COVER SHEET

					1	6	0	9	6	8

S.E.C. Identification No.

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

(Company's Full Name)

26th Floor, Filinvest Axis Tower Two Building, Northgate Cyberzone, Filinvest City, Alabang, Muntinlupa City

(Business Address: No. Street City/Town/Province)

	8888-73774
Contact Person	**Company Telephone Number**

0	3	3	1	SEC Form 17-Q	Last Friday of May
Month		**Day**		**FORM TYPE**	**Month Date**
Calendar Year					**Annual Meeting**

Secondary License Type, If Applicable

M	S	R	D

Dept. Requiring this Doc.

Amended Article Number/Section

Total Amount of Borrowings

803	Php7.2Billion	
Total No. of Stockholders	**Domestic**	**Foreign**

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

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 **0000160968** 3. BIR Tax Identification No **000-168-541**

4. Exact name of issuer as specified in its charter: **PEPSI-COLA PRODUCTS PHILIPPINES, INC.**

5. Province, country or other jurisdiction of incorporation or organization: **Philippines**

6. Industry Classification Code: (SEC Use Only)

7. Address of issuer's principal office and Postal Code:
26th Floor, Filinvest Axis Tower Two Building, Northgate Cyberzone, Filinvest City, Alabang, Muntinlupa City Postal Code: **1781**

8. Issuer's telephone number, including area code: **8888-73774**

9. Former name, former address and former fiscal year, if changed since last report: **Km. 29 National Road, Tunasan, Muntinlupa City** Postal Code: **1773**

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 and Amount of Debt Outstanding
Common Shares of Stock	**3,693,772,279**

11. Are any or all of the securities listed on a Stock Exchange?

Yes [ ] No [X]

Stock Exchange: **Not applicable**
Securities Listed: **Not applicable**

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 [X] No [ ]

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

Yes [X] No [ ]

Part 1 – Financial Information

Item 1. Financial Statements.

PEPSI-COLA PRODUCTS PHILIPPINES, INC.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands)

	Note	**March 31 2022 (Unaudited)**	December 31 2021 (Audited)
ASSETS			
Current Assets			
Cash	*11*	**P468,880**	P635,768
Receivables - net	*9, 11*	**2,176,859**	2,131,974
Inventories – net		**4,278,183**	3,581,803
Due from related parties	*8, 11*	**504,792**	508,993
Prepaid expenses and other current assets		**740,571**	672,058
Total Current Assets		**8,169,285**	7,530,596
Noncurrent Assets			
Investments in associates		**664,954**	662,631
Bottles and cases – net		**5,004,138**	4,960,146
Property, plant and equipment – net	*6*	**10,567,488**	10,694,233
Intangible assets		**305,315**	488,585
Right-of-use asset		**501,152**	316,234
Deferred tax assets – net		**269,181**	187,162
Other noncurrent assets		**195,958**	196,819
Total Noncurrent Assets		**17,508,186**	17,505,810
		P25,677,471	P25,036,406
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	*9, 11*	**P8,122,429**	P7,492,755
Short-term debt	*11*	**1,250,000**	-
Current portion of long-term debt		**1,109,156**	2,075,314
Total Current Liabilities		**10,481,585**	9,568,069
Noncurrent Liabilities			
Long-term debt – net of current portion	*11*	**4,875,777**	5,156,342
Deferred tax liabilities – net		**315,009**	247,477
Other noncurrent liabilities	*3*	**1,387,311**	1,356,822
Total Noncurrent Liabilities		**6,578,097**	6,760,641
Total Liabilities		**17,059,682**	16,328,710

Forward

	Note	March 31 2022 (Unaudited)	December 31 2021 (Audited)
Equity			
Share capital	*7*	**P1,751,435**	P1,751,435
Remeasurement losses on net defined benefit liability		**(490,875)**	(490,875)
Retained earnings		**7,357,229**	7,447,136
Total Equity		**8,617,789**	8,707,696
		P25,677,471	P25,036,406

See Notes to the Condensed Interim Financial Information.

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

CONDENSED INTERIM STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Amounts in Thousands, Except Per Share Data)

		For The Three Months Ended March 31	
	Note	**2022**	2021
		(Unaudited)	
NET SALES	*10*	**8,980,050**	7,599,035
COST OF GOODS SOLD		**7,442,381**	6,154,539
GROSS PROFIT		**1,537,669**	1,444,496
OPERATING EXPENSES		**1,599,420**	1,385,119
PROFIT (LOSS) FROM OPERATIONS		**(61,751)**	59,377
NET FINANCE AND OTHER EXPENSES		**(28,156)**	(70,302)
LOSS BEFORE TAX		**(89,907)**	(10,925)
INCOME TAX BENEFIT		**-**	(47,213)
PROFIT (LOSS) / TOTAL COMPREHENSIVE INCOME (LOSS)		**(P89,907)**	P36,288
Basic/Diluted Earnings (Loss) Per Share	*5*	**(P0.02)**	P0.01

See Notes to the Condensed Interim Financial Information.

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands)

For The Three Months Ended March 31
(Unaudited)

		Share Capital					
	Note	Capital Stock (see Note 7)	Additional Paid-In Capital	Total	Remeasurement Losses on Net Defined Benefit Liability	Retained Earnings	Total Equity
As at January 1, 2022		P554,066	P1,197,369	P1,751,435	(P490,875)	P7,447,136	P8,707,696
Total comprehensive income							
Loss		-	-	-	-	(89,907)	(89,907)
As at March 31, 2022		**P554,066**	**P1,197,369**	**P1,751,435**	**(P490,875)**	**P7,357,229**	**P8,617,789**
As at January 1, 2021		P554,066	P1,197,369	P1,751,435	(P468,146)	P7,230,248	P9,142,510
Total comprehensive Income							
Profit		-	-	-	-	36,288	36,288
Other Movement							
Impact of change in tax rates on deferred taxes on remeasurements on net defined benefit liability		-	-	-	(33,439)	-	(33,439)
As at March 31, 2021		P554,066	P1,197,369	P1,751,435	(P501,585)	P7,566,911	P8,980,122

See Notes to the Condensed Interim Financial Information

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

CONDENSED INTERIM STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

		For The Three Months Ended March 31	
	Note	**2022**	2021
		(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(P89,907)**	(P10,925)
Adjustments for:			
Depreciation and amortization		**601,326**	564,458
Interest expense		**51,818**	86,979
Impairment losses (reversal of impairment losses) on receivables, inventories, bottles and cases, machinery and equipment and others		**28,260**	46,427
Retirement cost		**40,401**	33,962
Equity in net earnings of associates		**(2,323)**	(2,742)
Loss (gain) on sale of property and equipment		**882**	(2,298)
Interest income		**2,114**	(1,030)
Operating profit before working capital changes		**632,571**	714,831
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Receivables		**(37,479)**	298,101
Inventories		**(723,033)**	(154,046)
Due from related parties		**4,201**	12,141
Prepaid expenses and other current assets		**(68,513)**	(97,978)
Increase (decrease) in accounts payable and accrued expenses		**587,265**	(499,665)
Cash generated from operations		**395,012**	273,384
Interest received		**(2,114)**	1,030
Contribution to plan assets		**(6,000)**	(18,000)
Retirement benefits directly paid by the Company		**(3,187)**	(2,637)
Net cash provided by operating activities		**383,711**	253,777
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property and equipment		**882**	15,852
Additions to:			
Property, plant and equipment	*6*	**(138,753)**	(626,826)
Bottles and cases		**(303,677)**	(522,551)
Intangibles		**-**	1,249
Decrease in other noncurrent assets		**861**	7,956
Net cash used in investing activities		**(440,687)**	(1,124,320)

Forward

		For The Three Months Ended March 31	
	Note	**2022**	2021
		(Unaudited)	
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availments of:			
Short-term debt		**P4,850,000**	P2,100,000
Long-term debt		**-**	250,000
Payments of:			
Short-term debt		**(3,600,000)**	(1,100,000)
Long-term debt		**(1,248,333)**	(402,500)
Payments of lease liability		**(52,759)**	(128,562)
Interest paid		**(58,820)**	(92,747)
Debt issue cost		**-**	21,182
Net cash provided by (used in) financing activities		**(109,912)**	647,373
NET DECREASE IN CASH		**(166,888)**	(223,170)
CASH AT BEGINNING OF PERIOD		**635,768**	837,501
CASH AT END OF PERIOD	*11*	**P468,880**	P614,331

See Notes to the Condensed Interim Financial Information.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
(Amounts in Thousands, Except per Share Data, Number of Shares and When Otherwise Stated)

1. Reporting Entity

Pepsi-Cola Products Philippines, Inc. (the "Company") was incorporated as a stock corporation in the Philippines on March 8, 1989, primarily to engage in manufacturing, sales and distribution at wholesale and (to the extent allowed by law) retail of carbonated soft-drinks (CSD), non-carbonated beverages (NCB), food and food products, snacks and confectionery products to retail, wholesale, restaurants and bar trades. The registered office address and principal place of business of the Company is at 26th Floor, Filinvest Axis Tower Two Building, Northgate Cyberzone, Filinvest City, Alabang, Muntinlupa City
.
The Company's major stockholders are Lotte Corporation, Lotte Chilsung Beverage Co., Ltd and Quaker Global investments B.V are the largest shareholders of the Company with 3.33%, 69.65% and 25.00% shareholdings, respectively. Lotte Chilsung Beverage Co., Ltd. and Lotte Corporation were organized under the laws of South Korea. Quaker Global Investments B.V. was organized under the laws of the Netherlands.

2. Basis of Preparation

Statement of Compliance
These condensed interim financial information have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting.* These condensed interim financial information do not include all of the information required for a complete set of financial statements and should be read in conjunction with the annual financial statements of the Company as at December 31, 2021.

Basis of Measurement
These condensed interim financial information have been prepared on a historical cost basis, except for the net defined benefit liability (included as part of "Other noncurrent liabilities" account in the condensed interim statements of financial position) which is measured at the present value of the defined benefit obligation less fair value of plan assets.

Functional and Presentation Currency
These condensed interim financial information are presented in Philippine peso, which is the Company's functional currency. All amounts have been rounded-off to the nearest thousands, except per share data and when otherwise indicated.

Use of Judgments and Estimates
The preparation of the condensed interim financial information requires management to make judgments, estimates and use assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments and estimates made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the annual financial statements.

During the three months ended March 31, 2022, management reassessed its estimates in respect of the following:

Estimating Allowance for Impairment Losses on Receivables
As at March 31, 2022 and December 31, 2021, allowance for impairment losses on receivables amounted to P340.8 million and P358.9 million, respectively.

Estimating Net Realizable Value of Inventories
As at March 31, 2022 and December 31, 2021, inventories amounted to P4.3 billion and P3.6 billion, respectively.

3. Significant Accounting Policies

The significant accounting policies adopted in the preparation of the condensed interim financial information are consistent with those followed in the preparation of the annual financial statements.

Changes in Accounting Policies
The following amendments to standards are effective for the three-month period ended March 31, 2022 and have been applied in preparing this condensed interim financial information. Except as otherwise indicated, the adoption of these amendments to standards did not have any significant impact on the Company's condensed interim financial information:

- *COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to PFRS 16 Leases).* The amendment extends the practical expedient introduced in the 2020 amendment which simplified how a lessee accounts for rent concessions that are a direct consequence of COVID-19, permitting lessees to apply the practical expedient to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022.

  The amendment is effective for annual reporting periods beginning on or after April 1, 2021. Earlier application is permitted. A lessee applies the amendments retrospectively, recognizing the cumulative effect of the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate. The adoption is mandatory for lessees that chose to apply the practical expedient introduced by the 2020 amendments and may result in reversal of lease modifications that was ineligible for the practical expedient under the 2020 amendments, but becomes eligible as a result of the extension.

- *Property, Plant and Equipment - Proceeds before Intended Use (Amendments to PAS 16 Property, Plant and Equipment).* The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment the proceeds from selling items produced before that asset is available for use. The proceeds before intended use should be recognized in profit or loss, together with the costs of producing those items which are identified and measured in accordance with PAS 2 Inventories.

  The amendments also clarify that testing whether an item of property, plant and equipment is functioning properly means assessing its technical and physical performance rather than assessing its financial performance.

  For the sale of items that are not part of a company's ordinary activities, the amendments require the company to disclose separately the sales proceeds and related production cost recognized in profit or loss and specify the line items in which such proceeds and costs are included in the statement of comprehensive income. This disclosure is not required if such proceeds and cost are presented separately in the statement of comprehensive income.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted. The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*). The amendments clarify that the cost of fulfilling a contract when assessing whether a contract is onerous includes all costs that relate directly to a contract - i.e. it comprises both incremental costs and an allocation of other direct costs.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated. Earlier application is permitted.

- *Annual Improvements to PFRS 2018-2020 Cycle.* This cycle of improvements contains amendments to four standards, of which, only the following are applicable to the Company:

  - *Fees in the "10 percent" Test for Derecognition of Financial Liabilities (Amendment to PFRS 9, Financial Instruments).* This amendment clarifies that - for the purpose of performing the "10 percent" for derecognition of financial liabilities - in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

  - *Lease Incentives (Amendment to Illustrative Examples accompanying PFRS 16, Leases).* The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, this example is not clear as to why such payments are not a lease incentive.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted.

4. easonality of Operations

The Company's sales are subject to seasonality. Sales are generally higher in the hot, dry months from March through June and lower during the wetter monsoon months of July through October. While these factors lead to a natural seasonality on the Company's sales, unseasonable weather could also significantly affect sales and profitability compared to previous comparable periods. Higher sales are likewise experienced around the Christmas/New Year holiday period in late December through early January. Consequently, the Company's operating results may fluctuate. In addition, the Company's results may be affected by unforeseen circumstances, such as production interruptions. Due to these fluctuations, comparisons of sales and operating results between periods within a single year, or between different periods in different financial years, are not necessarily meaningful and should not be relied on as indicators of the Company's performance.

5. Basic/Diluted Earnings Per Share (EPS)

Basic EPS is computed as follows:

	For The Three Months Ended March 31	
	2021 (Unaudited)	2020
Profit (loss) (a)	**(P89,907)**	P36,288
Issued shares at the beginning of the year/weighted average number of shares outstanding (b)	**3,693,772,279**	3,693,772,279
Basic/Diluted EPS (a/b)	**(P0.02)**	P0.01

As at March 31, 2022 and 2021, the Company has no dilutive equity instruments.

6. Property, Plant and Equipment

The movements in this account are as follows:

	Machinery and Other Equipment	**Buildings and Leasehold Improvements**	**Furniture and Fixtures**	**Construction in Progress**	**Total**
Gross carrying amount					
December 31, 2021 (Audited)	P19,774,852	P4,916,299	P64,926	P47,811	P24,803,888
Additions	26,147	5,714	-	106,892	138,753
Disposals/write-offs/adjustments	(11,534)	(2,499)	-	-	(14,033)
March 31, 2022 (Unaudited)	**19,789,465**	**4,919,514**	**64,926**	**154,703**	**24,928,608**
Accumulated depreciation and amortization					
December 31, 2021 (Audited)	12,469,627	1,589,220	50,807	--	14,109,654
Depreciation and amortization	214,649	47,887	1,013	-	263,549
Disposals/write-offs/adjustments	(10,187)	(1,897)	-	-	(12,084)
March 31, 2022 (Unaudited)	**P12,674,089**	**P1,635,210**	**P51,820**	**P-**	**P14,361,119**
Carrying Amount					
December 31, 2021 (Audited)	P7,305,225	P3,327,079	P14,119	P47,811	P10,694,234
March 31, 2022 (Unaudited)	**P7,115,376**	**P3,284,304**	**P13,106**	**P154,703**	**P10,567,489**

7. Equity

Share Capital
This account consists of:

	March 31, 2022 (Unaudited)		December 31, 2021 (Audited)	
	Shares	**Amount**	Shares	Amount
Authorized - P0.15 par value per share	**5,000,000,000**	**P750,000**	5,000,000,000	P750,000
Issued, fully paid and outstanding balance at beginning/end of period	**3,693,772,279**	**P554,066**	3,693,772,279	P554,066

On January 21, 2008, the Company obtained a certificate of permit to offer securities for sale issued by the SEC consisting of 3,693,772,279 common shares with a maximum offer price of P3.50 per share.

On February 1, 2008, the Company's initial public offering of 1,142,348,680 shares at P3.50 per share culminated with the listing and trading of its shares of stock under the First Board of the PSE, Inc. Of the total shares offered, 380,782,893 shares pertain to the primary offering, which resulted in an increase in capital stock amounting to P57.0 million and additional paid-in capital of P1.2 billion, net of P138.0 million transaction cost that is accounted for as a reduction in equity.

On December 11, 2019, the Company received a Tender Offer Report from Lotte Chilsung Beverage Co. Ltd. to acquire up to 2,134,381,838 common shares of the Company through a tender offer to all shareholders other than Lotte Corporation and the /members of the BOD with respect to their qualifying common shares and the officers of the Company.

On June 17, 2020, Lotte Chilsung Beverage Co. Ltd has competed its tender offer which effectively increase its ownership to the Company by 30.7%

On September 9, 2020, the Company's BOD approved the voluntary delisting of the Common shares of the Company with the PSE.

Lotte Chilsung Beverage Co. Ltd. ("Lotte Chilsung") filed a Tender Offer Report and Amended Tender Offer Report with the Securities and Exchange Commission (SEC) and the PSE on September 15, 2020 and October 13, 2020, respectively, for the remaining shares owned by the public.

On December 1, 2020 the Company received information from Lotte Chilsung that it has completed its tender offer and has acquired additional .01% of the shares of the Company.

On December 18, 2020, the Board of the PSE has approved the Company's application of its delistment with the PSE.

Capital Management
The Company's objectives when managing capital are to increase the value of shareholders' investment and maintain reasonable growth by applying free cash flow to selective investments that would further the Company's product and geographic

diversification. The Company sets strategies with the objective of establishing a versatile and resourceful financial management and capital structure.

The Chief Financial Officer has overall responsibility for the monitoring of capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Company's external environment and the risks underlying the Company's business operations and industry.

The Company maintains its use of capital structure using a debt-to-equity ratio which is gross debt divided by equity. The Company includes within gross debt all interest-bearing loans and borrowings, while the Company defines equity as total equity shown in the condensed interim statements of financial position.

There were no changes in the Company's approach to capital management during the year. The Company is subject to debt covenants relating to its long-term debt (see Note 11).

The Company's bank debt to equity ratio as at reporting dates is as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
(a) Debt*	**P7,234,933**	P7,231,656
(b) Total equity	**P8,617,789**	P8,707,696
Bank debt to equity ratio (a/b)	**0.84:1**	0.83:1

Pertains to bank debts

8. Related Party Transactions

Related party relationship exists when one party has ability to control, directly or indirectly, through one or more intermediaries, the other party or exercise significant influence over the other party in making the financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprises, or between and/or among the reporting enterprises and their key management personnel, directors, or its shareholders.

Related party transactions are shown under the appropriate accounts in the condensed interim financial information as at and for the period ended March 31, 2022 and 2021 are as follows:

Category	Nature of Transaction	*Note*	Year	Amount of Transactions for the Period	Outstanding Balance of Due from (to) Related Parties	Receivables (Accounts Payable and Accrued expenses)	Terms	Conditions
Stockholder	Purchases	*8a*	**2022**	**P1,749**	**P -**	**(P1,749)**		
			2021	-	-	-		
Associates	Advances	*8b, 8c*	**2022**	**-**	**504,792**	**-**	**Collectible on demand**	**Unsecured; no impairment**
			2021	-	495,843	-	Collectible on demand	Unsecured; no impairment
Affiliates	Purchases	*9a*	**2022**	**1,523,435**	**-**	**(914,027)**	**42 days non interest bearing**	
			2021	1,299,360	-	(867,815)	42 days non interest bearing	
	Coopable Marketing	*9b, 9e*	**2022**	**73,771**	-	**361,832**		**Unsecured; no impairment**
			2021	32,359	-	108,237		Unsecured; no impairment
			2022		**P504,792**	**(P552,195)**		
			2021		495,843	(P759,578)		

The above outstanding balances of due from related parties are unsecured and expected to be settled in cash.

The Company has significant related party transactions which are summarized as follows:

a. The Company purchased finished goods from Lotte Corporation, a major stockholder. Total purchases for the three-month periods ended March 31, 2022 and 2021 amounted to P1.7 million and P0.3 million, respectively.

b. The Company leases parcels of land where some of its bottling plants are located. Lease expenses recognized amounted to P7.2 million for the three-month periods ended March 31, 2022 and 2021, respectively. The Company has advances to Nadeco Realty Corporation (NRC) amounting to P38.0 million, which bear interest at a fixed rate of 10% per annum and which are unsecured and payable on demand. The related interest income amounted to P0.7 million each for the three-month periods ended March 31, 2022 and 2021. The Company also has outstanding net receivables from NRC amounting to P466.8 million and P467.19 million as at March 31, 2022 and December 31, 2021, respectively, which are unsecured and payable on demand. The advances and receivables are included under "Due from related parties" account in the condensed interim statements of financial position.

c. The Company has outstanding working capital advances to Nadeco Holdings Corporation, an associate, amounting to P3.8 million and P3.8 million and as at March 31, 2022 and December 31, 2021 and which are unsecured, noninterest-bearing and payable on demand. The advances are included under "Due from related parties" account in the condensed interim statements of financial position.

9. Significant Agreements

The Company has exclusive bottling agreement and other transactions which are summarized below:

a. The Company has Exclusive Bottling Agreements with PepsiCo, Inc. ("PepsiCo"), the ultimate parent of Quaker Global Investments B.V, a shareholder, up to year 2029 and Pepsi Lipton International Limited ("Pepsi Lipton"), a joint venture of PepsiCo and Unilever N.V., up to year 2029. Under the agreements, the Company is authorized to bottle, sell and distribute PepsiCo and Pepsi Lipton beverage products in the Philippines. In addition, PepsiCo and Pepsi Lipton shall supply the Company with the main raw materials (concentrates) in the production of these beverage products and share in the funding of certain marketing programs. The agreements may be renewed by mutual agreement between the parties. Under the agreements, PepsiCo and Pepsi Lipton have the right to terminate the contracts under certain conditions, including failure to comply with terms and conditions of the agreement subject to written notice and rectification period, change of ownership control of the Company, change of ownership control of an entity which controls the Company, discontinuance of bottling beverages for 30 consecutive days, occurrence of certain events leading to the Company's insolvency or bankruptcy, change in management and control of the business, among others. Purchases made from PepsiCo is made mainly thru Concentrate Manufacturing (Singapore) PTE Ltd. (CMSPL). Total net purchases from CMSPL amounted to P1.5 billion and P1.3 billion for the three-month periods ended March 31, 2022 and 2021, respectively. The Company's outstanding payable to CMSPL (included under "Accounts payable and accrued expenses" account in the statements of financial position) amounted to P914 million and P849.4 million as at March 31, 2022 and December 31, 2021, respectively. Total purchases from Pepsi Lipton amounted to P19.9 million and nil for each of the three-month periods ended March 31, 2022 and 2021, respectively. The Company's outstanding payable to Pepsi Lipton (included under "Accounts payable and accrued expenses" account in the statements of financial position) amounted to nil and P9.8 million as at March 31, 2022 and December 31, 2021, respectively.

b. The Company has cooperative advertising and marketing programs with PepsiCo and Pepsi Lipton thru CMSPL that sets forth the agreed advertising and marketing activities and participation arrangement during the years covered by the bottling agreements. In certain instances, the Company pays for the said expenses and claims reimbursements from PepsiCo thru CMSPL. The Company incurred marketing expenses amounting to P71.8 million and P32.4 million for the three-month periods ended March 31, 2022 and 2021, respectively. The Company's outstanding receivable from CMSPL included under "Receivables" account in the condensed interim statements of financial position, which are unsecured and are payable on demand, amounted to P361.8million and P244 million as at March 31, 2022 and December 31, 2021, respectively.

c. The Company entered into an agreement with PepsiCo to meet certain marketing and investment levels, as required by the bottling agreement with PepsiCo. The agreement requires the Company to, among others,: (1) spend or invest a specified amount to maintain sufficient containers, bottles and shells of the beverage products; (2) maintain certain minimum annual manufacturing capacity and sufficient warehouse capacity to meet peak demand for beverage products; (3) invest in a minimum number of coolers and fountain equipment per year to support distribution expansion; and (4) expand the Company's distribution capabilities in terms of the number of active routes, the number of new routes and the number of trucks used for distribution support.

10. Revenue Disaggregation

	(Unaudited)	
(Amounts in Millions)	**March 31, 2022**	March 31,2021
Carbonated Soft Drink	**P6,085**	P5,520
Non Carbonated Beverage	**2,896**	2,079
	P8,981	P7,599

11. Financial Instruments and Financial Risk Management

<u>Classifying Financial Instruments</u>

The Company exercises judgments in classifying a financial instrument, or its component parts, on initial recognition as either a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definition of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the statements of financial position.

Financial Risk Management

Overview

The Company has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies, and processes for measuring and managing risks.

The main purpose of the Company's dealings in financial instruments is to fund its operations and capital expenditures.

Risk Management Framework

The BOD has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's BOD has established the Executive Committee (EXCOM), which is responsible for developing and monitoring the Company's risk management policies. The EXCOM identifies all issues affecting the operations of the Company and reports regularly to the BOD on its activities.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company has an Audit Committee, which performs oversight over financial management and internal control, specifically in the areas of managing credit, liquidity, market, and other risks of the Company. The Company's Audit Committee is assisted in the oversight role by the Internal Audit (IA). The Company's IA undertakes both regular and *ad hoc* reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

There were no changes in the Company's objectives, policies, and processes for managing the risk and the methods used to measure the risk from previous year.

Credit Risk

Credit risk represents the risk of loss the Company would incur if credit customers and counterparties fail to perform their contractual obligations. The Company's credit risk arises principally from the Company's cash in banks, receivables and due from related parties.

Exposure to Credit Risk

The carrying amount of financial assets represents the Company's maximum credit exposure before effect of any collateral and any master netting agreements. The maximum exposure to credit risk is as follows:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Cash in banks	**P263,597**	P455,859
Receivables - net	**2,176,859**	2,131,974
Due from related parties	**504,792**	508,993
Total credit exposure	**P2,945,247**	P3,096,826

The Company has Plant Credit Committee (PCC) for each of the plant. The PCC has established a credit policy under which each new customer is analyzed individually for creditworthiness before standard credit terms and conditions are granted. The PCC's review includes the requirements of updated credit application documents, credit verifications through confirmation that there are no credit violations and that the account is not included in the negative list (list of blacklisted customers), and analyses of financial performance to ensure credit capacity. Credit limits are established for each customer, which serve as the maximum open amount at which they are allowed to purchase on credit, provided that credit terms and conditions are observed.

The credit limit and status of each customer's account are first checked before processing a credit transaction. Customers that fail to meet the Company's conditions in the credit checking process may transact with the Company only on cash basis.

Most of the Company's customers have been transacting with the Company for several years, and losses have occurred from time to time. Customer credit risks are monitored through annual credit reviews conducted on a per plant basis. Results of credit reviews are grouped and summarized according to credit characteristics, such as geographic location, aging profile and credit violations. Historically, credit violations have been attributable to bounced checks, denied and absconded credit accounts. Receivables from these customers are considered by the Company to be impaired.

It is the Company's policy to enter into transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risk.

To pursue timely realization of collateral in an orderly manner, the Company's policy discourages the acceptance of chattel and real estate collateral. For chattel and real estate collaterals, the Company created rules governing the acceptance of such guarantees. On instances of customer default, the PCC, with the support of the corporate legal department, is responsible for the foreclosure of collaterals in the form of real and movable personal properties. Series of demand letters are sent to the defaulting customer to command for payment and to propose for debt repayment agreements. If the customer fails to cooperate, the case will be endorsed to the legal department to facilitate the foreclosure of the collateral. The Company generally does not use non-cash collateral for its own operations.

The aging on analysis per class of financial assets is as follows:

March 31, 2021

	Neither past due nor impaired	**Past due**				
		1 to 30 days	**31 to 60 days**	**More than 60 days**	**Impaired**	**Total**
Cash in banks	**P263,597**	**P -**	**P -**	**P -**	**P -**	**P263,597**
Receivables:						
Trade	**825,564**	**522,930**	**81,524**	**12,350**	**177,481**	**1,619,849**
Others	**322,278**	**50,551**	**64,056**	**297,606**	**163,323**	**897,814**
Due from related parties	**504,792**	**-**	**-**	**-**	**-**	**504,792**
	1,916,231	**573,481**	**145,580**	**309,956**	**340,804**	**3,286,052**
Less allowance for impairment losses	-	-	-	-	**340,804**	**340,804**
	P1,916,231	**P573,481**	**P145,580**	**P309,956**	**P -**	**P2,945,248**

December 31, 2021

	Neither Past Due nor Impaired	Past Due but not Impaired				
		1 to 30 Days	31 to 60 Days	More than 60 Days	Impaired	Total
Cash in banks	P455,859	P -	P -	P -	P -	P455,859
Receivables:						
Trade	705,074	642,141	41,951	141,708	259,826	1,790,700
Others	153,196	40,387	88,552	318,965	99,030	700,130
Due from related parties	508,993	-	-	-	-	508,993
	1,823,122	682,528	130,503	460,673	358,856	3,455,682
Less allowance for impairment losses	-	-	-	-	358,856	358,856
	P1,823,122	P682,528	P130,503	P460,673	P -	P3,096,826

As at March 31, 2022 and December 31, 2021, the Company has an allowance for impairment loss amounting to P340.8 million and P358.9 million, respectively, relating to its trade and other receivables.

The Company believes that the unimpaired amounts that are past due by more than 30 days are still collectible, based on historic payment behavior and extensive analysis of customer credit risk. In addition, the Company believes that the amounts of financial assets that are neither past due nor impaired are collectible, based on historic payment behavior and extensive analysis of counterparties credit risk.

The credit qualities of financial assets that were neither past due nor impaired are determined as follows:

- Cash in banks are based on the credit standing or rating of the counterparty.

- Total receivables and due from related parties are based on a combination of credit standing or rating of the counterparty, historical experience and specific and collective credit risk assessment.

High grade cash in banks are deposited in local banks that are considered as top tier banks in the Philippines in terms of resources and profitability. Receivables and due from related parties are considered to be of high grade quality financial assets, where the counter parties have a very remote likelihood of default and have consistently exhibited good paying habits. High grade quality financial assets are those assessed as having minimal credit risk, otherwise they are of standard grade quality. Standard grade quality financial assets are those assessed as having minimal to regular instances of payment default due to ordinary/common collection issues. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly.

Expected credit loss assessment

Trade and other receivables
The Company allocates each exposure to a credit risk based on data that is determined to predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying expected credit judgment. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default.

Exposures within each credit risk grade are segmented by market or customer type and an ECL rate is calculated for each segment based on delinquency status and actual credit loss experience

Loss rates are based on actual credit loss experience over three years considering circumstances at the reporting date. Any adjustment to the loss rates for forecasts of future economic conditions are not expected to be material. The Company applies the simplified approach in providing for expected credit losses prescribed by PFRS 9, which permits the use of the lifetime expected loss provision and applies a provision matrix. The application of the expected loss rates to the receivables of the Company does not have a material impact on the financial statements.

The maturity of the Company's trade and other receivables is less than one year, which implies that the lifetime expected credit losses and the 12-month expected credit losses are similar.

Cash in banks
The Company held cash in banks amounting to P263.6 million and P455.9 million as at March 31, 2022 and December 31, 2021, respectively. The cash in banks is deposited in local banks, which is rated as high grade.

Impairment on cash in banks has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash in banks have low credit risk based on the external credit ratings of the counterparties and any ECL is expected to be immaterial.

Due from related parties
The Company has due from related parties amounting to P504.8 million and P509.0 million as at March 31, 2022 and December 31, 2021, respectively. Due from related parties consists of receivables from counterparties that have a very remote likelihood of default because there is no known significant financial difficulty of the counterparties and no probability that the counterparties will enter bankruptcy based from the available financial information.

Impairment on due from related parties has been measured on a 12-month expected credit loss basis and reflects the short maturities of the exposures. The Company considers that its due from related parties has low credit risk based on the external credit ratings of the counterparties and any ECL is expected to be immaterial.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations as they fall due. The Company manages liquidity risk by forecasting projected cash flows and maintaining a balance between continuity of funding and flexibility in operations. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements, as well as capital expenditures and debt service payments. Management closely monitors the Company's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal requirements.

In addition, the Company has the following credit facilities:

- The total commitment as at March 31, 2022 and December 31, 2021 under the line of credit is P18 billion and P19 billion, of which the Company had drawn P7.3 billion and P7.3 billion, respectively, under letters of credit short-term loans and long term loans. All facilities under the omnibus line bear interest at floating rates consisting of a margin over current Philippine treasury rates except for the long term loan which have a fixed interest rate; and

- P1.4 billion and P1.4 billion domestic bills purchased line, which are available as at March 31, 2021 and December 31, 2020, respectively.

Exposure to Liquidity Risk

The table summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted amount, including estimated interest payments and excluding the impact of any netting arrangements:

	As at March 31, 2022 (Unaudited)			
	Carrying Amount	**Contractual Cash Flow**	**One year or less**	**More than one year**
Financial liabilities:				
Short-term debt	**P1,250,000**	**P1,253,125**	**P1,253,125**	**P -**
Accounts payable and accrued expenses*	**7,863,991**	**7,863,991**	**7,863,991**	**-**
Long-term debt	**5,984,933**	**6,315,119**	**1,292,387**	**5,022,732**
	P15,089,924	**P16,432,235**	**P10,409,503**	**P5,022,732**

**Excluding statutory payables, accrual for operating leases and defined benefit liability.*

	As at December 31, 2021			
	Carrying Amount	Contractual Cash Flow	One Year or Less	More than One Year
Financial Liabilities				
Accounts payable and accrued expenses *	P7,284,703	P7,284,703	P7,284,703	P -
Long-term debt	7,231,656	7,781,162	2,194,140	5,587,022
	P14,516,359	P15,065,865	P9,478,843	P5,587,022

**Excluding statutory payables, accrual for operating leases and defined benefit liability.*

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Financial Assets Used for Managing Liquidity Risk
The Company considers expected cash flows from financials assets in assessing and managing liquidity risk. To manage its liquidity risk, the Company forecasts cash flows from operations for the next six months which will result in additional available cash resources and enable the Company to meet its expected cash flows requirements.

Market Risk
Market risk is the risk that changes in market prices, such as commodity prices, foreign exchange rates, interest rates and other market prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company is subject to various market risks, including risks from changes in commodity prices, interest rates and currency exchange rates.

Exposure to Commodity Prices
The risk from commodity price changes relates to the Company's ability to recover higher product costs through price increases to customers, which may be limited due to the competitive pricing environment that exists in the Philippine beverage market and the willingness of consumers to purchase the same volume of beverages at higher prices. The Company is exposed to changes in Philippine sugar prices.

The Company minimizes its exposure to risks in changes in commodity prices by entering into contracts with suppliers with duration ranging from six months to one year; with fixed volume commitment for the contract duration; and with stipulation for price adjustments depending on market prices. The Company has outstanding purchase commitment amounting to P5.6 billion and P4.1 billion as at March 31, 2022 and December 31, 2021, respectively. Because of these purchase commitments, the Company considers the exposure to commodity price risk to be insignificant.

Exposure to Interest Rate Risk
The Company's exposure to interest rates pertains to its cash in banks, short-term, long-term debt and finance lease obligation. These financial instruments bear fixed interest rates and accordingly, the Company is not significantly exposed to interest rate risk.

Exposure to Foreign Currency Risk
The Company is exposed to foreign currency risk on purchases that are denominated in currencies other than the Philippine peso, mostly in United States (U.S.) dollar. In respect of monetary assets and liabilities held in currencies other than the Philippine peso, the Company ensures that its exposure is kept to an acceptable level, by buying foreign currencies at spot rates where necessary to address short-term imbalances. The Company considered the exposure to foreign currency risk to be insignificant. Further, the Company does not hold any investment in foreign securities as at March 31, 2022 and December 31, 2021.

Fair Values
The carrying amounts of the financial assets and liabilities, which include cash, receivables, due from related parties, short-term debt and accounts payable and accrued expenses, reasonably approximate fair values due to the short-term nature of these financial instruments.

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

Results of Operations

In Q1 2022, the company booked Net Sales of P9.0 billion, a YoY growth of 18% driven by double-digit volume growth supported by price increases and mix in favour of higher value products in the company's portfolio such as Gatorade and Sting. Volume growth and pricing combined with favourable mix of higher margin products, cushioned impact of commodity inflation to bring Gross Profit to P1.5 billion, a growth of 6% versus prior year. Fixed Costs growth was contained at about 2% partially mitigating impact on operating expenses from fuel price increases and timing of A&M investments. Operating Losses for the period contained at P61 million with Net Loss coming in at P90 million.

Financial Condition

The Company's financial condition remained solid. Cash flows from operating activities were used to fund capital expenditures needs and payoff a portion of the Company's bank debt. Consequently, our bank debt increased by P3.3 billion in comparison with December 31, 2021 balance.

Causes for Material Changes (+/-5% or more)

Increase in total current assets by 8% due to increases in receivables - net by P45 million, inventories by P696 million, and prepaid expenses and other current assets by P69 million and decreases in cash and cash equivalent by P167 million and due from related parties by P4 million.

Increase in total current liabilities by 10% due to increases in accounts payable and accrued expenses by 630 million and short-term debt by 1.25 billion and decreases in current portion of long-term debt by 966 million..

Known Trends, Demands, or Uncertainties That May Affect Liquidity

The Company is not aware of any trend that may affect its liquidity. Refer to Note 11 to the Condensed Interim Financial Statements for a discussion of the Company's liquidity risk and financial risk management.

Events That May Trigger Direct or Contingent Obligations

The Company is not aware of any events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

Off-Balance Sheet Transactions

To the Company's knowledge, there are no material off-balance sheet transactions, arrangement, obligations (including contingent obligations), and other relationship of the Company with unconsolidated entities or other persons created during the reporting period.

Material Commitments for Capital Expenditures

The Company has ongoing definite corporate expansion projects approved by the BOD. As a result of this expansion program, the Company spent for property, plant and equipment as well as bottles and cases amounting to P442 million and P904 million for the three months ended March 31, 2022 and 2021, respectively. To this date, the Company continues to invest in major capital expenditures in order to complete the remaining expansion projects lined up in line with prior calendar year spending.

Trends or Uncertainties That May Impact Results of Operations

The Company's performance will continue to hinge on the overall performance of the Philippine economy, the natural seasonality of operations, and the competitive environment of the beverage market in the Philippines. Refer to Note 11 to the Condensed Interim Financial Statements for a discussion of the Company's Financial Risk Management.

Significant Elements of Income or Loss that did not Arise from Continuing Operations

There were no significant elements of income or loss that arise from continuing operations.

Seasonality Aspects That May Affect Financial Conditions or Results of Operations

Please refer to Note 4 to the Condensed Interim Financial Statements for a discussion of the seasonality of the Company's operations.

Key Performance Indicators

The following are the Company's key performance indicators. Analyses are employed by comparisons and measurements based on the financial data of the current period against the same period of previous year.

		March 31, 2022	December 31, 2021
Current ratio	Current assets over current liabilities	0.8 : 1	0.8 : 1
Solvency ratio	Net income plus depreciation and amortization over total liabilities	0.03 : 1	0.2 : 1
Bank debt-to-equity ratio	Bank debt over total equity	0.8 : 1	0.8 : 1
Asset-to-equity ratio	Total assets over equity	3.0 : 1	2.9 : 1

		For the three months ended March 31	
		2022	2021
Net sales		P9.0 billion	P7.6 billion
Gross profit margin	Gross profit over net sales	17.12%	19.01%
Operating margin	Operating income over net sales	(0.69%)	0.78%
Net profit margin	Net profit over net sales	(1.00%)	0.48%
Interest rate coverage ratio	Earnings before interest and taxes over interest expense	0.7 : 1	0.9 : 1

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: Pepsi-Cola Products Philippines, Inc.

By:

AGUSTIN S. SARMIENTO
Associate Vice-President - Tax & Reporting
and Chief Risk Officer

Date: May 12, 2022