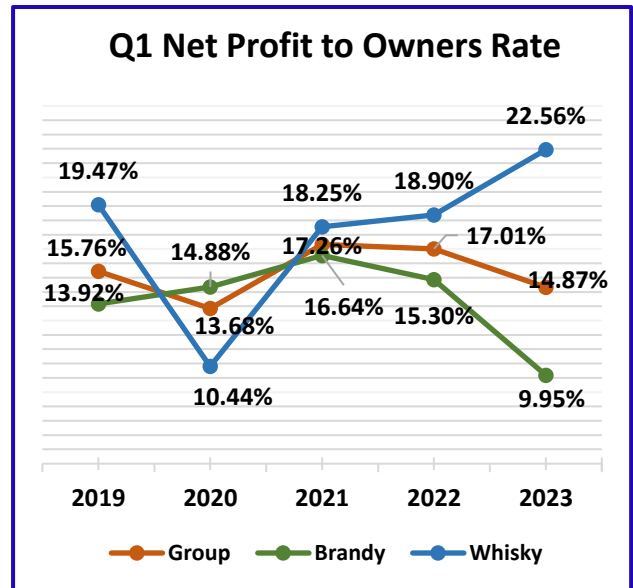
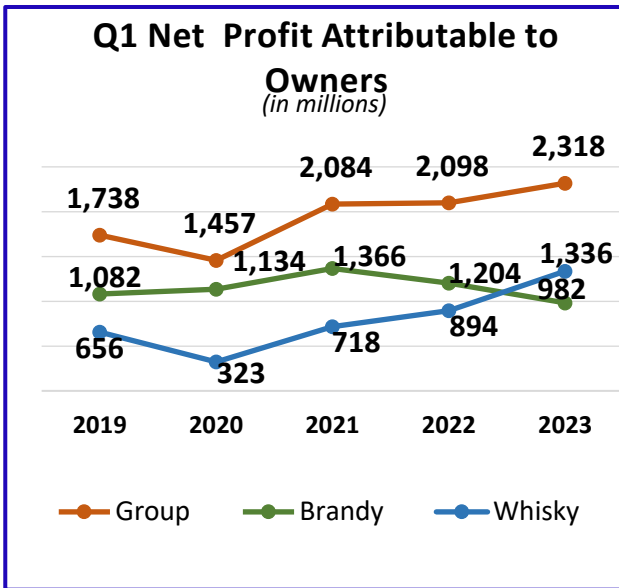
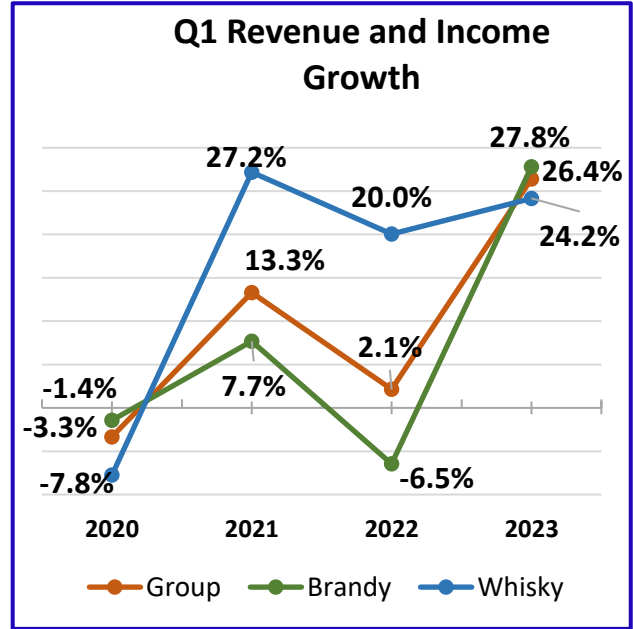
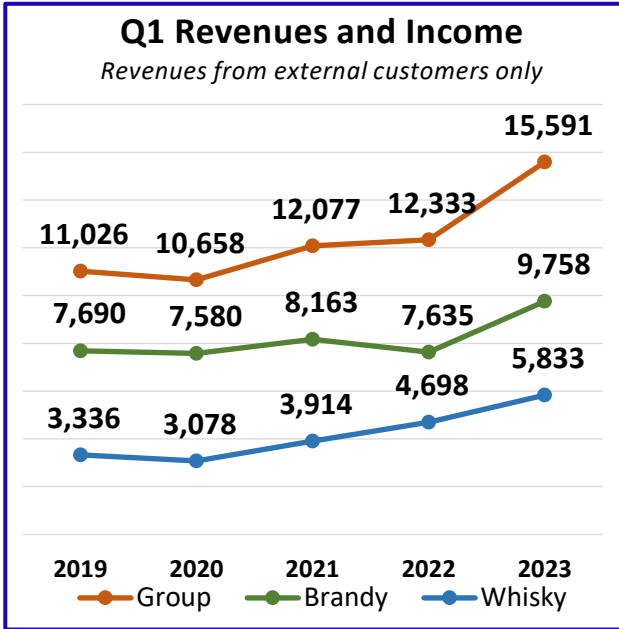
¹ The Philippine inflation rates peaked to 8.7% in January 2023 and moved downward to 8.6% in February, 7.6% in March and 6.6% in April, yet higher than 3% to 4% in Q1 2022. A downward trajectory was seen for Spain and USA in Q1 2023 and rates lower than Q1 2022. For Mexico, inflation rates were higher in Jan-Feb 2023 vs 2022 but fell sharply in March while for UK, rates remained above the 10% mark for seven consecutive months as of March 2023, still on the high side.. (Source: tradingeconomics.com).

² BSP’s overnight repurchase rate was at 2.0% in Q1 2022 and at 6.25% by March 2023 from 5.5% in January. SONIA rates ranged 0.1947% to 0.6913% in Q1 2022 and 3.4267% to 4.1777% in Q1 2023; EURIBOR rates ranged -0.583% to 0.560% in Q1 2022 and 1.838% to 2.90% in Q1 2023. (Sources: bsp.gov.ph; global-rates.com)

³ China’s Zero-Covid policy caused supply chain disruptions from its imports and exports and this continued until early December 2022.

⁴ COVID-19 pandemic started in 2020. In the Philippines, Metro Manila and most parts of the country are already under Alert Level 1 (full capacity for business and transportation) from March 2022 while 26 areas are under Alert Level 2 (50% indoor, 70% outdoor) as of April 30, 2023. In Q1 2022, the Omicron variant surged globally which placed Metro Manila and other places under stricter levels – Alert Level 3 in January (10% indoor, 30% outdoor), Alert Level 2 in February and Alert Level 1 in March. As the pandemic situation improves due to vaccination, economic activities and travel resume. The Philippine state of calamity ended on December 31, 2022. On May 5, 2023, WHO declared that COVID-19 pandemic is no longer a global health emergency, yet warning that the danger of the pandemic remains.

⁵ Philippine GDP advanced 6.4% in Q1 2023, the 8th quarter of continuous growths, although slower than 7.1% in Q4 2022. Spain’s GDP grew 3.8% from 2.9% in Q4 2022 while UK’s growth slowed to 0.2% from 0.6% the previous quarter. (Sources: psa.gov.ph; tradingeconomics.com)



Comparative results by segment are shown in the following table.

In Million Pesos	Q1 2023	Q1 2022	YoY 2023	YoY %	Q1 2021	Q1 2020	Q1 2019
Revenue and other income	15,591	12,333	3,258	26.4%	12,077	10,658	11,026
Brandy*	9,758	7,635	2,123	27.8%	8,163	7,580	7,690
Whisky*	5,833	4,698	1,135	24.2%	3,914	3,078	3,336
Gross profit ["GP"]	5,103	3,776	1,327	35.1%	3,898	3,410	3,688
Brandy	2,376	1,897	480	25.3%	2,306	2,365	2,284
Whisky	2,727	1,880	847	45.1%	1,593	1,045	1,404
NP before tax	2,790	2,479	310	12.5%	2,461	1,710	2,020
Brandy	1,237	1,421	(184)	(12.9%)	1,597	1,336	1,304
Whisky	1,553	1,058	494	46.7%	864	374	716
Tax expense	448	349	98	28.2%	362	289	278
Brandy	231	184	47	25.3%	216	238	218
Whisky	217	165	52	31.4%	146	51	60
NP	2,342	2,130	212	10.0%	2,099	1,421	1,743
Brandy	1,006	1,237	(230)	(18.6%)	1,381	1,098	1,086
Whisky	1,336	893	442	49.5%	718	323	657
NP to owners ["NPO"]	2,318	2,098	220	10.5%	2,084	1,457	1,738
Brandy	982	1,205	(222)	(18.5%)	1,366	1,135	1,081
Whisky	1,336	893	442	49.5%	718	322	657
EBITDA	3,416	3,110	306	9.8%	2,977	2,212	2,538
Brandy	1,730	1,914	(183)	(9.6%)	2,001	1,705	1,750
Whisky	1,685	1,196	489	40.9%	976	507	788
GPR**	33.43%	32.10%			32.88%	32.91%	34.24%
Brandy	24.80%	25.74%			28.48%	32.00%	30.27%
Whisky	46.27%	40.29%			40.64%	34.48%	42.06%
NP rate ["NPR"]	15.02%	17.27%			17.38%		15.81%
Brandy	10.19%	15.70%			16.64%	14.40%	13.99%
Whisky	22.56%	18.90%			18.25%	10.44%	19.47%
NPO rate ["NPOR"]	14.87%	17.01%			17.26%	13.68%	15.76%
Brandy	9.95%	15.30%			16.46%	14.88%	13.92%
Whisky	22.56%	18.90%			18.25%	10.44%	19.47%
EBITDA margin	21.91%	25.22%			24.65%	20.76%	23.02%
Brandy	17.52%	24.29%			24.11%	22.36%	22.53%
Whisky	28.45%	25.31%			24.83%	16.40%	23.36%

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

Brandy Segment							
In Million Pesos	Q1 2023	Q1 2022	2023 YoY	YoY %	Q1 2021	2022 YoY %	
REVENUES AND OTHER INCOME-							
External	9,758	7,635	2,123	27.8%	8,163	(6.5%)	
Intersegment	120	242	(122)	(50.4%)	139	73.6%	
Total	9,878	7,877	2,001	25.4%	8,302	(5.1%)	
Cost of Goods Sold –							
External	7,117	5,444	1,673	30.7%	5,773	(5.7%)	
Intersegment	90	29	61	206.5%	17	73.9%	
Total	7,207	5,473	1,733	31.7%	5,790	(5.5%)	
Gross Profit ["GP"]	2,376	1,897	480	25.3%	2,306	(17.7%)	
Other operating expenses	1,205	889	316	35.5%	778	14.3%	
Selling and distribution	904	576	327	56.8%	556	3.8%	
General and administrative	301	313	(12)	(3.7%)	222	40.7%	
Interest and other charges	229	94	136	145.1%	137	(31.6%)	
NP before tax	1,237	1,421	(184)	(12.9%)	1,597	(11.1%)	

Brandy Segment						
In Million Pesos	Q1 2023	Q1 2022	2023 YoY	YoY %	Q1 2021	2022 YoY %
Tax expense	231	184	47	25.3%	216	(14.9%)
NP	1,006	1,237	(230)	(18.6%)	1,381	(10.5%)
NPO	982	1,205	(222)	(18.5%)	1,366	(11.8%)
EBITDA	1,730	1,914	(183)	(9.6%)	2,001	(4.4%)
GPR %	24.80	25.74			28.48	
NPOR %	9.95	15.30			16.46	
EBITDA Margin %	17.52	24.29			24.11	

Scotch Whisky Segment						
In Million Pesos	Q1 2023	Q1 2022	2023 YoY	2023 YoY %	Q1 2021	2022 YoY %
REVENUES AND OTHER INCOME-						
External	5,833	4,698	1,135	24.2%	3,914	20.0%
Intersegment	90	29	61	206.5%	17	73.9%
Total	5,923	4,727	1,196	25.3%	3,931	20.3%
Cost of Goods Sold -						
External	3,047	2,544	503	19.8%	2,187	16.3%
Intersegment	120	242	(122)	(50.4%)	139	73.6%
Total	3,167	2,786	381	13.7%	2,326	19.8%
Gross Profit ["GP"]	2,727	1,880	847	45.1%	1,593	18.0%
Other operating expense	1,151	820	331	40.4%	708	15.6%
Selling and distribution	810	568	242	42.7%	423	34.0%
General and administrative	341	252	89	35.3%	285	(11.8%)
Interest and other charges	52	63	(11)	(17.6%)	32	97.4%
NP before tax	1,553	1,058	494	46.7%	864	22.7%
Tax expense	217	165	52	31.4%	146	13.3%
NP	1,336	893	442	49.5%	718	24.6%
NPO	1,336	893	442	49.5%	718	24.6%
EBITDA	1,685	1,196	489	40.9%	976	22.6%
GPR %	46.27	40.29			40.64	
NPOR %	22.56	18.90			18.25	
EBITDA Margin %	28.45	25.31			24.83	

Operating expenses for Q1 escalated 38% YoY (+P0.6 billion) to P2.4 billion due to the increased business activities in Group's global markets during the current interim period. Advertising and promotions (+P0.3 billion), freight and handling (+P0.05 billion), salaries and employee benefits (+P0.08 billion), other services (+P0.06 billion), travel and transportation (+P0.06 billion) and fuel and oil (+P0.01 billion) went up YoY.

Operating Expenses	Q1 2023	Q1 2022	2023 YoY	2023 YoY %	Q1 2021	2022 YoY %
In Million Pesos	2,356	1,709	647	37.9%	1,486	14.9
Selling and distribution	1,714	1,144	570	49.8%	979	16.9
Brandy	904	576	327	56.8%	556	3.8
Whisky	810	568	242	42.7%	423	34.0
General and Administrative	642	565	77	13.7%	507	11.2
Brandy	301	313	(12)	(3.7%)	222	40.7
Whisky	341	252	89	35.3%	285	(11.8)
Total Operating Expenses	2,356	1,709	647	37.9%	1,486	14.9

Selling and distribution. In general, as economies opened up and mobility became less restricted, both segments increased strategic and promotional marketing spends to support their brands that boosted sales; and with higher sales, freight and handling increased. With the increased business

activities than a year ago, both segments spent more on transportation and travel, and fuel and oil. In addition, Brandy segment had incurred higher merchandising service fees while Scotch Whisky had higher salaries and employee benefits. As a result, consolidated selling and distribution expenses shot up 50% from a year ago.

General and administrative. Both segments increased expenses on salaries and employee benefits as current operations need more personnel than a year ago, and on travel and transportation. Brandy segment recorded professional fees related to the SGX secondary listing last year that resulted in reduction YoY. There were other costs that could fluctuate on a monthly basis. Overall, consolidated general and administrative expenses remained stable at P0.6 billion in both comparable periods.

In Million Pesos	Q1 2023	Q1 2022	YoY	YoY %	Q1 2021	2022 YoY %
Interest expense	282	157	125	79.5%	169	(7.1%)
Brandy	230	94	136	145.1%	137	(31.6%)
Whisky	52	63	(11)	(17.6%)	32	97.4%

Interest expense surged 80% YoY (+P0.1 billion) to P0.3 billion mainly due to increase in interest expense at the Brandy segment because of higher interest rates caused by EURIBOR moving to positive territory.

In Million Pesos	Q1 2023	Q1 2022	2023 YoY	YoY %	Q1 2021	2022 YoY %
Other Income	324	569	(245)	(43.0%)	218	160.6%
Brandy	295	507	(212)	(41.7%)	207	145.2%
Whisky	29	62	(33)	(53.4%)	11	438.1%

Other income depleted 43%YoY (-P0.2 billion) to P0.3 billion mainly from lower foreign exchange gains and other operating income, partly offset by an increase in interest income due to higher interest rates.

In Million Pesos	Q1 2023	Q1 2022	2023 YoY	YoY %	Q1 2021	2022 YoY %
Tax Expense	448	349	98	28.2%	362	(3.5%)
Brandy	231	184	47	25.3%	216	(14.9%)
Whisky	217	165	52	31.4%	146	13.3%

Tax expense escalated 28% YoY (+P0.1 billion) to P0.4 billion primarily due to higher taxable income from both segments during the period.

EBITDA, which is computed as profit before interest expense, tax, depreciation and amortization, amounted to P3.4 billion this interim period as compared to P3.1 billion a year ago, primarily due to the higher interest and tax expense, showing margin of 22% this interim period versus 25% a year ago.

Financial Condition

Total assets amounted to P147.7 billion at March 31, 2022, a 5% increase (+P6.5 billion) from P141.2 billion at December 31, 2022. Total liabilities expanded 7% (+P3.5 billion) to P56.1 billion at end of the interim period, which represent 38% of total assets as compared to 37% at beginning of the year. The Group is strongly liquid with current assets exceeding current liabilities 2.7 times and 2.8 times at the end and beginning of the quarter, respectively.

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

Cash and cash equivalents swelled 19% (+P2.4 billion) to P15.2 billion at end of interim period, mainly provided from operations and proceeds from loans. Cash flows from operations and financing activities were used for capital expenditures, loan and laying up of inventories.

Trade and other receivables increased 5% (P1.1 billion) to P24.3 billion primarily due advances to suppliers (P1.8 billion) and advances to officers and employees (+P0.5 billion) due to increased production requirements during the interim period.

Financial assets at fair value through profit or loss increased 27% (+P0.07 billion) due to gains in marked-to market valuation.

Prepayments and other current assets climbed 6% (+P0.1 billion), mainly due to timing of prepayments for taxes, deferred input vat, and refundable security deposits from beginning of the year.

Retirement benefit assets surged 80%% (+P0.4 billion) to P0.9 billion due to changes in financial assumptions and foreign exchange adjustments.

Deferred tax assets jumped 28% (+P0.02 billion) to P0.1 billion due to movements in timing differences.

Other non-current assets decreased 16% (-P0.02 billion) to P0.1 billion due to decrease in refundable security deposits and deferred input vat.

Current Interest-bearing loans went up 40% (+P1.5 billion) to P5.4 billion while non-current portion inched up 1% (+P0.2 billion) to P20.2 billion due to drawdowns in Scotland loan facility and changes in translation of long-term Euro loan, offset by repayment of bank loans.

Trade and other payables increased 7% (+P1.5 billion) to P23.7 billion due to purchases for production (+P1.3 billion) and output vat (+P0.2 billion), which were attributable to increasing sales.

Current lease liabilities jumped 24% (+P0.05 billion) to P0.3 billion while non-current lease liabilities fell 8% (-P0.03 billion) to P0.4 billion primarily due to translation adjustment.

Equity attributable to owners went up 4% (+P3.1 billion) to P90.4 billion from net profit during the period (+P2.3 billion), translation gain in translating financial statements of foreign subsidiaries (+P0.2 billion) and other reserves (+P0.7 billion).

Non-controlling interest pertains primarily to the minority interest in DBLC and Boozylife. The decrease of P0.02 billion pertains to share in translation adjustment and in net profit of non-controlling shareholders recorded during the current period.

Financial Soundness Indicators

Please see submitted schedule attached to this report.

<i>In Million Pesos</i>	Mar 31,	Dec 31
	2023	2022
Debt [Loans]	25,582	23,801
Equity	91,625	88,589
Total Capitalization	117,207	112,390
Total Liabilities	56,116	52,622
Debt-to-equity ratio	0.28	0.27
Liabilities-to-equity ratio	0.61	0.59
Current ratio	2.66x	2.73x
Quick ratio	1.27x	1.28x
Return on assets	1.59%	7.57%
	3mos	1yr
Solvency ratio [EBITDA/Debt]	13%	58%
	3mos	1yr

Other Required Disclosures

As of March 31, 2023, except for what has been noted, there were no other known items –such as trends, demands, commitments, events or uncertainties- affecting assets, liabilities, equity, sales, revenues, net profit or cash flows that were unusual because of their nature, size, or incidents, and that will result in or that are reasonably likely to result in the liquidity increasing or decreasing in any material way, or that would have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

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

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

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

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

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

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

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

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

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

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

EMPERADOR INC. AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
MARCH 31, 2023

	03/31/23	12/31/22
Current ratio	2.66	2.76
Quick ratio	1.27	1.28
Liabilities-to-equity ratio	0.61	0.59
Debt-to-equity ratio	0.28	0.27
Asset -to-equity ratio	1.61	1.59
	Q1 2023	Q1 2022
Net profit margin	15%	17%
Return on assets	2%	2%
Return on equity/investment	3%	3%
Solvency Ratio	13%	12%
Interest rate coverage ratio	10.90	16.80

LIQUIDITY RATIOS measure the business' ability to pay short-term obligations.

Current ratio - computed as current assets divided by current liabilities

Quick ratio - computed a cash, marketable securities, accounts receivable divided by current liabilities.

SOLVENCY RATIOS measure the business' ability to meet its long-term debt obligations.

Liabilities-to-equity ratio - computed as total liabilities divided by stockholders'equity.

Debt-to-equity ratio - computed as total interest-bearing loans [debt] divided by stockholders'equity.

Solvency ratio - computed as EBITDA divided by total debt [loans]

INTEREST RATE COVERAGE RATIO measures the business' ability to meet its interest payments.

It is computed as profit before income tax and interest expense ("EBIT") divided by interest.

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

PROFITABILITY RATIOS measure the business' ability to generate earnings.

Net profit margin - computed as net profit divided by revenues

Return on assets - net profit divided by average assets

Return on equity investment - net profit divided by total stockholders' equity

EMPERADOR INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
MARCH 31, 2023
(Amounts in Philippine Pesos)

	Notes	March 31, 2023 (UNAUDITED)	December 31, 2022 (AUDITED)
<u>A S S E T S</u>			
CURRENT ASSETS			
Cash and cash equivalents	5	P 15,160,345,937	P 12,738,118,244
Trade and other receivables - net	6	24,299,449,444	23,160,326,014
Financial assets at fair value through profit or loss	24.2	351,510,106	277,586,460
Inventories - net	7	40,793,397,678	39,294,569,874
Prepayments and other current assets	10.1	2,044,610,605	1,923,237,471
		82,649,313,770	77,393,838,063
Non-current assets classified as held for sale		976,664,975	961,744,740
Total Current Assets		83,625,978,745	78,355,582,803
NON-CURRENT ASSETS			
Property, plant and equipment - net	8	29,723,189,534	29,256,020,632
Intangible assets - net	9	29,942,428,695	29,630,655,183
Investment in a joint venture	11	3,354,123,684	3,279,671,119
Retirement benefit asset - net		898,601,407	500,083,355
Deferred tax assets - net	18	111,503,459	87,395,081
Other non-current assets - net	10.2	85,056,359	101,715,988
Total Non-current Assets		64,114,903,138	62,855,541,358
TOTAL ASSETS		P 147,740,881,883	P 141,211,124,161
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Interest-bearing loans	12	P 5,384,303,020	P 3,851,103,435
Trade and other payables	14	23,663,932,439	22,139,323,271
Lease liabilities	8.3	261,435,301	210,555,356
Income tax payable		2,147,370,595	2,149,069,462
Total Current Liabilities		31,457,041,355	28,350,051,524
NON-CURRENT LIABILITIES			
Interest-bearing loans	12	20,197,793,880	19,950,084,000
Lease liabilities	8.3	352,899,276	383,822,672
Provisions		257,049,051	252,207,832
Deferred tax liabilities - net	18	3,850,933,214	3,685,535,017
Total Non-current Liabilities		24,658,675,421	24,271,649,521
Total Liabilities	25	56,115,716,776	52,621,701,045
EQUITY			
Equity attributable to owners of the parent company	25	90,449,864,025	87,391,939,223
Non-controlling interest		1,175,301,082	1,197,483,893
Total Equity		91,625,165,107	88,589,423,116
TOTAL LIABILITIES AND EQUITY		P 147,740,881,883	P 141,211,124,161

See Selected Explanatory Notes to Interim Consolidated Financial Statements.

EMPERADOR INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(Amounts in Philippine Pesos)
(UNAUDITED)

	Notes	2023	2022
REVENUES AND OTHER INCOME	15	<u>P 15,591,490,153</u>	<u>P 12,333,344,332</u>
COSTS AND EXPENSES			
Costs of goods sold	16	10,163,976,617	7,988,252,408
Selling and distribution expenses	17	1,713,897,622	1,143,916,594
General and administrative expenses	17	641,981,763	564,781,530
Interest expense	12	<u>281,685,420</u>	<u>156,884,188</u>
		<u>12,801,541,422</u>	<u>9,853,834,720</u>
PROFIT BEFORE TAX		2,789,948,731	2,479,509,612
TAX EXPENSE	18	<u>447,603,243</u>	<u>349,201,226</u>
NET PROFIT		<u>2,342,345,488</u>	<u>2,130,308,386</u>
OTHER COMPREHENSIVE INCOME			
Item that will be reclassified subsequently to profit or loss			
Translation gain		<u>181,608,148</u>	<u>238,615,577</u>
Items that will not be reclassified subsequently to profit or loss			
Net actuarial gain on retirement benefit plan		420,492,000	82,144,000
Tax expense on remeasurement of retirement benefit plan		(<u>105,123,000</u>)	(<u>20,536,000</u>)
		<u>315,369,000</u>	<u>61,608,000</u>
Total Other Comprehensive Income		<u>496,977,148</u>	<u>300,223,577</u>
TOTAL COMPREHENSIVE INCOME		<u>P 2,839,322,636</u>	<u>P 2,430,531,963</u>
Net profit attributable to:			
Owners of the parent company		P 2,318,409,259	P 2,098,349,310
Non-controlling interest		<u>23,936,229</u>	<u>31,959,076</u>
		<u>P 2,342,345,488</u>	<u>P 2,130,308,386</u>
Total comprehensive income (loss) attributable to:			
Owners of the parent company		P 2,861,505,447	P 2,464,196,969
Non-controlling interest		(<u>22,182,811</u>)	(<u>33,665,006</u>)
		<u>P 2,839,322,636</u>	<u>P 2,430,531,963</u>
Earnings Per Share for the Net Profit Attributable to Owners of the Parent Company - Basic and Diluted	21	<u>P 0.15</u>	<u>P 0.13</u>

See Selected Explanatory Notes to Interim Consolidated Financial Statements.

EMPERADOR INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(Amounts in Philippine Pesos)

	Attributable to Owners of the Parent Company														Non-controlling Interest	Total Equity
	Capital Stock	Additional Paid-in Capital	Deposit on Future Stock Subscription - ELS	Treasury Shares	Conversion Options Outstanding	Share Options Outstanding	Accumulated Translation Adjustments	Revaluation Reserves	Other Reserves	Retained Earnings			Total			
										Appropriated	Unappropriated	Total				
Balance at January 1, 2023	P 16,242,391,176	P 23,106,377,832	P 3,443,750,000	(P 4,747,713,903)	P 88,498,401	P 260,187,993	(P 3,562,632,158)	(P 490,095,980)	P 435,975,889	P 1,200,000,000	P 51,415,199,973	P 52,615,199,973	P 87,391,939,223	P 1,197,483,893	P 88,589,423,116	
Movements during the year	-	-	-	-	-	-	-	-	196,419,355	-	-	-	196,419,355	-	196,419,355	
Transfer to equity reserves	-	-	-	-	-	-	-	-	178,855,050	-	(178,855,050)	(178,855,050)	-	-	-	
Total comprehensive income for the year	-	-	-	-	-	227,727,188	315,369,000	-	-	-	2,318,409,259	2,318,409,259	2,861,505,447	(22,182,811)	2,839,322,636	
Balance at March 31, 2023	P 16,242,391,176	P 23,106,377,832	P 3,443,750,000	(P 4,747,713,903)	P 88,498,401	P 260,187,993	(P 3,334,904,970)	(P 174,726,980)	P 811,250,294	P 1,200,000,000	P 53,554,754,182	P 54,754,754,182	P 90,449,864,025	P 1,175,301,082	P 91,625,165,107	
Balance at January 1, 2022	P 16,242,391,176	P 23,106,377,832	P 3,443,750,000	(P 4,747,713,903)	P 88,498,401	P 183,769,571	(P 3,128,522,733)	(P 159,833,776)	P 142,402,572	P 1,200,000,000	P 41,346,946,733	P 42,546,946,733	P 77,718,065,873	P 1,000,169,494	P 78,718,235,367	
Movements during the year	-	-	-	-	-	-	-	-	300,405,762	-	-	-	300,405,762	-	300,405,762	
Total comprehensive income for the year	-	-	-	-	-	-	304,239,659	61,608,000	-	-	2,098,349,310	2,098,349,310	2,464,196,969	(33,665,006)	2,430,531,963	
Balance at March 31, 2022	P 16,242,391,176	P 23,106,377,832	P 3,443,750,000	(P 4,747,713,903)	P 88,498,401	P 183,769,571	(P 2,824,283,074)	(P 98,225,776)	P 442,808,334	P 1,200,000,000	P 43,445,296,043	P 44,645,296,043	P 80,482,668,604	P 966,504,488	P 81,449,173,092	

See Selected Explanatory Notes to Interim Consolidated Financial Statements.

EMPERADOR INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(Amounts in Philippine Pesos)

	Notes	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		P 2,789,948,731	P 2,479,509,612
Adjustments for:			
Depreciation and amortization	8	343,749,900	473,193,505
Interest expense	12	281,685,420	156,884,188
Interest income	15	(207,594,168)	(25,353,522)
Share in net profit of a joint venture	15	(23,572,615)	(24,271,590)
Amortization of trademarks	9	403,848	403,848
Operating profit before working capital changes		3,184,621,116	3,060,366,041
Decrease (increase) in trade and other receivables		(1,072,242,130)	1,967,696,596
Decrease (increase) in financial instruments at fair value through profit or loss		(71,209,499)	50,689,864
Increase in inventories		(1,216,348,073)	(1,529,409,570)
Increase in prepayments and other current assets		(112,449,919)	(174,248,517)
Decrease (increase) in other non-current assets		16,705,306	(13,160,487)
Increase in trade and other payables		1,388,641,372	1,546,425,666
Decrease (increase) in retirement benefit asset		21,973,948	(50,685,846)
Cash generated from operations		2,139,692,121	4,857,673,747
Cash paid for income taxes		(537,941,230)	(828,630,972)
Net Cash From Operating Activities		1,601,750,891	4,029,042,775
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property, plant and equipment	8	(771,391,439)	(995,186,603)
Proceeds from sale of property, plant and equipment	8	245,970	5,130,955
Interest received	5	207,128,769	24,440,614
Net Cash Used in Investing Activities		(564,016,700)	(965,615,034)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from interest-bearing loans	12	2,378,456,225	1,161,717,783
Repayments of interest-bearing loans	12	(917,952,890)	(308,733,704)
Interest paid		(76,009,833)	(85,498,006)
Repayments of lease liabilities	8	-	(7,994,425)
Net Cash From Financing Activities		1,384,493,502	759,491,648
NET INCREASE IN CASH AND CASH EQUIVALENTS		2,422,227,693	3,822,919,389
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		12,738,118,244	9,333,783,438
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 15,160,345,937	P 13,156,702,827

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, 2023 AND 2022
(With Comparative Audited Figures for December 31, 2022)
(Amounts in Philippine Pesos)
(UNAUDITED)

1. CORPORATE INFORMATION

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

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

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

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

1.1 Subsidiaries

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

Names of Subsidiaries	Percentage of Effective Ownership	
	March 31, 2023	December 31, 2022
EDI and subsidiaries (EDI Group)		
Emperador Distillers, Inc. (“EDI”)	100%	100%
Anglo Watsons Glass, Inc. (“AWGI”)	100%	100%
Alcazar De Bana Holdings Company, Inc.	100%	100%
<i>Progreen Agricornp Inc. (“Progreen”)</i>	100%	100%
<i>South Point Science Park Inc.</i>	100%	100%
The Bar Beverage, Inc.	100%	100%
Tradewind Estates, Inc. (“TEI”)	100%	100%
<i>Boozylife Inc. (“Boozylife”)</i>	62%	62%
Cocos Vodka Distillers Philippines, Inc.	100%	100%
Zabana Rum Company, Inc.	100%	100%
The World’s Finest Liquor Inc.	100%	100%

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

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

1.2 Approval of the Interim Consolidated Financial Statements

The interim consolidated financial statements (unaudited) of the Group as of and for the three months ended March 31, 2023 (including the comparative financial information as of December 31, 2022 and for the three months ended March 31, 2022) were authorized for issue by the Parent Company’s Board of Directors (“BOD”) through the Audit Committee on May 18, 2023.

2. SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of Preparation of Interim Consolidated Financial Statements

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

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

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

2.2 Adoption of Amended Standards

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

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

- (i) PAS 1 (Amendments), *Presentation of Financial Statements- Classification of Liabilities as Current or Non-current*
- (ii) PAS 1 (Amendments), *Presentation of Financial Statements- Disclosure of Accounting Policies*
- (iii) PAS 8 (Amendments), *Accounting Estimates- Definition of Accounting Estimates*
- (iv) PAS 12 (Amendments), *Income Taxes- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction*

(b) Effective Subsequent to 2023 but not Adopted Early

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

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

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

4. SEGMENT INFORMATION

4.1 Business Segments

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

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

4.2 Segment Assets and Liabilities

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

4.3 Intersegment Transactions

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

4.4 Analysis of Segment Information

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

	BRANDY		SCOTCH WHISKY		SEGMENT TOTALS	
	March 31		March 31		March 31	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
REVENUES AND OTHER INCOME						
External Customers	P 9,758	P 7,635	P 5,833	P 4,698	P 15,591	P 12,333
Intersegment sales*	<u>120</u>	<u>242</u>	<u>90</u>	<u>29</u>	<u>210</u>	<u>271</u>
	9,878	7,877	5,923	4,727	15,801	12,604
COSTS AND EXPENSES						
Cost of goods sold	7,117	5,444	3,047	2,544	10,164	7,988
Intersegment cost of goods sold*	90	29	120	242	210	271
Selling and distribution expenses	904	576	810	568	1,714	1,144
General and administrative expenses	301	313	341	252	642	565
Interest expense and other charges	<u>229</u>	<u>94</u>	<u>52</u>	<u>63</u>	<u>281</u>	<u>157</u>
	8,641	6,456	4,370	3,669	13,011	10,125
SEGMENT PROFIT BEFORE TAX	1,237	1,421	1,553	1,058	2,790	2,479
TAX EXPENSE	231	184	217	165	448	349
SEGMENT NET PROFIT	<u>P 1,006</u>	<u>P 1,237</u>	<u>P 1,336</u>	<u>P 893</u>	<u>P 2,342</u>	<u>P 2,130</u>
Depreciation and Amortization	264	399	80	74	344	473
Interest expense	230	94	52	63	282	157
Share in net profit of JV	24	24	-	-	24	24
	Mar31,	Dec31,	Mar31,	Dec31,	Mar31,	Dec31,
	2023	2022	2023	2022	2023	2022
TOTAL ASSETS	P 152,365	P 147,349	P 60,026	P 58,148	P 212,391	P 205,497
TOTAL LIABILITIES	56,854	54,274	14,645	12,994	71,498	67,269

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

The Group's revenues and other income in the periods presented range from 62% to 66% from the Asia Pacific, 22% to 26% from Europe and the remaining portion from North and Latin Americas, Middle East and Africa and other countries.

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

4.5 Reconciliations

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

	<u>Segment Totals</u>	<u>Intercompany Accounts</u>	<u>Consolidated Balances</u>
<u>March 2023</u>			
Revenues and other income	P 15,801	P (210)	P 15,591
Cost and expenses	13,011	(210)	12,801
Total assets	212,391	(64,650)	147,741
Total liabilities	71,498	(15,383)	56,116
Other segment information:			
Depreciation and amortization	344	-	344
Interest expense	282	-	282
Share in net profit of JV	24	-	24
<u>March 2022</u>			
Revenues and other income	12,604	(271)	12,333
Cost and expenses	10,125	(271)	9,854
Other segment information:			
Depreciation and amortization	473	-	473
Interest expense	157	-	157
Share in net profit of joint venture	24	-	24
<u>December 2022</u>			
Total assets	205,497	(64,286)	141,211
Total liabilities	67,269	(14,647)	52,622

5. CASH AND CASH EQUIVALENTS

This account includes the following components:

	<u>March 31, 2023</u> <u>(Unaudited)</u>	<u>December 31, 2022</u> <u>(Audited)</u>
Cash on hand and in banks	P 2,894,794,917	P 2,702,645,383
Short-term placements	<u>12,265,551,020</u>	<u>10,035,472,861</u>
	<u>P 15,160,345,937</u>	<u>P 12,738,118,244</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 47 days and earn effective annual interest rates ranging from 5.2% to 6.0% in the first three months of 2023 and from 0.5% to 0.6% in the first three months of 2022. Interest earned amounted to P207.6 million and P25.4 million in the first three months of 2023 and 2022, respectively, and is presented as part of Other income under the Revenues and Other Income account in the interim consolidated statements of comprehensive income (see Note 15).

6. TRADE AND OTHER RECEIVABLES

Details of this account are as follows:

	Notes	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Trade receivables	19.3	P 14,432,200,244	P 15,533,051,986
Advances to suppliers		8,800,275,419	7,032,856,076
Advances to officers and employees	19.4	1,154,386,540	682,693,841
Accrued interest receivable		9,705,620	9,240,221
Other receivables		79,417,811	83,138,984
		24,475,985,634	23,340,981,108
Allowance for impairment		(176,536,190)	(180,655,094)
		P 24,299,449,444	P 23,160,326,014

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

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

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Balance at beginning of period	P 180,655,094	P 192,652,354
Recoveries	(4,118,904)	(17,889,000)
Impairment losses	-	7,462,310
Translation adjustment	-	(1,570,570)
Balance at end of period	P 176,536,190	P 180,655,094

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

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

7. INVENTORIES

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

	<u>Notes</u>	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
At cost:			
Finished goods	16, 19	P 6,561,793,002	P 5,903,047,585
Work-in-process	16, 19	26,410,801,068	25,603,632,966
Raw materials	16, 19	4,790,746,916	5,332,535,042
Packaging materials	16, 19	631,828,259	630,896,742
Machinery spare parts, consumables and factory supplies		<u>301,201,262</u>	<u>359,707,090</u>
		<u>38,696,370,507</u>	<u>37,829,819,425</u>
At net realizable value:			
Finished goods			
Cost	16, 19	1,692,948,362	1,241,383,504
Allowance for impairment		(229,564,110)	(230,995,029)
Packaging materials			
Cost	16, 19	746,485,257	591,766,847
Allowance for impairment		(<u>112,842,338</u>)	(<u>137,404,873</u>)
		<u>2,097,027,171</u>	<u>1,464,750,449</u>
		<u>P 40,793,397,678</u>	<u>P 39,294,569,874</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 P21.6 billion and P21.1 billion as of March 31, 2023 and December 31, 2022, respectively, is presented as part of work-in-process inventories, and is stored in various locations across Scotland.

An analysis of the cost of inventories included in costs of goods sold for the three months ended March 31, 2023 and 2022 is presented in Note 16.

8. PROPERTY, PLANT AND EQUIPMENT

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

	<u>Notes</u>	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Property, plant and equipment	8.1	P 29,486,330,809	P 28,859,820,438
Right-of-use assets	8.2	<u>236,858,725</u>	<u>396,200,194</u>
		<u>P 29,723,189,534</u>	<u>P 29,256,020,632</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, 2023 (Unaudited)	December 31, 2022 (Audited)
Cost	P 46,263,399,517	P 45,212,706,555
Accumulated depreciation and amortization	(16,777,068,708)	(16,352,886,117)
Net carrying amount	<u>P 29,486,330,809</u>	<u>P 28,859,820,438</u>

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, 2023 (Unaudited)	December 31, 2022 (Audited)
Balance at beginning of the period, net of accumulated depreciation and amortization	P 28,859,820,438	P 26,841,829,799
Additions during the period	758,429,907	4,182,886,314
Translation adjustment	142,091,895	17,059,350
Disposal during the period	(245,970)	(446,921,709)
Reclassifications	149,670,000	-
Depreciation and amortization charges for the period	(423,435,461)	(1,735,033,316)
Balance at the end of the period, net of accumulated depreciation and amortization	<u>P 29,486,330,809</u>	<u>P 28,859,820,438</u>

The amount of depreciation and amortization is allocated as follows:

		For the Three Months Ended	
	Notes	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
Costs of goods sold	16	P 263,363,540	P 407,122,000
Selling and distribution expenses	17	23,518,859	18,619,855
General and administrative expenses	17	33,360,935	20,150,068
		320,243,334	445,891,923
Capitalized to inventories		<u>103,192,127</u>	<u>95,113,692</u>
		<u>P 423,435,461</u>	<u>P 541,005,615</u>

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

8.2 Right-of-use Assets

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

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

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

	<u>March 31, 2023</u> <u>(Unaudited)</u>	<u>December 31, 2022</u> <u>(Audited)</u>
Cost	P 1,048,337,199	P 1,203,002,411
Accumulated amortization	(811,478,474)	(806,802,217)
Net carrying amount	<u>P 236,858,725</u>	<u>P 396,200,194</u>

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

	<u>March 31, 2023</u> <u>(Unaudited)</u>	<u>December 31, 2022</u> <u>(Audited)</u>
Balance at beginning of the period, net of accumulated amortization	P 396,200,194	P 1,024,838,886
Amortization charges for the period	(23,506,566)	(141,214,696)
Translation adjustment	1,203,565	10,752,648
Additions during the period	12,961,532	28,644,356
Termination	(150,000,000)	(526,821,000)
Balance at the end of the period, net of accumulated amortization	<u>P 236,858,725</u>	<u>P 396,200,194</u>

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

		<u>For the Three Months Ended</u>	
	<u>Notes</u>	<u>March 31, 2023</u> <u>(Unaudited)</u>	<u>March 31, 2022</u> <u>(Unaudited)</u>
Costs of goods sold	16	P 10,294,491	P 6,707,412
General and administrative expenses	17	<u>13,212,075</u>	<u>20,594,170</u>
		<u>P 23,506,566</u>	<u>P 27,301,582</u>

8.3 Lease Liabilities

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

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Current	P 261,435,301	P 210,555,356
Non-current	352,899,276	383,822,672
	P 614,334,577	P 594,378,028

The use of extension and termination options gives the Group added flexibility in the event it has identified more suitable premises in terms of cost and/or location or determined that it is advantageous to remain in a location beyond the original lease term. An option is only exercised when consistent with the Group's regional markets strategy and the economic benefit of exercising the option exceeds the expected overall cost.

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

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Beginning lease liabilities	P 594,378,028	P 1,092,950,054
Translation adjustment	12,858,957	358,789,223
Additions		28,644,356
Interest amortization	7,097,592	-
Termination of lease	-	(785,399,996)
Lease payments	-	(100,605,609)
Ending lease liabilities	P 614,334,577	P 594,378,028

9. INTANGIBLE ASSETS

This account is composed of the following:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Indefinite useful lives		
Trademarks – net	P 20,390,757,349	P 20,103,888,129
Goodwill	9,551,536,730	9,526,228,590
	29,942,294,079	29,630,116,719
Definite useful lives		
Trademarks – net	134,616	538,464
	P 29,942,428,695	P 29,630,655,183

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

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

	<u>Note</u>	<u>March 31, 2023</u> <u>(Unaudited)</u>	<u>December 31, 2022</u> <u>(Audited)</u>
Balance at beginning of the period		P 538,464	P 2,153,856
Amortization during the period	17	(403,848)	(1,615,392)
Balance at end of the period		<u>P 134,616</u>	<u>P 538,464</u>

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

10. OTHER ASSETS

10.1 Prepayments and Other Current Assets

This account is composed of the following:

	<u>March 31, 2023</u> <u>(Unaudited)</u>	<u>December 31, 2022</u> <u>(Audited)</u>
Prepaid taxes	P 1,188,189,959	P 971,311,123
Prepaid expenses	621,745,961	827,384,320
Deferred input value-added tax ("VAT")	41,732,841	7,158,647
Refundable security deposits	38,075,396	14,508,692
Others	<u>154,866,448</u>	<u>102,874,689</u>
	<u>P 2,044,610,605</u>	<u>P 1,923,237,471</u>

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

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

10.2 Other Non-current Assets

This account is composed of the following:

	<u>Note</u>	<u>March 31, 2023</u> <u>(Unaudited)</u>	<u>December 31, 2022</u> <u>(Audited)</u>
Advances to suppliers		39,198,223	P 33,612,706
Deferred input VAT		24,361,131	27,058,990
Refundable security deposits	19.2	13,617,001	27,100,599
Others		<u>7,880,004</u>	<u>13,943,693</u>
		<u>P 85,056,359</u>	<u>P 101,715,988</u>

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

11. INVESTMENT IN A JOINT VENTURE

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

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Acquisition costs	P 2,845,367,065	P 2,845,367,065
Accumulated share in net profit:		
Balance at beginning of the period	434,304,054	637,277,552
Share in net profit for the period	23,572,615	113,970,450
Reduction - dividends	-	(290,001,250)
Translation adjustment	50,879,950	(26,942,698)
Balance at end of the period	508,756,619	434,304,054
	P 3,354,123,684	P 3,279,671,119

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

12. INTEREST-BEARING LOANS

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

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Current:		
Foreign	P 4,984,303,020	P 3,451,103,435
Local	400,000,000	400,000,000
	5,384,303,020	3,851,103,435
Non-current –		
Foreign	20,197,793,880	19,950,084,000
	P 25,582,096,900	P 23,801,187,435

Interest expense on the above loans for the periods ended March 31, 2023 and 2022 amounted to P274.6 million and 109.5 million, respectively, and is presented as part of Interest Expense account under the Costs and Expenses section of the interim consolidated statements of comprehensive income.

13. EQUITY-LINKED SECURITIES

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

The ELS earned variable interest at the same rate as dividend paid to common shareholders.

The issuance of Tranche 2 Shares is expected to happen in 2023. Upon the actual conversion in 2023, EMI will reclassify the remaining portion of the Conversion Options amounting to P88.5 million to APIC.

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

There were no related collaterals on the ELS.

14. TRADE AND OTHER PAYABLES

The breakdown of this account is as follows:

	Notes	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Trade payables	19.1, 19.6	P 14,992,213,057	P 13,665,800,379
Accrued expenses		8,259,736,426	8,203,975,699
Output VAT payable		345,970,945	123,149,878
Advances from related parties	19.5	-	3,070,715
Others		66,012,011	143,326,600
		<u>P 23,663,932,439</u>	<u>P 22,139,323,271</u>

15. REVENUES AND OTHER INCOME

The details of revenues and other income are shown below.

	Notes	For the Three Months Ended	
		March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
Sales	19.3	P 15,267,287,530	P 11,764,573,243
Others:			
Foreign currency gains – net		34,606,357	214,389,872
Share in net profit of joint venture	11	23,572,615	24,271,590
Others	5	266,023,651	330,109,627
		<u>324,202,623</u>	<u>568,771,089</u>
		<u>P 15,591,490,153</u>	<u>P 12,333,344,332</u>

16. COSTS OF GOODS SOLD

The details of costs of goods sold are shown below.

	Notes	For the Three Months Ended	
		March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
Finished goods, beginning	7	P 7,144,431,089	P 5,574,742,812
Finished goods purchased	19.1	1,467,397,965	528,837,212
Cost of goods manufactured			
Raw and packaging materials, beginning	7	6,555,198,631	4,209,746,983
Net purchases	19.1	8,573,716,303	8,136,771,127
Raw and packaging materials, end	7	(6,169,060,432)	(5,274,860,324)
Raw materials used		P 8,959,854,502	P 7,071,657,786
Work-in-process, beginning	7	25,603,632,966	24,225,660,910
Direct labor		435,662,998	378,495,671
Manufacturing overhead:			
Depreciation and amortization	8	273,658,031	413,829,412
Taxes and licenses		201,252,137	212,535,818
Outside services	19.6	89,821,550	92,983,692
Communication, light, and water		114,276,299	89,019,684
Fuel and lubricants		103,414,024	85,247,534
Repairs and maintenance		108,642,066	71,072,332
Commission		118,200,395	69,644,716
Rentals		77,681,649	38,027,169
Labor		34,168,900	35,358,609
Waste disposal		15,522,257	16,033,976
Insurance		14,510,869	14,228,887
Transportation		5,540,144	13,174,538
Meals		2,452,614	7,641,062
Gasoline and oil		3,352,041	3,635,537
Miscellaneous		56,046,553	36,928,324
Work-in-process, end	7	(26,410,801,068)	(24,680,060,019)
		9,806,888,927	8,195,115,638
Finished goods, end	7	(8,254,741,364)	(6,310,443,254)
		P 10,163,976,617	P 7,988,252,408

17. OTHER OPERATING EXPENSES

The details of operating expenses are shown below.

	Notes	For the Three Months Ended	
		March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
Advertising and promotions		P 887,310,360	P 547,705,510
Salaries and employee benefits		523,265,220	448,049,228
Professional fees and outside services		153,785,236	122,299,729
Freight and handling		149,207,631	96,164,418
Travel and transportation		126,223,317	65,555,439
Other services		96,204,547	34,381,878
Depreciation and amortization	8	70,091,869	59,364,093
Taxes and licenses		45,834,446	146,563,256
Fuel and oil		40,800,065	27,662,770
Repairs and maintenance		34,136,609	16,068,151
Representation		24,030,127	23,930,863
Rentals		12,007,683	23,181,207
Insurance		16,528,118	12,312,674
Supplies		12,174,821	9,846,329
Communication, light, and water		12,304,297	8,440,637
Meals		11,125,206	3,334,443
Amortization of trademarks	9	403,848	403,848
Others		140,445,985	63,433,651
		P 2,355,879,385	P 1,708,698,124

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, 2023 (Unaudited)	March 31, 2022 (Unaudited)
Selling and distribution expenses	P 1,713,897,622	P 1,143,916,594
General and administrative expenses	641,981,763	564,781,530
	P 2,355,879,385	P 1,708,698,124

18. TAXES

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

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

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

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

	For the Three Months Ended	
	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
<i>Reported in profit or loss:</i>		
Current tax expense		
RCIT at 19% and 25%	P 366,111,492	P 288,975,671
Final tax on interest	15,355,254	1,086,567
MCIT	162,200	-
	381,628,946	290,062,238
Deferred tax expense relating to origination and reversal of other temporary differences	65,974,297	59,138,988
	P 447,603,243	P 349,201,226
<i>Reported in other comprehensive income or loss –</i>		
Deferred tax expense relating to retirement benefit obligation re-measurement	P 105,123,000	P 20,536,000

The deferred tax assets and liabilities relate to the following:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Brand valuation	(P 2,578,132,390)	(P 2,524,261,489)
Fair value adjustment	(399,867,277)	(391,511,922)
Short-term temporary differences	(345,950,870)	(343,609,823)
Retirement benefit asset	(416,367,797)	(339,645,280)
PFRS 16 impact	17,375,180	17,375,180
Capitalized borrowing costs	(39,249,784)	(39,249,784)
Allowance for impairment	22,674,134	22,674,134
Unamortized past service costs	89,048	89,048
Net deferred tax liabilities	(P 3,739,429,755)	(P 3,598,139,936)

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

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Deferred tax liabilities - net	(P 3,850,933,214)	(P 3,685,535,017)
Deferred tax assets - net	111,503,459	87,395,081
	(P 3,739,429,755)	(P 3,598,139,936)

19. RELATED PARTY TRANSACTIONS

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

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

Related Party Category	Notes	Amount of Transaction For the Three Months Ended		Outstanding Receivable (Payable)	
		March 31, 2023	March 31, 2022	March 31, 2023	December 31, 2022
Ultimate Parent Company:					
Lease of properties	19.2(a)	P 6,625,000	P 13,322,862	P -	P -
Related Parties Under Common Ownership:					
Purchase of raw materials	19.1	267,529,474	918,899,419	(139,218,074)	(319,428,263)
Purchase of finished goods	19.1	127,588,211	3,459,780	(1,633,173)	-
Lease of properties	19.2(b),(c)	18,046,287	25,926,722	-	-
Sale of goods	19.3	4,865,381	49,804,847	171,428,528	209,950,624
Management services	19.6	15,000,000	15,000,000	(71,500,000)	(115,500,000)
Refundable deposits	19.2(b),(c)	-	705,080	25,916,337	6,480,688
Stockholder -					
Advances obtained (paid)	19.5	(3,070,715)	-	-	(3,070,715)
Officers and Employees -					
Advances granted (collected)	19.4	471,692,699	310,169,909	1,154,386,540	682,693,841

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

19.1 Purchase of Goods

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

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

19.2 Lease Agreements

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

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

(c) *AGI*

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

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

(d) *Megaworld Corporation*

EDI, PAI and AWGI also entered into lease contracts with Megaworld Corporation, a related party under common ownership, for the head office space of the Group. The Group paid P13.7 million and P18.1 million in rentals for the first three months of 2023 and 2022, respectively.

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

© *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 P8.2 million and P7.8 million in rentals for the first three months of 2023 and 2022, respectively.

19.3 Sale of Goods

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

19.4 Advances to Officers and Employees

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

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

	March 31, 2023	December 31, 2022
	<u>(Unaudited)</u>	<u>(Audited)</u>
Balance at beginning of period	P 682,693,841	P 103,446,030
Additions	504,757,532	726,908,169
Payment	<u>(33,064,833)</u>	<u>(147,660,358)</u>
Balance at end of period	<u>P 1,154,386,540</u>	<u>P 682,693,841</u>

19.5 Advances from Related Parties

AGI and other entities within the AGI Group and other related parties may grant cash advances to the Group for its working capital, investment and inventory purchases requirements. These advances are generally unsecured, noninterest-bearing and repayable in cash upon demand. The outstanding balance as of December 31, 2022 that is presented as Advances from related parties under the Trade and Other Payables account (see Note 14) had been paid in full during the interim period. There were advances of similar nature granted in 2023.

19.6 Management Services

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

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

19.7 Purchase and Sale Commitment

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

20. EQUITY

20.1 Treasury Shares

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

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

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

20.2 Declaration of Dividends

On March 30, 2023, the BOD approved the declaration of cash dividends of P0.29 per share payable on May 25, 2023 to stockholders of record as of May 2, 2023.

There were no dividends declared and paid by the Parent Company during the year 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, 2023</u> <u>(Unaudited)</u>	<u>December 31, 2022</u> <u>(Audited)</u>
DBLC	P 1,200,218,690	P 1,219,811,450
Boozylife	(24,917,608)	(22,327,557)
	<u>P 1,175,301,082</u>	<u>P 1,197,483,893</u>

21. EARNINGS PER SHARE

Earnings per share were computed as follows:

	<u>For the Three Months Ended</u>	
	<u>March 31, 2023</u> <u>(Unaudited)</u>	<u>March 31, 2022</u> <u>(Unaudited)</u>
Consolidated net profit attributable to owners of parent company	P 2,318,409,259	P 2,098,349,310
Divided by weighted average number of outstanding common shares	<u>15,670,991,338</u>	<u>15,670,991,338</u>
Basic and diluted earnings per share	<u>P 0.15</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) and those held by a subsidiary do not form part of outstanding shares.

22. RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

22.1 Market Risk

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

(a) Foreign Currency Risk

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

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

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Financial assets	P 1,271,621,363	P 795,291,913
Financial liabilities	(513,086,929)	(591,381,805)
	<u>P 758,534,434</u>	<u>P 203,910,108</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, 2023	3.17%	<u>P 24,045,542</u>	<u>P 18,034,156</u>
December 31, 2022	5.31%	<u>P 10,827,627</u>	<u>P 8,120,720</u>

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

(c) *Other Price Risk*

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

22.2 *Credit Risk*

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

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

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

	Notes	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Cash and cash equivalents	5	P 15,160,345,937	P 12,738,118,244
Trade and other receivables – net	6	14,344,787,485	15,444,776,097
Refundable security deposits	10	<u>51,692,397</u>	<u>41,609,291</u>
		<u>P 29,556,825,819</u>	<u>P 28,224,503,632</u>

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

(a) *Cash and Cash Equivalents*

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

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

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

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

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

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

22.3 Liquidity Risk

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

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

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

March 31, 2023 (Unaudited)					
		CURRENT		NON-CURRENT	
		Within 6 months	6 to 12 months	1 to 5 years	More than 5 years
Interest-bearing loans	P	847,465,386	P 4,995,107,465	P 20,353,362,920	P -
Trade and other payables		23,189,419,174	-	-	-
Lease liabilities		<u>130,717,651</u>	<u>130,717,651</u>	<u>311,788,000</u>	<u>41,111,276</u>
		<u>P 24,167,602,211</u>	<u>P 5,125,825,116</u>	<u>P 20,665,150,920</u>	<u>P 41,111,276</u>
December 31, 2022 (Audited)					
		CURRENT		NON-CURRENT	
		Within 6 months	6 to 12 months	1 to 5 years	More than 5 years
Interest-bearing loans	P	482,653,749	P 3,617,557,011	P 20,159,679,800	P -
Trade and other payables		21,932,783,788	-	-	-
Lease liabilities		<u>116,151,340</u>	<u>116,151,340</u>	<u>390,610,643</u>	<u>28,298,162</u>
		<u>P 22,531,588,877</u>	<u>P 3,733,708,351</u>	<u>P 20,550,290,443</u>	<u>P 28,298,162</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.

	Notes	<u>March 31, 2023 (Unaudited)</u>		<u>December 31, 2022 (Audited)</u>	
		<u>Carrying Values</u>	<u>Fair Values</u>	<u>Carrying Values</u>	<u>Fair Values</u>
<i>Financial Assets</i>					
Financial assets					
at amortized cost:					
Cash and cash equivalents	5	P 15,160,345,937	P 15,160,345,937	P 12,738,118,244	P 12,738,118,244
Trade and other receivables	6	14,344,787,485	14,344,787,485	15,444,776,097	15,444,776,097
Refundable security deposits	10	<u>51,692,397</u>	<u>51,692,397</u>	<u>41,609,291</u>	<u>41,609,291</u>
		<u>P 29,556,825,819</u>	<u>P 29,556,825,819</u>	<u>P 28,224,503,632</u>	<u>P 28,224,503,632</u>
Financial assets at FVTPL		<u>P 351,510,106</u>	<u>P 351,510,106</u>	<u>P 277,586,460</u>	<u>P 277,586,460</u>
<i>Financial Liabilities</i>					
Financial liabilities					
at amortized cost:					
Interest -bearing loans	12	P 25,582,096,900	P 25,582,096,900	P 23,801,187,435	P 23,801,187,435
Trade and other payables	14	23,189,419,174	23,189,419,174	21,932,783,788	21,932,783,788
Lease liabilities	8.3	<u>614,334,577</u>	<u>614,334,577</u>	<u>594,378,028</u>	<u>594,378,028</u>
		<u>P 49,385,850,651</u>	<u>P 49,385,850,651</u>	<u>P 46,328,349,251</u>	<u>P 46,328,349,251</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, 2023 and December 31, 2022. In subsequent reporting periods, each party to the financial instruments (particularly those involving related parties) may decide to enter into an offsetting arrangement in the event of default of the other party.

24. FAIR VALUE MEASUREMENT AND DISCLOSURES

24.1 *Fair Value Hierarchy*

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

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

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

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

24.2 *Financial Instruments Measured at Fair Value*

The Group's financial instruments measured at fair value pertain to the Group's marketable equity securities and derivative instruments. These were presented as financial assets at FVTPL amounting to P351.5 million and P277.6 million as of March 31, 2023 and December 31, 2022, respectively.

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

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

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

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

	March 31, 2023 (Unaudited)			
	Level 1	Level 2	Level 3	Total
<i>Financial assets:</i>				
Cash and cash equivalents	P 15,160,345,937	P -	P -	P 15,160,345,937
Trade and other receivables	-	-	14,344,787,485	14,344,787,485
Refundable security deposits	-	-	51,692,397	51,692,397
	<u>P 15,160,345,937</u>	<u>P -</u>	<u>P 14,396,479,882</u>	<u>P 29,556,825,819</u>
<i>Financial liabilities:</i>				
Interest-bearing loans	P -	P -	P 25,582,096,900	P 25,582,096,900
Trade and other payables	-	-	23,189,419,174	23,189,419,174
Lease liabilities	-	-	614,334,577	614,334,577
	<u>P -</u>	<u>P -</u>	<u>P 49,385,850,651</u>	<u>P 49,385,850,651</u>
December 31, 2022 (Audited)				
	Level 1	Level 2	Level 3	Total
<i>Financial assets:</i>				
Cash and cash equivalents	P 12,738,118,244	P -	P -	P 12,738,118,244
Trade and other receivables	-	-	15,444,776,097	15,444,776,097
Refundable security deposits	-	-	41,609,291	41,609,291
	<u>P 12,738,118,244</u>	<u>P -</u>	<u>P 15,486,385,388</u>	<u>P 28,224,503,632</u>
<i>Financial liabilities:</i>				
Interest-bearing loans	P -	P -	P 23,801,187,435	P 23,801,187,435
Trade and other payables	-	-	21,932,783,788	21,932,783,788
Lease liabilities	-	-	594,378,028	594,378,028
	<u>P -</u>	<u>P -</u>	<u>P 46,328,349,251</u>	<u>P 46,328,349,251</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, 2023 (Unaudited)	December 31, 2022 (Audited)
Total liabilities	P 56,115,716,776	P 52,621,701,045
Total equity	<u>91,625,165,107</u>	<u>88,589,423,116</u>
Liabilities-to-equity ratio	<u>P 0.61 : 1.00</u>	<u>P 0.59 : 1.00</u>

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

EMPERADOR INC. AND SUBSIDIARIES
AGING SCHEDULE OF TRADE AND OTHER RECEIVABLES
March 31, 2023
(Amounts in Thousand Philippine Pesos)

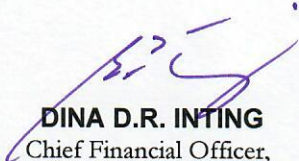
Trade Receivables	
Current	11,635,165
1 to 30 days	1,684,262
31 to 60 days	483,647
Over 60 days	<u>452,590</u>
Total	14,255,664
Other receivables	<u>10,043,785</u>
Balance	<u><u>24,299,449</u></u>

SIGNATURES

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

Issuer: **EMPERADOR INC.**

By:



DINA D.R. INTING
Chief Financial Officer,
Corporate Information Officer,
Compliance Officer
& Duly Authorized Officer
(Principal Financial/Accounting Officer)
May 18, 2023