A	2	0	0	1	1	7	5	9	5

S.E.C. Registration Number

EMPERADOR INC.

(Company's Full Name)

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

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

DINA D.R. INTING

Contact Person

8709-2038 to 41

Company Telephone Number

12 31

Month Day

Fiscal Year

17-Q

FORM TYPE

(**QUARTERLY REPORT FOR MARCH 31, 2022)**

05 **3rd Monday**

Month Day

Annual Meeting

Registration of Securities

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended............**March 31, 2022**

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

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

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

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

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

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

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

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

Title of each Class	Number of shares of common stock outstanding **As of March 31, 2022**
Common issued	**16,242,391,176**
Less Treasury	**505,919,938**
Outstanding	**15,736,471,238**

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

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

12. Indicate by check mark whether the registrant:

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

    Yes [✔] No [ ]

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

    Yes [✔] No [ ]

PART I - FINANCIAL INFORMATION

1. Financial Statements

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

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

The interim consolidated financial statements ("ICFS") have been prepared in accordance with 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 at and for the year ended December 31, 2021 ("ACFS"). The accounting policies and methods of computations used are consistent with those applied in the audited consolidated financial statements of the Group as at and for the year ended December 31, 2021. The ICFS have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expenses.

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

Five Key Performance Indicators

In Million Pesos	**Q1 2022**	Q1 2021	Q1 2020	Q1 2019
Revenues and other income	**12,333**	12,077	10,658	11,026
Net profit ["NP"]	**2,130**	2,099	1,421	1,743
NP to owners ["NPO"]	**2,098**	2,084	1,457	1,738
Revenue growth	**2%**	13%	-3%	13%
NP growth	**2%**	48%	-18%	5%
NPO growth	**1%**	43%	-16%	10%
NP rate	**17%**	17%	13%	16%
NPO rate	**17%**	17%	14%	16%

- 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
- Net profit rate– computed as percentage of net profit to revenues - measures the operating efficiency and success of maintaining satisfactory control of costs
- Return on assets – 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 divided by interest expense -measures the business' ability to meet its interest payments.

In Million Pesos	**2022**	2021
EBIT	**2,636**	2,630
Interest expense	**157**	169
Interest coverage	**16.80x**	15.57x

In Million Pesos	**March 31**	Dec 31		
	2022	2021	YTD	%
Quick assets	**31,703**	29,683	2,020	7
Current assets	**69,502**	64,945	4,557	7
Current liabilities	**25,451**	23,523	1,927	8
Total Assets	**133,766**	128,516	5,249	4
Current ratio	**2.7x**	2.8x		
Quick ratio	**1.2x**	1.3x		
Return on assets	**1.6%** **(3mos)**	7.9% 1yr		

Results of Operations – First Three Months 2022 vs 2021

The Group showed improved results in the first quarter of current year as compared to same period of 2021 and of pre-pandemic 2019, as it anchored on its diversified portfolio and international operations, amidst a volatile pandemic environment caused by Omicron waves[1] globally that tamed the Group's growth trajectory.

The Group ended the first quarter with P12.3 billion revenues and other income, up 2% year-on-year ("YoY") despite the challenges posed by global logistics and lockdowns attributed to Omicron across international markets including the Philippines in the first quarter. Net profit ("NP") and net profit attributable to owners ("NPO") hit P2.1 billion. Nevertheless, these numbers were respectively 12%, 22% and 21% better than the pre-pandemic first quarter of 2019.

The Group managed to keep gross profit rate ("GPR") and net profit rate ("NPR") robust amidst inflationary pressures. GPR was at 32% this year compared to 33% a year ago while NPR remained stable at 17% as the Group continued to maintain caution and optimization in its spending.

Both segments showed sturdy results with Scotch Whisky segment growing stronger as it took up 38% of the revenue pie for the interim period, from 33% share in full year 2021 and from 27% in full year 2019.

Revenue and other income share	Q1 2022	Q1 2021	YE 2021
Brandy	62%	68%	67%
S. Whisky	38%	32%	33%

[1] The Omicron variant of Covid-19 ("Omicron"), first named by WHO in November 2021, is less severe yet more transmissible than the Delta variant. It has spread fast worldwide causing record peaks in most countries (including UK, Spain, Mexico, USA and Phils) in January 2022 that declined as fast. The governments were forced to tighten mobility restrictions as Omicron infection surged. As the situation had improved globally, public health restrictions had eased in most places while there were still tightening in other places. In the Philippines, right after the New Year holidays, Metro Manila and other places were put under stricter Alert Level 3 for a month (business and activities at 10% indoor, 30% outdoor) (from Alert Level 2 since mid-November 2021), then restrictions were gradually eased to Alert Level 2 (50% indoor, 70% outdoor) in February and Alert Level 1 (full capacity) in March (up to this report date); while other areas were under the stricter levels. Omicron sub-variants have been detected in in May 2022.

The Group continues to pursue its strategic long-term agenda of premiumization and internationalization.

Comparative results YoY are shown in the table that follows.

In Million Pesos	**Q 1 2022**	Q1 2021	YoY 2022	YoY %	Q1 2019
Revenue and other income	**12,333**	12,077	257	2.1%	11,026
Brandy*	**7,635**	8,163	(527)	(6.5%)	7,690
Whisky*	**4,698**	3,914	784	20.0%	3,336
Gross profit ["GP"]	**3,776**	3,898	(122)	(3.1%)	3,688
Brandy	**1,897**	2,306	(409)	(17.7%)	2,284
Whisky	**1,880**	1,593	287	18.0%	1,404
NP before tax	**2,479**	2,461	19	0.8%	2,020
Brandy	**1,421**	1,597	(177)	(11.1%)	1,304
Whisky	**1,058**	864	196	22.7%	716
Tax expense	**349**	362	(13)	(3.5%)	278
Brandy	**184**	216	(32)	(14.9%)	218
Whisky	**165**	146	19	13.3%	59
NP	**2,130**	2,099	31	1.5%	1,743
Brandy	**1,237**	1,381	(145)	(10.5%)	1,086
Whisky	**893**	718	176	24.6%	657
NPOI	**2,098**	2,084	14	0.7%	1,738
Brandy	**1,205**	1,366	(162)	(11.8%)	1,081
Whisky	**894**	717	176	24.6%	657
EBITDA	**3,110**	2,977	133	4.5%	2,538
Brandy	**1,914**	2,001	(88)	(4.4%)	1,750
Whisky	**1,196**	976	221	22.6%	788
GPR**	**32.10%**	32.88%			34.24%
Brandy	**25.74%**	28.48%			30.27%
Whisky	**40.29%**	40.64%			42.06%
NPR	**17.27%**	17.38%			15.81%
Brandy	**15.70%**	16.64%			19.47%
Whisky	**18.90%**	18.25%			13.99%
NPOR	**17.01%**	17.26%			15.76%
Brandy	**15.30%**	16.46%			13.92
Whisky	**18.90%**	18.25%			19.47%
EBITDA margin	**25.22%**	24.65%			23.02%
Brandy	**24.29%**	24.11%			22.53%
Whisky	**25.31%**	24.83%			23.36%
*Notes: Numbers may not add up due to rounding off. YoY refers to year-on-year changes. **GPR is gross profit over sales. *Segment Revenues are from external customers only.*					

The Brandy segment ended the first quarter with revenues and other income from external customers of P7.6 billion, dampened by logistics constraints and lockdown restrictions from Omicron waves. Emperador increased its sales prices in January, yet it took the price of rising costs. GP contracted 18% YoY to P1.9 billion with GPR sliding to 26% from 28% of a year ago. The lower GP and higher operating costs brought both NP and NPO to P1.2 billion, with margin of 16% and 15%, respectively.

Brandy Segment – Q1	2022	2021	YoY	YoY %
In Million Pesos				
REVENUES AND OTHER INCOME- External customers	7,635	8,163	(527)	(6.5%)
Intersegment	242	139	103	73.6%
Total Revenues and Other Income	7,877	8,302	(425)	(5.1%)
Gross Profit ["GP"]	1,897	2,306	(409)	(17.7%)
Other operating expenses	889	778	111	14.3%
Selling and distribution	576	556	21	3.8%
General and administrative	313	222	90	40.7%
Interest and other charges	94	137	(43)	(31.6%)
NP before tax	1,421	1,597	(177)	(11.1%)
Tax expense	184	216	(32)	(14.9%)
NP	1,237	1,381	(145)	(10.5%)
NPO	1,205	1,366	(162)	(11.8%)
EBITDA	1,914	2,001	(88)	(4.4%)
GPR	25.74%	28.48%		
NPOR	15.30%	16.46%		
EBITDA Margin	24.29%	24.11%		

Scotch Whisky Segment – Q1	2022	2021	YoY	YoY %
In Million Pesos				
REVENUES AND OTHER INCOME- External customers	4,698	3,914	784	20.0%
Intersegment	29	17	12	73.9%
Total	4,727	3,931	797	20.3%
Gross Profit ["GP"]	1,880	1,593	287	18.0%
Other operating expenses	820	708	111	15.6%
Selling and distribution	568	423	144	34.0%
General and administrative	252	285	(34)	(11.8%)
Interest and other charges	63	32	31	97.4%
NP before tax	1,058	864	196	22.7%
Tax expense	165	146	19	13.3%
NP/ NPO	893	718	176	24.6%
EBITDA	1,196	976	221	22.6%
GPR	40.29%	40.64%		
NPR / NPOR	18.90%	18.25%		
EBITDA Margin	25.31%	24.83%		

The Scotch Whisky segment ended the first quarter with revenues and other income from external customers increasing 20% YoY to P4.7 billion, buoyed by its single malt products which showed double-digit growths and accounted for 63% of the segment's sales (as compared to 55% a year ago). Scotch Whisky sales continued to grow strongly in Europe, Americas and Asia Pacific regions in spite of supply chain challenges which were affecting its markets. Nevertheless, demand remains strong with orders on hand. GP expanded 18% YoY to P1.9 billion yet GPR remained steady at 40%. A 16% YoY increase on spending was recorded as markets reopened which brought NP and NPO to P0.9 billion, up 25% YoY. NPR and NPOR improved to 19% from 18% in comparable period last year.

In Million Pesos – Q1	2022	2021	YoY	YoY %
Selling and distribution	1,144	979	165	16.9%
Brandy	576	556	21	3.8%
Whisky	568	423	144	34.0%
General and Administrative	565	507	57	11.2%
Brandy	313	222	90	40.7%
Whisky	252	285	(34)	(11.8%)
Total Operating Expenses	1,709	1,486	222	14.9%

Operating expenses increased 15% YoY (+P0.2 billion) to P1.7 billion due to increased business activities in global markets compared to a year ago. Freight and handling (+P0.04 billion), professional fees and other services (+P0.09 billion), advertising and promotions (+P0.02 billion), travel and transportation (+P0.02 billion) and fuel and oil (+P0.01 billion) went up YoY.

Selling and distribution. Brandy segment had spent more this year on freight and handling, fuel and oil, merchandising service fees and foreign brands' promotional marketing as economies opened up and mobility became less restricted. Likewise, Scotch Whisky segment had spent more this year on strategic and promotional marketing, travel and transportation, professional fees and salaries and employee benefits. As a result, consolidated selling and distribution expenses went up 17% from a year ago.

General and administrative. Brandy segment's expenses increased from taxes and licenses. Scotch Whisky segment's expenses increased on transportation and travel and professional fees; training which was put on hold last year pushed through this year. There were other costs that could fluctuate on a monthly basis, and these decreased YoY. Overall, consolidated general and administrative expenses went up 11% from a year ago.

In Million Pesos – Q1	2022	2021	YoY	YoY %
Interest expense	157	169	(12)	(7.1%)
Brandy	94	137	(43)	(31.6%)
Whisky	63	32	31	97.4%

Interest expense decreased 7% YoY (-P0.01 billion) to P0.2 billion mainly due to variable interest on ELS charged in first quarter 2021 (-P0.06 billion) (nil this year) which was offset by increase in interest expense on bank loans.

In Million Pesos – Q1	2022	2021	YoY	YoY %
Other Income	569	218	350	160.6%
Brandy	507	207	300	145.2%
Whisky	62	11	50	438.1%

Other income soared 161% YoY (+P0.4 billion) to P0.6 billion mainly from foreign exchange gains and other operating income while share in net profit of BLC slipped during the period.

In Million Pesos – Q1	2022	2021	YoY	YoY %
Tax Expense	349	362	(13)	(3.5%)
Brandy	184	216	(32)	(14.9%)
Whisky	165	146	19	13.3%

Tax expense was reduced 4% YoY (-P0.01 billion) to P0.3 billion primarily due to lower taxable income of Brandy segment and lower tax rates in Philippines from a year ago.

EBITDA, which is computed as profit before interest expense, tax, depreciation and amortization, increased at P3.1 billion, showing steady margin of 25% for both comparable interim periods.

Financial Condition

Total assets amounted to P133.8 billion at March 31, 2022, a 4% increase (+P5.2 billion) from P128.5 billion at December 31, 2021. The Group is strongly liquid with current assets exceeding current liabilities 2.7 times by the end of the current interim period from 2.8 times last year-end.

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

Cash and cash equivalents were swelled 41% (+P3.8 billion) to P13.2 billion at end of interim period, mainly due to collection of receivables and proceeds from bank loans. payment of dividends. Cash flows from operations and financing activities were used for capital expenditures, loan and interest payments.

Trade and other receivables decelerated 9% (-P1.8 billion) to P18.5 billion primarily due to net collections from customers (-P3.1 billion) offset by the increase in advances to suppliers (+P0.5 billion) and to officers and employees (+P0.3 billion) due to increased production requirements.

Financial assets at fair value through profit or loss of P0.003 billion at the beginning of the year slipped to financial liabilities at fair value through profit or loss of P0.03 billion at end of the interim period due to marked-to market valuation of the marketable securities held for trading.

Inventories expanded 7% (+P2.3 billion) to P36.3 billion primarily from the continuous laying of Scotch whisky liquids for ageing (under work-in-process) and advanced production to ensure continuity of dispatch.

Prepayments and other current assets grew 21% (+P0.3 billion) to P1.5 billion from timing of general prepayments and creditable withholding taxes.

Deferred tax assets decreased 5% (-P0.006 billion) to P0.1 billion due to movements of timing differences.

Retirement benefit assets grew 14% (+P0.1 billion) to P1.0 billion, as the fair value of retirement plan assets exceeds the present value of the obligation, due to changes in financial assumptions and foreign exchange adjustments.

Current Interest-bearing loans went up 27% (+P0.9 billion) to P4.3 billion while non-current portion went down 1% (-P0.1 billion) due to drawdowns in Scotland loan facility, offset by repayment of banks.

Trade and other payables increased 8% (+P1.4 billion) to P19.3 billion due to timing of purchases for production (+P2.9 billion), accrued expenses (-P0.9 billion) and output vat payable (-P0.5 billion) near to end of interim period.

Current lease liabilities decreased 4% (-P0.008 billion) to P0.2 billion while non-current lease liabilities increased 49% (+P0.4 billion) to P1.3 billion due to new rent escalation during the interim period.

Income tax payable dropped 23% (-P0.5 billion) to P1.6 billion as the annual obligations at beginning of the year were paid during the period.

Deferred tax liabilities increased 8% (+P0.3 billion) to P3.8 billion from the movements of tax timing differences of the Group.

Equity attributable to owners went up 4% (+P2.8 billion) to P80.5 billion from net profit during the period (+P2.1 billion), translation gain in translating financial statements of foreign subsidiaries (+P0.3 billion) and other reserves (+P0.3 billion).

Non-controlling interest pertains primarily to the minority interest in DBLC and Boozylife. The decrease of P0.0.03 billion pertains to share in translation adjustment and in net profit of non-controlling shareholders recorded during the current period.

Financial Soundness Indicators

Please see submitted schedule attached to this report.

In Million Pesos	**March 31 2022**	Dec 31 2021
Debt [Loans]	**25,619**	24,841
Equity	**81,449**	78,718
Total Capitalization	**107,068**	103,560
Total Liabilities	**52,317**	49,798
Debt-to-equity ratio	**0.31**	0.32
Liabilities-to-equity ratio	**0.64**	0.63
Current ratio	**2.73x**	2.76x
Quick ratio	**1.25x**	1.26x
Return on assets	**1.59%** **3mos**	7.9% 1yr
Solvency ratio [EBITDA/Debt]	**0.12** **3mos**	0.61 1yr

Other Required Disclosures

As at March 31, 2022, 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
(A Subsidiary of Alliance Global Group, Inc.)
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
MARCH 31, 2022
(With Corresponding Figures as of December 31, 2021)
(Amounts in Philippine Pesos)

	Notes	March 31, 2022 (UNAUDITED)	December 31, 2021 (AUDITED)
A S S E T S			
CURRENT ASSETS			
Cash and cash equivalents	5	**P 13,156,702,827**	P 9,333,783,438
Trade and other receivables - net	6	**18,546,600,738**	20,345,854,801
Financial assets at fair value through profit or loss	24.2	**-**	3,294,192
Inventories - net	7	**36,292,763,476**	34,013,144,005
Prepayments and other current assets	10.1	**1,506,426,885**	1,249,119,654
Total Current Assets		**69,502,493,926**	64,945,196,090
NON-CURRENT ASSETS			
Property, plant and equipment - net	8	**28,282,155,294**	27,866,668,685
Intangible assets - net	9	**29,554,054,183**	29,438,539,142
Investment in a joint venture	11	**3,494,999,789**	3,482,644,617
Retirement benefit asset - net		**1,043,873,089**	914,000,495
Deferred tax assets - net	18	**127,266,606**	133,659,465
Other non-current assets - net	10.2	**802,563,065**	773,927,777
Total Non-current Assets		**63,304,912,026**	62,609,440,181
NON-CURRENT ASSETS HELD FOR SALE	19.8	**958,424,167**	961,740,550
TOTAL ASSETS		**P 133,765,830,119**	P 128,516,376,821
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Interest-bearing loans	12	**P 4,337,229,156**	P 3,411,082,346
Trade and other payables	14	**19,329,837,282**	17,888,331,330
Lease liabilities	8.3	**197,212,079**	205,206,504
Financial liabilities at fair value through profit or loss	24.2	**35,502,936**	-
Income tax payable		**1,550,856,449**	2,018,777,418
Total Current Liabilities		**25,450,637,902**	23,523,397,598
NON-CURRENT LIABILITIES			
Interest-bearing loans	12	**21,281,985,145**	21,430,348,300
Lease liabilities	8.3	**1,322,288,664**	887,743,550
Provisions		**409,369,112**	404,419,596
Deferred tax liabilities - net	18	**3,852,376,204**	3,552,232,410
Total Non-current Liabilities		**26,866,019,125**	26,274,743,856
Total Liabilities		**52,316,657,027**	49,798,141,454
EQUITY	20		
Equity attributable to owners of the parent company		**80,482,668,604**	77,718,065,873
Capital stock	23.1	**16,242,391,176**	16,242,391,176
Additional paid-in capital	23.1	**23,106,377,832**	23,106,377,832
Deposit for future stock subscription-ELS		**3,443,750,000**	3,443,750,000
Treasury shares	23.2	**(4,747,713,903)**	(4,747,713,903)
Conversion options	14	**88,498,401**	88,498,401
Share options	23.4	**183,769,571**	183,769,571
Accumulated translation adjustments	2	**(2,824,283,074)**	(3,128,522,733)
Revaluation reserves	2	**(98,225,776)**	(159,833,776)
Legal reserves + conso reserves	2	**442,808,334**	142,402,572
Consolidation reserve	2		
Retained earnings	23.5	**44,645,296,043**	42,546,946,733
Total equity attributable to			
Non-controlling interest	20.3	**966,504,488**	1,000,169,494
Total Equity		**81,449,173,092**	78,718,235,367
TOTAL LIABILITIES AND EQUITY		**P 133,765,830,119**	P 128,516,376,821

See Selected Explanatory Notes to Interim Consolidated Financial Statements.

EMPERADOR INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021
(Amounts in Philippine Pesos)
(UNAUDITED)

	Notes	2022	2021
REVENUES AND OTHER NCOME	15	**P 12,333,344,332**	P 12,076,285,265
COSTS AND EXPENSES			
Costs of goods sold	16	**7,988,252,408**	7,959,602,575
Selling and distribution expenses	17	**1,143,916,594**	978,935,521
General and administrative expenses	17	**564,781,530**	507,918,669
Interest expense	8, 12, 13	**156,884,188**	168,865,251
Other charges		**-**	200
		9,853,834,720	9,615,322,216
PROFIT BEFORE TAX		**2,479,509,612**	2,460,963,049
TAX EXPENSE	18		
Current tax expense		**290,062,238**	151,438,311
Deferred tax expense		**59,138,988**	210,602,038
		349,201,226	362,040,349
NET PROFIT		**2,130,308,386**	2,098,922,700
OTHER COMPREHENSIVE INCOME			
Item that will be reclassified subsequently to profit or loss			
Translation gain		**238,615,577**	1,147,660,576
Items that will not be reclassified subsequently to profit or loss			
Net actuarial gain on retirement benefit plan		**82,144,000**	181,566,000
Tax expense on remeasurement of retirement benefit plan		**(20,536,000)**	(45,391,500)
		61,608,000	136,174,500
		300,223,577	1,283,835,076
TOTAL COMPREHENSIVE INCOME		**P 2,430,531,963**	P 3,382,757,776
Net profit attributable to:			
Owners of the parent company		**P 2,098,349,310**	P 2,083,850,350
Non-controlling interest		**31,959,076**	15,072,350
		P 2,130,308,386	P 2,098,922,700
Total comprehensive income (loss) attributable to:			
Owners of the parent company		**P 2,464,196,969**	P 3,359,092,219
Non-controlling interest		**(33,665,006)**	23,665,557
		P 2,430,531,963	P 3,382,757,776
Earnings Per Share for the Net Profit Attributable to Owners of the Parent Company - Basic and Diluted	21	**P 0.13**	P 0.13

See Selected Explanatory Notes to Interim Consolidated Financial Statements.

EMPERADOR INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021
(Amounts in Philippine Pesos)
UNAUDITED

	Attributable to Owners of the Parent Company (see Note 20)														
										Retained Earnings					
	Capital Stock	Additional Paid-in Capital	Deposit on Future Stock Subscription-ELS	Treasury Shares	Conversion Options Outstanding	Share Options Outstanding	Accumulated Translation Adjustments	Revaluation Reserves	Other Reserves	Appropriated	Unappropriated	Total	Total	Non-controlling Interest (see Note 20)	Total Equity
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 period	-	-	-	-	-	-	-	-	300,405,762	-	-	-	300,405,762	-	300,405,762
Total comprehensive income (loss) for the period	-	-	-	-	-	-	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**
Balance at January 1, 2021	P 16,242,391,176	P 23,106,377,832	P -	(P 3,745,584,182)	P 88,498,401	P 138,841,593	(P 6,068,016,235)	(P 924,611,866)	P 114,994,796	P 800,000,000	P 36,832,913,174	P 37,632,913,174	P 66,585,804,689	P 778,511,627	P 67,364,316,316
Movements during the period	-	-	-	-	-	-	-	-	25,761,841	-	-	-	25,761,841	-	25,761,841
Acquisition of treasury shares during the period	-	-	-	(2,432,885)	-	-	-	-	-	-	-	-	(2,432,885)	-	(2,432,885)
Total comprehensive income for the period	-	-	-	-	-	-	1,139,067,369	136,174,500	-	-	2,083,850,350	2,083,850,350	3,359,092,219	23,665,557	3,382,757,776
Cash dividends declared during the period	-	-	-	-	-	-	-	-	-	-	(3,326,019,908)	(3,326,019,908)	(3,326,019,908)	-	(3,326,019,908)
Balance at March 31, 2021	P 16,242,391,176	P 23,106,377,832	P -	(P 3,748,017,067)	P 88,498,401	P 138,841,593	(P 4,928,948,866)	(P 788,437,366)	P 140,756,637	P 800,000,000	P 35,590,743,616	P 36,390,743,616	P 66,642,205,956	P 802,177,184	P 67,444,383,140

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, 2022 AND 2021
(Amounts in Philippine Pesos)
(UNAUDITED)

	Notes	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		P 2,479,509,612	P 2,460,963,049
Adjustments for:			
Depreciation and amortization	8, 16, 17	473,193,505	346,941,679
Interest expense	8, 12, 13	156,884,188	168,865,251
Interest income	5	(25,353,522)	(21,289,995)
Share in net profit of a joint venture	11, 15	(24,271,590)	(71,614,845)
Amortization of trademarks	9	403,848	403,848
Gain on sale of property, plant and equipment		-	(108,820)
Operating profit before working capital changes		3,060,366,041	2,884,160,167
Decrease in trade and other receivables		1,967,696,596	2,869,356,962
Decrease in financial instruments at fair value through profit or loss		50,689,864	10,176,400
Increase in inventories		(1,529,409,570)	(1,374,560,800)
Increase in prepayments and other current assets		(174,248,517)	(198,767,442)
Increase in retirement benefit asset		(50,685,846)	(33,875,772)
Increase in other non-current assets		(13,160,487)	(89,980,578)
Increase in trade and other payables		1,546,425,666	1,413,277,557
Cash generated from operations		4,857,673,747	5,479,786,494
Cash paid for income taxes		(828,630,972)	(264,969,331)
Net Cash From Operating Activities		4,029,042,775	5,214,817,163
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property, plant and equipment	8	(995,186,603)	(270,562,664)
Interest received	5	24,440,614	21,270,254
Proceeds from sale of property, plant and equipment	8	5,130,955	24,211,400
Net Cash Used in Investing Activities		(965,615,034)	(225,081,010)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from interest-bearing loans	12	1,161,717,783	666,600,000
Repayments of interest-bearing loans	12	(308,733,704)	(1,457,882,674)
Interest paid	8, 12, 13	(85,498,006)	(82,149,298)
Repayments of lease liabilities	8	(7,994,425)	(19,644,692)
Dividends paid	20	-	(1,900,582,805)
Net Cash From (Used in) Financing Activities		759,491,648	(2,793,659,469)
NET INCREASE IN CASH AND CASH EQUIVALENTS		3,822,919,389	2,196,076,684
CASH AND CASH EQUIVALENTS AT JANUARY 1		9,333,783,438	7,561,169,140
CASH AND CASH EQUIVALENTS AT MARCH 31		P 13,156,702,827	P 9,757,245,824

See Selected Explanatory Notes to Interim Consolidated Financial Statements.

EMPERADOR INC. AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
MARCH 31, 2022

	03/31/22	12/31/21
Current ratio	2.73	2.76
Quick ratio	1.25	1.26
Liabilities-to-equity ratio	0.64	0.63
Asset -to-equity ratio	1.64	1.63
Debt-to-equity ratio	0.31	0.32
	Q1 2022	**Q1 2021**
Net profit margin	17%	17%
Return on assets	2%	2%
Return on equity/investment	3%	3%
Solvency Ratio	12%	9%
Interest rate coverage ratio	16.80	15.57

LIQUIDITY RATIOS measure the business' ability to pay short-term debt.
Current ratio - computed as current assets divided by current liabilities

Solvency ratio - computed as EBITDA divided by total debt
Quick ratio - computed a cash, marketable securities, accounts receivable divided by current liabilities.
Liabilities-to-equity ratio - computed as total liabilities divided by stockholders'equity.

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 total assets divided by stockholders'equity.

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

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
AGING SCHEDULE OF TRADE AND OTHER RECEIVABLES
MARCH 31, 2022
(Amounts in Thousand Philippine Pesos)

Trade Receivables	
Current	8,534,741
1 to 30 days	813,632
31 to 60 days	140,292
Over 60 days	1,189,179
Total	10,677,844
Other receivables	7,868,758
Balance	**18,546,602**

EMPERADOR INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
SELECTED EXPLANATORY NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021
(With Comparative Audited Figures for December 31, 2021)
(Amounts in Philippine Pesos)
(UNAUDITED)

1. CORPORATE INFORMATION

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

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

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

The common shares of EMP and AGI were first listed for trading in the Philippine Stock Exchange (PSE) on December 19, 2011 and April 19, 1999, respectively.

1.1 Subsidiaries

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

Names of Subsidiaries	Percentage of Effective Ownership: **March 31, 2022**	December 31, 2021
EDI and subsidiaries (EDI Group)		
Emperador Distillers, Inc. ("EDI")	**100%**	100%
Anglo Watsons Glass, Inc. ("AWGI")	**100%**	100%
Alcazar De Bana Holdings Company, Inc.	**100%**	100%
Progreen Agricorp Inc. ("Progreen")	**100%**	100%
South Point Science Park Inc.	**100%**	100%
The Bar Beverage, Inc.	**100%**	100%
Tradewind Estates, Inc. ("TEI")	**100%**	100%
Boozylife Inc. ("Boozylife")	**62%**	62%
Cocos Vodka Distillers Philippines, Inc.	**100%**	100%
Zabana Rum Company, Inc.	**100%**	100%

Names of Subsidiaries and Joint Venture	Percentage of Effective Ownership	
	March 31, 2022	December 31, 2021
EIL and offshore subsidiaries and joint venture:		
Emperador International Ltd. ("EIL")	**100%**	100%
Emperador Holdings (GB) Limited ("EGB")	**100%**	100%
Emperador UK Limited ("EUK")	**100%**	100%
Whyte and Mackay Group Limited ("WMG")	**100%**	100%
Whyte and Mackay Global Limited ("WMGL")	**100%**	100%
Whyte and Mackay Limited ("WML")	**100%**	100%
Whyte and Mackay Warehousing Limited ("WMWL")	**100%**	100%
Emperador Asia Pte. Ltd. ("EA")	**100%**	100%
Grupo Emperador Spain, S.A. ("GES")	**100%**	100%
Bodega San Bruno, S.L. ("BSB")	**100%**	100%
Bodegas Fundador, S.L.U. ("BFS")	**100%**	100%
Grupo Emperador Gestion S.L ("GEG")	**100%**	100%
Stillman Spirits, S.L. ("Stillman")	**100%**	100%
Domecq Bodega Las Copas, S.L. ("DBLC")	**50%**	50%
Bodegas Las Copas, S.L.("BLC")	**50%**	50%
Emperador Europe Sarl ("EES")	**100%**	100%

Please refer to Note 1.1 to the audited consolidated financial statements as of and for the year ended December 31, 2021 for information on these entities.

1.2 Approval of the Interim Consolidated Financial Statements

The interim consolidated financial statements (unaudited) of the Group as of and for the three months ended March 31, 2022 (including the comparative financial information as of December 31, 2021 and for the three months ended March 31, 2021) were authorized for issue by the Parent Company's Board of Directors ("BOD") through the Audit Committee on May 24, 2022.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these interim consolidated financial statements are consistent with those applied in the most recent audited consolidated financial statements as of and for the year ended December 31, 2021 except for the application of amendments to standards that became effective on January 1, 2022 (see Note 2.2).

2.1 Basis of Preparation of Interim Consolidated Financial Statements

These interim consolidated financial statements for the three months ended March 31, 2022 and 2021 have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. They do not include all of the information required in annual financial statements, and should be read in conjunction with the Group's audited consolidated financial statements as of and for the year ended December 31, 2021.

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

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

2.2 Adoption of Amended Standards

(a) Effective in 2022 that are Relevant to the Group

The Group adopted for the first time the following amendments and annual improvements to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2022. These do not have material impact on the Group's consolidated financial statements as these pronouncements merely clarify existing requirements.

(i) PFRS 3 (Amendments), *Business Combination – Reference to the Conceptual Framework*

(ii) PAS 16 (Amendments), *Property, Plant and Equipment – Proceeds Before Intended Use*

(iii) PAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*

(iv) Annual Improvements to PFRS 2018-2020 Cycle:

- PFRS 9 (Amendments), *Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Liabilities*

- Illustrative Examples Accompanying PFRS 16, *Leases – Lease Incentives*

(b) Effective Subsequent to 2022 but not Adopted Early

There are amendments to existing standards effective for annual periods subsequent to 2022, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, these are not expected to have significant impact on the Group's consolidated financial statements:

(i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2023)

(ii) PAS 1 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies* (effective from January 1, 2023)

(iii) PAS 8 (Amendments), *Accounting Estimates – Definition of Accounting Estimates* (effective from January 1, 2023)

(iv) PAS 12 (Amendments), *Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction* (effective from January 1, 2023)

(v) PFRS 10 (Amendments), *Consolidated Financial Statements*, and PAS 28 (Amendments), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets Between an Investor and its Associates or Joint Ventures* (effective date deferred indefinitely)

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

In preparing the interim consolidated financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. The judgments, estimates and assumptions applied in the interim consolidated financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Group's most recent annual consolidated financial statements as of and for the year ended December 31, 2021.

The Group performed its annual impairment test of goodwill and trademarks with indefinite useful lives at year-end and when circumstances indicate the carrying value may be impaired. The Group's impairment test for goodwill arising from business combination and other intangible assets is based on value-in-use calculations. The Group monitors goodwill and trademarks with indefinite useful lives on the cash generating units to which these assets were allocated and considers the relationship between the market capitalization of the subsidiaries and its net book value, among other factors, when reviewing for indicators of impairment. The Group's management assessed that as of March 31, 2022 and as of December 31, 2021, goodwill arising from business combination and other intangible assets with indefinite useful lives are not impaired.

There had been no changes during the three-month period of 2022 in the commitments and contingencies disclosed in the Group's most recent annual consolidated financial statements as of December 31, 2021 (see Note 19.8). Except also for the provisions for onerous lease and dilapidations recognized, there are no other commitments and contingent liabilities that arise in the normal course of the Group's operations which are not reflected in the interim consolidated financial statements. Management is of the opinion that losses, if any, from these commitments and contingencies will not have material effects on the Group's interim consolidated financial statements.

4. SEGMENT INFORMATION

4.1 Business Segments

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

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

4.2 Segment Assets and Liabilities

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

4.3 Intersegment Transactions

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

4.4 Analysis of Segment Information

Segment information for the three months ended March 31, 2022 and 2021 and as of December 31, 2021 (in millions) are presented below.

	BRANDY		SCOTCH WHISKY		SEGMENT TOTALS	
	March 31,		March 31,		March 31,	
	2022	2021	**2022**	2021	**2022**	2021
REVENUES AND OTHER INCOME						
External customers	**P 7,635**	P 8,163	**P 4,698**	P 3,914	**P 12,333**	P 12,077
Intersegment sales*	**242**	139	**29**	17	**271**	156
	7,877	8,302	**4,727**	3,931	**12,604**	12,233
COSTS AND EXPENSES						
Costs of goods sold	**5,444**	5,773	**2,544**	2,187	**7,988**	7,960
Intersegment costs of goods sold*	**29**	17	**242**	139	**271**	156
Selling and distribution	**576**	556	**568**	423	**1,144**	979
General and administrative	**313**	222	**252**	285	**565**	508
Interest expense and other charges	**94**	137	**63**	33	**157**	169
	6,456	6,705	**3,669**	3,067	**10,125**	9,772
SEGMENT PROFIT BEFORE TAX	**1,421**	1,597	**1,058**	864	**2,479**	2,461
TAX EXPENSE	**184**	216	**165**	146	**349**	362
SEGMENT NET PROFIT	**P 1,237**	P 1,381	**P 893**	P 718	**P 2,130**	P 2,099
Depreciation and amortization	**P 399**	P 267	**P 74**	P 81	**P 473**	P 347
Interest expense	**94**	137	**63**	32	**157**	169
Share in net profit of joint venture	**24**	72	**-**	-	**24**	72
	March 31, 2022	Dec 31, 2021	**March 31, 2022**	Dec 31, 2021	**March 31, 2022**	Dec 31, 2021
TOTAL ASSETS	**P 138,743**	P 136,220	**P 55,156**	P 54,471	**P 193,898**	P 190,692
TOTAL LIABILITIES	**50,625**	50,855	**12,555**	11,864	**63,180**	62,718

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

The Group's revenues and other income in the periods presented range from 62% to 69% from the Asia Pacific, 21% to 25% from Europe and the remaining portion from North and Latin Americas, Middle East and Africa and other countries.

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

4.5 Reconciliations

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

	Segment Totals	Intercompany Accounts	Consolidated Balances
March 31, 2022			
Revenues	**P 12,604**	**P (271)**	**P 12,333**
Costs and expenses	**10,125**	**(271)**	**9,854**
Total assets	**193,898**	**(60,133)**	**133,766**
Total liabilities	**63,180**	**(10,863)**	**52,317**
Other segment information:			
Depreciation and amortization	**473**	**-**	**473**
Interest expense	**157**	**-**	**157**
Share in net profit of a joint venture	**24**	**-**	**24**
March 31, 2021			
Revenues	12,233	(156)	12,077
Costs and expenses	9,772	(156)	9,616
Other segment information:			
Depreciation and amortization	348	-	348
Interest expense	169	-	169
Share in net profit of a joint venture	72	-	72
December 31, 2021			
Total assets	190,692	(62,175)	128,516
Total liabilities	62,718	(12,920)	49,798

5. CASH AND CASH EQUIVALENTS

This account includes the following components:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Cash on hand and in banks	**P 3,864,890,032**	P 4,485,605,267
Short-term placements	**9,291,812,795**	4,848,178,171
	P 13,156,702,827	P 9,333,783,438

Cash in banks generally earn interest at rates based on daily bank deposit rates. Short-term placements have an average maturity of 30 to 60 days and earn effective annual interest rates ranging from 0.5% to 0.6% in the first three months of 2022 and from 0.4% to 0.6% in the first three months of 2021. Interest earned amounted to P25.4 million and P21.3 million in the first three months of 2022 and 2021, respectively, and is presented as part of Other income under the Revenues and Other Income account in the interim consolidated statements of comprehensive income (see Note 15).

6. TRADE AND OTHER RECEIVABLES

Details of this account are as follows:

	Notes	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Trade receivables	19.3	**P 10,870,194,077**	P 13,930,847,017
Advances to suppliers		**6,629,767,772**	6,147,264,154
Advances to officers and employees	19.4	**413,615,939**	103,446,030
Accrued interest receivable		**204,808**	378,467
Other receivables		**825,169,312**	356,571,487
		18,738,951,908	20,538,507,155
Allowance for impairment		**(192,351,170)**	(192,652,354)
		P 18,546,600,738	P 20,345,854,801

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

All of the Group's trade and other receivables have been assessed for impairment using the expected credit loss ("ECL") model adopted by the Group and adequate amounts of allowance for impairment have been recognized in 2022 and 2021 for those receivables found to be impaired (see Note 22.2). A reconciliation of the allowance for impairment is shown below.

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance at beginning of period	**P 192,652,354**	P 189,441,284
Recoveries	**(301,184)**	(15,546,909)
Impairment losses	**-**	11,561,171
Translation adjustment	**-**	7,196,808
Balance at end of period	**P 192,351,170**	P 192,652,354

Recoveries pertain to collections of certain receivables previously provided with allowance. There were no write-offs of receivables in 2022 and 2021.

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

7. INVENTORIES

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

	Notes	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
At cost:			
Finished goods	16, 19	**P 5,028,273,946**	P 4,451,219,952
Work-in-process	16, 19	**24,680,060,019**	24,225,660,910
Raw materials	16, 19	**4,276,676,029**	3,385,062,670
Packaging materials	16, 19	**495,290,907**	393,555,813
Machinery spare parts, consumables and factory supplies		**334,772,663**	319,884,044
		34,815,073,564	32,775,383,389
At net realizable value:			
Finished goods			
Cost	16, 19	**1,282,169,308**	1,123,522,860
Allowance for impairment		**(182,116,434)**	(186,047,864)
Packaging materials			
Cost	16, 19	**502,893,388**	431,128,500
Allowance for impairment		**(125,256,350)**	(130,842,880)
		1,477,689,912	1,237,760,616
		P 36,292,763,476	P 34,013,144,005

WML has a substantial inventory of aged stocks which mature over periods of up to 60 years. The maturing whisky stock inventory amounting to P20.0 billion and P19.7 billion as of March 31, 2022 and December 31, 2021, respectively, is presented as part of work-in-process inventories, and is stored in various locations across Scotland.

An analysis of the cost of inventories included in costs of goods sold for the three months ended March 31, 2022 and 2021 is presented in Note 16.

8. PROPERTY, PLANT AND EQUIPMENT

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

	Notes	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Property, plant and equipment	8.1	**P 27,283,738,673**	P 26,841,829,799
Right-of-use assets	8.2	**998,416,621**	1,024,838,886
		P 28,282,155,294	P 27,866,668,685

8.1 Carrying Values of Property, Plant and Equipment

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

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Cost	**P 42,103,684,571**	P 41,553,164,681
Accumulated depreciation and amortization	**(14,819,945,898)**	(14,711,334,882)
Net carrying amount	**P 27,283,738,673**	P 26,841,829,799

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

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance at beginning of the period, net of accumulated depreciation and and amortization	**P 26,841,829,799**	P 25,465,059,928
Additions during the period	**995,186,603**	2,340,741,404
Translation adjustment	**(7,141,159)**	790,272,045
Disposal during the period	**(5,130,955)**	(57,941,643)
Depreciation and amortization charges for the period	**(541,005,615)**	(1,696,301,935)
Balance at the end of the period, net of accumulated depreciation and and amortization	**P 27,283,738,673**	P 26,841,829,799

The amount of depreciation and amortization is allocated as follows:

		For the Three Months Ended	
	Notes	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)
Costs of goods sold	16	**P 407,122,000**	P 262,461,993
Selling and distribution expenses	17	**18,619,855**	18,091,199
General and administrative expenses	17	**20,150,068**	41,807,558
		445,891,923	322,360,750
Capitalized to inventories		**95,113,692**	81,804,460
		P 541,005,615	P 404,165,210

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

8.2 Right-of-use Assets

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

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

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

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Cost	**P 1,738,108,610**	P 1,731,768,067
Accumulated amortization	**(739,691,989)**	(706,929,181)
Net carrying amount	**P 998,416,621**	P 1,024,838,886

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

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance at beginning of the period, net of accumulated amortization	**P 1,024,838,886**	P 970,785,552
Amortization charges for the period	**(27,301,582)**	(222,355,982)
Translation adjustment	**879,317**	45,118,060
Additions during the period	**-**	141,568,711
Lease modification	**-**	92,397,741
Termination	**-**	(2,675,196)
Balance at the end of the period, net of accumulated amortization	**P 998,416,621**	P 1,024,838,886

The amount of amortization in 2022 and 2021 is allocated as follows:

		For the Three Months Ended	
	Notes	**March 31, 2022 (Unaudited)**	March 31, 2021 (Unaudited)
Costs of goods sold	16	**P 6,707,412**	P 24,580,930
General and administrative expenses	17	**20,594,170**	-
		P 27,301,582	P 24,580,930

8.3 Lease Liabilities

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

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Current	**P 197,212,079**	P 205,206,504
Non-current	**1,322,288,664**	887,743,550
	P 1,519,500,743	P 1,092,950,054

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

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

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Beginning lease liabilities	**P 1,092,950,054**	P 1,462,894,265
Translation adjustment	**478,961,306**	(269,225,893)
Finance charges	**(44,416,192)**	(81,073,626)
Lease payments	**(7,994,425)**	(19,644,692)
Ending lease liabilities	**P 1,519,500,743**	P 1,092,950,054

9. INTANGIBLE ASSETS

This account is composed of the following:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Indefinite useful lives		
Trademarks – net	**P 20,090,382,416**	P 20,030,113,136
Goodwill	**9,461,921,759**	9,406,272,150
	29,552,304,175	29,436,385,286
Definite useful lives		
Trademarks – net	**1,750,008**	2,153,856
	P 29,554,054,183	P 29,438,539,142

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

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

	Note	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance at beginning of the period		**P 2,153,856**	P 3,769,247
Amortization during the period	17	**(403,848)**	(1,615,391)
Balance at end of the period		**P 1,750,008**	P 2,153,856

Management believes that both the goodwill and trademarks are not impaired as of March 31, 2022 and December 31, 2021 as the Group's products that carry such brands and trademarks are performing very well in the market; hence, no impairment is necessary to be recognized in the periods presented.

10. OTHER ASSETS

10.1 Prepayments and Other Current Assets

This account is composed of the following:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Prepaid taxes	**P 875,387,446**	P 839,417,169
Prepaid expenses	**425,561,946**	171,392,040
Deferred input value-added tax ("VAT")	**138,206,270**	177,576,724
Refundable security deposits	**9,631,427**	8,808,208
Other current assets	**57,639,796**	51,925,513
	P 1,506,426,885	P 1,249,119,654

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

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

10.2 Other Non-current Assets

This account is composed of the following:

	Note	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Property mortgage receivable		**P 644,129,320**	P 646,636,072
Advances to suppliers		**27,239,626**	29,302,803
Deferred input VAT		**67,709,043**	34,176,923
Refundable security deposits	19.2	**55,487,529**	55,109,352
Others		**7,997,547**	8,702,627
		P 802,563,065	P 773,927,777

In 2016, the Group purchased from one of its property lessors an outstanding mortgage debt on one of the Group's leased properties. The purchased mortgage asset entitles the Group to full security over the leased property and to monthly interest payments from the property lessor. However, the Group remains as lessee over the property; hence, it is still required to make monthly lease payments to the property lessor until 2036.

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

11. INVESTMENT IN A JOINT VENTURE

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

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Acquisition costs	**P 2,845,367,065**	P 2,845,367,065
Accumulated share in net profit:		
Balance at beginning of the period	**637,277,552**	448,495,366
Share in net profit for the period	**24,271,590**	161,824,100
Translation adjustment	**(11,916,418)**	26,958,086
Balance at end of the period	**649,632,724**	637,277,552
	P 3,494,999,789	P 3,482,644,617

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

12. INTEREST-BEARING LOANS

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

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Current:		
Foreign	**P 3,937,229,156**	P 3,011,082,346
Local	**400,000,000**	400,000,000
	4,337,229,156	3,411,082,346
Non-current –		
Foreign	**21,281,985,145**	21,430,348,300
	P 25,619,214,301	P 24,841,430,646

Interest expense on the above loans for the periods ended March 31, 2022 and 2021 amounted to P109.5 million and P97.9 million, respectively, and is presented as part of Interest Expense account under the Costs and Expenses section of the interim consolidated statements of comprehensive income.

13. EQUITY-LINKED SECURITIES

The outstanding balance of the equity-linked securities instrument ("ELS") represents Tranche 2 Conversion which may be converted by the Arran Investment Private Limited ("Arran"), the Holder, for 475,000,000 common shares up to Extended Redemption Date. The ELS earns variable interest at the same rate as dividend paid to common shareholders.

On December 3, 2021, the Holder exercised its right to Tranche 2 Conversion and EMP was given a period until February 28, 2022, subsequently modified to May 15, 2022 and was further modified to August 12, 2022 to issue the Tranche 2 Shares ("Conversion Period"). Pursuant to this, EMP derecognized the financial liability component of the ELS and recognized an equity component amounting to P3.4 billion in 2021 which is presented as Deposit on Future Stock Subscription – Equity-linked Securities under the Equity section of the interim consolidated statements of financial position. Upon the actual conversion, EMP will reclassify the remaining portion of the Conversion Options amounting to P88.5 million to additional paid-in capital.

Variable interest during the three months ended March 31, 2021 amounting to P57.0 million (nil in 2022) is presented as part of Interest Expense account under the Costs and Expenses section of the 2021 interim consolidated statement of comprehensive income.

There were no related collaterals on the ELS.

14. TRADE AND OTHER PAYABLES

The breakdown of this account is as follows:

	Notes	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Trade payables	19.1, 19.6	**P 13,690,917,554**	P 10,780,556,544
Accrued expenses		**5,373,856,404**	6,309,215,929
Output VAT payable		**100,181,281**	602,515,558
Advances from related parties	19.5	**3,070,715**	3,070,715
Others		**161,811,328**	192,972,584
		P 19,329,837,282	P 17,888,331,330

15. REVENUES AND OTHER INCOME

The details of revenues and other income are shown below.

		For the Three Months Ended	
	Notes	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)
Sales	19.3	**P 11,764,573,243**	P 11,858,001,012
Others:			
Foreign currency gains – net		**214,389,872**	53,911,184
Share in net profit of joint venture	11	**24,271,590**	71,614,845
Other income – net	5	**330,109,627**	92,758,224
		568,771,089	218,284,253
		P 12,333,344,332	P 12,076,285,265

16. COSTS OF GOODS SOLD

The details of costs of goods sold are shown below.

	Notes	For the Three Months Ended March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)
Finished goods, beginning	7	**P 5,574,742,812**	P 5,159,455,789
Finished goods purchased	19.1	**1,040,192,207**	631,245,320
Cost of goods manufactured			
Raw and packaging materials, beginning	7	**4,209,746,983**	4,700,265,219
Net purchases	19.1	**7,625,416,132**	7,844,719,800
Raw and packaging materials, end	7	**(5,274,860,324)**	(5,240,970,332)
Raw materials used		**P 6,560,302,791**	P 7,304,014,687
Work-in-process, beginning	7	**24,225,660,910**	21,071,773,814
Direct labor		**378,495,671**	347,152,926
Manufacturing overhead:			
Depreciation and amortization	8	**413,829,412**	287,042,923
Taxes and licenses		**212,535,818**	47,945,222
Outside services	19.6	**92,983,692**	89,068,270
Communication, light, and water		**89,019,684**	56,778,587
Fuel and lubricants		**85,247,534**	73,496,126
Repairs and maintenance		**71,072,332**	69,004,651
Commission		**69,644,716**	60,074,006
Rentals		**38,027,169**	45,452,283
Labor		**35,358,609**	41,199,234
Waste disposal		**16,033,976**	8,522,894
Insurance		**14,228,887**	12,587,275
Transportation		**13,174,538**	10,239,815
Consumables and supplies		**9,884,384**	19,810,479
Meals		**7,641,062**	4,356,578
Gasoline and oil		**3,635,537**	2,040,834
Miscellaneous		**27,043,940**	28,311,209
Work-in-process, end	7	**(24,680,060,019)**	(22,257,389,825)
		7,683,760,643	7,321,481,988
Finished goods, end	7	**(6,310,443,254)**	(5,152,580,522)
		P 7,988,252,408	P 7,959,602,575

17. OTHER OPERATING EXPENSES

The details of operating expenses are shown below.

	Notes	For the Three Months Ended March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)
Advertising		**P 547,705,510**	P 525,606,467
Salaries and employee benefits		**448,049,228**	478,710,540
Taxes and licenses		**146,563,256**	62,505,870
Professional fees and outside services		**122,299,729**	66,418,176
Freight-out		**96,164,418**	55,328,162
Travel and transportation		**65,555,439**	49,995,869
Depreciation and amortization	8	**59,364,093**	59,898,757
Other services		**34,381,878**	17,940
Fuel and oil		**27,662,770**	13,437,140
Representation		**23,930,863**	15,974,765
Rentals		**23,181,207**	25,566,591
Repairs and maintenance		**16,068,151**	16,361,142
Insurance		**12,312,674**	15,575,032
Supplies		**9,846,329**	8,772,632
Communication, light, and water		**8,440,637**	9,647,946
Meals		**3,334,443**	6,349,554
Amortization of trademarks	9	**403,848**	403,848
Others		**63,433,651**	76,283,759
		P 1,708,698,124	P 1,486,854,190

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

	For the Three Months Ended March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)
Selling and distribution expenses	**P 1,143,916,594**	P 978,935,521
General and administrative expenses	**564,781,530**	507,918,669
	P 1,708,698,124	P 1,486,854,190

18. TAXES

EMP and its Philippine subsidiaries are subject to the higher of regular corporate income tax ("RCIT") at 25% of net taxable income, or minimum corporate income tax ("MCIT") at 1% of gross income, as defined under the Philippine tax regulations. The Group declared RCIT for the three months ended March 31, 2022 and 2021 as RCIT was higher in those periods, except for TEI in which MCIT was higher than RCIT in 2021.

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

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

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

	For the Three Months Ended	
	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)
Reported in profit or loss:		
Current tax expense		
RCIT at 19% and 25%	**P 288,975,671**	P 150,669,188
Final tax on interest	**1,086,567**	581,191
MCIT	**-**	187,932
	290,062,238	151,438,311
Deferred tax expense relating to origination and reversal of other temporary differences	**59,138,988**	210,602,038
	P 349,201,226	P 362,040,349
Reported in other comprehensive income or loss –		
Deferred tax expense relating to retirement benefit obligation re-measurement	**P 20,536,000**	P 45,391,500

The deferred tax assets and liabilities relate to the following:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Brand valuation	**(P 2,708,448,221)**	(P 2,491,991,522)
Fair value adjustment	**(420,079,208)**	(386,506,864)
Short-term temporary differences	**(372,045,791)**	(342,312,232)
Retirement benefit asset	**(255,961,560)**	(228,632,315)
PFRS 16 impact	**49,188,501**	49,196,408
Capitalized borrowing costs	**(41,118,820)**	(41,118,820)
Allowance for impairment	**23,177,408**	22,614,307
Unamortized past service costs	**178,093**	178,093
Net deferred tax liabilities	**(P 3,725,109,598)**	(P 3,418,572,945)

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

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Deferred tax liabilities - net	**(P 3,852,376,204)**	(P 3,552,232,410)
Deferred tax assets - net	**127,266,606**	133,659,465
	(P 3,725,109,598)	(P 3,418,572,945)

19. RELATED PARTY TRANSACTIONS

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

The summary of the Group's significant transactions with its related parties for the three months ended March 31, 2022 and 2021 and the related outstanding balances as of March 31, 2022 and December 31, 2021 are shown below.

		Amount of Transaction For the Three Months Ended		Outstanding Receivable (Payable)	
Related Party Category	Notes	**March 31, 2022**	March 31, 2021	**March 31, 2022**	December 31, 2021
Ultimate Parent Company:					
Dividends		**P -**	P 2,770,015,167	**P -**	P -
Lease of properties	19.2(a)	**13,322,862**	2,601,500	**-**	-
Related Parties Under Common Ownership:					
Purchase of raw materials	19.1	**918,899,419**	640,404,978	**(872,755,697)**	(621,856,151)
Purchase of finished goods	19.1	**3,459,780**	2,798,863	**(754,205)**	(972,593)
Lease of properties	19.2(b),(c)	**25,926,722**	19,565,367	**(8,030,240)**	-
Sale of goods	19.3	**49,804,847**	16,230,401	**177,676,823**	206,204,092
Management services	19.6	**15,000,000**	15,000,000	**82,500,000**	(33,000,000)
Refundable deposits	19.2(b),(c)	**705,080**	(1,035,821)	**7,185,768**	6,480,688
Stockholder -					
Advances obtained	19.5	**-**	-	**(3,070,715)**	(3,070,715)
Officers and Employees -					
Advances granted (collected)	19.4	**310,169,909**	(843,471)	**413,615,939**	103,446,030

The Group's outstanding receivables from and payables to related parties arising from the above transactions are unsecured, noninterest-bearing and payable on demand, unless otherwise stated. No impairment loss was recognized in the first three months of 2022 and 2021 for related party receivables.

19.1 Purchase of Goods

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

The related unpaid purchases as of March 31, 2022 and December 31, 2021 are shown as part of Trade payables under the Trade and Other Payables account in the interim consolidated statements of financial position (see Note 14).

19.2 Lease Agreements

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

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

(a) AGI

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

There were no outstanding balances or refundable security deposits arising from this lease agreement as of March 31, 2022 and December 31, 2021.

(b) Megaworld Corporation

EDI, PAI and AWGI also entered into lease contracts with Megaworld Corporation ("Megaworld"), a related party under common ownership, for the head office space of the Group. The Group paid P18.1 million and P11.7 million in rentals for the first three months of 2022 and 2021, respectively.

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

(c) Empire East Land Holdings, Inc.

EDI entered into a lease contract with Empire East Land Holdings, Inc., a related party under common ownership, for its office and warehouse. The Group paid P7.8 million and P7.9 million in rentals for the first three months of 2022 and 2021, respectively.

19.3 Sale of Goods

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

19.4 Advances to Officers and Employees

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

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

	March 31, 2022 (Unaudited)		December 31, 2021 (Audited)	
Balance at beginning of period	**P**	**103,446,030**	P	44,299,252
Additions - net		**310,169,909**		59,146,778
Balance at end of period	**P**	**413,615,939**	P	103,446,030

19.5 Advances to (from) Related Parties

Certain entities within the AGI Group and other related parties grant cash advances to (from) the Group for its working capital, investment and inventory purchases requirements. These advances are unsecured, noninterest-bearing and repayable in cash upon demand. These advances are presented as Advances to related parties under the Trade and Other Receivables account (see Note 6) and as Advances from related parties under the Trade and Other Payables account (see Note 14).

19.6 Management Services

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

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

19.7 Purchase and Sale Commitment

On December 27, 2020, the Group signed a letter of intent with Global One, a related party under common ownership, for the sale of the Group's certain land and buildings (reported as Non-Current Assets Held for Sale in the interim consolidated statements of financial position) for a total purchase price of €16.6 million.

20. EQUITY

20.1 Treasury Shares

On May 12, 2017, the Parent Company's BOD authorized the buy-back of EMP's common shares of up to P5.0 billion for a term of 2 years commencing on May 16, 2017 and ending on May 16, 2019. On May 7, 2019, the buy-back program of the Parent Company's common shares of up to P3.0 billion was extended for another 12 months up to May 16, 2020. On May 16, 2020 the BOD approved another 12-month extension and fully used up the allotment before the end of the extension period.

On April 12, 2021, the Parent Company's BOD authorized another buy-back program of up to P1.0 billion ending on December 31, 2021 under the same terms and conditions as the previous ones. The allotment was fully used up by the end of June 30, 2021.

As of March 31, 2022 and December 31, 2021, the Parent Company had spent P6.12 billion including trading charges, to purchase a total of 759.20 million shares. Out of these, a total of 253.3 million shares had been issued to Arran for the Tranche 1 Conversion of the ELS in February 2020 (see Note 13). As of March 31, 2022, there were 505.92 million shares in treasury amounting to P4.75 billion and presented under Treasury Shares account in the interim consolidated statement of changes in equity.

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

20.2 Declaration of Dividends

The details of the Parent Company's cash dividend declarations for the three months ended March 31, 2021 are as follows:

Date of Declaration	Date of Stockholders' Record	Payable Date	Dividend per Share	Total
January 4, 2021	January 15, 2021	February 3, 2021	P 0.12	P1,900,582,805
March 8, 2021	March 19, 2021	April 15, 2021	0.09	1,425,437,103
				P3,326,019,908

There were no dividends declared and paid by the Parent Company for the three months ended March 31, 2022.

The Parent Company's buy-back program restricts its retained earnings for distribution as dividends up to the cost of the treasury shares (see Note 20.1).

20.3 Subsidiaries with Non-controlling Interest

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

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
DBLC	P 989,506,734	P 1,021,025,250
Boozylife	(23,002,246)	(20,855,756)
	P 966,504,488	P 1,000,169,494

21. EARNINGS PER SHARE

Earnings per share were computed as follows:

	For the Three Months Ended	
	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)
Consolidated net profit attributable to owners of parent company	P 2,098,349,310	P 2,083,850,350
Divided by weighted average number of outstanding common shares	15,839,884,723	15,845,014,032
Basic and diluted earnings per share	P 0.13	P 0.13

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

The treasury shares under the buy-back program (see Note 20.1) do not form part of outstanding shares.

22. RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

22.1 Market Risk

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

(a) Foreign Currency Risk

Most of the Group's transactions are carried out in Philippine pesos, United States ("US") dollars, Euros, and UK pounds, which are the entities' functional currencies. Exposures to currency exchange rates arise from the Group's foreign currency-denominated transactions at each entity level. The Group has no significant exposure to other foreign currency exchange rates at each entity level, except for US dollars of EDI and foreign subsidiaries, since these other foreign currencies are not significant to the Group's interim consolidated financial statements. EDI has cash and cash equivalents in US dollars as of March 31, 2022 and December 31, 2021 while the foreign subsidiaries have cash and cash equivalents, receivables and payables in US dollars. To mitigate the Group's exposure to foreign currency risk, non-functional currency cash flows are being monitored.

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

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Financial assets	**P 1,081,453,524**	P 432,911,894
Financial liabilities	**(2,714,269,770)**	(2,750,063,007)
	(P 1,632,816,246)	(P 2,317,151,113)

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

	Reasonably possible change in rate	Effect in consolidated profit before tax	Effect in consolidated equity
March 31, 2022	**5.87%**	**(P 95,846,314)**	**(P 71,884,735)**
December 31, 2021	4.11%	(P 95,234,911)	(P 71,426,183)

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

(b) Interest Rate Risk

As at March 31, 2022 and December 31, 2021, the Group is exposed to changes in market rates through its cash in banks and short-term placements which are generally subject to 30-day re-pricing intervals (see Note 5). Due to the short duration of short-term placements, management believes that interest rate sensitivity and its effect on the net results and equity are not significant. The Group's interest-bearing loans and borrowings are subject to fixed interest rates and are therefore not subject to interest rate risk, except for certain loans that are based on Euro Interbank Offered Rate ("EURIBOR") and London Inter-bank Offered Rate. The EURIBOR, however, is currently at a negative rate or zero rate, and the Group does not see a material interest rate risk here in the short-term. The Group does not see a material effect on the interim consolidated financial statements from both.

(c) Other Price Risk

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

22.2 Credit Risk

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

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

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

	Notes	**March 31, 2022 (Unaudited)**	December 31, 2021 (Audited)
Cash and cash equivalents	5	**P 13,156,702,827**	P 9,333,783,438
Trade and other receivables – net	6	**11,503,217,027**	14,095,144,617
Property mortgage receivable	10.2	**644,129,320**	646,636,072
Refundable security deposits	10	**65,118,956**	63,917,560
		P 25,369,168,130	P 24,139,481,687

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

(a) Cash and Cash Equivalents

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

(b) Trade and Other Receivables, Property Mortgage Receivable, and Refundable Security Deposits

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

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

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

For the advances to related parties and refundable security deposits, the lifetime ECL rate is assessed at 0%, as there was no historical credit loss experience from the counterparties. The counterparties have low credit risk and strong financial position and sufficient liquidity to settle its obligations to the Group once they become due. With respect to property mortgage receivable, management assessed that this financial asset has low probability of default since the Parent Company is also a lessee over the same property and can apply such receivable against future lease payments.

22.3 Liquidity Risk

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

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

The maturity profile of the Group's financial liabilities as of March 31, 2022 and December 31, 2021 based on contractual undiscounted payments is as follows:

	March 31, 2022 (Unaudited)			
	CURRENT		**NON-CURRENT**	
	Within 6 months	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Interest-bearing loans	P 695,631,492	P 3,193,570,963	P 21,791,401,564	P -
Trade and other payables	19,149,344,850	-	-	-
Lease liabilities	146,261,792	134,778,563	861,533,617	431,965,723
	P 19,991,238,134	**P 4,048,349,526**	**P 22,652,935,181**	**P 431,965,723**

	December 31, 2021 (Audited)			
	CURRENT		NON-CURRENT	
	Within 6 months	6 to 12 months	1 to 5 years	More than 5 years
Interest-bearing loans	P 734,323,235	P 2,946,647,836	P P21,946,907,378	P -
Trade and other payables	17,205,504,621	-	-	-
Lease liabilities	146,261,792	134,778,563	861,533,617	431,965,723
	P 18,086,089,648	P 3,081,426,399	P 22,808,440,995	P 431,965,723

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

23. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

		March 31, 2022 (Unaudited)		December 31, 2021 (Audited)	
	Notes	**Carrying Values**	**Fair Values**	Carrying Values	Fair Values
Financial Assets					
Financial assets at amortized cost:					
Cash and cash equivalents	5	**P 13,156,702,827**	**P 13,156,702,827**	P 9,333,783,438	P 9,333,783,438
Trade and other receivables	6	**11,503,217,027**	**11,503,217,027**	14,095,144,617	14,095,144,617
Property mortgage receivable	10.2	**644,129,320**	**644,129,320**	646,636,072	646,636,072
Refundable security deposits	10	**65,118,956**	**65,118,956**	63,917,560	63,917,560
		P 25,369,168,130	**P 25,369,168,130**	P 24,139,481,687	P 24,139,481,687
Financial assets at FVTPL		**P -**	**P -**	P 3,294,192	P 3,294,192
Financial Liabilities					
Financial liabilities at amortized cost:					
Interest -bearing loans	12	**P 25,619,214,301**	**P 25,619,214,301**	P 24,841,430,646	P 24,841,430,646
Trade and other payables	14	**19,149,344,850**	**19,149,344,850**	17,205,504,621	17,205,504,621
Lease liabilities	8.3	**1,519,500,743**	**1,519,500,743**	1,092,950,054	1,092,950,054
		P 46,288,059,894	**P 46,288,059,894**	P 43,139,885,321	P 43,139,885,321
Financial liabilities at FVTPL		**P 35,502,936**	**P 35,502,936**	P -	P -

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

23.2 Offsetting of Financial Assets and Financial Liabilities

Currently, the Group's financial assets and financial liabilities are settled on a gross basis because there is no relevant offsetting arrangement on them as of March 31, 2022 and December 31, 2021. In subsequent reporting periods, each party to the financial instruments (particularly those involving related parties) may decide to enter into an offsetting arrangement in the event of default of the other party.

24. FAIR VALUE MEASUREMENT AND DISCLOSURES

24.1 Fair Value Hierarchy

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

24.2 Financial Instruments Measured at Fair Value

The Group's financial instruments measured at fair value pertain to the Group's derivative instruments. These were presented as financial liabilities at FVTPL amounting to P35.5 million as of March 31, 2022 and financial assets at FVTPL amounting P3.3 million as of December 31, 2021. The fair values of derivative financial instruments that are not quoted in an active market are determined through valuation techniques using the net present value computation.

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

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

	March 31, 2022 (Unaudited)			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets:				
Cash and cash equivalents	P 13,156,702,827	P -	P -	P 13,156,702,827
Trade and other receivables	-	-	11,503,217,027	11,503,217,027
Property mortgage receivable	-	-	644,129,320	644,129,320
Refundable security deposits	-	-	65,118,956	65,118,956
	P 13,156,702,827	**P -**	**P 12,212,465,303**	**P 25,369,168,130**
Financial liabilities:				
Interest-bearing loans	P -	P -	P 25,619,214,301	P 25,619,214,301
Trade and other payables	-	-	19,149,344,850	19,149,344,850
Lease liabilities	-	-	1,519,500,743	1,519,500,743
	P -	**P -**	**P 46,288,059,894**	**P 46,288,059,894**

	December 31, 2021 (Audited)			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and cash equivalents	P 9,333,783,438	P -	P -	P 9,333,783,438
Trade and other receivables	-	-	14,095,144,617	14,095,144,617
Property mortgage receivable	-	-	646,636,072	646,636,072
Refundable security deposits	-	-	63,917,560	63,917,560
	P 9,333,783,438	P -	P 14,805,698,249	P 24,139,481,687
Financial liabilities:				
Interest-bearing loans	P -	P -	P 24,841,430,646	P 24,841,430,646
Trade and other payables	-	-	17,205,504,621	17,205,504,621
Lease liabilities	-	-	1,092,950,054	1,092,950,054
	P -	P -	P 43,139,885,321	P 43,139,885,321

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

25. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

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

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

		March 31, 2022 (Unaudited)		December 31, 2021 (Audited)
Total liabilities	**P**	**52,316,657,027**	P	49,798,141,454
Total equity		**81,449,173,092**		78,718,235,367
Liabilities-to-equity ratio	**P**	**0.64 : 1.00**	P	0.63 : 1.00

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

26. CONTINUING IMPACT OF COVID-19 PANDEMIC

The COVID-19 pandemic which put the Philippines in a state of calamity is continuing globally as of date of this report, with new variants of the virus coming out and causing upsurges and re-imposition of restrictions in countries so affected at varying degrees. The government's vaccination program is ongoing. The Group has started its vaccination program for its employees in May 2021, and later on to their family members, to help achieve the herd immunity that the government is aiming for.

There were global economic disruptions in the first quarter brought about by the Omicron variant waves of infection that caused record peaks in most countries in January, including UK, Spain, Mexico, and Philippines. As the situation had improved globally, public health restrictions had eased in most places while there were still tightening in other places.

The ultimate impact of the pandemic is highly uncertain and subject to change. Accordingly, management cannot reliably estimate the quantitative impact of the pandemic on the Group's interim consolidated financial position and results of operations for future periods. The Group follows dutifully government guidelines and pronouncements.

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
& Duly Authorized Officer
(Principal Financial/Accounting Officer)
May 24, 2022