SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [ ] Preliminary Information Statement
   [X] Definitive Information Statement

2. Name of Registrant as specified in its charter

   PEPSI-COLA PRODUCTS PHILIPPINES, INC.

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

4. SEC Identification Number: **160968**

5. BIR Tax Identification Code: **000-168-541**

6. Address of principal office: Postal Code: **1781**

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

7. Registrant's telephone number, including area code: **(632) 8888-73774**

8. Date, time and place of the meeting of security holders: **29 June 2022, 9:00 a.m., via remote communications**

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **08 June 2022**

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding
Common Shares of Stock	**3,693,772,279**

11. Are any or all of registrant's securities listed in a Stock Exchange?

    Yes ___ No _X_

    If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

    Not Applicable

EXPLANATION ON THE AGENDA ITEMS

1. **Call to Order.** The Chairman of the meeting will call the meeting to order.

2. **Certification of Notice and of Quorum**. The Corporate Secretary will certify that the Notice of the meeting was duly published and made available to the Company's stockholders and confirm whether a quorum exists for the transaction of business. The rules of conduct and voting procedures will also be briefly outlined.

3. **Approval of the Minutes of the Annual Stockholders' Meeting held on 29 June 2021**. The minutes are available on the Company's website and attached as **Annex C** to this Information Statement made available to the stockholders. A resolution approving the minutes will be presented to the stockholders for approval.

4. **Report of the President and Chief Executive Officer**. The Chairman will deliver his message to the stockholders, then the President and Chief Executive Officer will report on the Company's performance for 2021.

5. **Presentation of the Audited Financial Statements for the Year Ended 31 December 2021.** The Annual Report, containing the Audited Financial Statements as of 31 December 2021, is attached as **Annex D** to this Information Statement. A resolution for the approval of the Audited Financial Statements as of 31 December 2021 will be presented to the stockholders.

6. **Ratification of Acts of the Board of Directors and Management for 2021**. A resolution ratifying all the acts of the Company's Board, Board committees, and officers, since the Annual Stockholders' meeting on 29 June 2021 until the 2022 Annual Stockholders' Meeting, will be presented to the stockholders for their approval.

7. **Proposed Amendments to the Twelfth Article of the Amended Articles of Incorporation in compliance with the Provision of the Revised Corporation Code on the Compensation of Directors.** The proposed amendment to the Twelfth Article of the Company's Amended Articles of Incorporation, to reflect the rule that no director shall be involved in deciding his or her own remuneration during his or her incumbent term, will be presented to the stockholders.

8. **Proposed Amendments to the Second Article of the Amended By-Laws in compliance with the Provision of the Revised Corporation Code on the Notice Requirement for Regular and Special Meetings of Stockholders and the Third Article of the Amended By-Laws to in compliance with the Provision of the Revised Corporation Code on the Compensation of Directors**. The proposed amendment to the Second Article of the Company's Amended By-Laws, to reflect the change in the minimum notice requirement of not less than twenty-one (21) days prior to any stockholders' meeting as provided under the Revised Corporation Code and Securities and Exchange Commission Memorandum Circular No. 3, Series of 2020, will be presented to the stockholders. The proposed amendment to the Third Article of the Company's Amended By-Laws, to reflect the rule that no director shall be involved in deciding his or her own remuneration during his or her incumbent term, will be presented to the stockholders.

9. **Election of Directors for 2022 to 2023.** The nominees for election to the Company's Board of Directors for the year 2022 to 2023 will be presented to the stockholders, and the Nomination and Governance Committee will confirm that it has ascertained their qualification for election to the Board of Directors. The nominees are as follows:

    1 Frederick D. Ong
    2 Yongsang You
    3 Yun Gie Park
    4 Jin Pyo Ahn
    5 Jay Buckley
    6 Parinya Kitjatanapan
    7 Vishal Malik
    8 Rafael M. Alunan III
    9 Oscar S.Reyes

A resolution for the election of the members of the Board of Directors will be presented to the stockholders for approval.

10. **Appointment of External Auditor for 2022 to 2023**. The re-appointment of R.G. Manabat & Co. (KPMG Philippines) as the external auditor for the year 2022 to 2023 will be endorsed to the stockholders for ratification. A resolution for the appointment of the external auditor will be presented to the stockholders for approval.

11. **Other Matters**. Stockholders may raise other matters that were not raised throughout the course of the meeting. Further, questions from stockholders will be read and addressed by Management.

12. **Adjournment**. After all agenda items have been considered and resolved, the Chairman shall declare the meeting adjourned.

A. GENERAL INFORMATION

Item 1. **Date, time and place of meeting of security holders.**

Date: 29 June 2022
Time: 9:00 a.m.

The Annual Stockholders' Meeting of Pepsi-Cola Products Philippines, Inc. (the "Company") shall be conducted via remote communications, and accessible through https://www.pepsiphilippines.com/AnnualStockholdersMeeting2022 by stockholders who will register to participate in the meeting following the procedures set out in Annex A of this Information Statement.

Notices of the meeting were published in newspapers of general circulation on 17 May 2022 and 18 May 2022. Notices of the meeting and copies of this Information Statement may be accessed by the stockholders beginning 08 June 2022 at the Company's website, https://pepsiphilippines.com/investor-relations-disclosures.

WE ARE NOT ASKING YOU FOR A PROXY
AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

Nevertheless, should you be unable to attend the meeting but would like to be represented thereat, please submit your proxies to the Corporate Secretary, care of Pepsi-Cola Products Philippines, Inc., 26th Floor, Filinvest Axis Tower Two Building, Northgate Cyberzone, Filinvest City, Alabang, Muntinlupa City or by email to corporatesecretary@pcppi.com.ph. A proxy form is attached to the Notice and Agenda attached to this Information Statement. For stockholders that are partnerships, corporations or associations, please submit, together with the proxy, a sworn certification of the resolutions evidencing authority of your designated proxy and signatories. The deadline for submission of proxies and certifications is on 26 June 2022, 5:00 p.m.

Item 2. **Dissenters' Right of Appraisal**

None of the matters to be acted upon at this Annual Stockholders' Meeting are matters with respect to which a dissenting stockholder may exercise his appraisal right under Section 80 of the Corporation Code.

Under Section 80 of the Revised Corporation Code, the following are the instances when a stockholder may exercise his appraisal right:

1. In case an amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;

2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets of the Company;

3. In case of merger or consolidation; and

4. In case of investment of funds by the Company in any other corporation or business or for any purpose other than the primary purpose for which the Company was organized.

Item 3. **Interest of Certain Persons in or Opposition to Matters to be Acted Upon**

No director or officer of the Company, or candidate for election as director of the Company, or associate of any of the foregoing persons, has any substantial interest, direct or indirect, in any of the matters to be acted upon in the Annual Stockholders' Meeting other than election to office.

No director has informed the Company of his opposition to any matter to be acted upon during the Annual Stockholders' Meeting.

B. <u>CONTROL AND COMPENSATION INFORMATION</u>

Item 4. **Voting Securities and Principal Holders Thereof**

The total number of shares of the Company outstanding and entitled to vote in the Annual Stockholders' Meeting is Three Billion Six Hundred Ninety-Three Million Seven Hundred Seventy-Two Thousand Two Hundred Seventy-Nine (3,693,772,279) common shares.[1] As of 01 June 2022, the total number of common shares of the Company owned by foreign stockholders is Three Billion Six Hundred Seventy-Three Million Ninety-Three Thousand One Hundred Sixty-Four (3,673,093,164) common shares, or approximately 99.36% of the Company's total outstanding capital stock.

The record date for purposes of determining the stockholders entitled to notice of and to vote at the Company's Annual Stockholders' Meeting is 9:00 a.m. on 09 June 2022. Each stockholder shall be entitled to one (1) vote for each common share of stock held as of the record date.[2]

Holders of the common shares of stock of the Company are entitled to vote on all matters to be voted upon by the stockholders. Stockholders entitled to vote are also entitled to cumulative voting in the election of directors. Section 23 of the Revised Corporation Code states: "…In stock corporations, stockholders entitled to vote shall have the right to vote the number of shares of stock standing in their own names in the stock books of the corporation at the time fixed in the bylaws or where the bylaws are silent, at the time of the election. The said stockholder may: (a) vote such number of shares for as many persons as there are directors to be elected; (b) cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of the shares owned; or (c) distribute them on the same principle among as many candidates as may be seen fit…"[3]

On 24 March 2022, the Board of Directors of the Company approved and authorized voting through remote communication or *in absentia* at the Annual Stockholders' Meeting in accordance with Sections 23 and 57 of the Revised Corporation Code. Stockholders participating via remote communication or those who intend to vote *in absentia* may vote electronically following the procedures set out in Part C, Items 17 and 18, and Annex A of this Information Statement. A stockholder voting electronically *in absentia* shall be deemed present for purposes of quorum.[4]

[1] This material information on the current stockholders is presented in compliance with Section 49 of the Revised Corporation Code.
[2] This material information on the current stockholders' voting rights is presented in compliance with Section 49 of the Revised Corporation Code.
[3] This material information on the current stockholders' voting rights is presented in compliance with Section 49 of the Revised Corporation Code.
[4] This material information on the current stockholders' voting rights is presented in compliance with Section 49 of the Revised Corporation Code.

Security Ownership of Record and Beneficial Owners of at Least 5% of Securities as of 01 June 2022

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and relationship with record owner	Citizenship	Number of Shares Held	Percentage
Common shares	Lotte Chilsung Beverage Co. Ltd.[5] 4th & 5th Fl., Lotte Castle Gold, 269 Olympic-ro, Songpa-gu, Seoul, South Korea Relationship – stockholder	Lotte Corporation[6]	Korean	2,577,129,515[7]	69.77%[8]
Common shares	Quaker Global Investments B.V.[9] Zonnebaan 35, 3542 EB Utrecht The Netherlands Relationship – stockholder	PepsiCo, Inc.[10]	Dutch	923,443,071	25.00%

Security Ownership of Management as of 01 June 2022

Title of Class	Name and Address of Owner	Amount & Nature of Beneficial Ownership	Citizenship	Percent of Class
Common shares	Oscar S. Reyes Chairman of the Board and Independent Director Room 2504, 25/F, 139 Corporate Center Valero St., Salcedo Village, Makati City	300,001*	Filipino	0.01%
Common shares	Frederick D. Ong Director, President and Chief Executive Officer c/o 26th Floor, Filinvest Axis Tower Two Building, Northgate, Cyberzone, Filinvest City, Alabang, Muntinlupa City	1*	Filipino	0.00%

[5] Lotte Chilsung Beverage Co. Ltd. ("Lotte Chilsung") is a corporation duly organized and existing under and by virtue of the laws of the Republic of Korea with principal office address at 4th & 5th Fl., Lotte Castle Gold, 269 Olympic-ro, Songpa-gu, Seoul, 05551 South Korea.

[6] Lotte Corporation is a corporation duly organized and existing under and by virtue of the laws of the Republic of Korea with principal office address at Lotte World Tower, 300 Olympic-ro, Songpa-gu, Seoul, 05551, South Korea. Based on the beneficial ownership declaration attached to the Company's General Information Sheet filed and received by the SEC on 31 May 2022, Lotte Corporation's Chief Executive Officer, Yongdok Song, is named as the beneficial owner, under category I of the beneficial ownership declaration form (provided under SEC Memorandum Circular No. 15, Series of 2020) indirectly holding shares of the Company, through shares held in the name of Lotte Chilsung and through PCD Nominee Corporation (Non-Filipino).

[7] This number is based on the list of top 20 stockholders as of 01 June 2022 issued and certified by the Company's stock and transfer agent, Stock Transfer Service Inc.

[8] This number does not include the 123,074,500 shares or around 3.33% of the outstanding shares held through PCD Nominee Corporation (Non-Filipino), which are included in the 1,559,390,432 shares or around 42.22% of the outstanding shares, transferred by Lotte Corporation to Lotte Chilsung as reported in the cover letter's SEC Form 23-B) Statement of Changes in Beneficial Ownership of Securities filed on 23 November 2020. The transfer of these shares as well as certain of the shares tendered to Lotte Chilsung during the tender offer conducted by the latter in 2020, have not yet been recorded in the name of Lotte Chilsung in the books of the Company pending the submission of the necessary documentary requirements.

[9] Quaker Global Investments B.V. is a corporation duly organized and existing under and by virtue of the laws of the Netherlands with principal office at Zonnebaan 35, 3542 EB Utrecht, The Netherlands.

[10] Based on the beneficial ownership declaration attached to the Company's General Information Sheet filed and received by the SEC on 31 May 2022, PepsiCo, Inc.'s Chief Executive Officer, Ramon Laguarta, is named as the beneficial owner, under category I of the beneficial ownership declaration form (provided under SEC Memorandum Circular No. 15, Series of 2020) indirectly holding 25.00% of the outstanding capital stock of the Company (through Quaker Global Investments B.V.).

Title of Class	Name and Address of Owner	Amount & Nature of Beneficial Ownership	Citizenship	Percent of Class
Common shares	Yongsang You Director c/o 26th Floor, Filinvest Axis Tower Two Building, Northgate, Cyberzone, Filinvest City, Alabang, Muntinlupa City	1*	Korean	0.00%
Common shares	Yun Gie Park Director c/o 26th Floor, Filinvest Axis Tower Two Building, Northgate, Cyberzone, Filinvest City, Alabang, Muntinlupa City	1*	Korean	0.00%
Common shares	Hyo Jin Song Director c/o 26th Floor, Filinvest Axis Tower Two Building, Northgate, Cyberzone, Filinvest City, Alabang, Muntinlupa City	1*	Korean	0.00%
Common shares	Jay Buckley Director c/o Suites 1703-8, Tower Two 1 Matheson Street, Causeway Bay, HK	1*	Australian	0.00%
Common shares	Parinya Kitjatanapan Director c/o 622 Emporium Tower 17/F Sukhumvit Road, Klongton Klongtoey, Bangkok, Thailand	1*	Thai	0.00%
Common shares	Vishal F. Malik** Director c/o 26th Floor, Filinvest Axis Tower Two Building, Northgate, Cyberzone, Filinvest City, Alabang, Muntinlupa City	1*	Indian	0.00%
Common shares	Rafael M. Alunan III Vice-Chairman and Independent Director No.9 Coventry, Hillsborough Village, Barangay Cupang, Muntinlupa 1771	1*	Filipino	0.00%
Common shares	Elmer Joseph N. Yanga*** Chief Finance Officer and Chief Audit Executive 9 Thomson Lane, 32-06, Sky @ Eleven, Singapore 297726	0	Indian	0.00%
Common shares	Francis S. Moral Chief Commercial Officer c/o 26th Floor, Filinvest Axis Tower Two Building, Northgate, Cyberzone, Filinvest City, Alabang, Muntinlupa City	0	Filipino	0.00%
Common shares	Ma. Vivian A. Cheong Chief Human Resources and Corporate Affairs and Communications Officer c/o 26th Floor, Filinvest Axis Tower Two Building, Northgate, Cyberzone, Filinvest City, Alabang, Muntinlupa City	0	Filipino	0.00%
Common shares	Jin Pyo Ahn**** Chief Corporate Strategy Officer c/o 26th Floor, Filinvest Axis Tower Two Building, Northgate, Cyberzone, Filinvest City, Alabang, Muntinlupa City	0	Korean	0.00%
Common shares	Sung Jin Kim Chief Manufacturing and Supply Chain Officer c/o 26th Floor, Filinvest Axis Tower Two Building, Northgate, Cyberzone, Filinvest City, Alabang, Muntinlupa City	0	Korean	0.00%
Common shares	Dong Geol Yoon Business Development Head	0	Korean	0.00%

Title of Class	Name and Address of Owner	Amount & Nature of Beneficial Ownership	Citizenship	Percent of Class
	c/o 26th Floor, Filinvest Axis Tower Two Building, Northgate, Cyberzone, Filinvest City, Alabang, Muntinlupa City			
Common shares	Carina Lenore S. Bayon Chief Legal and Government Affairs Officer, Chief Compliance Officer, and Data Protection Officer c/o 26th Floor, Filinvest Axis Tower Two Building, Northgate, Cyberzone, Filinvest City, Alabang, Muntinlupa City	0	Filipino	0.00%
Common shares	Kristine Ninotschka L. Evangelista Corporate Secretary c/o 30/F 88 Corporate Center Sedeño corner Valero Streets Salcedo Village, Makati City	0	Filipino	0.00%
Common shares	Anna Raeza A. Lacadin Assistant Corporate Secretary c/o 30/F 88 Corporate Center Sedeño corner Valero Streets Salcedo Village, Makati City	0	Filipino	0.00%

* Each of the Directors is the registered owner of at least one qualifying share.
** Mr. Malik replaced Ms. Yuan Wang as director effective 01 June 2022.
*** Mr. Yanga replaced Mr. Malik as Chief Finance Officer and Chief Audit Executive effective 01 June 2022.
**** The assumption of the role of Mr. Ahn in the Company is subject to the issuance of the relevant permits.

The aggregate shareholdings of Directors and key officers as of 01 June 2022 are 300,009 shares which is approximately 0.000081% of the Company's outstanding capital stock.

Changes in Control

The Company is not aware of any voting trust agreement or any other similar agreement which may result in a change in control of the Company.

Certain Relationships and Related Transactions

Please refer to Note 23 (Related Party Transactions) to the Audited Financial Statements for the year ending 31 December 2021 [attached as Exhibit II of Annex D or the SEC Form 17-A (Annual Report)] for details on related party transactions.

Except for the transactions discussed in Note 23 (Related Party Transactions) to the Audited Financial Statements for the year ending 31 December 2021, there were no other material related party transactions during the last three financial years, nor are there any material transactions currently proposed between the Company and its stockholders, directors, key management personnel, or other parties over which the Company has the ability to exercise control or significant influence in making financial and operating decisions.

Item 5. **Directors and Executive Officers**

Term of office

Directors elected during the Annual Stockholders' Meeting will hold office for one (1) year until their successors are duly elected and qualified as set out in Article III, Section 1 of the Company's By-Laws.

Directors

As of 01 June 2022, the following are the names, ages, and citizenship of the incumbent Directors, including Independent Directors, of the Company, as well as the year they were first elected:

Name	Age	Citizenship	Year First Elected
Frederick D. Ong	56	Filipino	2020
Yongsang You	53	Korean	2015
Yun Gie Park	52	Korean	2021
Parinya Kitjatanapan	57	Thai	2020
Hyo Jin Song	46	Korean	2021
Jay Buckley	44	Australian	2019
Vishal Malik*	53	Indian	2022
Rafael M. Alunan III (Independent Director)	74	Filipino	2007
Oscar S. Reyes (Independent Director)	76	Filipino	2007

* Mr. Malik replaced Ms. Wang as a director of the Company effective 01 June 2022.

Executive Officers

As of 01 June 2022, the following are the names, ages, positions, and citizenship of the incumbent executive officers of the Company, as well as the year they assumed their respective positions:

Name	Age	Citizenship	Position	Year Position was Assumed
Frederick D. Ong	56	Filipino	President and Chief Executive Officer	2020
Elmer Joseph N. Yanga*	48	American	Chief Finance Officer and Chief Audit Executive	2022
Francis S. Moral	45	Filipino	Chief Commercial Officer	2021
Ma. Vivian A. Cheong	54	Filipino	Chief Human Resources and Corporate Affairs and Communications Officer	2016
Jin Pyo Ahn**	49	Korean	Chief Corporate Strategy Officer	2021
Sung Jin Kim	41	Korean	Chief Manufacturing and Supply Chain Officer	2022
Dong Geol Yoon	44	Korean	Business Development Head	2021
Carina Lenore S. Bayon	52	Filipino	Chief Legal and Government Affairs Officer, Chief Compliance Officer, and Data Protection Officer	2020
Kristine Ninotschka L. Evangelista	48	Filipino	Corporate Secretary	2018
Anna Raeza A. Lacadin	26	Filipino	Assistant Corporate Secretary	2021

* Mr. Yanga replaced Mr. Vishal F. Malik as Chief Finance Officer and Chief Audit Executive effective 01 June 2022.
** The assumption of the respective roles of Messrs. Ahn and Yanga in the Company is subject to the issuance of the relevant permits.

Background Information and Business Experience

The background information and business experience of the incumbent Directors and executive officers for the last five (5) years are as follows:

Directors:

FREDERICK D. ONG

Mr. Ong is an Executive Director and the incumbent President and Chief Executive Officer of the Company. He has more than 25 years of experience in the fast-moving consumer goods ("FMCG") industry. Mr. Ong has assumed senior roles, such as Commercial, General Manager and Regional (SEA and Asia) Marketing and Sales leadership roles. He has experience in the following industries: food, beverage, quick service restaurant (QSR), personal care, pharmaceutical, consumer electronics and automotive. He has worked with companies such as Nestle, Coca-Cola, Johnson & Johnson, Reckitt Benckiser, and Samsung. Prior to joining the Company, Mr. Ong worked with the Yokohama Group of companies where he held various executive and Board positions from 2015 to 2019. Mr. Ong holds a bachelor's degree in Economics from the Ateneo de Manila University.

YONGSANG YOU
Mr. You is currently the Vice President of the Global Business Division of Lotte Chilsung. He was the Company's Chief Executive Officer from 2015 until his resignation from this post on February 2020, and the Company's Managing Director from February 2020 until his resignation from this post on June 2020. Previously, Mr. You held a number of positions in Lotte Chilsung, which included being the General Manager and Head of the Overseas Business Division, General Manager of Sales Headquarters and Business Management, and Head of Strategic Planning Department and Purchasing Department. Mr. You holds a Bachelor of Arts degree in Business Administration from Seongsil University.

YUN GIE PARK
Mr. Park is a non-Executive Director of the Company. With over 30 years of experience in the beverage business, he currently serves as the Chief Executive Officer and President of Lotte Chilsung Beverage Co. Ltd. As CEO of Lotte Chilsung, Mr. Park currently oversees all of Lotte Group's alcoholic and non-alcoholic beverage businesses. Before assuming his current post in 2020, Mr. Park served Lotte Chilsung in various executive capacities including as the Chief Strategy Officer and Chief Marketing Officer.

HYO JIN SONG
Ms. Song is currently the Chief Financial Officer and Vice-President of Lotte Chilsung. She joined Lotte Chilsung in 2014 as Senior Director of Finance Team and was promoted as Vice-President in 2020. Prior to Lotte Chilsung, she was with Ernst and Young Korea and Seonjin Accounting Corporation in Korea. She is a Chartered Public Accountant in Korea and the US and holds a bachelor's degree in Economics from Yonsei University in Korea.

JAY BUCKLEY
Mr. Buckley is a non-Executive Director of the Company. Since January 2020, Mr. Buckley has been the Senior Vice-President and Chief Legal Counsel for PepsiCo's APAC sector, comprising all its foods and beverages businesses across China, Asia Pacific, Australia, New Zealand, and the South Pacific. He joined PepsiCo in May 2011 as the General Counsel for PepsiCo's foods and beverages business in Australia and New Zealand. He then moved to Hong Kong in 2016, where he was the General Counsel for PepsiCo's foods and beverages business across Southeast Asia, Pakistan, Australia, and New Zealand. Prior to PepsiCo, Mr. Buckley held various in-house legal roles, and spent ten years working as a legal advisor on mergers and acquisitions for various large legal firms in Australia and the United Kingdom, including Linklaters, Latham & Watkins, and Corrs Chambers Westgarth. He has been a director of various PepsiCo companies in Australia, New Zealand, and across Southeast Asia. Mr. Buckley holds a Bachelor of Arts/Bachelor of Laws (Honours) and a Graduate Diploma of Legal Practice from New South Wales, Australia, and was admitted as a Solicitor of the Supreme Court of New South Wales, Australia in December 2001.

PARINYA KITJATANAPAN
Mr. Kitjatanapan is a non-Executive Director of the Company. He has 30 years of financial and commercial management experience in the FMCG industry across Asia Pacific, Middle East, and North Africa. He joined PepsiCo, Inc. in 1998 as the Chief Financial Officer for PepsiCo's Thailand Beverage business and subsequently became General Manager for the country. In 2010, Mr. Kitjatanapan joined PepsiCo China's team as General Manager, South Cluster, based in Guangzhou. In 2012, he relocated to Shanghai to serve as Greater China Beverage Franchise Vice-President. He moved back to Thailand in 2014 to assume Vice-President and General Manager of the Thailand Power of One business. In 2019, Mr. Kitjatanapan was promoted to Senior Vice-President of Sales & Franchise COE for the AMENA (Asia Middle East North Africa) sector. In 2020, he became the Chief Commercial Officer for the Asia Pacific sector and the Asia Beverages & GMD Business Unit General Manager.

VISHAL F. MALIK
Mr. Malik is a non-Executive Director of the Company. Prior to his election as Director effective 01 June 2022, Mr. Malik served as the Company's Chief Finance Officer and Chief Audit Executive since his appointment in 2020. He is a Chartered Accountant from India and joined PepsiCo in 1994. He spent 6 years with PepsiCo Beverages and Foods operations in India, following which he has been working

as a Finance leader in Southeast Asia for the past 20 years. In his previous roles, he served PepsiCo in the capacity of Chief Financial Officer for IndoChina, Thailand, Vietnam and other geographies including Indonesia, Malaysia and Singapore. Prior to joining the Company, he was previously the Chief Finance Officer for PepsiCo Beverages Joint Venture with Suntory in Thailand.

RAFAEL M. ALUNAN III
Mr. Alunan is an Independent Director, and is the incumbent Vice Chairman of the Board of Directors, and Chairman of the Audit Committee of the Company. He has had extensive experience in the private and public sectors. Currently, he sits on the Boards of the Metro Global Holdings, Inc., APC Group, Inc., Rafael Alunan Agri-Development, Inc., La Herencia Homeowners Association, and the Spirit of EDSA Foundation. Mr. Alunan is a Fellow of the Development Academy of the Philippines and of the Institute of Corporate Governance and Institute for Solidarity in Asia. He previously sat on various boards of the Lopez Group, Sun Life of Canada, Inc. and its various subsidiaries, and Coca-Cola Amatil (Australia). He chairs the Philippine Council for Foreign Relations and the Harvard Kennedy School of Government Alumni Association of the Philippines, Inc. Mr. Alunan also serves as President of the Philippine Taekwondo Foundation. He occasionally writes commentaries published in BusinessWorld, Inquirer, and the Manila Times for the Management Association of the Philippines and Harvard Kennedy School Alumni Association of the Philippines, Inc. Mr. Alunan also serves as the Board Advisor of Kaltimex Rural Energy Corp. He produced the documentary “Tagaligtas” on the Special Action Force of the Philippine National Police, and co-authored the book “Silver Linings” and its updated version. He served as Secretary of Tourism during the term of President Corazon C. Aquino, and as Secretary of Interior and Local Government during the term of President Fidel V. Ramos. He holds the rank of Colonel in the Armed Forces of the Philippines, and is a graduate of the Philippine Army's Command and General Staff College Operations Course. Mr. Alunan obtained his double degree in Business Administration and History-Political Science from the De La Salle University, attended the MBA-Senior Executive Program of the Ateneo de Manila University, and obtained a Master’s degree in Public Administration and an Executive Education Certificate from Harvard Kennedy School of Government.

OSCAR S. REYES
Mr. Reyes is an Independent Director and is the incumbent Chairman of the Board of Directors, as well as the Chairman of the Board committees for Nomination and Governance and Compensation and Remuneration of the Company. Among his other current positions are: Member of the Advisory Council of the Bank of the Philippine Islands; Member of the Advisory Board of the PLDT, Inc. and of Basic Energy Corporation; Independent Director of Cosco Capital Inc., PXP Energy Corporation, PLDT Communications & Energy Ventures, Inc., Team Energy Corporation, D.M. Wenceslao and Associates, Sun Life Financial Plans, Inc., Sun Life Prosperity Funds, Eramen Minerals Inc., Petrolift Corporation, Philippine Dealing System Holdings Corp., Philippine Dealing & Exchange Corporation, Philippine Depository & Trust Corporation, Philippine Securities Settlement Corporation, and Pioneer Life Insurance Group. He became Senior Executive Vice President and Chief Energy Adviser of the Manila Electric Company in July 2010 and was appointed as President and Chief Executive Officer and Chairman/Director of various Manila Electric Company Subsidiaries and Affiliates in 2012 until his retirement in 31 May 2019. Mr. Oscar Reyes served the Shell Companies in the Philippines in various capacities from 1986 when Shell acquired Philippine Petroleum Corporation where he was the Executive Vice President and General Manager. He was appointed in May 1997 as Country Chairman and concurrently, President of Pilipinas Shell Petroleum Corporation, and Managing Director of Shell Philippines Exploration B.V., and retired from such positions in 2001. He finished his Bachelor of Arts Major in Economics (Cum Laude) degree at the Ateneo de Manila University in 1965. He took post-graduate studies at the Ateneo Graduate School of Business, Waterloo Lutheran University in Ontario, Canada, and the Harvard Business School (Executive Education Program).

Executive Officers:

FREDERICK D. ONG
Mr. Ong is an Executive Director and the incumbent President and Chief Executive Officer of the Company. He has more than 25 years of experience in the FMCG industry. Mr. Ong has assumed senior roles, such as Commercial, General Manager and Regional (SEA and Asia) Marketing and Sales leadership roles. He has experience in the following industries: food, beverage, quick service restaurant (QSR), personal care, pharmaceutical, consumer electronics and automotive. He has worked with companies such as Nestle, Coca-Cola, Johnson & Johnson, Reckitt Benckiser, and Samsung. Prior to joining the Company, Mr. Ong worked with the Yokohama Group of companies where he held various

executive and Board positions from 2015 to 2019. Mr. Ong holds a bachelor's degree in Economics from the Ateneo de Manila University.

ELMER JOSEPH N. YANGA

Mr. Yanga was appointed as the Company's Chief Finance Officer and Chief Audit Executive effective 01 June 2022. Prior to his appointment, Mr. Yanga has been serving as the Vice President for Finance and Chief Finance Officer for the Asia Pacific of Ingredion Singapore from 2018 until present. He also served as the Executive Vice President and Chief Finance Officer for Asia of Suntory Beverage and Food Asia Singapore from 2016 to 2018; the Chief Finance Officer for North Asia, Philippines, Indonesia, Maps Commercial Unit (NAPIM) and APAC Sales from 2015 to 2016 and the Chief Finance Officer for North Asia (Japan, Korea) and Philippines Business Unit and Asia Pacific Region Sales from 2014 to 2015 of PepsiCo Hongkong; and Director and Vice President of the Planning Department of PepsiCo Vietnam from 2012 to 2014. Prior to that, Mr. Yanga held various roles in PepsiCo Asia Pacific Region and North America from 2008 to 2012.

FRANCIS S. MORAL

Mr. Moral is the Company's Chief Commercial Officer. He is a seasoned senior executive with more than 20 years of work experience in the FMCG industry. He worked for reputable companies like Procter & Gamble Philippines ("P&G") and held several leadership roles in the TAO Group of Companies. Before joining the Company, he was the General Manager for JR&R Distributors Inc. (P&G Distribution), Chief Operating Officer for TriDharma Marketing Corporation and Ecossential Foods Corp. (Kopiko Distribution), and Chief Executive Officer of Tri Diamonds Corporation.

MA. VIVIAN A. CHEONG

Ms. Cheong is the Company's Chief Human Resources and Corporate Affairs and Communications Officer. Prior to joining the Company, she was the Head of Organization Development and Change Management of Meralco. Prior to Meralco, she was the HR Director of Mead Johnson Nutrition for the Philippines and Vietnam, and before that, was the HR Head of Bristol-Myers Squibb Philippines. She holds a Master's degree in Industrial Relations, Major in Human Resources Development from the University of the Philippines and a Bachelor of Arts in Behavioral Science degree from the University of Sto. Tomas.

JIN PYO AHN

Mr. Ahn was recently appointed as the Company's Chief Corporate Strategy Officer. Mr. Ahn's assumption of his role in the Company is subject to the issuance of relevant permits. Prior to his appointment, Mr. Jin Pyo Ahn served as the Chief Strategy Officer of Lotte Akthar Beverage Co. Ltd. from 2018 to 2021; the General Manager for P-Project TF of Lotte Chilsung from 2016 to 2017; and the Team Leader of the Global Brand Team of Lotte Chilsung from 2015 to 2016, among others. Mr. Ahn also previously served as the Company's Chief Strategy Officer from 2010 to 2015.

SUNG JIN KIM

Mr. Sung Jin Kim is the Company's Chief Manufacturing and Supply Chain Officer. He was previously the Company's Officer-in-Charge of Strategic Supply Chain and Operations and Supply Planning Head. Prior to his appointment in the Company, Mr. Kim served as the Manager of the Supply Chain Management of Lotte Chilsung where he has held various positions in the fields of production management and marketing for the past 11 years.

DONG GEOL YOON

Mr. Yoon was recently appointed as the Company's Business Development Head. Prior to this appointment, he was the Senior Vice-President/Chief Strategy Officer of the Company. He has been with the Lotte Group for 16 years, having worked with Lotte Chilsung from 2004 until present. He has been assigned to several roles involving quality assurance, procurement, global business support, and global brand management for brands including Pepsi and Danone. He also had a successful stint in LOTTE Aodeli Beverage in China. Mr. Yoon holds a bachelor's degree in Food Engineering from Yonsei University.

CARINA LENORE S. BAYON

Atty. Bayon is the Company's Chief Legal and Government Affairs, Chief Compliance Officer, and Data Protection Officer. She was previously the Vice-President for Corporate Affairs of Nestle Philippines Inc. from 2018 to 2019. Prior to this, she was the Director for Policy Compliance, Promotion and Labeling for Nestle USA (Wyeth Infant Nutrition) from 2015 to 2018, Regional Compliance Lead of

Nestle - Wyeth Infant Nutrition for Asia & Pacific from 2013 to 2014, and Regional Counsel for Asia for Wyeth Philippines, Inc. from 2010 to 2013. Atty. Bayon was also a professor of Labor Relations Law at the Lyceum of the Philippines from 2009 to 2013. Atty. Bayon holds a Juris Doctor degree from the Ateneo de Manila University School of Law and a Bachelor of Arts degree from the University of the Philippines.

KRISTINE NINOTSCHKA L. EVANGELISTA
Ms. Evangelista is the Corporate Secretary of the Company. A partner at Gatmaytan Yap Patacsil Gutierrez & Protacio, also known as C&G Law, she was elected as Corporate Secretary of the Company in August 2018. She started her legal career in 1999 as an associate at SyCip Salazar Hernandez & Gatmaitan. In 2008, she joined Holcim Philippines as Senior Legal Counsel, and served as its General Counsel and Corporate Secretary from 2014 until 2017. She holds a Bachelor of Science degree, major in Legal Management, and a Juris Doctor degree from the Ateneo de Manila University.

ANNA RAEZA A. LACADIN
Ms. Lacadin was elected as the Assistant Corporate Secretary of the Company in September 2021. She is currently an Associate at C&G Law. She holds a Bachelor of Science degree, major in Legal Management from the De La Salle University, and a Juris Doctor degree from the San Beda University.

Resignation of Directors

No Director has resigned or declined to stand for re-election to the Board of Directors since the date of the last Annual Stockholders' Meeting due to any disagreement with the Company on any matter relating to the Company's operations, policies, or practices.

Significant Employees and Family Relationships

No single person is expected to make an indispensable contribution to the business since the Company considers the collective efforts of all its employees as instrumental to the overall success of the Company's business. The Company is not aware of any family relationship between or among the aforementioned Directors, Executive Officers or nominees for election to the Board of Directors up to the fourth civil degree.

Except for the payment of annual directors' fees and per diem allowances, the Company has not had any transaction during the last two (2) years in which any Director or Executive Officer had a direct or indirect interest.

Except for the transactions discussed in Note 23 (Related Party Transactions) to the Audited Financial Statements (attached as Exhibit II of Annex D or the SEC Form 17-A (Annual Report)), there were no other material related party transactions during the last three (3) financial years, nor are there any material transactions currently proposed between the Company and its stockholders, directors, key management personnel, or other parties over which the Company has the ability to exercise control or significant influence in making financial and operating decisions.[11]

Involvement in Certain Legal Proceedings

None of the aforementioned Directors or Executive Officers is or has been involved in any criminal or bankruptcy proceeding, or is or has been subject to any judgment of a competent court barring or otherwise limiting his involvement in any type of business, or has been found to have violated any securities laws during the past five (5) years and up to the latest date, except as disclosed in Item 3 of the Annual Report (SEC Form 17-A) for the year 2021 (attached as Annex D) on Legal Proceedings.

Nomination for Election as Members of the Board of Directors

The following have been nominated for election as members of the Board of Directors for the ensuing year (2022 to 2023):

Frederick D. Ong
Yongsang You

[11] This information on disclosures on self-dealing and related party transactions is presented in compliance with Section 49 of the Revised Corporation Code.

Yun Gie Park
Jin Pyo Ahn
Jay Buckley
Parinya Kitjatanapan
Vishal Malik
Rafael M. Alunan III
Oscar S.Reyes

The names, ages and citizenship of the persons nominated are as follows:

Name	Age	Citizenship	Year Position was Assumed
Frederick D. Ong	56	Filipino	2020
Yongsang You	53	Korean	2015
Yun Gie Park	52	Korean	2021
Jin Pyo Ahn	49	Korean	-
Jay Buckley	44	Australian	2019
Parinya Kitjatanapan	57	Thai	2020
Vishal Malik	53	Indian	2022
Rafael M. Alunan III	74	Filipino	2007
Oscar S. Reyes	76	Filipino	2007

Messrs. Ong, You, Park, Buckley, Kitjatanapan and Malik are incumbent members of the Board of Directors. Their background information and business experience are set out in pages 9 through 11 of this Information Statement.

Mr. Efren D. Ramil and Ms. Buenafe T. Yarisantos nominated Messrs. Reyes and Alunan as Independent Directors. Mr. Ramil and Ms. Yarisantos are not related to Messrs. Reyes or Alunan. The background information and business experience of Messrs. Reyes and Alunan are set out in page 11 of this Information Statement.

The directorships held in reporting companies of the nominees are as follows:

Oscar S. Reyes (Independent Director)	Basic Energy Corporation Cosco Capital Inc. PXP Energy Corporation PLDT Inc. Bank of the Phil. Islands D.M. Wenceslao & Associates Inc. Sun Life Financial Plans, Inc.
Rafael M. Alunan III (Independent Director)	Metro Global Holdings Corporation APC Group, Inc

Mr. Alunan is the incumbent Chairman of the Audit Committee of the Company. The incumbent members of the Audit Committee are Messrs. Reyes, You, and Malik.

Mr. Reyes is the incumbent Chairman of the Nomination and Governance Committee of the Company. The incumbent members of the Nomination and Governance Committee are Messrs. You and Buckley.

Mr. Reyes is the incumbent Chairman of the Compensation and Remuneration Committee of the Company. The incumbent members of the Compensation and Remuneration Committee are Messrs. Alunan, You, and Kitjatanapan.

Both Messrs. Reyes and Alunan have served on the Company's Board of Directors since 2008 and have been consistently re-elected by the stockholders until present. Under Securities and Exchange Commission ("SEC") Memorandum Circular ("MC") No. 4, Series of 2017 ("*SEC MC 4-2017*"), a company's independent director shall serve for a maximum cumulative term of nine years,[12] which

[12] SEC MC 4-2017, item 1.

cumulative term is reckoned from 2012,[13] after which the independent director shall be perpetually barred from re-election as such in the company.[14] Should Messrs. Reyes and Alunan be re-elected at the Annual Stockholders' Meeting, they will have served on the Company's Board of Directors for ten years from 2012 and should ordinarily be barred from re-election.

However, SEC MC 4-2017 provides that "[i]n the instance that a company wants to retain an independent director who has served for nine (9) years, the Board should provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting."[15] The Company hopes to retain Messrs. Reyes and Alunan as its independent directors, if they are re-elected at the Annual Stockholders' Meeting. In this regard, the Company presents the following justifications for the re-election of Messrs. Reyes and Alunan as independent directors to the Company's Board of Directors:

(a) Messrs. Reyes and Alunan possess the necessary qualifications and stature which enable them to competently and actively participate in the deliberations of the Company's Board of Directors;

(b) Messrs. Reyes and Alunan's service on the Company's Board of Directors since 2008 has not impaired their ability to act independently and objectively, as they are able to actively lead discussions and weigh differing perspectives on the Company's operations and organization during meetings of the Board of Directors and its committees;

(c) Messrs. Reyes and Alunan also serve on the boards of directors of publicly-listed companies, public companies, non-profit organizations, and other entities, which provides them a broad view of the Philippine economy and the business sector, including the latest developments thereon, thus ensuring that their perspectives on issues are not limited to the industry within which the Company operates; In this respect, and on the other hand, the other regular non-executive members of the Company's Board of Directors are based abroad, and provide an in depth commercial and technical but global view of the industry;

(d) Messrs. Reyes and Alunan's extensive knowledge and understanding of the Company's business, operations and organization allow them to make insightful, constructive and practicable comments on Management's plans and reports while at the same time mindful of the Company's past experiences, and to ask the necessary questions and clarifications before approval or disapproval of proposed corporate acts; and

(e) The other regular non-executive members of the Company's Board of Directors have had relatively shorter terms and do not serve on the Board of Directors for long durations, which ensures that different perspectives and an appropriate balance of skills and experience are always present in the composition of the Company's Board of Directors.

The By-Laws provide that the Nomination and Governance Committee shall pre-screen and shortlist all candidates nominated to become a member of the Board of Directors in accordance with the qualifications and disqualifications provided for in the Amended Articles of Incorporation, the Amended By-Laws, the Company's 2020 Manual on Corporate Governance ("*2020 Manual on Corporate Governance*"), applicable laws, regulations including Rule 38 of the Securities Regulation Code, and resolutions and rules passed or adopted by said committee, the stockholders and the Board of Directors. On 02 June 2022, the Nomination and Governance Committee approved the final list of nominees for the Board of Directors which included all of the abovenamed individuals.

Appraisals and performance report for the board and the criteria and procedure for assessment[16]

Under the 2020 Manual on Corporate Governance and Charter of the Board of Directors, the directors should observe the following norms of conduct: *(a)* conduct fair business transactions with the Company

[13] SEC MC 4-2017, item 4.
[14] SEC MC 4-2017, item 2.
[15] SEC MC 4-2017, item 3.
[16] This discussion on the appraisals and performance report for the board and the criteria and procedure for assessment is presented in compliance with Section 49 of the Revised Corporation Code.

and ensure that his/her personal interest does not conflict with the interests of the Company, including complying with the Company's policy requiring directors and officers to disclose or report to the Company any dealings in the Company's shares, and abstaining from taking part in the deliberations of any transaction affecting the Company if the director has a material interest therein; *(b)* devote time and attention necessary to properly and effectively discharge his/her duties and responsibilities, and notify the Board where he/she is an incumbent director before accepting a directorship in another company; *(c)* act judiciously; *(d)* exercise independent judgment; *(e)* have a working knowledge of the statutory and regulatory requirements affecting the Company, including its Amended Articles of Incorporation and Amended By-Laws, the rules and regulations of the SEC, and where applicable, the requirements of other regulatory agencies; *(f)* observe confidentiality; and (g) attend and actively participate, review meeting materials and if called for, ask the necessary questions or seek clarifications and explanations in all meetings of the Board, of the Board committees in which he/she is a member, and of the stockholders conducted in accordance with the rules and regulations of the SEC.

The Nomination and Governance Committee Charter provides that the Board shall conduct an annual self-assessment of its performance, including the performance of the Chairman of the Board, the individual directors, and the Board committees. The 2020 Manual on Corporate Governance provides that, every three (3) years, the assessment shall be supported by an external facilitator.

The Board of Directors held its annual corporate governance training and conducted its self-assessment on 14 December 2021 supported by an external facilitator.

The attendance record of the directors for the year 2021 to 2022 is as follows:

Member of the Board of Directors	Percentage of Meetings[17] Attended
Frederick D. Ong	87.50%
Yongsang You	100%
Yun Gie Park	50%
Hyo Jin Song	100%
Jay Buckley	75%
Parinya Kitjatanapan	75%
Yuan Wang*	87.50%
Rafael M. Alunan III	87.50%
Oscar S. Reyes	100%

* Ms. Wang has resigned and has been replaced by Mr. Malik as director effective 01 June 2022. Mr. Malik has not had the opportunity to attend any Board meeting given that the next scheduled Board meeting will be the organizational meeting of the Board after the conduct of the Annual Stockholders' Meeting.

Item 6. **Compensation of Directors and Executive Officers**

The aggregate compensation paid or accrued (in Philippine Peso) in the calendar years ended 31 December 2021, 2020, and 2019, and estimated to be paid for the ensuing calendar year ending 31 December 2022, to the following Executive Officers and Directors is set out in the table below:

Name	Year	Salary	Bonus	Others
Aggregate for CEO and four (4) most highly compensated below-named executive officers	CY 2019	57,968,836	5,740,803	469,356
	CY 2020	54,216,126	2,791,166	163,971
	CY 2021	42,475,264	8,408,898	573,626
	CY 2022 (Estimate)	50,244,171	6,867,054	608,044
All other directors and officers as a group unnamed	CY 2019	57,896,253	5,746,511	8,712,336
	CY 2020	36,360,398	3,629,063	36,757,938
	CY 2021	44,430,930	3,465,293	10,672,751
	CY 2022 (Estimate)	30,215,584	2,653,879	10,715,994

The following are the five (5) highest compensated directors and/or officers of the Company who were serving as Executive Officers at the end of the last completed fiscal year:

[17] Regular meetings, special meetings, and organizational meeting of the Board of Directors, counted from the date of election.

- Frederick D. Ong – President and Chief Executive Officer
- Vishal Malik – Chief Finance Officer and Chief Audit Executive*
- Francis S. Moral – Chief Commercial Officer
- Ma. Vivian A. Cheong – Chief Human Resources and Corporate Affairs and Communications Officer
- Carina Lenore S. Bayon – Chief Legal and Government Affairs Officer, Chief Compliance Officer, and Data Protection Officer

*Mr. Malik was replaced by Mr. Elmer Joseph N. Yanga as Chief Finance Officer and Chief Audit Executive effective 01 June 2022.

There are no special employment contracts between the Company and the above Executive Officers.

At the Annual Stockholders' Meeting held on 24 May 2019, the stockholders approved and ratified the payment of annual fees for the members of the Board of Directors in the amount of PhP500,000.00 and a per diem allowance per board or committee meeting of PhP200,000.00 for the Chairman of the Board and PhP100,000.00 for the other members of the Board. The seven (7) Directors representing Lotte Chilsung, and Quaker Global Investments B.V. have waived the per diem allowance as well as the annual directors' fee.

There are no outstanding warrants or options held by the above Executive Officers and all such officers and Directors as a group.

In 2021, the members of the Board were paid an aggregate amount of PhP3,262,223.00 for their attendance in Board and committee meetings. The following are the amounts of per diems and directors' fees received by each director:

	Name of Director	Per Diems	Directors' Fees	Total
1.	Oscar S. Reyes	PhP1,173,333.00	PhP555,556.00	PhP1,728,889.00
2.	Rafael M. Alunan	PhP977,778.00	PhP555,556.00	PhP1,533,334.00
3.	Frederick D. Ong	PhP0.00	PhP0.00	PhP0.00
4.	Yongsang You	PhP0.00	PhP0.00	PhP0.00
5.	Yun Gie Park	PhP0.00	PhP0.00	PhP0.00
6.	Hyo Jin Song	PhP0.00	PhP0.00	PhP0.00
7.	Jay Buckley	PhP0.00	PhP0.00	PhP0.00
8.	Parinya Kitjatanapan	PhP0.00	PhP0.00	PhP0.00
9.	Yuan Wang*	PhP0.00	PhP0.00	PhP0.00
	TOTAL	PhP2,151,111.00	PhP1,111,112.00	PhP3,262,223.00

* Ms. Wang has resigned as director effective 01 June 2022.

Item 7. **Independent Public Accountants**

The auditing firm of R.G. Manabat & Co. (KPMG Philippines) is being recommended for re-appointment as external auditor for the ensuing year (*i.e.*, 2022 to 2023).

Representatives of said firm are expected to be present at the Annual Stockholders' Meeting and will have the opportunity to make a statement if they desire to do so, and are expected to be available to respond to appropriate questions.

Aggregate fees billed by the Company's external auditor for professional services in relation to (i) the audit of the Company's annual financial statements and services in connection with statutory and regulatory filings; and (ii) tax accounting, compliance, advice, planning, and any other form of tax services for the calendar year ended December 31 are summarized as follows:

	2021	2020	2019
Statutory audit fees	PhP4.8 million	PhP4.8 million	PhP4.8 million
Tax advice fees	PhP0.4 million	PhP0.4 million	PhP0.4 million
Total	PhP5.2 million	PhP5.2million	PhP5.2million

The Audit Committee reviews and approves the audit plan and scope of work for the above services and ensures that the rates are competitive as compared to the fees charged by other equally competent external auditors performing similar services.

During the Company's two (2) most recent fiscal years or any subsequent interim periods, there was no instance where the Company's public accountant resigned or indicated that they decline to stand for re-appointment or were dismissed nor was there any instance where the Company had any disagreement with its public accountant on any accounting or financial disclosure issue.

In compliance with Rule 68(3)(b)(iv) of the Securities Regulation Code, the Company engaged R.G. Manabat & Co. (KPMG Philippines) as its external auditor for the two (2) most recent fiscal years, and Mr. Vernilo G. Yu as partner-in-charge.

Item 8. **Compensation Plans**

No action or matter with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed will be taken up at the Annual Stockholders' Meeting.

Item 9. **Financial and Other Information**

The Company has incorporated by reference the following as contained in the Management Report (attached as Annex B), Annual Report (SEC Form 17-A) (attached as Annex D), and Quarterly Report (SEC Form 17-Q) (attached as Annex E):

1. Audited financial statements showing the financial position of the Company for the calendar years ended 31 December 2021 and 31 December 2020, and its financial performance and cash flows for each of the three (3) quarters in the period ended 31 December 2021, attached as Exhibit II of the Annual Report (SEC Form 17-A);

2. Interim financial statements showing the financial position of the Company for the period ended 31 March 2022, attached as Exhibit I of the Quarterly Report (SEC Form 17-Q);

3. Management's discussion and analysis or plan of operation; and

4. Information on business overview, properties, legal proceedings, market price of securities, dividends paid and corporate governance (which includes, appraisals and performance report for the Board and the criteria and procedure for assessment).

Item 10. **Mergers, Consolidations, Acquisitions and Similar Matters**

No action or matter with respect to mergers, consolidations, acquisitions, sales or other transfers of all or any substantial part of the assets of the Company, liquidation, dissolution and similar matters will be taken up at the Annual Stockholders' Meeting.

Item 11. **Acquisition or Disposition of Property**

No action or matter with respect to the acquisition or disposition of a substantial amount of assets or property will be taken up at the Annual Stockholders' Meeting.

Item 12. **Restatement of Accounts**

No action or matter with respect to the restatement of any asset, capital, or surplus account of the Company will be taken up at the Annual Stockholders' Meeting.

C. OTHER MATTERS

Item 13. **Action with Respect to Reports**

The Minutes of the Annual Stockholders' Meeting held on 29 June 2021, which will be submitted for approval of the stockholders, record the following matters:

1. Approval by the stockholders of the Minutes of the previous Annual Stockholders' Meeting held on 20 August 2020 [Stockholders' Resolution No. 2021/2022-001];

2. Report of the President and Chief Executive Officer on the results of operations of the Company for the year ended 31 December 2020;

3. Presentation of the Audited Financial Statements of the Company for the year ended 31 December 2020 and acceptance and approval thereof by the stockholders [Stockholders' Resolution No. 2021/2022-002];

4. Ratification by the stockholders of all acts and resolutions of the Board of Directors, and all acts of the Management, as well as all contracts and transactions entered into by the Company, for the year 2020 [Stockholders' Resolution No. 2021/2022-003];

5. Presentation of the Proposed Amendments to the Amended Articles of Incorporation and approval thereof by the stockholders [Stockholders' Resolution No. 2021/2022-004 and Stockholders' Resolution No. 2021/2022-005];

6. Election of the Company's Directors, including Independent Directors, for the year 2021 to 2022 [Stockholders' Resolution No. 2021/2022-006], namely:

   Frederick D. Ong
   Yongsang You
   Yun Gie Park
   Hyo Jin Song
   Jay Buckley
   Parinya Kitjatanapan
   Yuan Wang
   Oscar S. Reyes (Independent Director)
   Rafael M. Alunan III (Independent Director)

7. Re-appointment of R.G. Manabat & Co. as the Company's External Auditor for 2021 [Stockholders' Resolution No. 2021/2022-007].

The Minutes of the Annual Stockholders' Meeting held on 29 June 2021, a copy of which is attached as Annex C hereto, also provide (i) a description of the voting and vote tabulation used in the meeting, (ii) a description of the opportunity given to stockholders to ask questions and a description of the nature of the questions asked in the meeting, (iii) matters discussed and resolutions reached and the record of the voting results for each agenda item, and (iv) a list of directors and stockholders who attended the meeting. These information are restated below in compliance with Section 49 of the Revised Corporation Code.

Voting and tabulation procedures used in the Annual Stockholders' Meeting held on 29 June 2021

Several stockholders sent signed proxies designating the Chairman as their proxy and indicated their votes on each matter for approval. Votes were also received over the voting platform on the website of the Company, where stockholders were permitted to cast their votes prior to the meeting date. The Corporate Secretary tallied and validated these proxies and votes prior to the Annual Stockholders' Meeting.

During the meeting, voting was done through remote communication, or *in absentia*, or by proxy. There were no objections to the resolutions passed and approved by the stockholders. In the election of the members of the Board of Directors, the Corporate Secretary reported and certified that each of the nominees received at least a majority of the votes of the outstanding stock of the Company for purposes of election to the Board of Directors for the year 2021 to 2022.

Questions asked and answers given during the Annual Stockholders' Meeting held on 29 June 2021

Mr. Eugenio Metrio asked how the Company has adapted to the new normal brought about by the COVID- 19 pandemic, and how the Company drove a unique advantage during the pandemic. Mr. Ong, the Company's President and Chief Executive Officer, responded that the Company continues to adapt to the new normal. It strictly implements health and safety protocols and flexible work arrangements where possible and, more than just adapting, has started moving forward. It used the crisis as an opportunity for improvements within the Company, particularly in areas of productivity enhancements and digital advancement. Mr. Ong said that the management decided to adopt a transformation journey at the height of the pandemic. It had started a number of initiatives that were intended to help the Company cope with the crisis, and bring the Company closer to achieving its new vision and mission.

Mr. Manuel Caramat, Jr. asked about the Company's current financial position and how it plans to address financial gaps this year. Mr. Ong responded that the financial position of the Company is much stronger this year than in 2020, and that there are better metrics due to the reopening of the economy and volume slowly picking up. The Company is cautiously optimistic and driving productivity and managing costs in the evolving situation.

Ms. Lyn R. Udarbe inquired whether there were any material changes to how the Company operates with the increased shareholdings of the Lotte group. Mr. Ong stated that the increased shareholdings of the Lotte group is a welcome development for the Company. The management of the business remains unchanged and the Company expects an increased collaboration and stronger partnership between the principal stockholders towards advancing the capabilities of the Company.

Ms. Cecilia R. Duguran asked whether the Company plans to introduce new brands in the Philippine market. Mr. Ong responded by stating that the Company relies on market insights for product innovation and new brand introduction. For the near term, the Company believes that its current product portfolio is sufficient to effectively compete in the Philippine market.

Ms. Ermielyn Ubay-Punzalan asked what the Company is doing to help its stakeholders during the pandemic, and what measures are being done for the inoculation of its employees. Mr. Ong responded that, ever since the pandemic started, the Company's number one priority has been to protect its employees and partners by ensuring their safety and livelihood. The Company continues to assist its distribution partners and wholesalers who are also negatively impacted by the pandemic by giving incentives to those who pushed for more sales and providing marketing assistance. The Company also began offering a special package for displaced/repatriated oversees Filipino workers and their families who want to venture into beverage distribution and become entrepreneurs.

As for the employees, the Company guided and supported them throughout the pandemic to help them cope with the varying stages of community quarantine. Mr. Ong reiterated that the Company had put in place COVID-19-related benefits that are still in effect up to this day. Additionally, the Company enabled and empowered the employees to adapt to the new normal through information and education campaigns, and constant reminders on the importance of safety protocols to protect themselves, their co-employees, and their loved ones. The Company purchased 20,000 doses of vaccines for its employees who choose to get vaccinated. The Company also encouraged its employees to register with their respective local government units when the national government opened the vaccination to the A3 and A4 categories of the priority groups.

The matters discussed and resolutions reached and the record of the voting results for each agenda item in the Annual Stockholders' Meeting held on 29 June 2021

Item discussed	For	Against	Abstain	Total No. of Shares Represented
i. Approval by the stockholders of the Minutes of the previous Annual Stockholders' Meeting held on 20	3,496,154,004	0	0	99.99%

August 2020 [Stockholders' Resolution No. 2021/2022-001];				
ii. Presentation of the Audited Financial Statements of the Company for the year ended 31 December 2020 and acceptance and approval thereof by the stockholders [Stockholders' Resolution No. 2021/2022-002];	3,496,154,004	0	0	99.99%
iii. Ratification by the stockholders of all acts and resolutions of the Board of Directors, and all acts of the Management, as well as all contracts and transactions entered into by the Company, for the year 2020 [Stockholders' Resolution No. 2021/2022-003];	3,496,154,004	0	0	99.99%
iv. Presentation of the Proposed Amendments to the Amended Articles of Incorporation to reflect the change of principal office address and approval thereof by the stockholders [Stockholders' Resolution No. 2021/2022-004]	3,496,154,004	0	0	99.99%
v. Presentation of the Proposed Amendments to the Amended Articles of Incorporation to reflect the change in the Company's corporate term and approval thereof by the stockholders [Stockholders' Resolution No. 2021/2022-005]	3,496,154,004	0	0	99.99%
vi. Election of the Company's Directors, including Independent Directors, for the year 2021 to 2022 [Stockholders' Resolution No. 2021/2022-006];				
1. Frederick D. Ong	2,572,747,033	0	0	73.59%
2. Yongsang You	2,572,747,033	0	0	73.59%
3. Yun Gie Park	2,572,747,033	0	0	73.59%
4. Hyo Jin Song	2,572,747,033	0	0	73.59%
5. Jay Buckley	2,572,747,033	0	\0	73.59%
6. Samir Moussa	2,572,747,033	0	0	73.59%
7. Parinya Kitjatanapan	2,572,747,033	0	0	73.59%
8. Oscar S. Reyes	2,572,747,033	0	0	73.59%
9. Rafael M. Alunan III	2,572,747,033	0	0	73.59%
vii. Re-appointment of R.G. Manabat & Co. as the Company's External Auditor for 2021 [Stockholders' Resolution No. 2021/2022-007].	3,496,154,004	0	0	99.99%

List of directors, officers, and stockholders who attended the Annual Stockholders' Meeting held on 29 June 2021

a. *Directors*
   - Oscar S. Reyes – Chairman and Independent Director
   - Rafael M. Alunan III – Vice-Chairman and Independent Director
   - Frederick D. Ong – Director and President and Chief Executive Officer

b. *Officers*
   - Jin Man Kim – Executive Vice-President for Strategic Supply Chain and Operations

- Francis S. Moral – Senior Vice-President for National Sales and Distribution
- Ma. Vivian A. Cheong – Senior Vice-President for Human Resources and Corporate Affairs & Communications
- Dong Geol Yoon – Senior Vice-President and Chief Strategy Officer
- Carina Lenore S. Bayon – Vice-President for Legal and Government Affairs, Chief Compliance Officer, and Data Protection Officer
- Aristedes H. Alindogan – Vice-President and Senior General Manager – Luzon 2
- Lyndon J. Cuadra – Vice-President and Senior General Manager – Visayas
- Kristine Ninotschka L. Evangelista – Corporate Secretary

c. *Stockholders*

- Lotte Corporation
- Lotte Chilsung Beverage Co. Ltd.
- Quaker Global Investments B.V.
- Various PDTC participants holding shares through PCD Nominee Corporation (Filipino) and PCD Nominee Corporation (Non-Filipino)
- Other individual stockholders

Item 14. **Matters Not Required to be Submitted**

Except for the Report of the President and Chief Executive Officer, all other actions or matters to be taken up during the Annual Stockholders' Meeting will require the vote of the security holders.

Item 15. **Amendment of Charter, Bylaws or Other Documents**

The following proposed amendments to the Company's Amended Articles of Incorporation will be presented to the stockholders for their approval during the Annual Stockholders' Meeting:

1. On 09 December 2021, the Board of Directors approved the amendment of the Twelfth Article of the Company's Amended Articles of Incorporation to reflect the rule that no director shall be involved in deciding his or her own remuneration pursuant to the Revised Corporation Code.

2. On 09 December 2021, the Board of Directors approved the amendment of the Second Article of the Company's Amended By-Laws to reflect the change in the minimum notice requirement of at least twenty-one (21) days prior to any stockholders' meeting as provided under the Revised Corporation Code and SEC MC No. 3, Series of 2020.

Item 16. **Other Proposed Action**

Apart from the submission for approval by the stockholders of the matters in Items 13 and 15 of this Information Statement, the following matters shall also be submitted for approval of the stockholders:

1. Presentation of and approval the Audited Financial Statements of the Company for the year ended 31 December 2021;

2. Ratification of all acts and resolutions of the Board of Directors and Management for the previous year, as well as all contracts and transactions entered into by the Company, for the year 2021;

3. Election of the members of the Board of Directors, including the Independent Directors, for the year 2022 to 2023; and

4. Re-appointment of R.G. Manabat & Co. (KPMG Philippines) as the Company's External Auditor for the year 2022 to 2023.

Item 17. **Voting Procedures**

Voting requirements

(a) Matters for stockholders' approval

As provided in Article II, Section 4 of the By-Laws, a quorum at any meeting of stockholders shall consist of a majority of the outstanding capital stock of the Company represented in person or by proxy, and a majority of the entire outstanding stock of the Company shall be necessary to decide any matter that may come before a meeting.

Following the approval by the Board of Directors of the conduct of the Annual Stockholders' Meeting to be held on 29 June 2022 by remote communications, stockholders who participate and vote through remote communications or who vote *in absentia* are deemed present for purposes of quorum. This is discussed further in Annex A of this Information Statement.

All matters to be acted upon in the Annual Stockholders' Meeting require the vote of a majority of the outstanding stock of the Company, except the proposal to amend the Company's Amended Articles of Incorporation which require a vote of two-thirds of the outstanding capital stock of the Company.

(b) Election of directors

Pursuant to Sections 23 and 57 of the Revised Corporation Code, every stockholder entitled to vote shall have the right to vote the number of shares of stock standing, as of the record date, in his own name in the stock and transfer book of the Company; and said stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Company multiplied by the number of directors to be elected. By way of illustration, the formula may be stated as follows:

Number of shares held on record x Nine (9) directors = Total votes that may be cast.

Manner of voting

Stockholders of record are entitled to one vote per share. A stockholder participating via remote communication or who intend to vote *in absentia* may cast their votes electronically following the procedures set out in Item 18 and Annex A of this Information Statement. A stockholder may also vote by proxy duly given in writing and submitted to the Corporate Secretary at least three (3) days before the meeting.

Method of counting votes

All votes shall be tabulated by the Corporate Secretary. As the stockholders take up an item in the agenda, the Corporate Secretary will report the votes that have been received and tabulated; and the final tally of votes will be reflected in the minutes of the meeting.

Item 18. **Attendance, Participation and Voting Via Remote Communications, Voting *in Absentia*, and Voting by Proxy**

As disclosed by the Company on 24 March 2022, in its regular meeting held on the same date, the Board of Directors approved the conduct of the Annual Stockholders' Meeting via remote communications, to allow stockholders of record to participate and exercise their right to vote through remote communication, or *in absentia*, or by proxy; thus, dispensing with physical attendance in the meeting. This is to prevent the transmission of the COVID-19 virus, and for the safety and health of the stockholders.

The procedures for attendance, participation, and voting via remote communications and voting *in absentia* or by proxy are attached to this Information Statement as Annex A.

COPIES OF THE COMPANY'S ANNUAL REPORT (SEC FORM 17-A) AND QUARTERLY REPORT (SEC FORM 17-Q) (WHICH ARE ATTACHED AS ANNEXES D AND E TO THIS INFORMATION STATEMENT) MAY BE ACCESSED BY THE STOCKHOLDERS AT THE COMPANY'S WEBSITE, https://pepsiphilippines.com/investor-relations- disclosures.

SIGNATURE PAGE

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 hereunto duly authorized.

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

FREDERICK D. ONG
President and Chief Executive Officer

PROXY

I, ______________________________, a stockholder of PEPSI-COLA PRODUCTS PHILIPPINES, INC. (the "Company"), holding _________________ of the Company's shares, hereby name, constitute, and appoint ____ or in his/her absence, the Chairman of the Meeting, as attorney-in-fact and proxy, to represent and vote all shares registered in my name at the annual meeting of the stockholders of the Company to be held on Wednesday, 29 June 2022, and any adjournment(s) thereof.

The undersigned directs the proxy to vote on the agenda items which have been expressly indicated with "X" below.

1.	Approval of the Minutes of the Annual Stockholders' Meeting held on 29 June 2021	□ Yes □ No □ Abstain
2.	Approval of the Audited Financial Statements for the year ended 31 December 2021	□ Yes □ No □ Abstain
3.	Ratification of the acts of the Board of Directors and Management for 2021	□ Yes □ No □ Abstain
4.	Approval of amendments to the Twelfth Article of the Company's Amended Articles of Incorporation in compliance with the provision of the Revised Corporation Code on the compensation of directors	□ Yes □ No □ Abstain
5.	Approval of amendments to the Second and Third Articles of the Company's Amended By-Laws in compliance with the provisions of the Revised Corporation Code on the notice requirement for meetings of stockholders and the compensation of directors	□ Yes □ No □ Abstain
6.	Election of Directors for the year 2022 to 2023 Indicate in the space before each name how many votes you are casting in favor of that nominee. Your total number of votes can be computed as follow: number of shares held x 9. If the cumulative number of votes indicated exceed this computation, your votes will be proportionately reduced.	Indicate number of votes per nominee: □ Frederick D. Ong □ Yongsang You □ Yun Gie Park □ Jin Pyo Ahn □ Jay Buckley □ Parinya Kitjatanapan □ Vishal Malik □ Rafael M. Alunan III (Independent Director) □ Oscar S. Reyes (Independent Director)
7.	Appointment of R.G. Manabat & Co. as external auditor of the Company for the year 2022 to 2023	□ Yes □ No □ Abstain

IN WITNESS WHEREOF, I have signed this ___ day of _________ 2022, at ______________________________.

________________________________ PRINTED NAME OF STOCKHOLDER

________________________________ SIGNATURE OF STOCKHOLDER/ AUTHORIZED SIGNATORY

This proxy should be received by the Corporate Secretary, care of Pepsi-Cola Products Philippines, Inc., 26th Floor, Filinvest Axis Tower Two Building, Northgate Cyberzone, Filinvest City, Alabang, Muntinlupa City or at corporatesecretary@pcppi.com.ph **on or before 26 June 2022**, 5:00 p.m. For corporate stockholders, please attach to this proxy form the secretary's certificate on the authority of the signatory to appoint the proxy and sign this form. This proxy, when properly executed, will be voted in the manner as directed herein by the stockholder. If no direction is made, this proxy will be voted for the election of all nominees and for the approval of the matters stated above and for such other matters as may properly come before the meeting as recommended by the Chairman. A stockholder giving a proxy has the power to revoke it at any time before the right granted is exercised. A proxy is also considered revoked if the stockholder registers to vote digitally as provided in the instructions attached to the meeting notice. Notarization of the proxy is not required.

ANNEX A

PROCEDURES FOR ATTENDING, PARTICIPATING, AND VOTING IN THE ANNUAL STOCKHOLDERS' MEETING THROUGH REMOTE COMMUNICATIONS, FOR VOTING *IN ABSENTIA*, AND FOR VOTING BY PROXY

PROCEDURES FOR ATTENDING, PARTICIPATING, AND VOTING IN THE ANNUAL STOCKHOLDERS' MEETING THROUGH REMOTE COMMUNICATIONS, FOR VOTING *IN ABSENTIA*, AND FOR VOTING BY PROXY

A stockholder may only attend the meeting remotely by connecting to https://www.pepsiphilippines.com/AnnualStockholdersMeeting2022, at the date and time indicated in the Notice and Agenda. Stockholders who will not be attending, participating, and voting via remote communications may choose to vote *in absentia* or by proxy.

Registration Procedures

A stockholder (or his or her proxy) who intends to participate via remote communications, vote *in absentia*, or vote by proxy (by appointing the Chairman of the meeting as his or her proxy), must register in accordance with the procedures below from 8 June to 23 June 2022, 5:00 p.m.

To register, the stockholder must send an email to corporatesecretary@pcppi.com.ph, indicating "**PCPPI 2022 Annual Stockholders' Meeting Registration**" as the subject of the email.

The following must be provided in the body of the email or attached to the email:

I. For individual stockholders with stock certificates –

1. A scanned copy of the front and back portions of the stockholder's valid government issued ID, preferably with residential address, in .jpeg/.jpg or .png format. The file size should be no larger than 1 megabyte ("*MB*");
2. A valid and active e-mail address;
3. A valid and active contact number; and
4. Indicate if stockholder will *(a)* attend, participate, and vote via remote communications (on his or her own or through a proxy other than the Chairman), *(b)* vote in absentia, or *(c)* vote by proxy (by appointing the Chairman of the meeting as his or her proxy).

II. For stockholders under Broker accounts –

1. A broker's certification on the stockholder's number of shareholdings (in .pdf, .jpeg/.jpg, or .png format). The file size should be no larger than 1MB;
2. A proxy issued by the broker in favor of the stockholder (in .pdf, .jpeg/.jpg, or .png format). The file size should be no larger than 1MB;

   IMPORTANT: To facilitate the verification of your account, please make sure to copy corporatesecretary@pcppi.com.ph and the Company's stock and transfer agent, Stock Transfer Service, Inc., through rdregala@stocktransfer.com.ph and mccapoy@stocktransfer.com.ph, rppalacios@stocktransfer.com.ph in all email correspondences with the broker regarding requests for proxies and broker's certification;

3. A scanned copy of the front and back portions of the stockholder's valid government issued ID, preferably with residential address (in .jpeg/.jpg or .png format). The file size should be no larger than 1MB;
4. A valid and active e-mail address;
5. A valid and active contact number;
6. Indicate if the stockholder will *(a)* attend, participate, and vote via remote communications, or *(b)* vote *in absentia*.

III. For corporate stockholders –

If the corporate stockholder will **appoint a proxy other than the Chairman** of the meeting as its proxy:

1. A secretary's certificate attesting to *(i)* the authority of the proxy to attend and vote, for and on behalf of the corporate stockholder, which may serve as the proxy if it has all the requirements of a proxy; or *(ii)* the authority of the representative signing the proxy for and on behalf of the corporate stockholder, together with the signed proxy (in .pdf, .jpeg/.jpg, or .png format). The file size should be no larger than 1MB;
2. A scanned copy of the front and back portions of the valid government-issued ID of the corporate stockholder's proxy, preferably with residential address (in .jpeg/.jpg or .png format). The file size should be no larger than 1MB;
3. A valid and active e-mail address of the corporate stockholder's proxy;
4. A valid and active contact number of the corporate stockholder's proxy; and
5. Indicate if the corporate stockholder's proxy will *(a)* attend, participate, and vote via remote communications, or *(b)* vote *in absentia*.

If the corporate stockholder will **appoint the Chairman** of the meeting as its proxy:

1. A secretary's certificate attesting to *(a)* the appointment of the Chairman of the meeting as its proxy to attend and vote, for and on behalf of the corporate stockholder, which may serve as the proxy if it has all the requirements of a proxy; or *(b)* the authority of the representative signing the proxy for and on behalf of the corporate stockholder, together with the signed proxy indicating the Chairman as the proxy (in .pdf, .jpeg/.jpg, or .png format). The file size should be no larger than 1MB;
2. A valid and active e-mail address of the representative of the corporate stockholder;
3. A valid and active contact number of the representative of the corporate stockholder; and
4. Indicate that the corporate stockholder intends to appoint the Chairman of the meeting to attend and vote as its proxy.

In all cases I, II and III above, if the stockholder will be attending by proxy, the signed proxy must be received by the Corporate Secretary before 26 June 2022, 5:00 p.m. The original signed proxy may be sent to the Corporate Secretary c/o Pepsi-Cola Products Philippines, Inc., at 26th Floor, Filinvest Axis Tower Two Building, Northgate Cyberzone, Filinvest City, Alabang, Muntinlupa City, or a scanned copy of the signed proxy may be sent by email to corporatesecretary@pcppi.com.ph.

The Corporate Secretary may request additional information or documents to confirm the identity and number of shares of the stockholder.

Incomplete or inconsistent information may result in an unsuccessful registration. As a result, stockholders will not be allowed to participate via remote communications, vote *in absentia*, or vote by proxy.

Validation

Upon receipt by the Company of the email with complete documents, the Corporate Secretary will acknowledge it and will revert with its validation result together with the username and passwords for the meeting room and/or the digital ballot no later than three (3) business days from receipt of the email.

A. Attendance, Participation and Voting Via Remote Communications

Attendance and Participation

Only stockholders who have duly registered (or their proxies) in accordance with the Registration Procedures above and have notified the Corporate Secretary of their intention to attend, participate, and vote in the Annual Stockholders' Meeting by remote communication will receive the link to the meeting room and the specific username and password to access the meeting room.

Questions or comments of stockholders participating via remote communications may be sent prior to or during the meeting to corporatesecretary@pcppi.com.ph and shall be limited to the items in the Agenda.

A stockholder who participates by remote communications shall be deemed present for purposes of quorum. The meeting proceedings shall be recorded in audio and video format.

Voting

Stockholders (or their proxies) participating by remote communications may cast their votes through a digital ballot and have until the end of the meeting to cast their votes via remote communications through the digital ballot link. The username and password for the digital ballot will be provided by email to the duly registered stockholder as a response to the stockholder's email.

The voting must comply with the following instructions:

- For items other than the Election of Directors, the stockholder or proxy has the option to vote: "For", "Against", or "Abstain".

  For individual stockholders, the vote is considered cast for all the registered stockholder's shares.

  For brokers, the number of shares voting "For", "Against", and "Abstain" must be indicated in the form.

- For the election of directors, the stockholder or proxy may vote for all nominees, not vote for any of the nominees, or vote for some nominees only, in such number of shares as preferred by the stockholder, provided that the total number of votes cast shall not exceed the number of shares owned, multiplied by the number of directors to be elected. Further, if a stockholder or proxy has indicated an intention to vote for the nominees but did not indicate the number of shares voted for/against each nominee, it will be presumed that the stockholder allocated an equal number of votes for/against all nominees.

B. Voting *in Absentia*

Instead of participating via remote communications or voting by proxy, stockholders have the option of voting *in absentia* on the matters in the agenda.

Only stockholders who have duly registered in accordance with the Registration Procedures above and have informed the Company of their intent to vote *in absentia* may vote on the matters on the agenda without attending the meeting. The username and password for the digital ballot will likewise be provided to the stockholder as a response to the stockholder's email.

A stockholder voting *in absentia* shall be deemed present for purposes of quorum.

Voting

Registered stockholders voting by remote communications or *in absentia* have until the end of the meeting to cast their votes through the digital ballot link.

The voting must comply with the following instructions:

- For items other than the Election of Directors, the stockholder has the option to vote: "For", "Against", or "Abstain".

  For individual stockholders, the vote is considered cast for all the registered stockholder's shares.

  For brokers, the number of shares voting "For", "Against", and "Abstain" must be indicated in the form.

- For the election of directors, the stockholder may vote for all nominees, not vote for any of the nominees, or vote for some nominees only, in such number of shares as preferred by the stockholder, provided that the total number of votes cast shall not exceed the number of shares owned, multiplied by the number of directors to be elected. Further, if a stockholder has indicated an intention to vote for the nominees but did not indicate the number of shares voted for/against each nominee, it will be presumed that the stockholder allocated an equal number of votes for/against all nominees.

C. Voting By Proxy (Chairman)

Instead of participating via remote communications or voting *in absentia*, stockholders have the option of voting by proxy, by appointing the Chairman of the meeting as his or her proxy.

Only stockholders who have duly registered in accordance with the Registration Procedures above and have informed the Company of their intent to designate the Chairman of the meeting as their proxy, may vote on the matters on the agenda without attending the meeting.

Voting

The voting should comply with the following instructions:

- Download and fill up the proxy form. The Chairman of the meeting, by default, is authorized to cast the votes pursuant to the instructions in the proxy.

- For items other than the Election of Directors, the stockholder has the option to vote: "For", "Against", or "Abstain".

  For individual stockholders, the vote is considered cast for all the registered stockholder's shares.

  For brokers, the number of shares voting "For", "Against", and "Abstain" must be indicated in the form.

- For the election of directors, the stockholder may vote for all nominees, not vote for any of the nominees, or vote for some nominees only, in such number of shares as preferred by the stockholder, provided that the total number of votes cast shall not exceed the number of shares owned, multiplied by the number of directors to be elected. Further, if a stockholder has indicated an intention to vote for the nominees but did not indicate the number of shares voted for/against each nominee, it will be presumed that the stockholder allocated an equal number of votes for/against all nominees.

The stockholders may send the original signed proxy to the Corporate Secretary c/o Pepsi-Cola Products Philippines, Inc., at 26th Floor, Filinvest Axis Tower Two Building, Northgate Cyberzone, Filinvest City, Alabang, Muntinlupa City, or a scanned copy of the executed proxy through email to corporatesecretary@pcppi.com.ph. The deadline for the submission of proxies is on 26 June 2022, 5:00 p.m.

Counting and Tabulation of Votes

The Corporate Secretary will count and tabulate the votes cast via remote communication and *in absentia* together with the votes cast by proxy.

Should the Corporate Secretary receive, from a single stockholder, a physical proxy-ballot and a digital ballot, the Corporate Secretary will count and include in the final tally the votes cast in the latest ballot received.

ANNEX B

MANAGEMENT REPORT

MANAGEMENT REPORT

I. GENERAL NATURE AND SCOPE OF THE BUSINESS

Overview

Pepsi-Cola Products Philippines, Inc. (the "Company") was registered with the Philippine Securities and Exchange Commission ("SEC") on 8 March 1989, primarily to engage in manufacturing, sales and distribution of carbonated soft-drinks and non-carbonated beverages, and confectionery products to retail, wholesale, restaurants and bar trades.

The Company's principal office was in Km. 29 National Road, Tunasan, Muntinlupa City. On 10 December 2021, the SEC approved the amendment to the Company's Articles of Incorporation to reflect its new principal office address located in 26th Floor, Filinvest Axis Tower Two Building, Northgate Cyberzone, Filinvest City, Alabang, Muntinlupa City.

On 30 May 2014, the SEC approved the amendment to the Company's Articles of Incorporation, particularly on its primary purpose to also engage in the manufacturing, sale and distribution of snacks, food and food products.

The Company is a licensed bottler of PepsiCo, Inc. ("PepsiCo"), Pepsi Lipton International Limited ("Pepsi Lipton"), and a licensed snacks appointee of The Concentrate Manufacturing Company of Ireland in the Philippines. It manufactures a range of carbonated soft drinks ("CSD"), non-carbonated beverages ("NCB") and snacks that include well-known brands Pepsi-Cola, 7Up, Mountain Dew, Mirinda, Mug, Gatorade, G-Active, Tropicana/Twister, Lipton, Sting, Propel, Milkis, Aquafina, Premier, Let's Be, and Cheetos.

Philippine Beverage Industry

The Company competes in the ready-to-drink, non-alcoholic beverage market across the Philippines. The market is highly competitive and competition varies by product category. The Company believes that the major competitive factors include advertising and marketing programs that create brand awareness, pack/price promotions, new product development, distribution and availability, packaging and customer goodwill. The Company faces competition generally from both local and multi-national companies across the Company's nationwide operations.

Major competitors in the CSD market are The Coca-Cola Company and Asiawide Refreshments Corporation. The substantial investment in multiple plants, distribution infrastructure and systems and the float of returnable glass bottles ("RGBs") and plastic shells required to operate a nationwide beverage business using RGBs are major factors which influence the level of competition in the CSD market.

The market for NCB (including energy drinks) is more fragmented. Major competitors in this market are Del Monte Pacific Limited, Universal Robina Corporation, Zesto Corporation, The Coca-Cola Company, and Asia Brewery Incorporated, among others. In recent years, the market has been relatively fluid, with frequent product launches and shifting consumer preferences. These trends are expected to continue.

Industry-wide competition intensified with marketing campaigns, and trade and consumer promotions. The Company believes that it can effectively compete by maximizing its 360-degree marketing presence, maintaining its competitive price structures and expanding the range and reach of the Company's portfolio. For the years to come, the Company will continue to expand its beverage offerings leveraging its wide manufacturing platform and extensive distribution reach to meet consumer demands.

Moreover, the Company invested aggressively, positioning the business for long-term growth while ensuring financial flexibility to battle current challenges. The Company expanded and upgraded manufacturing facilities in different plants to provide multiple product capabilities, maximize cost savings, improve product quality and increase operating efficiencies.

Customers/Distribution Methods of the Products

The Company has a broad customer base nationwide. Majority of the customers include supermarkets, convenience stores, groceries, bars, *sari-sari* stores and *carinderias*.

The Company's sales volumes depend on the reach of its distribution network. It increases the reach of distribution system by adding routes and increasing penetration by adding outlets on existing routes that currently do not stock its products. It relies on a number of channels to reach retail outlets, including direct sales, distributors and wholesalers.

The backbone of the distribution system is what is referred to as "Entrepreneurial Distribution System," which consists of independent contractors who service one or more sales "routes," usually by truck, selling directly to retail outlets and collecting empty RGBs.

The Company also employs its own sales force, which principally sells to what is referred to as the "modern trade" channel, consisting largely of supermarkets, restaurants and convenience store chains. Most of these sales are credit sales. In addition, it sells products to third-party wholesalers and distributors, which sell them to retail outlets.

An important aspect of the distribution system is the infrastructure-intensive process of selling and delivering RGB products to thousands of small retailers, including *sari-sari* stores and *carinderias*. The efforts to increase the reach of the Company's distribution network require significant investments in distribution infrastructure such as additional trucks, refrigeration equipment, warehouse space and a larger "float" of RGBs and plastic shells, as well as higher costs for additional sales and distribution staff.

Principal Suppliers

Over half of the total costs comprise purchases of raw materials. Largest purchases are sugar and beverage concentrates. The Company purchases sugar requirements domestically. It purchases beverage concentrates mainly from Concentrates Manufacturing (Singapore) Pte Ltd, mix tea kit concentrates from Pepsi Lipton International and seasoning from Pepsi Cola International Cork (Ireland).

Another substantial cost is packaging. The major components of this expense are purchases of polyethylene terephthalate ("PET") resins, and pre-forms, which are converted into PET bottles at the plants, non-reusable glass bottles, aluminum cans and PET closures. It also makes regular purchases of RGBs to maintain float at appropriate levels. Purchases of each of these materials are from suppliers based in the Philippines and in other parts of Asia, usually under short term, negotiated and/or contracted prices.

Legal Proceedings

From time to time, the Company becomes a party to litigation in the ordinary course of its business. The majority of the cases in which the Company is a party are cases it files to recover debts in relation to unpaid receivables by trade partners or in relation to cash or route shortages, private criminal prosecutions that it brings (generally for low value offenses such as theft of product or distribution equipment, fraud and bouncing checks), labor cases for alleged illegal dismissal (which are usually accompanied by demands for reinstatement in the Company without loss of seniority rights and payment of back wages), and consumer cases brought against the Company involving allegations of defective products.

Civil cases were filed against the Company in which thousands of individuals claimed to hold numbered bottle crowns that entitled them to a cash prize under a promotional campaign of the Company in 1992. The Philippine Supreme Court has consistently held in at least seven (7) final and executory decisions, that the Company is not liable to pay the amounts claimed. In the most recent of these decisions, the Supreme Court dismissed a similar claim, reiterating that it is bound by its pronouncement in a number of cases involving this promotion. By virtue of the precedential effect of the decided cases, the Company expects the remaining cases to be dismissed in due course.

The Company and its lessors have a pending case which sought to enjoin the National Water Resources Board ("NWRB") from closing and sealing the Company's wells in Muntinlupa on the ground of alleged non-compliance with the requirements under Presidential Decree No. 1067, otherwise known as the Water Code, and its implementing rules and for the court to declare the rights of the Company under the Water Code. The case has been resolved by the Supreme Court. To date, certain officers of the Company are respondents to a case filed by the NWRB on alleged violation of the Water Code. The case remains to be resolved and is pending resolution by the Department of Justice.

The Company has pending civil cases with the Regional Trial Court on the cancellation of assessments and refund of local business taxes in the City of Muntinlupa.

For a discussion of the Company's pending tax matter, please refer to Note 28(b) to the Audited Financial Statements for the year ended 31 December 2020.

The Company has not been involved in any bankruptcy, receivership or other similar proceedings.

II. MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

The Company's common shares were first listed with the Philippine Stock Exchange ("PSE") on 01 February 2008. The high and low prices of such shares for 2019 and 2018, as well as for the first six (6) months of 2020, are set out below:

Period	High	Low
January to March 2018	PhP3.10	PhP2.16
April to June 2018	PhP2.93	PhP2.18
July to September 2018	PhP2.40	PhP1.66
October to December 2018	PhP1.85	PhP1.29
January to March 2019	PhP1.60	PhP1.31
April to June 2019	PhP1.82	PhP1.13
July to September 2019	PhP2.22	PhP1.60
October to December 2019	PhP1.93	PhP1.27
January to March 2020	PhP1.93	PhP1.20
April to June 2020	PhP1.92	PhP1.65

The closing share price as of 17 June 2020 is PhP1.70. The trading of the Company's shares was suspended on 18 June 2020 following the drop of its public ownership level to 2.1%, or below the 10% minimum public ownership required under the PSE Rule on Minimum Public Ownership, after conclusion of the tender offer conducted by Lotte Chilsung Beverage Co. Ltd. ("Lotte Chilsung") to acquire shares of the Company from the stockholders.

On 18 December 2020, the delisting of the Company's shares from the official registry of the PSE was made effective following PSE's approval of the Company's petition for voluntary delisting, and after securing stockholder approval of the voluntary delisting by written assent in October 2020. The Company petitioned to voluntarily delist its shares from the PSE upon assessment that it would not be able to comply with the minimum public ownership requirement of the PSE by 18 December 2020.

Stockholders

The Company has 798 holders of common shares as of 01 June 2022, with the PCD Nominee Corporation (Filipino) and PCD Nominee Corporation (Non-Filipino) considered as two (2) holders, based on the number of accounts registered with the Company's stock transfer agent, Stock Transfer Service, Inc. (the "Stock Transfer Agent").

The following are the top 20 holders of common shares based on the report furnished by the Stock Transfer Agent as of 01 June 2022:

NO.	Name	Number of Shares Held	Percentage of Ownership
1	LOTTE CHILSUNG BEVERAGE CO. LTD.[1]	2,577,129,515[2]	69.77%[3]
2	QUAKER GLOBAL INVESTMENTS B.V.	923,443,071	25.00%
3	PCD NOMINEE CORP. (NON-FILIPINO)	158,951,170	04.30%
4	BONHOEFFER FUND LP	12,122,300	00.33%
5	PCD NOMINEE CORP. (FILIPINO)	7,356,723	00.20%
6	MARIO TAN OR LYDIA TAN OR MORRIS TAN	1,100,000	00.03%
7	ABACUS SECURITIES CORPORATION	978,200	00.03%
8	AIZAWA SECURITIES CO LTD	602,000	00.02%
9	WAT WAI HOONG JOSEPH AND PHO LINL LIN	388,000	00.01%
10	AB CAPITAL SECURITIES, INC.	381,000	00.01%
11	MICHAEL T. WEE	320,700	00.01%
12	OSCAR S. REYES	300,001	00.01%
13	LUCIO W. YAN	300,000	00.01%
14	RENE B. BLANCAVER	255,000	00.01%
15	WINEFREDA O. MADARANG	250,000	00.01%
16	BENEDICTO L. PE LIM	222,500	00.01%
17	MORGAN STANLEY SMITH BARNEY	221,000	00.01%
18	G.D. TAN & CO., INC.	213,000	00.01%
19	ALISON CUA	200,000	00.01%
20	LEO BIENVENIDO M. FORES	200,000	00.01%

Cash Dividends

For the last three (3) calendar years, the Board of Directors approved the following declarations of cash dividends: nil in the calendar year ended 31 December 2021, nil in the calendar year ended 31 December 2020, and PhP162.5 million in the calendar year ended 31 December 2019. Details of the declarations are as follows:

Date of Declaration	*Dividend Per Share*	**Payable to Stockholders of Record as of**	**Date of Payment**
20 June 2019	0.044	16 July 2019	09 August 2019

Dividend Policy

The Company has a dividend policy to declare dividends to stockholders of record, which are paid out of its unrestricted retained earnings. Any future dividends it pays will be at the discretion of the Board

[1] Lotte Chilsung is a corporation duly organized and existing under and by virtue of the laws of Korea with principal office at 4th & 5th Fl., Lotte Castle Gold, 269 Olympic-ro, Songpa-gu, Seoul, 05551 South Korea. Based on the beneficial ownership declaration attached to the Company's General Information Sheet filed on 31 May 2022, the Chief Executive Officer of Lotte Corporation, Yongdok Song, is named as the beneficial owner, under category I of the beneficial ownership declaration form (provided under SEC Memorandum Circular No. 15, Series of 2020) indirectly holding 73.58% of the outstanding capital stock of the Company, through shares held in the name of Lotte Chilsung and through PCD Nominee Corporation (Non-Filipino). Lotte Corporation is a corporation duly organized and existing under and by virtue of the laws of Korea with principal office at Lotte World Tower, 300 Olympic-ro, Songpa-gu, Seoul, 05551, South Korea.

[2] This number is based on the list of top 20 stockholders as of 01 June 2022 issued and certified by the Company's stock and transfer agent, Stock Transfer Service Inc.

[3] This number does not include the 123,074,500 shares or around 3.33% of the outstanding shares held through PCD Nominee Corporation (Non-Filipino), which are included in the 1,559,390,432 shares or around 42.22% of the outstanding shares, transferred by Lotte Corporation to Lotte Chilsung as reported in the cover letter's SEC Form 23-B) Statement of Changes in Beneficial Ownership of Securities filed on 23 November 2020. The transfer of these shares as well as certain of the shares tendered to Lotte Chilsung during the tender offer conducted by the latter in 2020, have not yet been recorded in the name of Lotte Chilsung in the books of the Company pending the submission of the necessary documentary requirements.

of Directors after taking into account the earnings, cash flows, financial position, loan covenants, capital and operating progress, and other factors as the Board of Directors may consider relevant. Subject to the foregoing, the policy is to pay up to fifty percent (50%) of the profit as dividends. This policy may be subject to future revision.

The declaration and payment of cash dividends are subject to approval by the Board of Directors without need for stockholders' approval. On the other hand, the declaration and payment of stock dividends require the approval of the stockholders representing no less than two-thirds (2/3) of the Company's outstanding capital stock.

Recent Sales of Unregistered or Exempt Securities including Recent Issuance of Securities Constituting an Exempt Transaction

There has been no recent sale of unregistered or exempt securities including recent issuance of securities constituting an exempt transaction.

III. FINANCIAL STATEMENTS

Please refer to the Audited Financial Statements of the Company for the calendar year ended 31 December 2021, which is attached as Exhibit II to the Annual Report (SEC Form 17-A), which is attached to the Information Statement (SEC Form 20-IS) as Annex D.

Please refer to the Condensed Interim Financial Statements of the Company for the quarter ended 31 March 2022, which is attached to the Information Statement (SEC Form 20-IS) as Annex E.

IV. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There has been no change in the independent auditing firm or handling partner or disagreements with the independent Certified Public Accountant ("CPA") on matters relating to the application and interpretation of accounting principles or practices, tax laws and regulations, financial statement disclosures or audit scope and procedures during the three (3) most recent fiscal years.

V. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

A. For the calendar year ended 31 December 2021

Results of Operations

31 December 2021 versus 31 December 2020

Continued relaxation of COVID-19 restrictions in Q4, coupled with additional Sales support, grew Net Sales Revenue to PhP8.6 billion representing double-digit growth of 14%. During the same period, the Company benefited also from prior period pricing actions and sustained efforts to promote higher margin products with gross profit accelerating further ahead by 24% to settle at PhP1.5 billion. Hand in hand with above, the Company focused on reining in Operating Expenses boosting Operating Profit in Q4 to PhP180 MM or nearly a 9-fold increase versus same period last year. The performance of the Company in the last quarter brings full year Net Income to PhP217 million, a turnaround from last year's net loss.

31 December 2020 versus 31 December 2019

The COVID-19 pandemic continues to impact the results in Q4 2020. After improving to a single digit decline in Net Sales in Q3 with the easing of quarantine restrictions, the pandemic coupled with back-to-back typhoons in Q4 resulted in Net Sales decline of 13%. Despite these challenges, the Company posted PhP23 million of Operating Income for the quarter as it focused on driving more favorable mix and controlled spending.

On a year-to-date basis, Net Sales stand at PhP30.6 billion, a 13% decline from last year with total comprehensive loss amounting to PhP629 million driven mainly by volume challenges from government-imposed lockdowns in response to the COVID-19 pandemic partially helped by the sustained drive to reduce operating expenses through controlled trade and promotion spending and other discretionary administrative expenses.

31 December 2019 versus 31 December 2018

Beverages category brought in Net Sales amounting to PhP8.8 billion in the Q4 2019, approximating last year's performance with pricing initiative helping to cushion impact of aggressive market competition. Last quarter brings Full-Year 2019 Net Sales to PhP35.2 billion, a 5% growth versus last year, on the strength of favorable pricing, mix and H1 volume recovery.

Q4 Gross Profit amounted to PhP1.5 billion a dip from last year as a result of volume challenges from competition this year, as well as, one-off favorable adjustment in COGS last year. Full-Year, Gross Profit grew 19% to settle at PhP6.8 billion while improving Gross Margin by 228 bps to 19.4% driven by favorable pricing and product mix.

Continued focus on cost management resulted in operating expenses in Q4 to decline from last year helping net PhP90 million in Operating Profit during the period from a loss last year. Full-Year, Operating Profit stands at PhP1 billion, a turnaround from operating loss posted during the same period last year.

Full-Year Beverage Net Income at PhP508 million from loss of PhP89 million last year.

In its meeting in September 2019, the Company's Board of Directors approved the closure of its Snacks manufacturing line to focus on its core business. Full-Year, losses from the discontinued operations (net of tax) is at PhP211 million while Assets Held for Sale carved out in the Balance Sheet is at PhP430 million.

Financial Condition and Liquidity

The Company's operations are cash intensive. This capability to generate cash is one of its greatest strengths. With its liquidity, the Company has substantial financial flexibility in varying operating policy in response to market demands, in meeting capital expenditures through internally generated funds and in providing the Company with a strong financial condition that gives it ready access to financing alternatives (refer to Note 27 to the 31 December 2021 Audited Financial Statements for a detailed discussion on the Company's revolving credit facilities as of 31 December 2021).

Credit sales over the past three years have remained at the level of 50% to 60% of total sales. This credit sales level reflects a shift from a direct distribution mode to a more efficient model of fostering partnership with distributors and multi-route Entrepreneurial Distribution System contractors as well as increase in Modern Trade business. Liquidity has remained healthy. Collection period were at 45 to 68 days, while, inventory days were at 4 to 22 days for the past three (3) years. Trade payable days have remained at manageable levels.

Decrease in current assets from PhP8,228 million as of 31 December 2020 to PhP7,531 million as of 31 December 2021 were due to decreases in cash and cash equivalent of PhP202 million, inventories of PhP628 million and assets held for sale of PhP126 million, and increases in receivable – net of PhP168, due from related parties of PhP1 million and prepaid expenses and other current assets of PhP89 million.

Increase in noncurrent assets from PhP17,071 million as of 31 December 2020 to PhP17,506 million as of 31 December 2021 due to increases in bottles and cases of PhP647 million, right of use assets of PhP188 million, deferred tax assets of PhP52 million, and investment in associates of PhP9 million, and decreases in property, plant and equipment of PhP491 million and other noncurrent assets of PhP15 million.

Decrease in current liabilities from PhP9,729 million as of 31 December 2020 to PhP9,568 million as of 31 December 2021 due to decreases in accounts payable & accrued expenses of PhP619 million and short-term debt of PhP350 million, and increases in long-term debt current portion of PhP808 million.

Decrease in noncurrent liabilities from PhP7,057 million as of 31 December 2020 to PhP6,761 million as of 31 December 2021 due to decreases in long-term debt of PhP739 million, and increases in other noncurrent liabilities of PhP409 million and deferred tax liabilities of PhP33 million.

Total assets decreased from PhP25,299 million as of 31 December 2020 to PhP25,036 million as of 31 December 2021 mainly due to general decreases in assets as discussed above. Total liabilities decreased from PhP16,786 million as of 31 December 2020 to PhP16,273 million as of 31 December 2021 mainly due to general decreases in payables as stated above.

Total equity increased from PhP8,514 million to PhP8,708 million on account of total comprehensive income of PhP194 million in 2021.

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.

		2021	**2020**
Current ratio	Current assets over current liabilities	0.8:1	0.8:1
Solvency ratio	Profit plus depreciation and amortization over total liabilities	0.2:1	0.1:1
Bank debt-to-equity ratio	Bank debt over total equity	0.8:1	0.9:1
Asset-to-equity ratio	Total assets over equity	2.9:1	3.0:1
Operating margin	Operating profit over net sales	1.4%	-1.5%
Net profit margin	Net profit over net sales	0.8%	1.6%
Interest rate coverage ratio	Earnings before interest and taxes over interest expense	1.7:1	-0.9:1

Current ratio decreased slightly due to decreases in assets. The changes in solvency, debt-to-equity and asset-to-equity ratios were mainly due to decreases in net income and decreases in total assets and total liabilities. The changes in operating margin, net profit margin and interest rate coverage ratios were attributable to the decreases in operating income and net income.

Material Commitments for Capital Expenditures

The Company has ongoing definite corporate expansion projects approved by the Board of Directors. As a result of this expansion program, the Company spent for property, plant and equipment as well as bottles and shells amounting to PhP1,971 million PhP2,122 million, and PhP2,475 million for the years ended 31 December 2021, 2020, and 2019, 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.

Factors that may Impact Company's Operations / Seasonality Aspects

Refer to Part 1 Item (2) (o) of the SEC Form 17-A (Annual Report) for a discussion of Major Risks.

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

There were losses arising from discontinued operations of the Snack business in September 2019.

B. For the quarter ended 31 March 2022

Results of Operations

In Q1 2022, the company booked Net Sales of PhP9.0 billion, a year over year 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 PhP1.5 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 PhP61 million with Net Loss coming in at PhP90 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 PhP3.3 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 PhP45 million, inventories by PhP696 million, and prepaid expenses and other current assets by PhP69 million and decreases in cash and cash equivalent by PhP167 million and due from related parties by PhP4 million.

Increase in total current liabilities by 10% due to increases in accounts payable and accrued expenses by PhP630 million and short-term debt by PhP1.25 billion and decreases in current portion of long-term debt by PhP966 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 PhP442 million and PhP904 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

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.

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		PhP9.0 billion	PhP7.6 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

VI. CORPORATE GOVERNANCE

Manual of Corporate Governance

The Company first adopted its Manual on Corporate Governance (the "Manual") on 21 June 2007, and has since revised it based on the various relevant regulations issued by the SEC. Most recently on 13 May 2020, the Board revised the Manual to align its provisions with the Charter of the Board of Directors and the charters of the Board committees.

The Manual details the standards by which the Company conducts sound corporate governance that is coherent and consistent with relevant laws and regulatory rules, and constantly strives to create value for its stockholders and other stakeholders.

Compliance with the Manual's standards is monitored by the Company's Compliance Officer and Chief Risk Officer. Ultimate responsibility rests with the Board, which currently maintains three (3) standing committees, *i.e.,* the Audit Committee, the Compensation and Remuneration Committee, and the Nomination and Governance Committee, each charged with oversight into specific areas of the Company's business activities.

On 11 December 2019, the Board adopted its Board Charter and the charters of the Board committees. The Board Charter formalizes and clearly states the Board's roles, responsibilities, and accountabilities in carrying out its fiduciary duties. The charter of each Board committee provides the committee objectives, duties and functions, membership and organization, reporting process, resources, and other relevant information, as well as its performance evaluation.

Board Committees

While the Company's By-Laws provide for an Executive Committee, the Board has not found it necessary to constitute this committee given the effective dynamics among the Board and the three (3) working Board committees below.

The Audit Committee primarily assists with the Board's oversight capability over the Company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations. The Committee also assists with the Board oversight capability over the Company's Enterprise Risk Management responsibilities to ensure its functionality and effectiveness, and with the Board's oversight capability over all material Related Party Transactions of the Company. The incumbent members of the Audit Committee are as follows: Messrs. Rafael M. Alunan III (Chairman/Independent Director), Oscar S. Reyes (Independent Director), Yongsang You, and Vishal F. Malik.

The Compensation and Remuneration Committee assists the Board in developing a formal and transparent procedure and policy for determining the remuneration of the members of the Board and the Company's key executives. The incumbent members of the Compensation and Remuneration Committee are as follows: Messrs. Oscar S. Reyes (Chairman/Independent Director), Rafael M. Alunan III (Independent Director), Yongsang You, and Parinya Kitjatanapan.

The Nomination and Governance Committee primarily assists the Board in the performance of its Corporate Governance responsibilities, and the determination of the nomination and election process for the Company's Directors and officers. The incumbent members of the Nomination and Governance Committee are as follows: Messrs. Oscar S. Reyes (Chairman/Independent Director), Yongsang You, and Jay Buckley.

Compliance with the Manual

For purposes of evaluating compliance with the Manual, the Company has adopted the self-rating form prescribed by the SEC, or the Integrated Annual Corporate Governance Report (SEC Form I-ACGR). In line with this, and pursuant to the requirements of the SEC, the Company submitted its first Annual Corporate Governance Report ("ACGR") for 2012 on 28 June 2013, and has submitted the ACGR and the revised Integrated Annual Corporate Governance Report form, yearly thereafter until 2020. In 2021, after voluntarily delisting from the Philippine Stock Exchange in 2020, it submitted a Compliance Officer's Certification (SEC Form CG-2020) in lieu of an Integrated Annual Corporate Governance Report. For this year, in compliance with SEC Memorandum Circular No. 13, Series of 2021, the Company filed its Annual Corporate Governance Report for the reporting year 2021 on 23 May 2022.

The Company continues to comply with its Manual through the election of independent directors to the Board; the constitution of the Board Committees, the membership of which include independent directors; the adoption of a Charter of the Board of Director and charters of each of the Board committees; the conduct of regular meetings of the Board and the Board committees; adherence to the Company's Code of Conduct; and adherence to applicable accounting standards and disclosure requirements.

The Company adheres to an Annual Operating Plan, which includes a business plan, budget and marketing plan. Management prepares and submits to the Board, on a regular basis, financial and operational reports which enable the Board and Management to assess the effectiveness and efficiency of the Company.

The Company continues to evaluate and review its Manual as well as its over-all corporate governance framework to ensure that best practices on corporate governance are being adopted.

ANNEX C

MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING HELD ON 29 JUNE 2021

FOR APPROVAL BY THE STOCKHOLDERS AT THE 2022 ANNUAL STOCKHOLDERS' MEETING

MINUTES OF THE 2021 ANNUAL STOCKHOLDERS' MEETING OF PEPSI-COLA PRODUCTS PHILIPPINES, INC.

Held virtually via https://www.pepsiphilippines.com/AnnualStockholdersMeeting2021
on 29 June 2021 at 9:00 a.m.
(Stockholders' Meeting No. 2021/2022-001)

STOCKHOLDERS PRESENT

Total No. of Issued and Outstanding Shares entitled to vote	3,693,772,279
Total No. of Shares of Stockholders Participating by Remote Communications	3,496,151,004
Total No. of Shares of Stockholders Voting *in absentia*	0
Total No. of Shares of Stockholders Present by Proxy	13,000
Total No. of Shares Present	3,496,164,004
Percentage Present of the Total No. of Issued and Outstanding Shares entitled to vote	94.6502%

STOCKHOLDERS PRESENT (BY REMOTE COMMUNICATIONS AND BY PROXY)

Lotte Chilsung Beverage Co. Ltd.
Lotte Corporation
Quaker Global Investments B.V.
Catherine Faith M. Bitalac
Manuel T. Caramat, Jr.
Estelita P. Gonzales
Johnathan Christian Henry Lalas
Eugenio E. Metrio
Ivy A. Valdez

DIRECTORS PRESENT

Oscar S. Reyes	*Chairman and Independent Director*
Rafael M. Alunan III	*Vice-Chairman and Independent Director*
Frederick D. Ong	*Director and President and Chief Executive Officer*

OFFICERS PRESENT

Jin Man Kim	*Executive Vice President for Strategic Supply Chain and Operations*
Francis S. Moral	*Senior Vice-President for National Sales and Distribution*
Ma. Vivian A. Cheong	*Senior Vice-President for Human Resources and Corporate Affairs & Communications*
Dong Geol Yoon	*Senior Vice-President and Chief Strategy Officer*
Carina Lenore S. Bayon	*Vice President for Legal and Government Affairs, Chief Compliance Officer, and Data Protection Officer*
Aristedes H. Alindogan	*Vice-President and Senior General Manager – Luzon 2*
Lyndon J. Cuadra	*Vice-President and Senior General Manager – Visayas*
Kristine Ninotschka L. Evangelista	*Corporate Secretary*

I. CALL TO ORDER

The Chairman of the Board of Directors (the "*Board*") of Pepsi-Cola Products Philippines, Inc. (the "*Company*"), Mr. Oscar S. Reyes, called the meeting to order. The Corporate Secretary, Atty. Kristine Ninotschka L. Evangelista, recorded the minutes of the proceedings.

II. CERTIFICATION OF NOTICE AND OF QUORUM

The Corporate Secretary certified that, beginning 08 June 2021, the notice and agenda for the annual stockholders' meeting, the Definitive Information Statement as well as the procedures on participation by remote communications and by proxy, and on voting in absentia, were made available to the stockholders of record as of record date through the Company's website and by email to all stockholders who registered to participate or vote upon the matters for approval in the meeting. The notice and agenda were also published on 25 May 2021 and 26 May 2021 in the business section of the Philippine Star and BusinessMirror, in both print and online formats (*i.e.*, the physical copies of Philippine Star and BusinessMirror, and OneNews.ph and BusinessMirror.com.ph).

The Corporate Secretary also certified that there was a quorum to conduct business, there being a total of 3,492,892,434 shares represented, constituting 94.5617% of the total outstanding capital stock of the Company, or more than 50% of the Company's total outstanding capital stock. This figure refers to the number of shares held by stockholders that had confirmed attendance and completed registration prior to the finalization of the presentation slides for the meeting, and the actual number of shares represented at the meeting, based on the records generated from the online platform, is now reflected in these minutes.

III. INSTRUCTION ON RULES OF CONDUCT AND VOTING PROCEDURES

The Corporate Secretary reported that stockholders were furnished copies of the voting procedures and an explanation of the agenda items. Upon the Chairman's request, the Corporate Secretary explained the rules of conduct and voting procedures for the meeting.

The Corporate Secretary explained that, under the procedures on participation by remote communications and voting in absentia, the stockholders may send their questions or comments to corporatesecretary@pcppi.com.ph, and that questions and comments received as of 8:30 a.m. will be read and answered during the discussion of the agenda item, "Other Matters".

The voting procedures provide that stockholders of record are entitled to one (1) vote per share, except in the election of directors where a stockholder may vote such number of shares as he or she holds on record multiplied by the number of directors to be elected (*i.e.,* nine (9) directors). The procedures permit stockholders participating by remote communications to vote through a digital ballot until the end of the meeting. The username and password to access the digital ballot were provided by email to the duly registered stockholders. Stockholders who appointed the Chairman as their proxy have cast their votes using their proxy forms.

The votes were tabulated by the Corporate Secretary. The Corporate Secretary reported that, at the end of the proxy validation process on 26 June 2021, 5:00 p.m., stockholders owning 3,492,726,434 voting shares representing 99.9952% of the total voting shares represented in the meeting and 94.5572% of the total outstanding voting shares have cast their votes on the items for consideration. The Corporate Secretary referred to this partial tabulation in reporting the voting results throughout the meeting. The remaining votes that were cast are now included and reflected in these minutes.

IV. APPROVAL OF THE MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING HELD ON 20 AUGUST 2020

The Chairman then proceeded with the approval of the minutes of the annual stockholders' meeting held on 20 August 2020.

The Corporate Secretary reported that a copy of the minutes of the meeting was attached to the Definitive Information Statement made available to the stockholders before the meeting. A copy of the minutes was also posted on the Company's website.

The Corporate Secretary presented Stockholders' Resolution No. 2021/2022-001, which was displayed on the screen, and reported the approval by the stockholders based on the votes received:

Stockholders' Resolution No. 2021/2022-001

RESOLVED, that the stockholders of Pepsi-Cola Products Philippines, Inc. (the "*Corporation*"), approve, as they hereby approve, the minutes of the Corporation's Annual Stockholders' Meeting held on 20 August 2020.

As tabulated by the Corporate Secretary, the votes on the adoption of Stockholders' Resolution No. 2021/2022-001 were as follows:

Vote	Number of votes	Percentage of shares represented
For	3,496,154,004	99.9997%
Against	0	0.00%
Abstain	0	0.00%
Total	3,496,154,004	99.9997%

V. REPORT OF THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

The President and Chief Executive Officer, Mr. Frederick D. Ong, reported on the results of the operations of the Company for the calendar year ended 31 December 2020 and the efforts undertaken by Management for the year.

Mr. Ong began his report by stating that it had been a challenging year, both operationally and financially, but the Company had found a way to succeed through sheer hard work, perseverance, and dedication. He stated that 2020 started off fairly well with the Company hitting its sales, operations, and finance commitments in the first couple of months of the year. However, after the government imposed quarantine restrictions due to the COVID-19 pandemic, its sales and volume were affected, the effects of which trickled down to the rest of the year.

In spite of that, the Company finished 2020 strong and put up firm numbers. For instance, the Company recorded over PhP34.6 billion in revenues, PhP5.2 billion in gross profit, and PhP1.9 billion in earnings before interest, taxes, depreciation and amortization (EBITDA). Mr. Ong noted that these financial results are less favorable than the previous year's financial results, but the Company took immediate action to cushion the effects of the pandemic on its costs, particularly in driving line productivity and efficiency. By the end of the year, the Company decreased its fixed cost per eight ounce (8oz) by 33%. Each of the Company's business units also made conscious efforts to deliver planned projects with managed resources. Consequently, the Company bounced back and improved its growth trajectory as early as the fourth quarter of 2020. The Company posted promising figures in the first quarter of 2021, with net operating profit before tax (NOPBT) of PhP144 million above target and net operating cash flow of PhP191 million beyond its commitment.

Mr. Ong reported to the stockholders that the Company's brands remained steadfast as it maintained Gatorade's leadership and increased Sting's market share. The Company also successfully launched Mountain Dew Ice in 2020, and Pepsi Go early in 2021. Despite many food businesses closing and restaurants scaling down in 2020, the Company was still able to secure ten (10) new corporate accounts. Mr. Ong emphasized that these encouraging achievements demonstrate the Company's strong partnerships, and the fact that its brands are loved by its customers and consumers. Mr. Ong attributed these wins to the collective results of the Company's firm resolve to produce each bottle in the most efficient and sustainable way possible and to sell these with its customer's satisfaction in mind, which is why the Company pushed innovation in ways that supported these goals.

Mr. Ong reported to the stockholders that the Company expanded its polyethylene terephthalate ("*PET*") bottle production by opening a new PET line in Santo Tomas, Batangas. This facility allowed the Company to manufacture an additional 30% of PET products, which volume was material to boosting line efficiency and productivity, and distributing greater volume of PET units of the Company's products in the market. This new line was part of its strategic investments amounting to PhP2.2 billion of total capital expenditures (CAPEX).

In 2020, the Company also heavily concentrated on digital transformation. Before the year ended, the Company completed its Enterprise Management System, whereby it integrated eight (8) core business procedures, 18 business units, and more than one hundred (100) locations into a single platform. This holistic approach utilized technology, data, and processes, provided the Company insights and analytics, and helped it reshape the way it does business both presently and in the future. Mr. Ong also reported that the Company had launched its online selling platform, pepsiproducts.ph, in response to the fast-growing e-commerce market. This platform allows the Company to reach out to household consumers and potential distributors who want to avail of the Company's products from the comfort and safety of their homes. The online store was initially offered in select areas in the Lower Greater Manila Area, namely, Paranaque, Las Pinas, Muntinlupa, San Pedro and Binan, Laguna, and Carmona, Cavite. Digitization became a standard requirement for businesses to thrive, especially at a time when people are physically distanced from one another. The Company plans on continuing its digital transformation to further position itself to meet customer demands faster and more easily.

Mr. Ong acknowledged that, while the Company has never stopped producing and selling its products, the COVID-19 pandemic had adversely impacted its business, especially during the onset of the pandemic. The Company realized that it needed to accelerate the implementation of initiatives to make the organization bigger and better. The Company studied the needs of the organization and embarked on transformative projects that would carry the business beyond the pandemic. Some of these initiatives are:

- *(a)* Organization review and redesign;
- *(b)* Network analysis;
- *(c)* A revenue management process;
- *(d)* Supply chain productivity (Make-Move-Sell);
- *(e)* The Southern Tagalog Region Operations (STRO) model plant;
- *(f)* Lotte Task Force online efficiency improvement;
- *(g)* Waste management;
- *(h)* Timekeeping automation; and
- *(i)* Go-To-Market evolution.

The Company is in the midst of implementing the aforementioned initiatives. Once completed, these will help the Company effectively refocus its resources and promptly respond to the constantly changing market landscape.

As the Company moves forward, it carries its employees, the Bravehearts, with it. Mr. Ong reported to the stockholders that the pandemic did not stop the Company from developing and engaging the Bravehearts, although with some challenges. Despite these challenges, the Company was able to run its training programs using online platforms; and to continue its flagship programs such as Pepsimula for new hires and Business Value Chain, and its leadership modules Pepsimula 2 and Operations Leadership Program. The Company also conducted massive communication campaigns on various topics relating to COVID-19 pandemic, mental health, and over-all wellness.

Mr. Ong acknowledged that the global health crisis had put sustainable business practices in the spotlight. The Company recognizes that it needs to be part of the solution in healing the planet. In 2020, the Company reaffirmed its sustainability commitments and targets, and worked on concrete ways to reduce the environmental impact.

The Company carried on with the reduction of its water and energy consumption, making sure that it only took enough resources to sustain its operations. Last year, the Company recycled and reused as much as one hundred (100) cubic meter or twenty-six (26) million gallons of water. At the same time, the Company began its shift to renewable energy by concluding agreements for the installation of solar panels at its Batangas, Cebu, and Davao plants. The Company also reduced its plastic footprint through packaging innovations and materials light-weighting, which spared the Company from using seventy-six (76) metric tons of virgin plastics in its PET bottles.

Mr. Ong reiterated that, during times of crisis and disasters, the communities are the Company's top priorities. The Company was one of the first responders to provide hydration drinks to victims of the Taal Volcano eruption and Typhoons Rolly and Ulysses. The Bravehearts' sense of volunteerism also shone as they conducted their own donation drives and relief operations to aid in the recovery of the Company's host communities.

Mr. Ong remarked that these initiatives can be attributed to the passion and sustainability in the DNA of the Bravehearts. To him, it is only a bonus that the Company was awarded the Sustainability Rising Star at the 2020 Asia Corporate Excellence & Sustainability (ACES) Awards held in Kuala Lumpur, Malaysia. This accolade is given to trailblazing organizations that implement innovative and novel solutions to sustainability issues. Moving forward, the Company intends to fully integrate sustainability initiatives in its business, and for its stakeholders to find the perfect balance between People, Profit, and Planet to create a lasting positive impact.

Mr. Ong reported that at the beginning of the COVID-19 pandemic last year, the Company quickly acted and supported its communities by providing hydration products and safety gear. The Company was able to distribute hundreds of thousands of products to various health centers and checkpoints. Additionally, and because the Company's employees are considered part of the essential workforce, it decided to provide more support to its employees such as additional leaves, COVID-19 testing, temporary housing, shuttle services, and additional meal allowances while quarantine restrictions were in effect. Mr. Ong said that the Company will continue to strictly implement health and safety protocols in the workplace; and offer flexible working arrangements together with other benefits to address COVID-19.

In line with its goal to keep employees safe for the long-term, the Company committed to have all willing employees vaccinated. It chose to invest heavily in inoculation efforts and support the government's "A Dose of Hope" programs. The Company already announced its purchase of 20,000 doses of vaccines, which are expected to arrive in the third quarter of 2021. Parallel to these efforts, the Company also encouraged its employees to get vaccinated through their local government units ("*LGUs*"). Mr. Ong reported that more and more employees have reported their vaccination, as LGUs open up vaccination to the A4 category of the priority grouping.

Mr. Ong stated that, indeed, the Company not only adapted to but thrived in the new normal by choosing to make big moves and transform. Refining the Company's vision, mission and values was pivotal to transformation. The Company's new vision is to be the leading beverage company in the Philippines. It intends to achieve this through its mission of driving sustainable and profitable growth by providing a wide range of quality beverages to its consumers, creating superior value for its stockholders and business partners, building careers for its employees, and nurturing its communities and the environment; all with the guidance of its values of Integrity and Innovation, Care and Respect, Excellence and Empowerment or ICARE.

The Company's decision to revisit and enhance its core vision, mission, and values helped it better define and articulate its purpose as a company. In turn, the Company was able to deliver the best product and service that its customers deserve.

Mr. Ong concluded by stating that the Company's 2020 performance was only a glimpse of what the Company can do in the future, and that it had already surpassed the worst stage of the pandemic and will only get better from here on. Mr. Ong said that he was extremely grateful that the Company has allowed him to rethink and start a robust transformation journey to become bigger and better. He expressed his gratitude to the Company's stockholders, customers, employees, as well as his fellow Directors, for the unwavering support to the Company.

Mr. Ong then invited viewers to view the Company's corporate video. After the viewing, the Chairman stated that the President and Chief Executive Officer's report on the results of the Company's operations for calendar year ended 31 December 2020 was noted for the record.

VI. PRESENTATION OF AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

The Chairman proceeded to the next agenda item, which was the presentation and approval of the Company's audited financial statements for the calendar year ended 31 December 2020 ("*AFS*"). The Corporate Secretary reported that a copy of the AFS, which forms part of the Company's Annual Report, was attached to the Definitive Information Statement made available to the stockholders before the meeting.

The Corporate Secretary presented Stockholders' Resolution No. 2021/2022-002, which was displayed on the screen, and reported the approval by the stockholders based on the votes received:

Stockholders' Resolution No. 2021/2022-002

> RESOLVED, that the stockholders of Pepsi-Cola Products Philippines, Inc. (the "*Corporation*") note, accept and approve, as they hereby note, accept and approve, the Corporation's Annual Report and Audited Financial Statements for the calendar year ended 31 December 2020.

As tabulated by the Corporate Secretary, the votes on the adoption of Stockholders' Resolution No. 2021/2022-002, were as follows:

Vote	Number of votes	Percentage of shares represented
For	3,496,154,004	99.9997%
Against	0	0.00%
Abstain	0	0.00%
Total	3,496,154,004	99.9997%

VII. RATIFICATION OF ACTS OF THE BOARD OF DIRECTORS AND MANAGEMENT FOR THE PREVIOUS YEAR

The Chairman proceeded to the next agenda item, which was the ratification of the acts of the Board of Directors and Management from the last annual stockholders' meeting held on 20 August 2020 to date.

The acts and resolutions of the Board of Directors include those of the Board Committees exercising powers delegated by the Board. These acts and resolutions are reflected in the minutes of the meetings, and include the election of officers and members of the Board Committees, appointment of authorized representatives for various transactions, treasury matters, contracts, and other material matters duly and timely disclosed to the Securities and Exchange Commission ("*SEC*") and the Philippine Stock Exchange ("*PSE*"), as well as posted on the Company's website. The material matters disclosed to the SEC and the PSE are also set out in the Company's Annual Report, attached to the Definitive Information Statement that was made available to the stockholders before the meeting.

The acts of Management include acts that the Company's officers performed to implement the resolutions of the Board of Directors or the Board Committees, or in connection with the Company's general conduct of business.

The Corporate Secretary presented Stockholders' Resolution No. 2021/2022-003, which was displayed on the screen, and reported the approval by the stockholders based on the votes received:

Stockholders' Resolution No. 2021/2022-003

RESOLVED, that the stockholders of Pepsi-Cola Products Philippines, Inc. (the "*Corporation*") ratify and approve, as they hereby ratify and approve, all acts and resolutions of the Corporation's Board of Directors, including those of the Board Committees, all acts of the Management, as well as all contracts and transactions entered into by the Corporation from the last Annual Stockholders' Meeting held on 20 August 2020 to date.

As tabulated by the Corporate Secretary, the votes on the adoption of Stockholders' Resolution No. 2021/2022-003 were as follows:

Vote	Number of votes	Percentage of shares represented
For	3,496,154,004	99.9997%
Against	0	0.00%
Abstain	0	0.00%
Total	3,496,154,004	99.9997%

VIII. PRESENTATION OF THE PROPOSED AMENDMENTS TO THE AMENDED ARTICLES OF INCORPORATION

The Chairman proceeded to the next order of business, which was the presentation and approval of the proposed amendments to the Company's Amended Articles of Incorporation.

The Corporate Secretary confirmed that the proposed amendments to the Company's Amended Articles of Incorporation were approved by the Board of Directors in its meeting held on 26 November 2020 and 05 April 2021; and gave a brief overview of the proposed amendments, which were outlined and discussed in the Definitive Information Statement. There amendments to the Company's Amended Articles of Incorporation were proposed *(a)* to reflect the address of the new principal office of the Company and *(b)* to reflect a perpetual corporate term.

As to the first proposed amendment, the Company's principal office address was proposed to be changed from Km. 29 National Road, Brgy. Tunasan, Muntinlupa City to the 26th Floor, Filinvest Axis Tower Two Building, Northgate Cyberzone, Filinvest City, Alabang, Muntinlupa City.

The Corporate Secretary presented Stockholders' Resolution No. 2021/2022-004, which was displayed on the screen, and reported the approval by the stockholders based on the votes received:

Stockholders' Resolution No. 2021/2022-004

RESOLVED, that the stockholders of Pepsi-Cola Products Philippines, Inc. (the "*Corporation*") approve, as they hereby approve, the following amendment to the Corporation's Amended Articles of Incorporation:

"THIRD. That the place where the principal office of the Corporation is to be established or located is at **26th Floor, Filinvest Axis Tower Two Building, Northgate Cyberzone, Filinvest City, Alabang, Muntinlupa City**."

As tabulated by the Corporate Secretary, the votes on the adoption of Stockholders' Resolution No. 2021/2022-004 were as follows:

Vote	Number of votes	Percentage of shares represented
For	3,496,154,004	99.9997%
Against	0	0.00%
Abstain	0	0.00%
Total	3,496,154,004	99.9997%

As to the second amendment, the Company's corporate term was proposed to be changed from fifty (50) years, to a perpetual corporate term. The Corporate Secretary explained that, following the lapse of the two-year period from the effectivity of the Revised Corporation Code, the corporate term of the Company had become perpetual by operation of law. The proposed amendment seeks to reconcile the language of the Company's Amended Articles of Incorporation with the change effected by the Revised Corporation Code. The Corporate Secretary noted that stockholders who dissent to the change in the corporate term may exercise their appraisal right in accordance with the provisions of the Revised Corporation Code.

The Corporate Secretary presented Stockholders' Resolution No. 2021/2022-005, which was displayed on the screen, and reported the approval by the stockholders based on the votes received:

Stockholders' Resolution No. 2021/2022-005

> RESOLVED, that the stockholders of Pepsi-Cola Products Philippines, Inc. (the "*Corporation*") approve, as they hereby approve, the following amendment to the Corporation's Amended Articles of Incorporation:
>
> "FOURTH. That the **Corporation shall have perpetual existence.**"

As tabulated by the Corporate Secretary, the votes on the adoption of Stockholders' Resolution No. 2021/2022-005 were as follows:

Vote	Number of votes	Percentage of shares represented
For	3,496,154,004	99.9997%
Against	0	0.00%
Abstain	0	0.00%
Total	3,496,154,004	99.9997%

IX. ELECTION OF DIRECTORS

The Chairman proceeded to the next order of business, which was the election of the members of the Board of Directors for the year 2021 to 2022.

The Corporate Secretary read out the names of the nine (9) nominees for election to the Board of Directors, which are as follows:

FREDERICK D. ONG
YONGSANG YOU
YUN GIE PARK
HYO JIN SONG
JAY BUCKLEY
PARINYA KITJATANAPAN
YUAN WANG
OSCAR S. REYES (Independent Director)
RAFAEL M. ALUNAN III (Independent Director)

The Chairman confirmed that the Nomination and Governance Committee had reviewed the qualifications and business experience of all nine (9) nominees and ascertained that they possess all the qualifications and suffer none of the disqualifications for election to the Board of Directors. The Chairman also confirmed that the Nomination and Governance Committee had approved and certified their inclusion in the Final List of Candidates for election to the Board of Directors for the year 2021 to 2022.

The Corporate Secretary reported that the Chairman and Mr. Alunan have served on the Company's Board of Directors since 2007 and have consistently been re-elected until present, and have again been nominated to be elected this year. The Corporate Secretary noted that under the SEC's Code of Corporate Governance for Public Companies and Registered Issuers, if an independent director who has served for a cumulative term of nine (9) years from 2012 is intended to be re-elected to the Board of Directors, the Board shall provide meritorious justifications and seek stockholder approval during the annual stockholders' meeting.

In compliance with this requirement, the Board of Directors, through Mr. Ong, presented the following justifications for the nomination and re-election of the Chairman and Mr. Alunan as independent directors of the Company:

(a) Messrs. Reyes and Alunan possess the necessary qualifications and stature which enable them to participate in the deliberations of the Company's Board of Directors competently and actively;

(b) Messrs. Reyes and Alunan's service on the Company's Board of Directors since 2008 has not impaired their ability to act independently and objectively, as they are able to actively lead discussions and weigh differing perspectives on the Company's operations and organization during meetings of the Board of Directors and the Board Committees;

(c) Messrs. Reyes and Alunan also serve on the boards of other publicly-listed companies, public companies, non-profit organizations, and other entities, which provides them opportunities to gain a broad view of the Philippine economy and the business sector, including the latest developments thereon, thus ensuring that their perspectives on issues are not limited to the industry within which the Company operates. In this respect, and on the other hand, the other regular non-executive members of the Company's Board of Directors, who are based abroad, provide an in-depth commercial and technical, as well as global, view of the industry;

(d) Messrs. Reyes and Alunan's extensive knowledge and understanding of the Company's business, operations, and organization allow them to: make insightful, constructive, and practicable comments on Management's plans and reports while at the same time staying mindful of the Company's past experiences, and ask the necessary questions and clarifications before approval or disapproval of proposed corporate acts; and

(e) The other regular non-executive members of the Company's Board of Directors have had relatively shorter terms and do not serve on the Board for long durations, which ensure that different perspectives and an appropriate balance of skills and experience are always present in the composition of the Company's Board of Directors.

The Chairman confirmed that the Nomination and Governance Committee of the Board of Directors had passed upon the qualifications and business experience of all nine (9) nominees, including the two (2) nominees for independent director, and ascertained that the nominees possess all the qualifications and suffer none of the disqualifications for election to the Board of Directors. All the nominees had given their consent to their respective nominations.

The Chairman then requested the Corporate Secretary to report on the results of the voting for the election of the directors. The Corporate Secretary reported and certified that each of the nominees received enough votes for election to the Board of Directors (*i.e.*, at least a majority of the outstanding stock of the Company, or at least 2,572,697,033 votes each), as follows:

Nominee	Votes		
	For	Against	Abstain
Frederick D. Ong	2,572,747,033	0	0
Yongsang You	2,572,697,033	0	0
Yun Gie Park	2,572,697,033	0	0
Hyo Jin Song	2,572,697,033	0	0
Jay Buckley	2,572,697,033	0	0
Parinya Kitjatanapan	2,572,697,033	0	0
Yuan Wang	2,572,697,033	0	0
Rafael M. Alunan III	2,572,717,033	0	0
Oscar S. Reyes	2,572,717,033	0	0

The Corporate Secretary presented Stockholders' Resolution No. 2021/2022-006, which was displayed on the screen, and reported the approval by the stockholders based on the votes received:

Stockholders' Resolution No. 2021/2022-006

RESOLVED, that the stockholders of Pepsi-Cola Products Philippines, Inc. (the "*Corporation*") elect, as they hereby elect, the following nominees as members of the Board of Directors of the Corporation for the year 2021 to 2022:

1. FREDERICK D. ONG
2. YONGSANG YOU
3. YUN GIE PARK
4. HYO JIN SONG
5. JAY BUCKLEY
6. PARINYA KITJATANAPAN
7. YUAN WANG
8. OSCAR S. REYES (Independent Director)
9. RAFAEL M. ALUNAN III (Independent Director)

X. APPOINTMENT OF EXTERNAL AUDITORS

The Chairman proceeded to the appointment of the Company's external auditor for the year 2021 to 2022. He requested the incumbent Chairman of the Board's Audit Committee, Mr. Alunan, to convey the recommendation of the Committee on the external auditor to be appointed for the year 2021 to 2022.

Mr. Alunan reported that the Audit Committee had reviewed the performance of the Company's present external auditor, R.G. Manabat & Co., a member firm of the KPMG network of independent firms affiliated, over the past year and is satisfied with its performance. Mr. Alunan confirmed that the Board of Directors is endorsing the re-appointment of R.G. Manabat & Co. as the Company's external auditor for the year 2021 to 2022.

The Corporate Secretary presented Stockholders' Resolution No. 2021/2022-007, which was displayed on the screen, and reported the approval by the stockholders based on the votes received:

Stockholders' Resolution No. 2021/2022-007

RESOLVED, that the stockholders of Pepsi-Cola Products Philippines, Inc. (the "*Corporation*") approve, as they hereby approve, the appointment of R.G. Manabat & Co. (KPMG Philippines) as the Corporation's external auditor for the year 2021 to 2022.

As tabulated by the Corporate Secretary, the votes on the adoption of Stockholders' Resolution No. 2021/2022-007 were as follows:

Vote	Number of votes	Percentage of shares represented
For	3,496,154,004	99.9997%
Against	0	0.00%
Abstain	0	0.00%
Total	3,496,154,004	99.9997%

XII. OTHER MATTERS

The Chairman asked the stockholders if there were any matters that they would like to take up at the meeting, or if there were any questions regarding the earlier agenda items. He requested the Corporate Secretary to read out the questions and comments sent through email, together with the names of the stockholders who sent them. The Chairman requested Mr. Ong to respond to the questions. The Chairman further noted that any questions and comments not taken up during this meeting will be responded to by email.

Mr. Eugenio Metrio asked how the Company has adapted to the new normal brought about by the COVID-19 pandemic, and how the Company drove a unique advantage during the pandemic. Mr. Ong responded that the Company continues to adapt to the new normal. It strictly implements health and safety protocols and flexible work arrangements where possible and, more than just adapting, has started moving forward. It used the crisis as an opportunity for improvements within the Company, particularly in areas of productivity enhancements and digital advancement. Mr. Ong said that the management decided to adopt a transformation journey at the height of the pandemic. It had started a number of initiatives that were intended to help the Company cope with the crisis, and bring the Company closer to achieving its new vision and mission.

The next question came from Mr. Manuel Caramat, Jr., who asked about the Company's current financial position and how it plans to address financial gaps this year. Mr. Ong responded that the financial position of the Company is much stronger this year than in 2020, and that there are better metrics due to the reopening of the economy and volume slowly picking up. The Company is cautiously optimistic and driving productivity and managing costs in the evolving situation.

Another question was asked by Ms. Lyn R. Udarbe, who inquired whether there were any material changes to how the Company operates with the increased shareholdings of the Lotte group. Mr. Ong stated that the increased shareholdings of the Lotte group is a welcome development for the Company. The management of the business remains unchanged and the Company expects an increased collaboration and stronger partnership between the principal stockholders towards advancing the capabilities of the Company.

The next question came from Ms. Cecilia R. Duguran, who asked whether the Company plans to introduce new brands in the Philippine market. Mr. Ong responded by stating that the Company relies on market insights for product innovation and new brand introduction. For the near term, the Company believes that its current product portfolio is sufficient to effectively compete in the Philippine market.

The last question came from Ms. Ermielyn Ubay-Punzalan, who asked what the Company is doing to help its stakeholders during the pandemic, and what measures are being done for the inoculation of its employees. Mr. Ong responded that, ever since the pandemic started, the Company's number one priority has been to protect its employees and partners by ensuring their safety and livelihood. The Company continues to assist its distribution partners and wholesalers who are also negatively impacted by the pandemic by giving incentives to those who pushed for more sales and providing marketing assistance. The Company also began offering a special package for displaced/repatriated Oversees Filipino Workers (OFWs) and their families who want to venture into beverage distribution and become entrepreneurs.

As for the employees, the Company guided and supported them throughout the pandemic to help them cope with the varying stages of community quarantine. Mr. Ong reiterated that the Company had put in place COVID-19-related benefits that are still in effect up to this day. Additionally, the Company enabled and empowered the employees to adapt to the new normal through information and education campaigns, and constant reminders on the importance of safety protocols to protect themselves, their co-employees, and their loved ones. The Company purchased 20,000 doses of vaccines for its employees who choose to get vaccinated. The Company also encouraged its employees to register with their respective LGUs when the national government opened the vaccination to the A3 and A4 categories of the priority groups.

XII. ADJOURNMENT

There being no further business to discuss, the Chairman adjourned the meeting and informed the stockholders that the minutes of the meeting will be posted on the Company's website within five (5) business days.

Kristine Ninotschka L. Evangelista
Corporate Secretary

Attest:

Oscar S. Reyes
Chairman

ANNEX D

ANNUAL REPORT (SEC FORM 17-A)

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)

Agustin S. Sarmiento
Contact Person

8888-73774
Company Telephone Number

1	2		3	1		SEC Form 17-A		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

812	₱7.2billion	
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-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the calendar year ended **31 December 2021**

2. SEC 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 principal office: **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 SRC, or Sec. 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 these securities listed on a Stock Exchange?
Yes [ ] No [**x**]

If yes, state the name of such stock exchange and the classes of securities listed therein:
Not applicable

12. Check whether the issue:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);
Yes [**x**] No [ ]

(b) The Registrant has been subject to such filing requirements for the past ninety (90) days.
Yes [**x**] No [ ]

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock

held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form.

Aggregate market value of the voting stock held by non-affiliates of the registrant – ₱337 million as of 17 Jun 2020.

DOCUMENTS INCORPORATED BY REFERENCE

14. The following documents are incorporated in this report:

    (a) Statement of Management Responsibility attached as Exhibit I hereof;
    (b) 31 December 2021 Audited Financial Statements attached as Exhibit II hereof.

PART I – BUSINESS AND GENERAL INFORMATION

ITEM 1. BUSINESS

(1) Business Development

a. Form and Date of Organization

Pepsi-Cola Products Philippines, Inc. (the "Company") was registered with the Philippine Securities and Exchange Commission ("SEC") on 08 March 1989, primarily to engage in manufacturing, sales and distribution of carbonated soft-drinks and non-carbonated beverages, and confectionery products to retail, wholesale, restaurants and bar trades.

The Company's principal office was in Km. 29 National Road, Tunasan, Muntinlupa City. On 10 December 2021, the SEC approved the amendment to the Company's Articles of Incorporation to reflect its new principal office address located in 26th Floor, Filinvest Axis Tower Two Building, Northgate Cyberzone, Filinvest City, Alabang, Muntinlupa City.

On 30 May 2014, the SEC approved the amendment to the Company's Article of Incorporation, particularly on its primary purpose to also engage in the manufacturing, sale and distribution of snacks, food and food products.

b. Bankruptcy, Receivership or Similar Proceedings

The Company is not involved in any bankruptcy, receivership or similar proceedings.

c. Material Reclassification, Merger, Consolidation or Purchase or Sale of a Significant Amount of Assets (not ordinary) over the past three (3) years

The Company has not made any material reclassifications nor entered into a merger, consolidation or purchase or sale of significant amount of assets not in the ordinary course of business in the past three (3) years.

(2) Business of Issuer

a. Principal products

The Company is a licensed bottler of PepsiCo, Inc. ("PepsiCo"), Pepsi Lipton International Limited ("Pepsi Lipton"), and a licensed snacks appointee of The Concentrate Manufacturing Company of Ireland in the Philippines. It manufactures a range of carbonated soft drinks ("CSD"), non-carbonated beverages ("NCB") and snacks that includes well-known brands Pepsi-Cola, 7Up, Mountain Dew, Mirinda, Mug, Gatorade, G-Active, Tropicana/Twister, Lipton, Sting, Propel, Milkis, Aquafina, and Premier.

	Calendar Year ended		
Net Sales	31 December 2021	31 December 2020	31 December 2019
Carbonated soft drinks	₱22,992	₱23,368	₱26,215
Non-carbonated beverages	9,790	7,274	8,970
Snacks	0	3	31
Total	₱32,782	₱30,645	₱35,216

Segment result*			
Carbonated soft drinks	₱4,418	₱3,969	₱5,078
Non-carbonated beverages	1,881	1,236	1,735
Snacks		3	(76)
Total	₱6,299	₱5,208	₱6,737

*Segment result is the difference between net sales and segment expenses. Segment expenses are allocated based on the percentage of each reportable segment's net sales over the total net sales.

b. Foreign sales

There was no foreign sales for the calendar year ended 31 December 2021 and 2020 and it represent less than 0.05% of total net sales for the calendar years ended 31 December 2019.

c. Distribution methods of the product

The Company's sales volumes depend on the reach of its distribution network. It increases the reach of distribution system by adding routes and increasing penetration by adding outlets on existing routes that currently do not stock its products. It relies on a number of channels to reach retail outlets, including direct sales, distributors and wholesalers.

The backbone of the distribution system is what is referred to as "Entrepreneurial Distribution System," which consists of independent contractors who service one or more sales "routes," usually by truck, selling directly to retail outlets and collecting empty returnable glass bottles ("RGBs").

The Company also employs its own sales force, which principally sells to what is referred to as the "modern trade" channel, consisting largely of supermarkets, restaurants and convenience store chains. Most of these sales are credit sales. In addition, it sells products to third party wholesalers and distributors, which sell them to retail outlets.

An important aspect of the distribution system is the infrastructure-intensive process of selling and delivering RGB products to thousands of small retailers, including sari-sari stores and carinderias. The efforts to increase the reach of the Company's distribution network require significant investments in distribution infrastructure such as additional trucks, refrigeration equipment, warehouse space and a larger "float" of glass bottles and plastic shells, as well as higher costs for additional sales and distribution staff.

d. Publicly-announced new product

There is no publicly announced new product in 2021.

e. Competition

The Company competes in the ready-to-drink, non-alcoholic beverage market across the Philippines. The market is highly competitive and competition varies by product category. The Company believes that the major competitive factors include advertising and marketing programs that create brand awareness, pack/price promotions, new product development, distribution and availability, packaging and customer goodwill. The Company faces competition generally from both local and multi-national companies across the Company's nationwide operations.

Major competitors in the CSD market are The Coca-Cola Company and Asiawide Refreshments Corporation. The substantial investment in multiple plants, distribution infrastructure and systems and the float of RGBs and plastic shells required to operate a nationwide beverage business using RGBs are major factors which influence the level of competition in the CSD market.

The market for NCB (including energy drinks) is more fragmented. Major competitors in this market are Del Monte Pacific Limited, Universal Robina Corporation, Zesto Corporation, The Coca-Cola Company, and Asia Brewery Incorporated, among others. In recent years, the market has been relatively fluid, with frequent product launches and shifting consumer preferences. These trends are expected to continue.

Industry-wide competition intensified with marketing campaigns, and trade and consumer promotions. The Company believes that it can effectively compete by maximizing its 360-degree marketing presence, maintaining its competitive price structures and expanding the range and reach of the Company's portfolio. For the years to come, the Company will continue to expand its beverage offerings leveraging its wide manufacturing platform and extensive distribution reach to meet consumer demands.

Moreover, the Company invested aggressively, positioning the business for long-term growth while ensuring financial flexibility to battle current challenges. The Company expanded and upgraded manufacturing facilities in different plants to provide multiple product capabilities, maximize cost savings, improve product quality and increase operating efficiencies.

f. Sources and availability of raw materials

Over half of total costs comprise purchases of raw materials. Largest purchases are sugar and beverage concentrates. The Company purchases sugar requirements domestically. It purchases beverage concentrates mainly from Concentrates Manufacturing (Singapore) Pte Ltd, mix tea kit concentrates from Pepsi Lipton International and seasoning from Pepsi Cola International Cork (Ireland).

Another substantial cost is packaging. The major components of this expense are purchases of polyethylene terephthalate ("PET") resins, and pre-forms, which are converted into PET bottles at the plants, non-reusable glass bottles, aluminum cans and PET closures. It also makes regular purchases of RGBs to maintain float at appropriate levels. Purchases of each of these materials are from suppliers based in the Philippines and in other parts of Asia, usually under short term, negotiated and/or contracted prices.

g. Customers

The Company has a broad customer base nationwide. Majority of the customers include supermarkets, convenience stores, groceries bars, sari-sari stores and carinderias.

h. Transactions with and/or Dependence on Related Parties

Please refer to Item 13 of this report.

i. Patents, trademarks, copyrights, licenses, franchises, concessions, and royalty agreements

The Company does not own any intellectual property that is material to the business. Under the various agreements, the Company is authorized to use brands and the associated trademarks owned by PepsiCo, Unilever N.V (in the case of the Lipton brand and trademarks) and Lotte Corporation. Trademark licenses are registered with the Philippine Intellectual Property Office. Certificates of Registration filed after January 1998 are effective for a period of 10 years from the registration date unless sooner cancelled, while those filed before January 1998 are effective for 20 years from the registration date. The table below summarizes most of the current Certificates of Registration.

	Filing Date	Expiration
Pepsi Max	16 December 2013	16 December 2023
1996 Pepsi	26 August 1997	28 September 2023
Pepsi	6 March 2014	10 July 2024
Mirinda	22 May 2013	09 January 2024
Mountain Dew	03 April 2009	02 October 2029
Mountain Dew	05 June 2000	30 October 2024
7Up	26 February 2007	05 November 2027
Gatorade	27 November 1992	29 June 2025
Propel	23 August 2002	17 January 2025
Tropicana Twister	29 August 2017	07 December 2027
Tropicana	11 October 2002	08 June 2026
Sting Energy Drink	24 July 2013	19 December 2023
Sting	16 May 2014	17 March 2026
Lipton	27 March 2014	07 November 2024
Tropicana Coco Quench	12 January 2012	19 July 2022
Milkis**	21 September 2010	06 January 2031
Premier*	12 January 2016	07 July 2026
Cheetos	04 February 2002	25 June 2026
Lay's	06 June 2013	29 August 2023

* Trademark owned by the Company
** Trademark owned by Lotte Corporation

The Company produces its products under licenses from PepsiCo, Pepsi Lipton and Lotte Corporation and depends upon them to provide concentrates and access to new products. Thus, if the agreements are suspended, terminated or not renewed for any reason, it would have a material adverse effect on the business and financial results.

Refer to Notes 23 and 24 to the 31 December 2021 Audited Financial Statements for details of transactions with PepsiCo, Pepsi Lipton and Lotte Corporation.

j. Government approvals of principal products

As a producer of beverages for human consumption, the Company is subject to the regulation by the Food and Drugs Administration ("FDA") of the Philippines, which is the policy formulation and monitoring arm of the Department of Health of the Philippines on matters pertaining to food and the formulation of rules, regulations, standards and minimum guidelines on the safety and quality of food and food products as well as the branding and labeling requirements for these products.

It is the Company's policy to register all locally-produced products and/or imported products for local market distribution. Each of the plants has a valid and current License to Operate as a Food Manufacturer of Non-Alcoholic Beverages from FDA. These licenses are renewed as per FDA's validity period in accordance with applicable regulations. Any findings and gaps found during the regulatory audit and inspection are thoroughly discussed with FDA inspectors and compliance commitments are re-issued. There are no pending findings or gaps that are material or that may materially affect the operation of each plant or all the plants as a whole.

The Company is registered as a Food Manufacturer/Processor and in certain plants has a Food Distributor/Exporter/Importer/Wholesaler license.

k. Effect of existing or probable governmental regulations on the business

The Company's production facilities are subject to environmental regulation under a variety of national and local laws and regulations, which, in particular, control the emissions of air pollutants, water, noise solid and hazardous wastes. It is regulated by two major government agencies, namely, the Department of Environment and Natural Resources (DENR) and the Laguna Lake Development Authority (LLDA). Local Government Units (LGU) also ensure the compliance to RA 9003 or the ecological solid waste Management Act and is actively taking part on reducing our waste and considering sustainability program on circular economy and soon on waste neutrality.

The Company is compliant with all local environmental laws and regulations. All plants are equipped with wastewater treatment plants and in some areas require air pollution control facilities.

While the foregoing agencies actively monitor the Company's compliance with environmental regulations as well as investigate complaints brought by the public, it is required to police its own compliance and prevent any incident that could expose the Company to fines, civil or even criminal sanctions, considerable capital and other costs and expense for refurbishing or upgrading environmental compliance system and resources, third party liability such as clean-ups, injury to communities and individuals, including, loss of life.

l. Research and development

The research and development costs amounted to ₱ nil, ₱ nil and ₱1,170,000 for the calendar years ended 31 December 2021, 2020, and 2019 respectively.

m. Costs and effects of compliance with environmental laws

Compliance with all applicable environmental laws and regulations, such as the Environmental Impact Statement System, the Pollution Control Law, the Laguna Lake Development Authority Act of 1966, the Clean Air Act, Clean Water Act, Toxic and Hazardous and Nuclear Waste Act and the Ecological Solid Waste Management Act has not had, and in the Company's opinion, is not expected to have a material effect on the capital expenditures, earnings or competitive position. Annually, it invests about P30 million in wastewater treatment and air pollution abatement, respectively, in its facilities.

n. Employees

As of 31 December 2021, the Company has employed 3,186 regular employees. All of the regular and permanent production employees at the bottling plants and sales offices are represented by a union. Currently, the Company is a party to fourteen (14) Collective Bargaining Agreements (CBA), with said agreements covering non-sales forces in some business units. Said CBAs contain economic and non-economic provisions (*i.e.,* salary increase and performance incentive, laundry allowance, per diem, bereavement assistance, union leave, calamity loan and assistance to employees' cooperative, among others), which generally have an effectivity and binding period of three (3) years, while the representation aspect thereof is effective and binding for five (5) years.

The Company believes that its relationship with both union member and non-union member employees is healthy. In fact, the Company has not experienced any work stoppages due to labor and industrial disputes since 1999.

Significant emphasis is placed on training of personnel to increase their skill levels, ensure consistent application of procedures, and to instill an appreciation of corporate values. To achieve these, It operates "Pepsi University," a full-time training facility consisting of three (3) main Training Halls, a Computer Lab, Conference Room and an Audio-Visual Room and an online training platform *via* Zoom.

Likewise, PCPPI continues to champion its ICARE – Integrity, Innovation, Care and Respect, Empowerment and Excellence values and thrives to keep a highly-engaged and high performing work force. As such, "Pepsi University" allotted four (4) classrooms and an online training venue *via* Zoom for this purpose.

Futhermore, It has adopted a compensation policy which is believed to be competitive with industry standards in the Philippines. Salaries and benefits are reviewed periodically and improved to retain current employees and attract new employees. In relation therewith, employees' performance is reviewed annually, and employees are rewarded based on the attainment of pre-defined objectives. Similarly, Performance Review follows an annually cycle, and employees are rewarded based on achievement of pre-defined and agreed objectives.

Finally, the Company has a funded, non-contributory and defined retirement benefit plan covering substantially all of its regular and full time employees. The Company has a Retirement Committee that sets the policies for said plan, and has appointed two Philippine banks as trustees to manage said retirement fund in accordance with the plan. Annual cost is determined using the projected unit credit method.

o. Major Risks

Sales and profitability are affected by the overall performance of the Philippine economy, the natural seasonality of sales, the competitive environment of the beverage market in the Philippines, as well as changes in cost structures, among other factors.

Sales volume are also affected by the weather, generally being higher in the hot, dry months from March through June and lower during the wetter monsoon months of July through October. In addition, the Philippines is exposed to risk of typhoons during the monsoon period. Typhoons usually result in substantially reduced sales in the affected area, and have, in the past, interrupted production at the plants in affected areas. While these factors lead to a natural seasonality in sales, unseasonable weather could also significantly affect sales and profitability compared to previous comparable periods. Sales during the Christmas/New Year holiday period in late December tend to be higher as well.

The CSD and NCB markets are highly competitive. The actions of competitors as well as the Company's own continuous efforts on pricing, marketing, promotions and new product development affect sales. Some of the smaller competitors have lower cost bases than the Company and price their products lower than the Company's prices. Thus, in addition to the cost of producing and distributing our beverages, sales prices are greatly affected by the availability and price of competing brands in the market.

All of the Company's sales are denominated in Philippine pesos. However, some of the significant costs, such as purchases of packaging materials, are denominated in United States dollars. Some of the other costs, which are incurred in Philippine pesos, can also be affected by fluctuations in the exchange rate between the Philippine peso and United States dollars, Euro and Malaysian Ringgit. 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.

The business requires a significant supply of raw materials, water and energy. The cost and supply of these materials could be adversely affected by changes in the world market prices or sources of sugar, crude oil, aluminum, tin, PET resins, other raw materials, transportation, water, and energy, and government regulation, among others. Although direct purchases of fuel are relatively small as a proportion of total costs, the Company is exposed to fluctuations in the price of oil through the dependence on freight and delivery services. Changes in materials prices generally affect the competitors as well.

Margins differ between beverage products and package types and sizes. Excluding packaging, production costs are similar across the range of carbonated beverages, but vary with non-carbonated beverages. Packaging costs vary, with RGBs being less expensive than PET, aluminum cans or non-returnable glass. The incremental cost of producing larger-sized serves in the same package type is proportionately lower than the increased volume, creating opportunities to achieve higher margins where customers perceive value in terms of volume.

As a result of the factors discussed above, the margins the Company earns on the products can be substantially different, and the margins can change in both absolute and relative terms from period to period. While the Company attempts to adjust its product and package mix to improve profitability, changes in consumer demand and the competitive landscape can have a significant impact on mix and therefore profitability.

The Company is also subject to credit risk, liquidity risk and various market risks, including risks from changes in commodity prices, interest rates and currency exchange rates (refer to Note 27 of the 31 December 2021 Audited Financial Statements for discussion on Financial Risk Management).

The Company was not aware of any event that resulted in a direct or contingent financial obligation as of 31 December 2021 that was material to the Company, including any default or acceleration of an obligation. 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.

ITEM 2. PROPERTIES

As a foreign-owned company, the Company is not permitted to own land in the Philippines and has no intention to acquire real estate property. Hence, it leases the land on which the bottling plants, warehouses and sales offices are located.

The Company leases certain parcels of land where its bottling plants and warehouses are located from third parties and NADECO Realty Corporation (NRC) for a period of one to 25 years and are renewable for another one to 25 years (refer to Note 23 to the 31 December 2021 Audited Financial Statements for further information on the leases). Lease payments pertaining to these leased properties amounted to ₱245.6 million ₱196.2 million, and ₱173.9 million for the years ended 31 December 2021, 2020, and 2019, respectively.

The Company owns all its bottling facilities located in Muntinlupa City, Sto. Tomas, Rosario, Pampanga, Naga, Cebu, Iloilo, Bacolod, Tanauan, Davao, Cagayan de Oro and Zamboanga and snacks facilities in Cabuyao (which was discontinued its operation in September 2019), which are all in good condition. Other than the buildings and leasehold improvements, machinery and other equipment, and furniture and fixtures disclosed in Note 9 to the 31 December 2021 Audited Financial Statements, and the investments in shares of stocks disclosed in Note 7 to the 31 December 2021 Audited Financial Statements, the Company does not hold any other significant properties.

ITEM 3. LEGAL PROCEEDINGS

From time to time, the Company becomes a party to litigation in the ordinary course of its business. The majority of the cases in which the Company is a party are cases it files to recover debts in relation to unpaid receivables by trade partners or in relation to cash or route shortages, private criminal prosecutions that it brings (generally for low value offenses such as theft of product or distribution equipment, fraud and bouncing checks), labor cases for alleged illegal dismissal (which are usually accompanied by demands for reinstatement in the Company without loss of seniority rights and payment of back wages), and consumer cases brought against the Company involving allegations of defective products.

Civil cases were filed against the Company in which thousands of individuals claimed to hold numbered bottle crowns that entitled them to a cash prize under a promotional campaign of the Company in 1992. The Philippine Supreme Court has consistently held in at least 7 final and executory decisions that the Company is not liable to pay the amounts claimed. In the most recent of these decisions, the Supreme Court dismissed a similar claim, reiterating that it is bound by its pronouncement in a number of cases involving this promotion. By virtue of the precedential effect of the decided cases, the Company expects the remaining cases to be dismissed in due course.

The Company and its lessors have a pending case which sought to enjoin the National Water Resources Board ("NWRB") from closing and sealing the Company's wells in Muntinlupa on the ground of alleged non-compliance with the requirements under Presidential Decree No. 1067, otherwise known as the Water Code, and its implementing rules and for the court to declare the rights of the Company under the Water Code. The case has been duly resolved by the Supreme Court. To date, certain officers of the Company are respondents to a case filed by NWRB on alleged violation of the Water Code. The case remains to be resolved and is pending resolution by the Department of Justice.

The Company has pending civil cases with the Regional Trial Court on the cancellation of assessments and refund of local business taxes in the City of Muntinlupa.

For a discussion of the Company's pending tax matter, please refer to Note 28(b) to the Audited Financial Statements for the year ended 31 December 2021.

The Company has not been involved in any bankruptcy, receivership or other similar proceedings.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The matters voted upon at the Annual Stockholders' Meeting held on 29 June 2021 included the election of Directors. The following were elected as members of the Board of Directors for the ensuing year (2021-2022):

Frederick D. Ong
Yongsang You
Yun Gie Park
Hyo Jin Song
Jay Buckley
Parinya Kitjatanapan
Yuan Wang
Rafael M. Alunan III (Independent Director)
Oscar S. Reyes (Independent Director)

The Company has complied with the guidelines on the nomination and election of Independent Directors set forth in Rule 38 of the Amended Implementing Rules and Regulations of the Securities Regulation Code.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5. MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

The Company's common shares were first listed with the Philippine Stock Exchange ("PSE") on 01 February 2008. The high and low sales prices of such shares for 2020, 2019, 2018, 2017, 2016, 2015, 2014, 2013, 2012, and 2011 are set out below.

Period	High	Low
January to March 2011	₱2.59	₱2.06
April to June 2011	₱2.56	₱2.21
July to September 2011	₱2.22	₱1.96
October to December 2011	₱2.50	₱2.10
January to March 2012	₱3.00	₱2.06
April to June 2012	₱2.89	₱2.50
July to September 2012	₱4.11	₱2.72
October to December 2012	₱6.61	₱4.00
January to March 2013	₱6.66	₱5.95
April to June 2013	₱6.42	₱5.07
July to September 2013	₱6.17	₱4.60
October to December 2013	₱5.02	₱4.00
January to March 2014	₱5.37	₱4.24
April to June 2014	₱5.25	₱4.50
July to September 2014	₱5.18	₱4.55
October to December 2014	₱4.88	₱3.87
January to March 2015	₱4.74	₱3.96
April to June 2015	₱4.91	₱4.02
July to September 2015	₱5.00	₱3.92
October to December 2015	₱4.52	₱3.60
January to March 2016	₱4.03	₱2.89
April to June 2016	₱3.88	₱3.29
July to September 2016	₱3.60	₱3.00
October to December 2016	₱3.47	₱2.90
January to March 2017	₱3.80	₱3.16
April to June 2017	₱4.09	₱3.06
July to September 2017	₱3.30	₱2.86
October to December 2017	₱3.04	₱2.12
January to March 2018	₱3.10	₱2.16
April to June 2018	₱2.93	₱2.18
July to Sept 2018	₱2.40	₱1.66
October to December 2018	₱1.85	₱1.29
January to March 2019	₱1.60	₱1.31
April to June 2019	₱1.82	₱1.13
July to September 2019	₱2.22	₱1.60
October to December 2019	₱1.93	₱1.27
January to March 2020	₱1.93	₱1.20
April to June 2020	₱1.92	₱1.65

The closing share price as of 17 June 2020 is ₱1.70. The trading of the Company's shares was suspended on 18 June 2020 following the drop of its public ownership level to 2.1%, or below the 10% minimum public ownership required under the PSE Rule on Minimum Public Ownership, after conclusion of the tender offer conducted by Lotte Chilsung Beverage Co. Ltd. ("Lotte Chilsung") to acquire shares of the Company from the stockholders.

On 18 December 2020, the delisting of the Company's shares from the official registry of the PSE was made effective following PSE's approval of the Company's petition for voluntary delisting, and after securing stockholder approval of the voluntary delisting by written assent in October 2020. The Company petitioned to voluntarily delist its shares from the PSE upon assessment that it would not be able to comply with the minimum public ownership requirement of the PSE by 18 December 2020.

Stockholders

The Company has approximately 812 holders of common shares as of 28 February 2022 with the PCD Nominee Corporation (Filipino) and (Non-Filipino) considered as two (2) holders, based on the number of accounts registered with the Company's stock transfer agent, Stock and Transfer Service, Inc. (the "Stock Transfer Agent").

The following are the top 20 holders of common shares based on the report furnished by the Stock Transfer Agent as of 28 February 2022.

NO.	Name	Number of Shares Held	Percentage of Ownership
1	LOTTE CHILSUNG BEVERAGE CO. LTD.	2,572,580,932	69.65%
2	QUAKER GLOBAL INVESTMENTS B.V.	923,443,071	25.00%
3	PCD NOMINEE CORP. (NON-FILIPINO)	158,951,170	04.30%
4	BONHOEFFER FUND LP	12,122,300	00.33%
5	PCD NOMINEE CORP. (FILIPINO)	7,369,723	00.20%
6	BPI SECURITIES CORPORATION-FILIPINO	2,424,583	00.07%
7	MARIO TAN OR LYDIA TAN OR MORRIS TAN	1,100,000	00.03%
8	ABACUS SECURITIES CORPORATION	978,200	00.03%
9	AIZAWA SECURITIES CO LTD	602,000	00.02%
10	MAYBANK ATR KIM ENG SECURITIES INC.	507,000	00.01%
11	MANDARIN SECURITIES CORPORATION FAO DONATA P. YU	497,900	00.01%
12	JOSEPH MARTIN H. BORROMEO	450,000	00.01%
13	WAT WAI HOONG JOSEPH AND PHO LINL LIN	388,000	00.01%
14	AB CAPITAL SECURITIES, INC.	381,000	00.01%
15	MICHAEL T. WEE	320,700	00.01%
16	OSCAR S. REYES	300,001	00.01%
17	LUCIO W. YAN	300,000	00.01%
18	MAYBANK ATR KIM ENG SECURITIES, INC.	285,000	00.01%
19	RENE B. BLANCAVER	255,000	00.01%
20	WINEFREDA O. MADARANG	250,000	00.01%

Cash Dividends

For the last three calendar years, the Board of Directors approved the following declarations of cash dividends: ₱nil million in the calendar year ended 31 December 2021, ₱nil million in the calendar year ended 31 December 2020, and ₱162.5 million in the calendar year ended 31 December 2019. Details of the declarations are as follows:

Date of Declaration	Dividend Per Share	**Payable to Stockholders of Record as of**	**Date of Payment**
20 June 2019	0.044	16 July 2019	09 August 2019

Dividend Policy

The Company has a dividend policy to declare dividends to stockholders of record, which are paid out of its unrestricted retained earnings. Any future dividends it pays will be at the discretion of the Board of Directors after taking into account the earnings, cash flows, financial position, loan covenants, capital and operating progress, and other factors as the Board of Directors may consider relevant. Subject to the foregoing, the policy is to pay up to 50% of the profit as dividends. This policy may be subject to revisions in the future.

The declaration and payment of cash dividends are subject to approval by the Board of Directors without need for stockholders' approval. On the other hand, the declaration and payment of stock dividends require the approval of the stockholders representing no less than two-thirds (2/3) of the Company's outstanding capital stock.

Recent Sales of Unregistered or Exempt Securities including Recent Issuance of Securities Constituting an Exempt Transaction

There has been no recent sale of unregistered or exempt securities including recent issuance of securities constituting an exempt transaction.

PART III – FINANCIAL INFORMATION

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

RESULTS OF OPERATIONS

31 December 2021 versus 31 December 2020

Continued relaxation of Covid-19 restrictions in Q4, coupled with additional Sales support, grew Net Sales Revenue to P8.6 billion representing double-digit growth of 14%. During the same period, the Company benefited also from prior period pricing actions and sustained efforts to promote higher margin products with gross profit accelerating further ahead by 24% to settle at P1.5 billion. Hand in hand with above, the Company focused on reining in Operating Expenses boosting Operating Profit in Q4 to P180 MM or nearly a 9-fold increase versus same period last year. The performance of the Company in the last quarter brings full year Net Income to P217 million, a turnaround from last year's net loss.

31 December 2020 versus 31 December 2019

The Covid pandemic continues to impact the results in Q4 2020. After improving to a single digit decline in Net Sales in Q3 with the easing of quarantine restrictions, the pandemic coupled with back-to-back typhoons in Q4 resulted in Net Sales decline of 13%. Despite these challenges, the Company posted P23 million of Operating Income for the quarter as it focused on driving more favorable mix and controlled spending.

On a year-to-date basis, Net Sales stand at P30.6 billion, a 13% decline from last year with total comprehensive loss amounting to P629 million driven mainly by volume challenges from government-imposed lockdowns in response to the Covid-19 pandemic partially helped by the sustained drive to reduce operating expenses thru controlled trade and promotion spending and other discretionary administrative expenses.

31 December 2019 versus 31 December 2018

Beverages category brought in Net Sales amounting to ₱8.8 billion in the 4th Quarter of 2019 ("Q4"), approximating last year's performance with pricing initiative helping to cushion impact of aggressive market competition. Last quarter brings Full-Year 2019 Net Sales to ₱35.2 billion, a 5% growth versus last year, on the strength of favorable pricing, mix and H1 volume recovery.

Q4 Gross Profit amounted to ₱1.5 billion a dip from last year as a result of volume challenges from competition this year, as well as, one-off favorable adjustment in COGS last year. Full-Year, Gross Profit grew 19% to settle at ₱6.8 billion while improving Gross Margin by 228 bps to 19.4% driven by favorable pricing and product mix.

Continued focus on cost management resulted in operating expenses in Q4 to decline from last year helping net ₱90 million in Operating Profit during the period from a loss last year. Full-Year, Operating Profit stands at ₱1 billion, a turnaround from operating loss posted during the same period last year.

Full-Year Beverage Net Income at ₱508 million from loss of ₱89 million last year.

In its meeting in September 2019, the Company's Board of Directors approved the closure of its Snacks manufacturing line to focus on its core business. Full-Year, losses from the discontinued operations (net of tax) is at ₱211 million while Assets Held for Sale carved out in the Balance Sheet is at ₱430 million.

FINANCIAL CONDITION AND LIQUIDITY

The Company's operations are cash intensive. This capability to generate cash is one of its greatest strengths. With its liquidity, the Company has substantial financial flexibility in varying operating policy in response to market demands, in meeting capital expenditures through internally generated funds and in providing the Company with a strong financial condition that gives it ready access to financing alternatives (refer to Note 27 to the 31 December 2021 Audited Financial Statements for a detailed discussion on the Company's revolving credit facilities as of 31 December 2021).

Credit sales over the past three years have remained at the level of 50% to 60% of total sales. This credit sales level reflects a shift from a direct distribution mode to a more efficient model of fostering partnership with distributors and multi-route Entrepreneurial Distribution System contractors as well as increase in Modern Trade business. Liquidity has remained healthy. Collection period were at 45 to 68 days, while, inventory days were at 4 to 22 days for the past three years. Trade payable days have remained at manageable levels.

Decrease in current assets from ₱8,228 million as of 31 December 2020 to ₱7,531 million as of 31 December 2021 were due to decreases in cash and cash equivalent of ₱202 million, inventories of ₱628 million and assets held for sale of ₱ 126 million, and increases in receivable – net of ₱168, due from related parties of ₱ 1 million and prepaid expenses and other current assets of ₱89 million.

Increase in noncurrent assets from ₱17,071 million as of 31 December 2020 to ₱17,506 million as of 31 December 2021 due to increases in bottles and cases of ₱647 million, right of use assets of ₱188 million, deferred tax assets of ₱52 million, and investment in associates of ₱9 million, and decreases in property, plant and equipment of ₱491 million and other noncurrent assets of ₱15 million.

Decrease in current liabilities from ₱9,729 million as of 31 December 2020 to ₱9,568 million as of 31 December 2021 due to decreases in accounts payable & accrued expenses of ₱619 million and short-term debt of ₱350 million, and increases in long-term debt current portion of ₱808 million.

Decrease in noncurrent liabilities from ₱7,057 million as of 31 December 2020 to ₱6,761 million as of 31 December 2021 due to decreases in long-term debt of ₱739 million, and increases in other noncurrent liabilities of ₱409 million and deferred tax liabilities of ₱33 million.

Total assets decreased from ₱25,299 million as of 31 December 2020 to ₱25,036 million as of 31 December 2021 mainly due to general decreases in assets as discussed above. Total liabilities decreased from ₱16,786 million as of 31 December 2020 to ₱16,273 million as of 31 December 2021 mainly due to general decreases in payables as stated above.

Total equity increased from ₱8,514 million to ₱8,708 million on account of total comprehensive income of ₱194 million in 2021.

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.

		2021	**2020**
Current ratio	Current assets over current liabilities	0.8:1	0.8:1
Solvency ratio	Profit plus depreciation and amortization over total liabilities	0.2:1	0.1:1
Bank debt-to-equity ratio	Bank debt over total equity	0.8:1	0.9:1
Asset-to-equity ratio	Total assets over equity	2.9:1	3.0:1
Operating margin	Operating profit over net sales	1.4%	-1.5%
Net profit margin	Net profit over net sales	0.8%	1.6%
Interest rate coverage ratio	Earnings before interest and taxes over interest expense	1.7:1	-0.9:1

Current ratio decreased slightly due to decreases in assets. The changes in solvency, debt-to-equity and asset-to-equity ratios were mainly due to decreases in net income and decreases in total assets and total liabilities. The changes in operating margin, net profit margin and interest rate coverage ratios were attributable to the decreases in operating income and net income.

MATERIAL COMMITMENTS FOR CAPITAL EXPENDITURES

The Company has ongoing definite corporate expansion projects approved by the Board of Directors. As a result of this expansion program, the Company spent for property, plant and equipment as well as bottles and shells amounting to ₱1,971 million ₱2,122 million, and ₱2,475 million for the years ended 31 December 2021, 2020, and 2019, 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.

FACTORS THAT MAY IMPACT COMPANY'S OPERATIONS / SEASONALITY ASPECTS

Refer to Part 1 Item (2) (o) of the SEC Form 17-A (Annual Report) for a discussion of Major Risks.

SIGNIFICANT ELEMENTS OF INCOME OR LOSS THAT DID NOT ARISE FROM CONTINUING OPERATIONS

There were losses arising from discontinued operations of the Snack business in September 2019.

ITEM 7. FINANCIAL STATEMENTS

Please see Exhibit II hereof for the 31 December 2021 Audited Financial Statements.

ITEM 8. INFORMATION ON INDEPENDENT ACCOUNTANT

The Company has engaged the services of an independent Certified Public Accountant ("CPA") to conduct an audit and provide objective assurance on the reasonableness of the financial statements and relevant disclosures. The independent CPA is solely responsible to the Board of Directors.

The appointment of the independent CPA is submitted to the Audit Committee, the Board of Directors and shareholders for approval. The representatives of the independent CPA are expected to be present at the Annual Stockholders' Meeting and will have the opportunity to make a statement if they desire to do so, and are expected to be available to respond to appropriate questions. Upon request, the independent CPA can also be asked to attend meetings of the Audit Committee and the Board, to make presentations and reply to inquiries on matters relating to the Company's financial statements.

The Company has appointed R. G. Manabat & Co. as its independent CPA for the audit of its financial statements for the calendar year ended 31 December 2020.

Aggregate fees billed by the Company's external auditor for professional services in relation to (i) the audit of the Company's annual financial statements and services in connection with statutory and regulatory filings, and (ii) tax accounting, compliance, advice, planning and any other form of tax services for the calendar year ended December 31 are summarized as follows:

	2021	2020	2019
Statutory audit fees	₱4.8 million	₱4.8 million	₱4.8 million
Tax advice fees	0.4 million	0.4 million	0.4 million
Total	₱ 5.2million	₱5,2 million	₱5.2 million

The Audit Committee of the Company reviews and approves the audit plan and scope of work for the above services and ensures that the rates are competitive as compared to the fees charged by other equally competent external auditors performing similar services.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There has been no change in the independent auditing firm or handling partner or disagreements with the independent CPA on matters relating to the application and interpretations of accounting principles or practices, tax laws and regulations, financial statement disclosures or audit scope and procedures during the three (3) most recent fiscal years.

PART III – CONTROL AND COMPENSATION INFORMATION

TEM 10. DIRECTORS AND EXECUTIVE OFFICERS

Term of office
Directors who are elected during the annual meeting of the stockholders in general hold office for one (1) year until their successors are duly elected and qualified as set out in Article III, Section 1 of the Company's By-Laws.

Directors

As of 28 February 2022, the following are the names, ages, and citizenship of the incumbent Directors, including Independent Directors, of the Company, as well as the year they were first elected:

Name	Age	Citizenship	Year First Elected
Frederick D. Ong	56	Filipino	2020
Yongsang You	53	Korean	2015
Yun Gie Park	52	Korean	2021
Parinya Kitjatanapan	57	Thai	2020
Hyo Jin Song	45	Korean	2021
Jay Buckley	44	Australian	2019
Yuan Wang	41	American	2021
Rafael M. Alunan III (Independent Director)	73	Filipino	2007
Oscar S. Reyes (Independent Director)	75	Filipino	2007

Executive Officers

As of 28 February 2022, the following are the names, ages, positions, and citizenship of the incumbent executive officers of the Company, as well as the year they assumed their respective positions:

Name	Age	Citizenship	Position	Year Position was Assumed
Frederick D. Ong	56	Filipino	President and Chief Executive Officer	2020
Vishal Malik*	53	Indian	Chief Finance Officer and Chief Audit Executive	2020
Francis S. Moral	44	Filipino	Chief Commercial Officer	2021
Ma. Vivian A. Cheong	54	Filipino	Chief Human Resources and Corporate Affairs and Communications Officer	2016
Jin Pyo Ahn*	49	Korean	Chief Corporate Strategy Officer	2021
Sung Jin Kim	41	Korean	Officer-in-Charge of Strategic Supply Chain and Operations	2021
Dong Geol Yoon	44	Korean	Business Development Head	2021

Name	Age	Citizenship	Position	Year Position was Assumed
Carina Lenore S. Bayon	52	Filipino	Chief Legal and Government Affairs Officer, Chief Compliance Officer, and Data Protection Officer	2020
Kristine Ninotschka L. Evangelista	48	Filipino	Corporate Secretary	2018
Anna Raeza Lacadin	26	Filipino	Assistant Corporate Secretary	2021

* The assumption of the respective roles of Messrs. Ahn and Malik in the Company is subject to the issuance of the relevant permits.

Background Information and Business Experience

Directors:

FREDERICK D. ONG

Mr. Ong is an Executive Director and the incumbent President and Chief Executive Officer of the Company. He has more than 25 years of experience in the fast-moving consumer goods (FMCG) industry. Mr. Ong has assumed senior roles, such as Commercial, General Manager and Regional (SEA and Asia) Marketing and Sales leadership roles. He has experience in the following industries: food, beverage, quick service restaurant (QSR), personal care, pharmaceutical, consumer electronics and automotive. He has worked with companies such as Nestle, Coca-Cola, Johnson & Johnson, Reckitt Benckiser, and Samsung. Prior to joining the Company, Mr, Ong worked with the Yokohama Group of companies where he held various executive and Board positions from 2015 to 2019. Mr. Ong holds a bachelor's degree in Economics from the Ateneo de Manila University.

YONGSANG YOU

Mr. You is currently the Vice President of Global Business Division of Lotte Chilsung. He was the Company's Chief Executive Officer from 2015 until his resignation from this post on February 2020, and the Company's Managing Director from February 2020 until his resignation from this post on June 2020. Previously, Mr. You held a number of positions in Lotte Chilsung, which included being the General Manager and Head of the Overseas Business Division, General Manager of Sales Headquarters and Business Management, and Head of Strategic Planning Department and Purchasing Department. Mr. You holds a Bachelor of Arts degree in Business Administration from Seongsil University.

YUN GIE PARK

Mr. Park is currently the Chief Executive Director of Lotte Chilsung Beverage. Mr. Park has held various executive and management positions as the company's marketing, planning and global business division. Prior to his current role, Mr. Park was the Senior Vice President of Planning and Vice President of Marketing Division from 2014 to 2016. Mr. Park holds a bachelor's degree in Business Administration from Hankuk University of Foreign Studies in Korea.

HYO JIN SONG

Ms. Song is currently the Chief Financial Officer and Vice-President of Lotte Chilsung Beverage. She joined Lotte Chilsung in 2014 as Senior Director of Finance Team and promoted as Vice-President in 2020. Prior to Lotte Chilsung, she was with Ernst and Young Korea and Seonjin Accounting Corporation in Korea. She is a Chartered Public Accountant in Korea and the US and holds a bachelor's degree in Economics from Yonsei University in Korea.

JAY BUCKLEY

Mr. Buckley is a non-Executive Director of the Company. Since January 2020, Mr. Buckley has been the Senior Vice-President and Chief Legal Counsel for PepsiCo's APAC SECTOR, comprising all its foods and beverages businesses across China, Asia Pacific, Australia, New Zealand, and the South Pacific. He joined PepsiCo in May 2011 as the General Counsel for PepsiCo's foods and beverages business in Australia and New Zealand. He then moved to Hong Kong in 2016, where he was the General Counsel for PepsiCo's food and beverage business across Southeast Asia, Pakistan, Australia, and New Zealand. Prior to PepsiCo, Mr. Buckley held various in-house legal roles, and spent ten years working as a legal advisor on mergers and acquisitions for various large legal firms in Australia and the United Kingdom, including Linklaters, Latham & Watkins, and Corrs Chambers Westgarth. He has been a director of various PepsiCo companies in Australia, New Zealand, and across Southeast Asia. Mr. Buckley holds a Bachelor of Arts/Bachelor of Laws (Honours) and a Graduate Diploma of Legal Practice from New South Wales, Australia, and was admitted as a Solicitor of the Supreme Court of New South Wales, Australia in December 2001.

PARINYA KITJATANAPAN

Mr. Kitjatanapan is a non-Executive Director of the Company. He has 30 years of financial and commercial management experience in the FMCG industry across Asia Pacific, Middle East, and North Africa. He joined PepsiCo, Inc. in 1998 as the Chief Financial Officer for PepsiCo's Thailand Beverage business and subsequently became General Manager for the country. In 2010, Mr. Kitjatanapan joined PepsiCo China's team as General Manager, South Cluster, based in Guangzhou. Then in 2012, he relocated to Shanghai to serve as Greater China Beverage Franchise Vice-President. He moved back to Thailand in 2014 to assume Vice-President and General Manager of the Thailand Power of One business. In 2019, Mr. Kitjatanapan was promoted to Senior Vice-President of Sales & Franchise COE for the AMENA (Asia Middle East North Africa) sector. In 2020, he became the Chief Commercial Officer for the Asia Pacific sector and the Asia Beverages & GMD Business Unit General Manager.

YUAN WANG

Ms. Wang is a non-Executive Director of the Company. She is currently the Chief Financial Officer and Vice-President of the Asia Beverages & GMD Business Unit ("BU") of PepsiCo, Inc. and is responsible for leading Finance Planning activities for the BU as well as overseeing strategic initiatives and capability building for Indochina Foods BU. Ms. Wang has ~15 years of financial and commercial management experience in the fast-moving consumer goods industry in the U.S. She joined PepsiCo in 2014 as Senior Director of Corporate Mergers & Acquisitions, advising on high-value creation transactions considered critical to PepsiCo's strategic growth plans. Prior to PepsiCo, she held positions in global financial institutions including Macquarie Capital, Barclays Capital, and Credit Suisse. Ms. Wang holds a BA from Harvard College with Honors in Government and a Masters in International Policy from Stanford University.

RAFAEL M. ALUNAN III

Mr. Alunan is an Independent Director, and is the incumbent Vice Chairman of the Board of Directors, and Chairman of the Audit Committee of the Company. He has had extensive experience in the private and public sectors. Currently, he sits on the Boards of the Metro Global Holdings, Inc., APC Group, Inc., Rafael Alunan Agri-Development, Inc., La Herencia Homeowners Association, and the Spirit of EDSA Foundation. Mr. Alunan is a Fellow of the Development Academy of the Philippines and of the Institute of Corporate Governance and Institute for Solidarity in Asia. He previously sat on various boards of the Lopez Group, Sun Life of Canada, Inc. and its various subsidiaries, and Coca-Cola Amatil (Australia). He chairs the Philippine Council for Foreign Relations and the Harvard Kennedy School of Government Alumni Association of the Philippines, Inc. Mr. Alunan also serves as President of the Philippine Taekwondo Foundation. He occasionally writes commentaries published in BusinessWorld, Inquirer, and the Manila Times for the Management Association of the Philippines and Harvard Kennedy School Alumni Association of the Philippines, Inc. Mr. Alunan also serves as the Board Advisor of Kaltimex Rural Energy Corp. He produced the documentary "Tagaligtas" on the Special Action Force of the Philippine National Police, and co-authored the book "Silver Linings" and its updated version. He served as Secretary of Tourism during the term of President Corazon C. Aquino, and as Secretary of Interior and Local Government during the term of President Fidel V. Ramos. He holds the rank of Colonel in the Armed Forces of the Philippines, and is a graduate of the Philippine Army's Command and General Staff College Operations Course. Mr. Alunan obtained his double degree in Business Administration and History-Political Science from the De La Salle University, attended the MBA-Senior Executive Program of the Ateneo de Manila University, and obtained a Master's degree in Public Administration and an Executive Education Certificate from Harvard Kennedy School of Government.

OSCAR S. REYES

Mr. Reyes is an Independent Director and is the incumbent Chairman of the Board of Directors, as well as the Chairman of the Board committees for Nomination and Governance and Compensation and Remuneration of the Company. Among his other current positions are: Member of the Advisory Council of the Bank of the Philippine Islands; member of the Advisory Board of the PLDT, Inc. and of Basic Energy Corporation; Independent Director of Cosco Capital Inc., PXP Energy Corporation, PLDT Communications & Energy Ventures, Inc., Team Energy Corporation, D.M. Wenceslao and Associates, Sun Life Financial Plans, Inc., Sun Life Prosperity Funds, Eramen Minerals Inc., Petrolift Corporation, Philippine Dealing System Holdings Corp., Philippine Dealing & Exchange Corporation, Philippine Depository & Trust Corporation, Philippine Securities Settlement Corporation, and Pioneer Life Insurance Group. He became Senior Executive Vice President and Chief Energy Adviser of the Manila Electric Company in July 2010 and was appointed as President and Chief Executive Officer and Chairman/Director of various Manila Electric Company Subsidiaries and Affiliates in 2012 until his retirement in 31 May 2019. Mr. Oscar Reyes served the Shell Companies in the Philippines in various capacities from 1986 when Shell acquired Philippine Petroleum Corporation where he was the Executive Vice President and General Manager. He was appointed in May 1997 as Country Chairman and concurrently President of Pilipinas Shell Petroleum Corporation, and Managing Director of Shell Philippines Exploration B.V., and retired from such positions in 2001. He finished his Bachelor of Arts Major in Economics (Cum Laude) degree at the Ateneo de Manila University in 1965. He took post-graduate studies at the Ateneo Graduate School of Business, Waterloo Lutheran University in Ontario, Canada, and the Harvard Business School (Executive Education Program).

Executive Officers:

FREDERICK D. ONG

Mr. Ong is an Executive Director and the incumbent President and Chief Executive Officer of the Company. He has more than 25 years of experience in the fast-moving consumer goods (FMCG) industry. Mr. Ong has assumed senior roles, such as Commercial, General Manager and Regional (SEA and Asia) Marketing and Sales leadership roles. He has experience in the following industries: food, beverage, quick service restaurant (QSR), personal care, pharmaceutical, consumer electronics and automotive. He has worked with companies such as Nestle, Coca-Cola, Johnson & Johnson, Reckitt Benckiser, and Samsung. Prior to joining the Company, Mr, Ong worked with the Yokohama Group of companies where he held various executive and Board positions from 2015 to 2019. Mr. Ong holds a bachelor's degree in Economics from the Ateneo de Manila University.

VISHAL MALIK

Mr. Malik is the Company's Chief Financial Officer under a secondment agreement from PepsiCo of which he remains an employee. He is also the Company's Chief Audit Executive. Mr. Malik's assumption of his role in the Company is subject to the issuance of relevant permits. He is a Chartered Accountant from India and joined PepsiCo in 1994. He spent 6 years with PepsiCo Beverages and Foods operations in India, following which he has been working as a Finance leader in Southeast Asia for past 20 years. In his previous roles, he served PepsiCo in the capacity of Chief Financial Officer for IndoChina, Thailand, Vietnam and other geographies including Indonesia, Malaysia and Singapore. He was previously the Chief Financial Officer for PepsiCo Beverages Joint Venture with Suntory in Thailand.

FRANCIS S. MORAL

Mr. Moral is the Company's Chief Commercial Officer. He is a seasoned senior executive with more than 20 years of work experience in the fast-moving consumer goods (FMCG) industry. He worked for reputable companies like Procter & Gamble Philippines ("P&G") and held several leadership roles in the TAO Group of Companies. Before joining the Company, he was the General Manager for JR&R Distributors Inc. (P&G Distribution), Chief Operating Officer for TriDharma Marketing Corporation and Ecossential Foods Corp. (Kopiko Distribution), and Chief Executive Officer of Tri Diamonds Corporation.

MA. VIVIAN A. CHEONG

Ms. Cheong is the Company's Chief Human Resources and Corporate Affairs and Communications Officer. Prior to joining the Company, she was the Head of Organization Development and Change Management of Meralco. Prior to Meralco, she was the HR Director of Mead Johnson Nutrition for the Philippines and

Vietnam, and before that, was the HR Head of Bristol-Myers Squibb Philippines. She holds a Master's degree in Industrial Relations, Major in Human Resources Development from the University of the Philippines and a Bachelor of Arts in Behavioral Science degree from the University of Sto. Tomas.

JIN PYO AHN

Mr. Ahn was recently appointed as the Company's Chief Corporate Strategy Officer. Prior to his appointment, Mr. Jin Pyo Ahn served as the Chief Strategy Officer of Lotte Akthar Beverage Co. Ltd. from 2018 to 2021; the General Manager for P-Project TF of Lotte Chilsung Beverage Co. Ltd. from 2016 to 2017; and the Team Leader of the Global Brand Team of Lotte Chilsung Beverage Co. Ltd. from 2015 to 2016, among others. Mr. Ahn also previously served as the Company's Chief Strategy Officer from 2010 to 2015.

SUNG JIN KIM

Mr. Sung Jin Kim is currently the Company's Officer-in-Charge of Strategic Supply Chain and Operations and concurrently holds the position of Supply Planning Head. Prior to his appointment in the Company, Mr. Kim served as the Manager of the Supply Chain Management of Lotte Chilsung Beverage Co. Ltd. where he has held various positions in the fields of production management and marketing for the past 11 years.

DONG GEOL YOON

Mr. Yoon was recently appointed as the Company's Business Development Head. Prior to this appointment, he was the Senior Vice-President/Chief Strategy Officer of the Company. He has been with the Lotte Group for 16 years, having worked with Lotte Chilsung from 2004 until present. He has been assigned to several roles involving quality assurance, procurement, global business support, and global brand management for brands including Pepsi and Danone. He also had a successful stint in LOTTE Aodeli Beverage in China. Mr. Yoon holds a bachelor's degree in Food Engineering from Yonsei University.

CARINA LENORE S. BAYON

Atty. Bayon is the Company's Chief Legal and Government Affairs, Chief Compliance Officer, and Data Protection Officer. She was previously the Vice-President for Corporate Affairs of Nestle Philippines Inc. from 2018 to 2019. Prior to this she was the Director for Policy Compliance, Promotion and Labeling for Nestle USA (Wyeth Infant Nutrition) from 2015 to 2018, Regional Compliance Lead of Nestle - Wyeth Infant Nutrition for Asia & Pacific from 2013 to 2014, and Regional Counsel for Asia for Wyeth Philippines, Inc. from 2010 to 2013. Atty. Bayon was also a professor of Labor Relations Law at the Lyceum of the Philippines from 2009 to 2013. Atty. Bayon holds a Juris Doctor degree from the Ateneo de Manila University School of Law and a Bachelor of Arts degree from the University of the Philippines.

KRISTINE NINOTSCHKA L. EVANGELISTA

Ms. Evangelista is the Corporate Secretary of the Company. A partner at Gatmaytan Yap Patacsil Gutierrez & Protacio, also known as C&G Law, she was elected as Corporate Secretary of the Company in August 2018. She started her legal career in 1999 as an associate at SyCip Salazar Hernandez & Gatmaitan. In 2008, she joined Holcim Philippines as Senior Legal Counsel, and served as its General Counsel and Corporate Secretary from 2014 until 2017. She holds a Bachelor of Science degree, major in Legal Management, and a Juris Doctor degree from the Ateneo de Manila University.

ANNA RAEZA A. LACADIN

Ms. Lacadin was elected as the Assistant Corporate Secretary of the Company in September 2021. She is currently an Associate at C&G Law. She holds a Bachelor of Science degree, major in Legal Management from the De La Salle University, and a Juris Doctor degree from the San Beda University.

Resignation of Directors

No Director has resigned or declined to stand for re-election to the Board of Directors since the date of the last Annual Stockholders' Meeting due to any disagreement with the Company on any matter relating to the Company's operations, policies or practices.

Significant Employees and Family Relationships
No single person is expected to make an indispensable contribution to the business since the Company considers the collective efforts of all its employees as instrumental to the overall success of the Company's business. The Company is not aware of any family relationship between or among the aforementioned Directors or Executive Officers up to the fourth civil degree.

Except for the payment of annual directors' fee and per diem allowances, the Company has not had any transaction during the last two (2) years in which any Director or Executive Officer had a direct or indirect interest.

Involvement in Certain Legal Proceedings
None of the aforementioned Directors or Executive Officers is or has been involved in any criminal or bankruptcy proceeding, or is or has been subject to any judgment of a competent court barring or otherwise limiting his involvement in any type of business, or has been found to have violated any securities laws during the past five (5) years and up to the latest date, except as disclosed in Item 3 on Legal Proceedings.

ITEM 11. EXECUTIVE COMPENSATION

Compensation of Directors and Executive Officers

The aggregate compensation paid or accrued (in Philippine Peso) in the calendar years ended 31 December 2021, 2020 and 2019 and estimated to be paid for the ensuing calendar year 31 December 2021 to the following Executive Officers is set out in the table below:

Name	Year	Salary	Bonus	Others
Aggregate for CEO and four (4) most highly compensated below-named executive officers	CY 2019	57,968,836	5,740,803	469,356
	CY 2020	54,216,126	2,791,166	163,971
	CY 2021	42,475,264	8,408,898	573,626
	CY 2022 (Estimate)	50,244,171	6,867,054	608,044
All other directors and officers as a group unnamed	CY 2019	57,896,253	5,746,511	8,712,336
	CY 2020	36,360,398	3,629,063	36,757,938
	CY 2021	44,430,930	3,465,293	10,672,751
	CY 2022 (Estimate)	30,215,584	2,653,879	10,715,994

The following are the five highest compensated directors and/or officers of the Company who were serving as Executive Officers at the end of the last completed calendar year:

- Frederick D. Ong – President and Chief Executive Officer
- Vishal Malik – Chief Finance Officer and Chief Audit Executive
- Francis S. Moral – Chief Commercial Officer
- Ma. Vivian A. Cheong – Chief Human Resources and Corporate Affairs and Communications Officer
- Carina Lenore S. Bayon – Chief Legal and Government Affairs Officer, Chief Compliance Officer, and Data Protection Officer

There are no special employment contracts between the Company and the above Executive Officers.

At the Annual Stockholders' Meeting held on 24 May 2019, the stockholders approved and ratified the payment of annual fees for the members of the Board of Directors in the amount of PhP500,000.00 and a per diem allowance per board or committee meeting of PhP200,000.00 for the Chairman of the Board and PhP100,000.00 for the other members of the Board. The seven (7) Directors representing Lotte Corporation, Lotte Chilsung Beverage Co. Ltd., and Quaker Global Investments B.V. have waived the per diem allowance as well as the annual directors' fee.

There are no outstanding warrants or options held by the above Executive Officers and all such officers and Directors as a group.

In 2021, the members of the Board were paid an aggregate amount of PhP3,262,223 for their attendance in Board and Committee meetings. The following are the amounts (in Philippine Peso) of per diems and directors' fees received by each director:

	Name of Director	Per Diems	Directors' Fees	Total
1.	Oscar S. Reyes	PhP1,173,333	PhP555,556	PhP1,728,889
2.	Rafael M. Alunan	PhP977,778	PhP555,556	PhP1,533,334
3.	Frederick D. Ong	PhP 0	PhP 0	PhP 0
4.	Yongsang You	PhP 0	PhP 0	PhP 0
5.	Yun Gie Park	PhP 0	PhP 0	PhP 0
6.	Hyo JIn Song	PhP 0	PhP 0	PhP 0
7.	Jay Buckley	PhP 0	PhP 0	PhP 0
8.	Parinya Kitjatanapan	PhP 0	PhP 0	PhP 0
9.	Yuan Wang	PhP 0	PhP 0	PhP 0
	TOTAL	PhP2,151,111	PhP1,111,112	PhP3,262,223

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Security Ownership of Record and Beneficial Owners of at Least 5% of Our Securities as of 28 February 2022

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and relationship with record owner	Citizenship	Number of Shares Held	Percentage
Common shares	Lotte Chilsung Beverage Co. Ltd.[1] 4th & 5th Fl., Lotte Castle Gold, 269 Olympic-ro, Songpa-gu, Seoul, 05551 South Korea Relationship – Stockholder	Lotte Corporation[2]	Korean	2,572,580,932[3]	69.65%

[1] Lotte Chilsung Beverage Co. Ltd. ("Lotte Chilsung") is a corporation duly organized and existing under and by virtue of the laws of Korea with principal office at 4th & 5th Fl., Lotte Castle Gold, 269 Olympic-ro, Songpa-gu, Seoul, 05551 South Korea. Based on the SEC Form 19-1 (Tender Offer Report) filed by Lotte Chilsung on 11 December 2020, Lotte Chilsung is a subsidiary of Lotte Corporation, which owns 26.54% of the total issued and outstanding capital stock of Lotte Chilsung. As explained in note 2, the beneficial owner of Lotte Corporation is disclosed as its Chief Executive Officer, Yongdok Song.

[2] Lotte Corporation is a corporation duly organized and existing under and by virtue of the laws of Korea with principal office at Lotte World Tower, 300 Olympic-ro, Songpa-gu, Seoul, 05551, South Korea. Based on the beneficial ownership declaration attached to the Company's General Information Sheet filed on 04 February 2022, Lotte Corporation's Chief Executive Officer, Yongdok Song, is named as the beneficial owner, under category I of the beneficial ownership declaration form (provided under SEC Memorandum Circular No. 15, Series of 2020) indirectly holding 73.58% of the outstanding capital stock of the Company, through shares held in the name of Lotte Chilsung and through PCD Nominee Corporation (Non-Filipino).

[3] Lotte Corporation holds 123,074,500 shares, or around 3.33% of the outstanding shares, through PCD Nominee Corporation (Non-Filipino). These shares are included in the 1,559,390,433 shares or around 42.22% of the outstanding shares transferred by Lotte Corporation to Lotte Chilsung as reported in the cover letter of Lotte Chilsung's SEC Form 23-B (Statement of Changes in Beneficial Ownership of Securities) filed on 23 November 2020.

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and relationship with record owner	Citizenship	Number of Shares Held	Percentage
Common shares	Quaker Global Investments B.V.[4] Zonnebaan 35, 3542 EB Utrecht The Netherlands	PepsiCo, Inc.[5]	Dutch	923,443,071	25.00%

Security Ownership of Management as of 28 February 2022

Title of Class	Name and Address of Owner	Amount & Nature of Beneficial Ownership	Citizenship	Percent of Class
Common shares	Oscar S. Reyes Chairman of the Board and Independent Director Room 2504, 25/F, 139 Corporate Center Valero St., Salcedo Village, Makati City	300,001*	Filipino	0.01%
Common shares	Frederick D. Ong Director, President and CEO c/o 26th Floor, Filinvest Axis Tower Two Building, Northgate, Cyberzone, Filinvest City, Alabang, Muntinlupa City	1*	Filipino	0.00%
Common shares	Yongsang You Director c/o 26th Floor, Filinvest Axis Tower Two Building, Northgate, Cyberzone, Filinvest City, Alabang, Muntinlupa City	1*	Korean	0.00%
Common shares	Yun Gie Park Director c/o 26th Floor, Filinvest Axis Tower Two Building, Northgate, Cyberzone, Filinvest City, Alabang, Muntinlupa City	1*	Korean	0.00%

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[4] Quaker Global Investments B.V. ("QGI") is a corporation duly organized and existing under and by virtue of the laws of the Netherlands with principal office at Zonnebaan 35, 3542 EB Utrecht, The Netherlands.

[5] Based on the beneficial ownership declaration attached to the Company's General Information Sheet filed on 04 February 2022, PepsiCo, Inc.'s Chief Executive Officer, Ramon Laguarta, is named as the beneficial owner, under category I of the beneficial ownership declaration form (provided under SEC Memorandum Circular No. 15, Series of 2020) indirectly holding 25% of the outstanding capital stock of the Company (through Quaker Global Investments B.V.).

Title of Class	Name and Address of Owner	Amount & Nature of Beneficial Ownership	Citizenship	Percent of Class
Common shares	Hyo Jin Song Director c/o 26th Floor, Filinvest Axis Tower Two Building, Northgate, Cyberzone, Filinvest City, Alabang, Muntinlupa City	1*	Korean	0.00%
Common shares	Jay Buckley Director c/o Suites 1703-8, Tower Two 1 Matheson Street, Causeway Bay, HK	1*	Australian	0.00%
Common shares	Parinya Kitjatanapan Director c/o 622 Emporium Tower 17/F Sukhumvit Road, Klongton Klongtoey, Bangkok, Thailand	1*	Thai	0.00%
Common shares	Yuan Wang Director 7380 W Sand Lake Rd #230, Orlando, FL 32819 USA	1*	American	0.00%
Common shares	Rafael M. Alunan III Vice-Chairman and Independent Director No.63 9th Street New Manila, Quezon City	1*	Filipino	0.00%
Common shares	Vishal Malik** Chief Financial Officer and Chief Audit Executive c/o 26th Floor, Filinvest Axis Tower Two Building, Northgate, Cyberzone, Filinvest City, Alabang, Muntinlupa City	0	Indian	0.00%
Common shares	Francis S. Moral Chief Commercial Officer c/o 26th Floor, Filinvest Axis Tower Two Building, Northgate, Cyberzone, Filinvest City, Alabang, Muntinlupa City	0	Filipino	0.00%
Common shares	Ma. Vivian A. Cheong Chief Human Resources and Corporate Affairs and Communications Officer c/o 26th Floor, Filinvest Axis Tower Two Building, Northgate, Cyberzone, Filinvest City, Alabang, Muntinlupa City	0	Filipino	0.00%
Common shares	Jin Pyo Ahn** Chief Corporate Strategy Officer c/o 26th Floor, Filinvest Axis Tower Two Building, Northgate, Cyberzone, Filinvest City, Alabang, Muntinlupa City	0	Korean	0.00%

Title of Class	Name and Address of Owner	Amount & Nature of Beneficial Ownership	Citizenship	Percent of Class
Common shares	Sung Jin Kim Officer-in-Charge of Strategic Supply Chain and Operations c/o 26th Floor, Filinvest Axis Tower Two Building, Northgate, Cyberzone, Filinvest City, Alabang, Muntinlupa City	0	Korean	0.00%
Common shares	Dong Geol Yoon Business Development Head c/o 26th Floor, Filinvest Axis Tower Two Building, Northgate, Cyberzone, Filinvest City, Alabang, Muntinlupa City	0	Korean	0.00%
Common shares	Carina Lenore S. Bayon Chief Legal and Government Affairs Officer, Chief Compliance Officer, and Data Protection Officer c/o 26th Floor, Filinvest Axis Tower Two Building, Northgate, Cyberzone, Filinvest City, Alabang, Muntinlupa City	0	Filipino	0.00%
Common shares	Kristine Ninotschka L. Evangelista Corporate Secretary c/o 30/F 88 Corporate Center Sedeño corner Valero Streets Salcedo Village, Makati City	0	Filipino	0.00%
Common shares	Anna Raeza A. Lacadin Assistant Corporate Secretary c/o 30/F 88 Corporate Center Sedeño corner Valero Streets Salcedo Village, Makati City	0	Filipino	0.00%

* Each of the Directors is the registered owner of at least one qualifying share.
** The assumption of the respective roles of Messrs. Malik and Ahn in the Company is subject to the issuance of the relevant permits.

The aggregate shareholdings of Directors and key officers as of 28 February 2022 are 300,009 shares which is approximately 0.000081% of the Company's outstanding capital stock.

Changes in Control

The Company is not aware of any voting trust agreement or any other similar agreement which may result in a change in control of the Company.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Refer to Note 23 to the 31 December 2021 Audited Financial Statements for details on related party transactions.

PART IV – EXHIBITS AND SCHEDULES

The following are the reports on SEC Form 17-C, as amended, which were filed during the period of 1 January 2021 to 28 February 2022.

a. SEC Form 17-C dated 09 February 2021

At the special meeting of the Board of Directors held on 09 February 2021, the Board of Directors approved the following matters: (i) acceptance of the resignation of Mr. Samir Moussa as a member of the Company's Board of Directors and a member of the Board of Directors' Audit Committee and appointment of Ms. Yuan Wang as a member of the Company's Board of Directors and a member of the Board of Directors' Audit Committee, effective 28 February 2021; (ii) acceptance of the resignation of Mr. Young Duk Kang as the Company's Senior Vice President and Chief Strategy Officer and acceptance of Mr. Dong Geol Yoon as the Company's Senior Vice President and Chief Strategy Officer, effective 01 March 2021, or upon the issuance of relevant permits to Mr. Yoon.

b. SEC Form 17-C dated 16 February 2021

On 16 February 2021, the Company received by electronic mail a Resolution dated 19 February 2020 issued by the Laguna Lake Development Authority ("LLDA") in relation to LLDA Case No. WP19-08-638-MM, ordering the Company to pay a penalty for non-compliance with effluent standards. The Company's wastewater discharge has since passed all parameters of effluent standards.

c. SEC Form 17-C dated 5 March 2021

On 05 March 2021, the Company received a Notice of Finality issued by the Regional Director of the Department of Labor and Employment (MIMAROPA Region) of Compliance Order dated 10 November 2020,which required submission of proof of compliance with Occupational Safety and Health Standards within the period provided, otherwise making the Company liable for a penalty. The Company submitted copies of the requested documents, and filed an appeal to extend the submission of the certification for the training of the first aider because there were no training sessions conducted during the pandemic.

d. SEC Form 17-C dated 05 April 2021

At the regular meeting of the Board of Directors held on 05 April 2021, the Board of Directors approved the following matters: (i) approval of the Company's Audited Financial Statements for the fiscal year ended 31 December 2020 and authorization for its issuance and filing with the Bureau of Internal Revenue and SEC; (ii) approval of the Company's Annual Report (SEC Form 17-A) for the fiscal year ended 31 December 2020 and authorization for its filing with the SEC; (iii) acceptance of resignation of Mr. Domingo F. Almazan as Senior Vice President for National Sales and appointment of Mr. Francis S. Moral as Senior Vice President for National Sales; (iv) approval of the postponement of the Annual Stockholders' Meeting for the year 2021 (the "2021 ASM") from the date scheduled under the Company's By-Laws (*i.e.*, the last Friday of May) to 14 June 2021; (v) approval of the conduct of the 2021 ASM and the participation by stockholders to be done via remote communications, and of the voting by the stockholders to be done by remote communications, in absentia, or by proxy, and delegating to Management and the Corporate Secretary the finalization of the requirements and internal procedures for such conduct of the 2021 ASM; (vi) approval of the delegation of authority to Management and the Corporate Secretary to finalize the details of the 2021 ASM, including the time, the platform, the agenda, and the record date.

e. SEC Form 17-C dated 21 May 2021

At the special meeting of the Board of Directors held on 21 May 2021, the Board of Directors approved the following matters: (i) approval of the further postponement of the 2021 ASM from the 14 June 2021 date previously approved to 29 June 2021; (ii) approval of the agenda of the 2021 ASM, and fixing the record date of the stockholders entitled to notice of and to vote at said 2021 ASM on 29 May 2021; and (iii) approval of the SEC Form 20-IS (Information Statement) for the 2021 ASM and its filing with the SEC.

f. SEC Form 17-C dated 29 June 2021

Matters approved by the Stockholders during the Annual Stockholders' Meeting held on 29 June 2021

(a) Approval of the Minutes of the Annual Stockholders' Meeting on 20 August 2020;

(b) Approval of the Audited Financial Statements for the year ended 31 December 2020;

(c) Ratification of acts of the Board of Directors and Management for the previous year;

(d) Approval of the amendments to the third and fourth articles of the Company's Amendment Articles of Incorporation;

(e) Election of the members of the Board of Directors for the year 2021 to 2022:

Frederick D. Ong
Yongsang You
Yun Gie Park
Hyo Jin Song
Jay Buckley
Yuan Wang
Parinya Kitjatanapan
Oscar S. Reyes (Independent Director)
Rafael M. Alunan III (Independent Director);

(f) Appointment of R.G. Manabat & Co. as the Company's External Auditor for the year 2021 to 2022.

Matters approved during the Organizational Meeting of the Board of Directors held on 29 June 2021

(a) Election of the members of the Board Committees for the year 2021 to 2022

Audit Committee	Nomination and Governance Committee	Compensation and Remuneration Committee
Rafael M. Alunan III (Chairman)	Oscar S. Reyes (Chairman)	Oscar S. Reyes (Chairman)
Oscar S. Reyes	Yongsang You	Rafael M. Alunan III
Yongsang You	Jay Buckley	Yongsang You
Yuan Wang		Parinya Kitjatanapan

(b) Election of Officers for the year 2021 to 2022

Chairman of the Board of Directors	Oscar S. Reyes
Vice-Chairman of the Board of Directors	Rafael M. Alunan III
President and Chief Executive Officer	Frederick D. Ong
Chief Finance Officer and Chief Audit Executive	Vishal Malik
Chief Corporate Strategy Officer	Dong Geol Yoon*
Chief Manufacturing and Supply Chain Officer	Jin Man Kim**
Chief Commercial Officer	Francis S. Moral
Chief Human Resources and Corporate Affairs and Communications Officer	Ma. Vivian A. Cheong
Chief Legal and Government Affairs Officer, Chief Compliance Officer, and Data Protection Officer	Carina Lenore S. Bayon
Vice-President and Senior General Manager – Luzon 2	Aristedes H. Alindogan
Vice-President and Senior General Manager – Visayas	Lyndon Ferdinand J. Cuadra
Chief Risk Officer	Agustin S. Sarmiento
Corporate Secretary	Kristine Ninotschka L. Evangelista

Assistant Corporate Secretary	Julia Patricia C. Herrera-Lim

* Appointed as Business Development Head as of 09 December 2021; Replaced by Mr. Jin Pyo Ahn.
** Resigned as of 09 December 2021; Replaced by Mr. Sung Jin Kim

g. SEC Form 17-C dated 30 September 2021

At the regular meeting of the Board of Directors held on 30 September 2021, the Board of Directors approved the appointment of Ms. Anna Raeza A. Lacadin as the Assistant Corporate Secretary effective 30 September 2021.

h. SEC Form 17-C dated 17 November 2021

The Company received by electronic mail on 17 November 2021 and by courier on 18 November 2021, a copy of a Notice of Strike filed by the Bacolod Pepsi-Cola Employees' and Workers' Union ("BPCEWU") with the National Conciliation and Mediation Board of the Department of Labor and Employment due to a Collective Bargaining Agreement deadlock between BPCEWU and the Company.

i. SEC Form 17-C dated 22 November 2021

On 22 November 2021, in connection with the Company's renewal of its Purchaser's License for Controlled Chemicals for its Zamboanga Plant, the Company received an assessment by the Philippine National Police for penalties for the late submission of the application and the Monthly Compensation Reports.

j. SEC Form 17-C dated 09 December 2021

At the regular meeting of the Board of Directors held on 09 December 2021, the Board of Directors approved the following matters: (i) approval of the Amendment of the Articles of Incorporation to reflect the provision of the Revised Corporation Code ("RCC") on the participation of the Board of Directors in the determination of their remuneration; (ii) amendment of the By-Laws to reflect the provision of the RCC on the participation of the Board of Directors in the determination of their remuneration, and the period for the service of notice for stockholders' meetings; (iii) acceptance of the resignation of Mr. Jin Man Kim as the Company's Chief Manufacturing and Supply Chain Officer; (iv) appointment of Mr. Sung Jin Kim as the Company's Officer-in-Charge of Strategic Supply Chain and Operations, effective 09 December 2021; (v) appointment of Mr. Dong Geol Yoon as the Company's Business Development Head; (vi) appointment of Mr. Jin Pyo Ahn as the Company's Chief Corporate Strategy Officer effective 09 December 2021, subject to the issuance of the relevant permits.

PART V – SIGNATORIES

The following are the authorized signatories of the Company:

1. Frederick D. Ong in his capacity as the President and Chief Executive Officer. Said positions are the Company's equivalent positions for principal operating officer and principal executive officer, respectively.

2. Agustin S. Sarmiento in his capacity as Chief Risk Officer of the Company. Said position is the Company's equivalent position for comptroller and principal accounting officer.

3. Kristine Ninotschka L. Evangelista in her capacity as the Corporate Secretary of the Company.

Signature page follows

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation Code and Section 177 of the Revised Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of MAKATI CITY on 11 MAY 2022.

By:

FREDERICK D. ONG
President and Chief Executive Officer

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

KRISTINE NINOTSCHKA L. EVANGELISTA
Corporate Secretary

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S.

SUBSCRIBED AND SWORN TO before me in the City of MAKATI CITY on 11 MAY 2022 by:

Name	Competent Evidence of Identity	Valid Until/Place Issued
Frederick Dy Ong	Driver's License ID No. N06-84-012488	January 10, 2026
Agustin S. Sarmiento	Unified Multi-Purpose ID No. 0033-2456012-6	
Kristine Ninotschka L. Evangelista	Passport No. P5177855A	November 28, 2022 / DFA Cagayan de Oro

who have satisfactorily proven their identity to me through the above identification, that they are the same persons who personally signed the foregoing instrument before me and acknowledged that they executed the same.

Doc. No. 197;
Page No. 40;
Book No. 2;
Series of 2022.

ATTY. ED WARREN L. BALAUAG
NOTARY PUBLIC
ROLL NO. 73281
MAKATI CITY PHILIPPINES

ATTY. ED WARREN L. BALAUAG
Commission No. M-303
Notary Public for Makati City
Until December 31, 2021 extended to June 30, 2022 (B.M. No. 3795
19/F Tower 1, The Enterprise Center
6766 Ayala Avenue, Makati City 1200
Roll No. 73281; 06/19/19
IBP No. 198777; 01/12/22; PPLM
PTR No. 8929572; 03/07/22; Makati City

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1 6 0 9 6 8

COMPANY NAME

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

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

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

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS		

COMPANY INFORMATION

Company's email Address	Company's Telephone Number/s	Mobile Number
	8888-73774	

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
812	Last Friday of May	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Agustin S. Sarmiento		8888-73774	

CONTACT PERSON's ADDRESS

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

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

PCPPI
Pepsi-Cola Products Philippines, Inc.

PCPPI Headquarters
26th Floor, Axis Tower Two Building, Northgate Cyberzone, Filinvest, Alabang, Muntinlupa City, Philippines
Tel.: (632) 888-PEPSI (73774) • www.pepsiphilippines.com

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **Pepsi-Cola Products Philippines, Inc.** (the "Company") is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free form material misstatement, whether due to fraud or error..

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

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

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

R.G. Manabat & Co., the independent auditor appointed by the Stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the Stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Reyes

OSCAR S. REYES
Chairman of the Board

FREDERICK D. ONG
President and Chief Executive Officer

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

REPUBLIC OF THE PHILIPPINES)
~~MUNTINLUPA CITY~~ MAKATI CITY) **S.S.**

SUBSCRIBED AND SWORN TO before me in the City of MAKATI CITY on 11 MAY 2022 by:

Name	**Competent Evidence of Identity**	**Valid Until**
Oscar S. Reyes	Passport No. P5302920A	Dec 10, 2022 / Manila
Frederick D. Ong	Driver's License ID No. N06-84-012488	Jan 10, 2026
Agustin S. Sarmiento	Unified Multi-Purpose ID No. 0033-2456012-6	

who have satisfactorily proven their identity to me through the above identification, that they are the same person who personally signed the foregoing instrument before me and acknowledged that they executed the same.

ATTY. ED WARREN L. BALAUAG
Commission No. M-303
Notary Public for Makati City
Until December 31, 2021 extended to June 30, 2022 (B.M. No. 3795
19/F Tower 1, The Enterprise Center
6766 Ayala Avenue, Makati City 1200
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IBP No. 198777; 01/12/22; PPLM
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Doc. No. 410
Page No. 40
Book No. 2
Series of 2022.

ED WARREN L. BALAUAG
NOTARY PUBLIC
ROLL NO. 73281
MAKATI CITY PHILIPPINES

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date MAY 16 2022 REG
RECEIVED
CHEENEE O. DEL ROSARIO

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

FINANCIAL STATEMENTS
December 31, 2021, 2021 and 2020

With Independent Auditors' Report

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date MAY 16 2022 REG
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KPMG

R.G. Manabat & Co.
The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
Philippines 1209

Telephone	+63 (2) 8885 7000
Fax	+63 (2) 8894 1985
Internet	www.home.kpmg/ph
Email	ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS

The Stockholders and Board of Directors
Pepsi-Cola Products Philippines, Inc.
26th Floor, Filinvest Axis Tower Two Building
Northgate Cyberzone, Filinvest City, Alabang
Muntinlupa City

Opinion

We have audited the financial statements of Pepsi-Cola Products Philippines, Inc. (the "Company"), which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of profit or loss and other comprehensive income (loss), statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2021, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2021, in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

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LARGE TAXPAYERS ASSISTANCE DIVISION
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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

The Company's accounting policy with respect to revenue recognition is included in Note 3, Significant Accounting Policies, to the financial statements.

The risk: The nature of the Company's selling and distribution system, the high volume of products, its geographical locations, and various stakeholders' expectations pose a risk that the Company may recognize certain revenue from sale of goods at or near the year-end without meeting all the required recognition criteria and conditions under Philippine Financial Reporting Standard (PFRS) 15, *Revenue from Contracts with Customers.*

Our response: Our audit procedures included, among others: assessment of the design and effectiveness of controls in respect of revenue; identifying and testing the Company's key revenue controls in selected locations with detailed testing of transactions; assessment of whether the Company's revenue recognition policy in place complies with PFRS 15 and ensuring its consistent application; performing sales cut-off procedures prior to and post year-end; and testing of credit memos issued after year-end. In addition, we evaluated the reasonableness of revenues by developing an expectation of the current year balance based on trend analysis, taking into account historical monthly sales data and circumstances in the current year. We also tested a sample of manual journal entries to identify unusual or irregular items.

Provisioning

The Company's accounting policies with respect to provisions is included in Note 3, Significant Accounting Policies, to the financial statements.

The risk: The Company is subject of a disputed assessment for deficiency taxes for the taxable periods in 2010. The Company appealed this assessment to the Court of Tax Appeals, for which on-going proceedings are being conducted. The Company applied judgment when determining whether to provide, and how much to provide for these tax matters. The magnitude of potential exposures and the inherent uncertainty of the case and judgment involved in determining whether to make additional provisions and disclosures pose a risk on the appropriate recognition of provisions under Philippine Accounting Standards (PAS 37), *Provisions, Contingent Liabilities and Contingent Assets.*

Our response: Our audit procedures included the assessment of the design and implementation of controls around the recognition and continuous re-assessment of tax provisions. With the assistance of our tax specialists, we assessed the Company's tax positions, its correspondence with its external tax advisors, assessed assumptions used to determine tax provisions and inspected relevant supporting documentation through audit sampling. In addition, we obtained formal confirmation from the Company's legal counsel. We also considered the adequacy of the Company's disclosures in the financial statements with respect to these proceedings.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021, but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021 are expected to be made available to us after the date of this auditors' report.

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of the accounting estimates and related disclosures by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements, or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Vernilo G. Yu.

R.G. MANABAT & CO.

VERNILO G. YU
Partner
CPA License No. 108798
SEC Accreditation No. 1815-A, Group A, valid until August 20, 2023
Tax Identification No. 225-454-652
BIR Accreditation No. 08-001987-035-2021
Issued June 29, 2021; valid until June 28, 2024
PTR No. MKT 8854090
Issued January 3, 2022 at Makati City

May 13, 2022
Makati City, Metro Manila

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date MAY 16 2022 REG
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PEPSI-COLA PRODUCTS PHILIPPINES, INC.
STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands)

		December 31	
	Note	**2021**	2020
ASSETS			
Current Assets			
Cash	*4, 27*	**P635,768**	P837,501
Receivables - net	*5, 24, 27*	**2,131,974**	1,963,945
Inventories	*6*	**3,581,803**	4,209,423
Due from related parties	*23, 27*	**508,993**	507,984
Prepaid expenses and other current assets		**672,058**	582,926
		7,530,596	8,101,779
Assets held for sale	*26*	**-**	126,428
Total Current Assets		**7,530,596**	8,228,207
Noncurrent Assets			
Investments in associates	*7*	**662,631**	653,208
Bottles and cases - net	*8*	**4,960,146**	4,313,269
Property, plant and equipment - net	*9*	**10,694,233**	11,185,178
Right-of-use assets	*3, 28*	**488,585**	301,136
Intangible assets	*10*	**316,234**	271,098
Deferred tax assets	*13*	**187,161**	135,130
Other noncurrent assets		**196,820**	212,067
Total Noncurrent Assets		**17,505,810**	17,071,086
		P25,036,406	P25,299,293
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	*11, 14, 24, 27, 28*	**P7,492,755**	P8,111,686
Short-term debt	*12, 27*	**-**	350,000
Current portion of long-term debt	*12, 27*	**2,075,314**	1,267,157
Total Current Liabilities		**9,568,069**	9,728,843
Noncurrent Liabilities			
Long-term debt - net of current portion	*12, 27*	**5,156,342**	5,895,343
Deferred tax liabilities	*13*	**247,477**	214,143
Other noncurrent liabilities	*14, 27, 28*	**1,356,822**	947,427
Total Noncurrent Liabilities		**6,760,641**	7,056,913
Total Liabilities		**16,328,710**	16,785,756
Equity			
Share capital	*16*	**1,751,435**	1,751,435
Remeasurement losses on net defined benefit liability	*14*	**(490,875)**	(468,146)
Retained earnings	*16*	**7,447,136**	7,230,248
Total Equity		**8,707,696**	8,513,537
		P25,036,406	P25,299,293

See Notes to the Financial Statements.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date MAY 16 2022 REG
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PEPSI-COLA PRODUCTS PHILIPPINES, INC.
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (LOSS)
(Amounts in Thousands, Except Earnings Per Share Data)

		Years Ended December 31		
	Note	**2021**	2020	2019
Continuing Operations				
NET SALES	25	**P32,782,077**	P30,642,108	P35,183,763
COST OF GOODS SOLD	17	**26,493,840**	25,437,108	28,370,170
GROSS PROFIT		**6,288,237**	5,205,000	6,813,593
OPERATING EXPENSES				
Selling and distribution	18	**4,391,272**	4,336,047	4,085,669
General and administrative	19	**1,105,069**	978,124	1,210,612
Marketing	24	**335,653**	356,020	491,441
		5,831,994	5,670,191	5,787,722
OPERATING PROFIT (LOSS)		**456,243**	(465,191)	1,025,871
FINANCE AND OTHER INCOME (EXPENSES)				
Equity in net earnings of associates	7	**9,423**	17,823	22,728
Interest income	4, 23	**7,667**	6,129	5,266
Interest expense	12, 28	**(321,375)**	(385,998)	(407,736)
Other income - net		**73,877**	105,518	71,573
		(230,408)	(256,528)	(308,169)
PROFIT (LOSS) BEFORE TAX		**225,835**	(721,719)	717,702
INCOME TAX EXPENSE (BENEFIT)	13	**8,947**	(222,302)	208,238
PROFIT (LOSS) FROM CONTINUING OPERATIONS		**216,888**	(499,417)	509,464
Discontinued Operations				
LOSS FROM DISCONTINUED OPERATIONS NET OF TAX	26	**-**	366	(210,738)
PROFIT (LOSS) FOR THE YEAR		**216,888**	(499,051)	298,726
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will not be reclassified to profit or loss				
Remeasurement gains (losses) on defined benefit liability - net of deferred tax	13, 14	**(22,729)**	(129,922)	(143,145)
TOTAL COMPREHENSIVE INCOME (LOSS)		**P194,159**	(P628,973)	P155,581
Basic/Diluted Earnings Per Share	22	**P0.06**	(P0.14)	P0.08

See Notes to the Financial Statements.

PEPSI-COLA PRODUCTS PHILIPPINES, INC.
STATEMENTS OF CHANGES IN EQUITY
(Amounts in Thousands)

							Years Ended December 31
		Share Capital					
	Note	Capital Stock (see Note 15)	Additional Paid-in Capital (see Note 15)	Total	Remeasurement Gains (Losses) on Net Defined Benefit Liability (see Note 14)	Retained Earnings (see Note 16)	Total Equity
Balance as at January 1, 2019,		P554,066	P1,197,369	P1,751,435	(P195,079)	P7,593,099	P9,149,455
Total Comprehensive Income							
Profit for the year		-	-	-	-	298,726	298,726
Other comprehensive loss - net		-	-	-	(143,145)	-	(143,145)
Total Comprehensive Income		-	-	-	(143,145)	298,726	155,581
Transaction with equity holders of the Company directly recorded in equity							
Cash dividends during the year	*16*	-	-	-	-	(162,526)	(162,526)
Balance as at December 31, 2019		P554,066	P1,197,369	P1,751,435	(P338,224)	P7,729,299	P9,142,510

Forward

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date
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CHEENEE O. DEL ROSARIO

Years Ended December 31

	Note	Share Capital Capital Stock (see Note 15)	Share Capital Additional Paid-in Capital (see Note 15)	Share Capital Total	Remeasurement Gains (Losses) on Net Defined Benefit Liability (see Note 14)	Retained Earnings (see Note 16)	Total Equity
Balance as at January 1, 2020		P554,066	P1,197,369	P1,751,435	(P338,224)	P7,729,299	P9,142,510
Total Comprehensive Income							
Profit for the year		-	-	-	-	(499,051)	(499,051)
Other comprehensive loss - net		-	-	-	(129,922)	-	(129,922)
Total Comprehensive Income		-	-	-	(129,922)	(499,051)	(628,973)
Balance as at December 31, 2020		P554,066	P1,197,369	P1,751,435	(P468,146)	P7,230,248	P8,513,537

Forward

Years Ended December 31

	Note	Share Capital			Remeasurement Gains (Losses) on Net Defined Benefit Liability (see Note 14)	Retained Earnings (see Note 16)	Total Equity
		Capital Stock (see Note 15)	Additional Paid-in Capital (see Note 15)	Total			
Balance as at January 1, 2021		P554,066	P1,197,369	P1,751,435	(P468,146)	P7,230,248	P8,513,537
Total Comprehensive Income							
Profit for the year		-	-	-	-	216,888	216,888
Other comprehensive loss - net		-	-	-	(22,729)	-	(22,729)
Total Comprehensive Income		-	-	-	(22,729)	216,888	194,159
Balance as at December 31, 2021		P554,066	P1,197,369	P1,751,435	(P490,875)	P7,447,136	P8,707,696

See Notes to the Financial Statements.

PEPSI-COLA PRODUCTS PHILIPPINES, INC.
STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

		Years Ended December 31		
	Note	**2021**	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit (loss) before tax from continuing operations		**P225,835**	(P721,719)	P717,702
Income (loss) before tax from discontinued operations		**-**	523	(301,054)
Profit (loss) before tax		**225,835**	(721,196)	416,648
Adjustments for:				
Depreciation and amortization	*8, 9, 10, 20, 28*	**2,502,469**	2,667,499	2,804,723
Interest expense	*12, 28*	**321,375**	385,998	407,736
Impairment losses on receivables, inventories, bottles and cases, and machinery and equipment	*5, 6, 8, 9*	**107,558**	167,916	292,060
Retirement cost	*14, 21*	**145,245**	125,181	115,753
Equity in net earnings of associates	*7*	**(9,423)**	(17,824)	(22,728)
Interest income	*4, 23*	**(7,667)**	(6,129)	(5,266)
Loss (gain) on disposal of property and equipment	*9*	**(1,556)**	(619)	(8,439)
Operating profit before working capital changes		**3,283,836**	2,600,826	4,000,487
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Receivables		**(262,604)**	822,593	(332,973)
Due from related parties		**(1,009)**	45,006	14,319
Inventories		**35,585**	(430,081)	1,079,692
Asset held for sale		**126,428**	-	-
Prepaid expenses and other current assets		**(53,528)**	(3,901)	(337,050)
Increase (decrease) in accounts payable and accrued expenses		**(391,634)**	(590,406)	(886,317)
Cash generated from operations		**2,737,074**	2,444,037	3,538,158
Interest received		**7,667**	6,129	5,243
Income taxes paid		**(100,258)**	(61,517)	(197,804)
Contribution to plan assets	*14*	**(36,000)**	(72,000)	(99,000)
Retirement benefits paid directly to employees	*14*	**(23,936)**	(32,400)	(50,721)
Net cash provided by operating activities		**2,584,547**	2,284,249	3,195,876

Forward

	Note	Years Ended December 31 2021	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of property and equipment		**P1,556**	P619	P8,514
Additions to:				
Property, plant and equipment	9	**(623,069)**	(1,118,255)	(867,771)
Bottles and cases	8	**(1,347,837)**	(1,003,727)	(1,607,614)
Intangibles	10	**(92,938)**	(42,129)	(264,053)
Decrease (increase) in other noncurrent assets		**15,248**	6,452	(14,108)
Net cash used in investing activities		**(2,047,040)**	(2,157,040)	(2,745,032)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from:	12			
Short-term debt		**10,350,000**	16,150,000	11,100,000
Long-term debt		**4,750,000**	3,000,000	1,000,000
Repayments of:	12			
Short-term debt		**(10,700,000)**	(17,050,000)	(10,850,000)
Long-term debt		**(4,647,500)**	(1,500,000)	(787,500)
Cash dividends paid	16	**-**	-	(162,526)
Debt issuance cost	12	**(35,625)**	(22,500)	(7,500)
Interest paid	9, 12	**(271,868)**	(362,370)	(347,988)
Payments of lease liability	28	**(184,247)**	(216,733)	(232,033)
Net cash provided by (used in) financing activities		**(739,240)**	(1,603)	(287,547)
NET INCREASE (DECREASE) IN CASH		**(201,733)**	125,606	163,297
CASH AT BEGINNING OF YEAR		**837,501**	711,895	548,598
CASH AT END OF YEAR	4	**P635,768**	P837,501	P711,895

See Notes to the Financial Statements.

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 of carbonated soft-drinks (CSD), non-carbonated beverages (NCB) 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, Muntinlupa City.

On May 16, 2014 and May 30, 2014, the Company's Board of Directors (BOD) and Stockholders approved (on the respective dates) the amendments to the Article of Incorporation, particularly on its primary purpose to engage in, operate, conduct and maintain the business of manufacturing, importing, buying, selling, handling, distributing, trading or otherwise dealing in, at wholesale and (to the extent allowed by law) retail, food and food products, snacks, confectionery drinks and other beverages in bottles, cans and other containers or dispensers and other related goods of whatever nature, and any and all materials, suppliers and other goods used or employed in or related to the manufacture of such finished products as well as the amendment of the Company's principal office address. The said amendments were approved by the Securities and Exchange Commission (SEC) on August 27, 2014.

As at December 31, 2021, 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
The financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs). PFRSs are based on International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB). PFRSs which are issued by the Philippine Financial Reporting Standards Council (FRSC), consist of PFRSs, Philippine Accounting Standards (PASs), and Philippine Interpretations.

The accompanying financial statements as at December 31, 2021 and 2020 and for each of the three years period ended December 31, 2021 were approved and authorized for issue by the Company's BOD on May 10, 2022. The BOD has the power to amend the financial statements after issuance.

Details of the Company's accounting policies are included in Note 3 to the financial statements.

Basis of Measurement
The financial statements have been prepared on the historical cost basis of accounting, except for Retirement benefits liability which is measured at the present value of the defined benefit obligation (DBO) less fair value of plan assets.

Functional and Presentation Currency
These financial statements 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
In preparation of these financial statements, management has made judgments, estimates and 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.

Estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized prospectively.

Judgments
Information about judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

- Note 27 - Classifying financial instruments
- Note 28 - Determination of whether an arrangement contains a lease
- Note 28 - Commitments, Contingencies and Losses

Assumptions and Estimation Uncertainties
Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets, liabilities and equity within the next financial year are included in the following notes:

- Note 5 - Estimation of allowance for impairment losses on receivables
- Note 28 - Commitments, Contingencies and Losses

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements, except for the changes in accounting policies explained below.

<u>Adoption of New Standard, Interpretation and Amendments to Standards</u>
The Company has adopted the following new standard, interpretation and amendments to standards starting January 1, 2021 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption did not have any significant impact on the Company's financial statements.

- *Amendments to PFRS 16, Leases (COVID-19-Related Rent Concessions).* The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The resulting accounting will depend on the details of the rent concession.

  The practical expedient will only apply if:

  - the revised consideration is substantially the same or less than the original consideration;

  - the reduction in lease payments relates to payments due on or before June 30, 2021; and

  - no other substantive changes have been made to the terms of the lease.

  The amendments are effective for periods on or after June 1, 2020. A lessee applies the amendments retrospectively and recognizes the cumulative effect of initially applying them in the opening retained earnings or other component of equity, as appropriate.

<u>Financial Instruments</u>
Date of Recognition. Financial instruments are recognized in the statements of financial position when the Company becomes a party to the contractual provisions of the instrument. Regular way purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date.

I. *Initial Recognition of Financial Instruments*
Financial instruments are recognized initially at fair value. Except for financial instruments designated as at fair value through profit or loss (FVPL), the initial measurement of financial assets includes transaction costs that are directly attributable to their acquisition cost or issue.

II. *Classification and Measurement*

The Company classifies its financial assets into the following categories: amortized cost, FVOCI - debt investment, FVOCI - equity investment, or FVTPL. The Company classifies its financial liabilities into financial liabilities at FVTPL and other financial liabilities. The classification of financial assets depends on both the business model in which the financial asset is managed and whether the cash flows from the financial asset represent, on specified date, solely payment of principal and interest (SPPI) on the principal amount outstanding. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets and there is a change in the contractual cash flow characteristics of the financial asset, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in business model.

As at December 31, 2021 and 2020, the Company does not have any financial assets and financial liabilities at FVTPL and FVOCI.

Financial Assets at Amortized Cost. A financial asset is measured at amortized cost if the asset is held within a business model whose objective is to collect contractual cash flows and its contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Such assets are recognized initially at fair value plus any incremental transaction cost.

After initial recognition, these financial assets are subsequently measured at amortized cost using the effective interest method, less any allowance for impairment losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Losses are recognized in profit or loss and reflected in the allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant account is written-off. Gains and losses are recognized in profit or loss when these financial assets are derecognized or impaired, as well as through amortization process. Financial assets at amortized cost are classified as current assets if maturity is within 12 months from the reporting date. Otherwise, these are classified as noncurrent assets.

Assessment whether Contractual Cash Flows are SPPI. For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;

- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Business Model Assessment. The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management; and
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

III. *Derecognition of Financial Instruments*

Financial Assets. A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the financial asset have expired;
- the Company retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Company has transferred its rights to receive cash flows from the financial asset and either: (a) has transferred substantially all the risks and rewards of the financial asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the financial asset.

When the Company has transferred its rights to receive cash flows from a financial asset and has neither transferred nor retained substantially all the risks and rewards of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Company's continuing involvement in the financial asset.

Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to pay.

Financial Liabilities. A financial liability is derecognized when the obligation is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the carrying amount of the original liability and the recognition of a new liability at fair value, and any resulting difference in the respective carrying amounts is recognized in profit or loss.

'Day 1' Profit. Where the transaction price in a non-active market is different from the fair value of other observable current market transactions of the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a 'Day 1' profit) in profit or loss. In cases where no observable data are used, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the 'Day 1' profit amount.

Offsetting Financial Instruments. Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position when, and only when, the Company has an enforceable legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements and the related assets and liabilities are presented gross in the statements of financial position.

Fair Value Measurement

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. exit price), regardless of whether that price is directly observable or estimated using another valuation technique. Where applicable, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

When measuring the fair values of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels of the fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 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).

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Inventories
Inventories are valued at the lower of cost and net realizable value (NRV). The cost of inventories (finished goods, work in process, raw and packaging materials and spare parts and supplies), which is determined using weighted average and is valued at standard cost method adjusted to approximate actual costs through the allocation of manufacturing variances on a periodic basis, includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing these inventories to their present location and condition. In the case of manufactured inventories and work in process, cost includes an appropriate share of production overheads based on normal operating capacity.

The NRV of finished goods is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale. The NRV of raw and packaging materials, spare parts and supplies is the estimated current replacement costs.

When inventories are sold, the carrying amounts of those inventories are recognized under "Cost of goods sold" account in the statements of profit or loss and other comprehensive income (loss) in the period when the related revenue is recognized.

Investments in Associates
Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies and which are neither subsidiaries nor joint ventures. The financial statements include the Company's share of the total recognized earnings and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. The application of the equity method of accounting is based on the Company's beneficial interest in the net profits and net assets of the associates. Distributions received from the associates reduce the carrying amount of the investments. Income and expense resulting from transactions between the Company and the associates are eliminated to the extent of the interest in the associates. When the Company's share of losses exceeds the cost of the investment in an associate, the carrying amount of that interest is reduced to nil and recognition of further losses is discontinued, except to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

The Company's investments in associates include an amount that represents the excess of acquisition cost of investment over the fair value of the net identifiable assets of the investee companies at the date of acquisition, net of impairment in value, if any.

The financial statements of the associates are prepared for the same period as the Company's financial statements.

Bottles and Cases
Bottles and cases include returnable glass bottles and cases stated at deposit values and the excess of the acquisition costs of returnable bottles and cases over their deposit values. Bottles and cases also include certain pallets acquired under finance lease. These assets are deferred and amortized using the straight-line method over their estimated useful lives (EUL) (5 years for returnable bottles and 7 years for cases and pallets) determined principally by their actual historical breakage and trippage. Amortization of bottles and cases commences once they are available for use and is recognized in profit or loss. An allowance is provided for excess, unusable and obsolete returnable bottles and cases based on the specific identification method.

Refundable customer deposits are collected from customers based on deposit value and refundable when the bottles and cases are returned to the Company in good conditions. These deposits are presented as part of "Trade payables - third parties" under "Accounts payable and accrued expenses" in the statements of financial position.

Property, Plant and Equipment

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any.

Initially, an item of property, plant and equipment is carried at cost, which comprises its purchase price and any directly attributable cost in bringing the asset to working condition and location for its intended use. Subsequent costs (including costs of replacing a part of an item of property, plant and equipment) that can be measured reliably are added to the carrying amount of the asset when it is probable that future economic benefits associated with the asset will flow to the Company. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are recognized in profit or loss as incurred.

Construction in-progress represents assets under construction and is stated at cost. This includes costs of construction and other direct costs. Construction in-progress is not depreciated until such time that the relevant assets are completed and put into operational use but tested for impairment losses. Assets under construction are transferred to the related property, plant and equipment account when the construction and installation and related activities necessary to prepare the property, plant and equipment for the intended use are completed and the property, plant and equipment are ready for services.

Major spare parts and stand-by equipment items that the Company expects to use over more than one period and can be used only in connection with an item of property, plant and equipment are accounted for as property, plant and equipment. Depreciation of these major spare parts and stand-by equipment commence once these have become available for use (i.e., when they are in the location and condition necessary for them to be capable of operating in a manner intended by the Company).

The EUL of property, plant and equipment are as follows:

	Number of Years
Machinery and other equipment	3 - 25
Buildings	20 - 40
Leasehold improvements	5 - 40 or term of the lease, whichever is shorter
Furniture and fixtures	10

Depreciation commence once the assets become available for use. Depreciation computed on a straight-line basis over the EUL of the assets. Leasehold improvements are depreciated over the shorter of their EUL and the corresponding lease terms.

The assets' residual values, EUL and depreciation methods are reviewed at each reporting date and adjusted, if appropriate, to ensure that the period and depreciation methods are consistent with the expected pattern of economic benefits from those assets. Any change in the expected residual values, EUL and methods of depreciation are adjusted prospectively from the time the change was determined necessary.

When an item of property, plant and equipment is disposed of, or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and accumulated depreciation and impairment losses, if any, are removed from the accounts and any resulting gain or loss arising from the retirement or disposal (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is recognized in profit or loss.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset acquired in a business combination is its fair value at the date of acquisition. Subsequently, intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditures are recognized in profit or loss in the year in which the related expenditures are incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized over the useful life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method used for an intangible asset with a finite useful life are reviewed at least at each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimate. The amortization expense on intangible assets with finite lives is recognized in profit or loss consistent with the function of the intangible asset.

Amortization of computer software and licenses is computed using the straight-line method over the estimated useful lives of ten years.

Gains or losses arising from the disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in profit or loss, when the asset is derecognized.

Impairment

Financial Assets

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following, which are measured as 12-month ECL:

- cash in bank that is determined to have low credit risk at the reporting date; and
- due from related parties for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contracts assets are always measured at an amount equal to lifetime ECL.

When determining whether credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument while 12-month ECLs are the portion of ECLs that result from default events that are possible default within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). Default is defined as financial assets for which contractual payments are more than 60 days past due. However, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into accounts any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. The maximum period over which the Company exposed to credit risk.

ECLs are probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether the financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 60 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

The carrying amount of the asset is reduced through the use of an allowance account. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. The financial asset, together with the associated allowance accounts, is written-off when there is no realistic prospect of future recovery and all collateral, if any, has been realized or has been transferred to the Company. Impairment loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal is recognized in profit or loss to the extent that the carrying amount of the asset does not exceed its amortized cost at the reversal date had no impairment loss been recognized.

Non-financial Assets
The carrying amounts of the Company's non-financial assets, such as investments in associates, bottles and cases, property, plant and equipment and other noncurrent assets, are reviewed at each reporting date to determine whether there is any indication that an asset may be impaired, or whether there is any indication that an impairment loss previously recognized for an asset in prior periods may no longer exist or may have decreased. If any such indication exists and when the carrying amount of an asset exceeds its estimated recoverable amount, the asset or cash-generating unit (CGU) to which the asset belongs is written-down to its recoverable amount. Recoverable amounts are estimated for individual assets or investments or, if it is not possible, for the CGU to which the asset belongs.

The recoverable amount of a non-financial asset is the greater of the asset's fair value less costs of disposal and its value in use. Fair value less costs of disposal is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, less the costs of disposal. Value in use is the present value of the future cash flows expected to be delivered from an asset or CGU. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash flows largely independent of those from other assets, the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is recognized in profit or loss in the year in which it arises. A previously recognized impairment loss is reversed only if there has been a change in estimates used to determine the recoverable amount of an asset, however, not to an amount higher than the carrying amount that would have been determined (net of any accumulated depreciation and amortization for property, plant and equipment and bottles and cases) had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized in profit or loss. After such reversal, the depreciation and amortization expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Provisions
A provision is a liability of uncertain timing or amount. It is recognized when the Company has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Provisions are revisited at each reporting date and adjusted to reflect the current best estimate. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessment of the time value of money, and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense under "Finance and other income (expenses)" account in statements of profit or loss and other comprehensive income (loss) (see Note 28).

Share Capital
Capital stock is recognized as issued when the stock is paid for or subscribed under a binding subscription agreement and is measured at par value. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

The amount of contribution in excess of par value is accounted for as "Additional paid-in capital." Additional paid-in capital also arises from additional capital contributions from the shareholders.

Retained Earnings and Dividend Distribution
Retained earnings represent the cumulative balance of periodic profit (loss), dividend distributions, prior period adjustments and effects of changes in accounting policy and capital adjustments.

Dividends on common shares are recognized as a liability and deducted from equity when approved by the BOD of the Company. Dividends for the year that are approved after the reporting date are dealt with as a non-adjusting event after the reporting date.

Other Comprehensive Income
Other comprehensive income are items of income and expenses that are not recognized in profit or loss for the year in accordance with PFRSs.

Revenue Recognition
Sale of Goods
Revenue is recognized as or when performance obligations are satisfied by transferring control of goods to the customer. Control is transferred at the time of delivery of the products to the customers, and under normal credit terms. Revenue is recognized to the extent that it is highly probable that a significant reversal will not occur. Therefore, sale of goods is measured at transaction price or the amount to which the Company expects to be entitled in exchange for transferring goods to customer, net of expected discounts, allowances, and certain payments to customers including but not limited to listing/slotting fees and display allowances for which no distinct goods or service is received.

Other Income
Other income is recognized in profit or loss when earned.

Cost and Expense Recognition
Expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are generally recognized when the expenses are incurred.

Cost of Goods Sold
Cost of goods sold includes direct material costs, labor and manufacturing expenses. This is recognized when the goods are delivered or when the expenses are incurred.

Selling, Distribution and Marketing Expenses
Selling, distribution and marketing expenses consist of costs associated with the development and execution of marketing promotion activities and all expenses connected with selling, servicing and distributing the Company's products. Selling, distribution and marketing expenses are generally recognized when the service is rendered or the expense is incurred.

General and Administrative Expenses
Expenses incurred in the general administration of the day-to-day operation of the Company are generally recognized when the service is rendered or the expense is incurred.

Employee Benefits

Short-term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined Benefit Plan

The Company has a funded, noncontributory, final salary defined benefit plan covering substantially all of its employees.

The Company's net obligation in respect of the defined benefit plan is calculated by estimating the amount of the future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of plan assets. The Company presents the amount of expected contribution to the plan assets in the next fiscal year as a current liability, while the remaining amount of the net defined benefit liability is presented as noncurrent.

The calculation of the DBO is performed on a periodic basis by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the DBO at the beginning of the annual period to the opening net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The Company's plan assets that are held by entities (trustees) that are legally separate and independent from the Company and exist solely to pay or fund the defined benefit plan, are not available to the Company's own creditors (even in bankruptcy), and cannot be returned to the Company, unless the remaining assets of the fund are sufficient to meet all the DBO of the plan or the Company.

Discontinued Operations

A discontinued operation is a component of the Company's business, the operations and cash flows can be clearly distinguished from the rest of the Company's operations which:

- represent a separate major line of business or geographic area of operations
- is part of a single-coordinated plant to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of the disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented if the operation as if the operation had been discontinued from the start of the comparative year.

Finance Income and Finance Expense

Finance income comprises interest income on bank deposit, net foreign currency gains on asset and liabilities and dividend income. Interest income is recognized in profit or loss as it accrues, using the effective interest method and is presented net of final tax. Dividend income, if any, is recognized in profit or loss on the date that the Company's right to receive payment is established.

Finance expense comprises interest expense on borrowings and net foreign currency loss on financial assets and liabilities. All finance expense are recognized in profit or loss as they accrue.

Leases

Company as a Lessee

The Company assessed whether a contract is, or contains, a lease, at inception of a contract. The Company recognized a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognized the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. The Company recognized depreciation of right-of-use asset and interest on lease liabilities in the statement of profit or loss and separates the total amount of cash paid into a principal portion and interest in the statement of cash flows.

Right-of-Use Asset

Measurement of right-of-use asset at commencement of the lease includes:

- Lease liability
- Initial direct costs
- Advance lease payments
- Obligations to refurbish leased assets less lease incentives received

Right-of-use assets are tested for impairment in accordance with PAS 36, *Impairments*.

The EUL of the right-of-use assets are the shorter of the lease term and the useful life of the underlying assets

Lease Liability

Measurement of lease liability at commencement of the lease is the present value of the total of the lease payments as described in the contract (including payments connected to the reasonably certain exercise of extension or termination options), discounted at the interest rate implicit in the lease contract (if readily determinable) or the lessee's incremental borrowing rate.

Lease payments that depend upon a rate or index are measured at commencement based on the rate or index in effect at that time, and are remeasured if or when the payments linked to the index or rates.

Variable lease payments that do not depend upon an index or rate (e.g. a percentage of sales or based on usage) are not included in the initial measurement of the right-of-use asset.

The lease liability determined at initial measurement should not exceed the fair value of the underlying asset. An excess of the lease liability value over the fair value of the underlying asset is an indicator that the discount rate being used is too low and must be reassessed.

The difference between the future value (undiscounted) of the total of lease payments and the lease liability represents the financial cost which is to be spread over the period of the lease in form of an annuity calculation.

The Company recognized the following in the statement of profit or loss:

- Depreciation calculated on the value of the asset;
- Interest expense which is part of the annuity calculation; and
- any amount of variable lease payments excluding amount that depend upon an index or rate.

Short-term Leases and Lease of Low-value Assets
The Company has elected not to recognize right-of-use assets and lease liabilities of low-value assets and short-term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Operating Leases
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rental income and expense from operating leases are recognized in profit or loss on a straight-line basis over the term of the lease.

Finance Leases
Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of fair value of the leased property and the present value of the minimum lease payments at the inception of the lease. Lease payments are apportioned between the finance cost and reduction of the outstanding lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance cost is recognized in profit or loss.

Capitalized leased assets are depreciated over the shorter of the EUL of the assets and the respective lease terms, unless it is with reasonable certainty that the Company will obtain ownership by the end of the lease term, in which case the asset is depreciated over its EUL.

Borrowing Costs
Interest and other finance costs incurred on borrowings used to finance property development are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset. The capitalization of borrowing costs: (a) commences when the activities to prepare the assets are in progress and expenditures and borrowing costs are being incurred; (b) is suspended during extended periods in which active development, improvement and construction of the assets are interrupted; and (c) ceases when substantially all the activities necessary to prepare the assets are completed. These costs are amortized using the straight-line method over the EUL of the related property, plant and equipment to which it is capitalized. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method. Other borrowing costs are generally expensed in the period in which these are incurred.

Foreign Currency Transactions
Transactions in foreign currencies are recorded in Philippine peso based on the prevailing exchange rates at the dates of the transactions. Foreign currency denominated monetary assets and liabilities are translated in Philippine peso using the exchange rates prevailing at the reporting date. Exchange gains or losses arising from translation of foreign currency denominated items at rates different from those at which they were previously recorded are recognized in profit or loss.

Nonmonetary items in foreign currencies that are measured in terms of historical cost are translated using the exchange rate at the date of transaction.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

Taxes
Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity or in other comprehensive income, in which case it is recognized in equity or in other comprehensive income, respectively.

Current Tax
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

Deferred Tax
Deferred tax assets and liabilities are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes and the carryforward tax benefits of unused net operating loss carryover (NOLCO), if any, and unused tax credits from excess minimum corporate income tax (MCIT) over the regular corporate income tax. Deferred tax is not recognized for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for carryforward tax benefits of unused NOLCO, unused tax credits from excess MCIT and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans of the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recognized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open years based on its assessment of many factors, including interpretation of tax laws and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

Value-added Tax (VAT)
Revenue, expenses and assets are recognized net of the amount of VAT except:

- where the VAT incurred on purchase of assets or services are not recoverable from the taxation authority, in which case, the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of VAT included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of "Prepaid expenses and other current assets" or "Accounts payable and accrued expenses" accounts in the statements of financial position.

<u>Earnings Per Share (EPS)</u>
Basic EPS is computed by dividing the profit applicable to common stock by the weighted average number of common shares outstanding during the period, with retroactive adjustments for any stock dividends declared.

Diluted EPS is calculated by dividing the profit attributable to common equity holders by the weighted average number of common shares outstanding during the year, adjusted for the effects of any potentially dilutive common shares.

Contingencies
Contingent liabilities are not recognized in the financial statements. These are disclosed in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When the realization of income is virtually certain, the related asset is not a contingent asset and its recognition is appropriate.

When losses are expected to be reimbursed by another party, the reimbursement should be recognized when and only when, it is virtually certain that the reimbursement will be received. The reimbursement shall be treated as a separate asset. The expense relating to a provision is presented net of the amount recognized for the reimbursement.

Events After the Reporting Date
Post year-end events that provide additional information about the Company's financial position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

Amendments to Standards Issued but Not Yet Adopted
A number of amendments to standards are effective for annual periods beginning after January 1, 2021. However, the Company has not applied the following new or amended standards in preparing these financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Company's financial statements.

The Company will adopt the following new standards and amendments to standards that are relevant to the Company in the respective effective dates:

- *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.

- Classification of Liabilities as Current or Noncurrent (Amendments to PAS 1, *Presentation of Financial Statements*). To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, the amendments:

  - removed the requirement for a right to defer settlement of a liability for at least 12 months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;

  - clarified that a right to defer settlement exists only if an entity complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date; and

  - clarified that settlement of a liability includes transferring an entity's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or noncurrent.

  The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2023, with early application permitted.

  In November 2021, the International Accounting Standards Board issued the *Exposure Draft, Non-Current Liabilities with Covenants* after considering stakeholder feedback on the December 2020 tentative agenda decision issued by the IFRS Interpretations Committee about the amendments. The exposure draft proposes to again amend PAS 1 as follows:

  - conditions which the entity must comply within twelve months after the reporting period will have no effect on the classification as current or non-current;

  - additional disclosure requirements will apply to non-current liabilities subject to such conditions to enable the assessment of the risk that the liability could become repayable within twelve months; and

  - separate presentation in the statement of financial position will be required for non-current liabilities for which the right to defer settlement is subject to conditions within 12 months after the reporting period.

  The effective date of the amendments will be deferred to no earlier than January 1, 2024.

  Comments on the Exposure Draft is due on March 21, 2022.

- *Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements).* The amendments are intended to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

  - requiring companies to disclose their material accounting policies rather than their significant accounting policies;

  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments to IFRS Practice Statement 2 includes guidance and additional examples on the application of materiality to accounting policy disclosures.

The amendments are effective from 1 January 2023. Earlier application is permitted.

- *Definition of Accounting Estimates (Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors).* To clarify the distinction between changes in accounting policies and changes in accounting estimates, the amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an accounting estimate is developed to achieve the objective set out by an accounting policy.

Developing an accounting estimate includes both selecting a measurement technique and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

The definition of accounting policies remain unchanged. The amendments also provide examples on the application of the new definition.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the amendments are applied.

4. Cash

Cash consists of:

	Note	**2021**	2020
Cash in banks	*27*	**P455,859**	P408,985
Cash on hand		**179,909**	428,516
		P635,768	P837,501

Cash in banks earns annual interest at the respective bank deposit rates.

Interest income earned from cash in banks amounted to P3.8 million, P2.3 million and P1.5 million in 2021, 2020 and 2019, respectively.

The Company's exposures to credit risk and interest rate risk are disclosed in Note 27 to the financial statements.

5. Receivables

Receivables consist of:

	Note	2021	2020
Trade receivables - third parties	27	**P1,720,848**	P1,346,188
Others	24, 27	**769,982**	893,056
		2,490,830	2,239,244
Less allowance for impairment losses and others		**358,856**	275,299
	27	**P2,131,974**	P1,963,945

Trade receivables are all current, noninterest-bearing and are generally on a 15 to 60 days' term. Other receivables consist mainly of receivables from employees, freight and marketing related reimbursements (see Note 24), which are normally collected in cash.

Impairment
The Company maintains an allowance for impairment losses at a level considered adequate to provide for ECL. The Company performs regular review of the age and status of these accounts, designed to identify accounts with expected credit losses and provides these with the appropriate allowance for impairment losses. The review is accomplished using lifetime ECL, with the impairment losses being determined for each risk grouping identified by the Company. The amount and timing of recorded expenses for any period would differ if the Company made different judgments. An increase in the allowance for impairment losses would increase the recorded operating expenses and decrease current asset.

The movements in the allowance for impairment losses on receivables are as follows:

		2021			2020		
	Note	Trade	Others	Total	Trade	Others	Total
Balance at beginning of year		**P197,808**	**P77,491**	**P275,299**	P158,270	P91,160	P249,430
Impairment losses recognized during the year	*18*	**57,314**	**37,261**	**94,575**	51,011	(7,570)	43,441
Write-offs during the year		**4,704**	**(15,722)**	**(11,018)**	(11,473)	(6,099)	(17,572)
Balance at end of year		**P259,826**	**P99,030**	**P358,856**	P197,808	P77,491	P275,299

Impairment losses recognized during the period are included as part of "Selling and distribution expenses" account in the statements of profit or loss and other comprehensive income (loss).

The Company's exposure to credit risk related to receivables is disclosed in Note 27 to the financial statements.

6. Inventories

Inventories consist of:

	2021	2020
Raw and packaging materials	**P2,270,575**	P2,853,527
Finished goods	**633,286**	920,612
Spare parts and supplies	**670,370**	422,664
Work in process	**7,572**	12,620
	P3,581,803	P4,209,423

Raw and packaging materials, finished goods, and work in process included in "Cost of goods sold" account in the statements of profit and loss and other comprehensive income (loss) amounted to P12.5 billion in 2021, P10.6 billion in 2020 and P13.9 billion in 2019 (see Note 17).

In determining the NRV of inventories, the Company considers inventory obsolescence based on specific identification and as determined by management for inventories estimated to be unsaleable in the future. The Company adjusts the cost of inventories to NRV at a level considered adequate to reflect any market decline in the value of the recorded inventories. The Company reviews, on a continuous basis, the product movement, changes in consumer demands and introduction of new products to identify inventories which are to be written-down to NRV. The amount and timing of recorded expense for any period would differ if different judgments were made or different estimates were utilized. The increase in inventory obsolescence and market decline would increase the recorded cost of goods sold and decrease current assets.

The cost of inventories stated at NRV are as follows:

	2021	2020
Raw and packaging materials	**P2,557,892**	P3,135,342
Finished goods	**749,275**	1,035,827
Spare parts and supplies	**639,368**	453,445
	P3,946,535	P4,624,614

Net write-down of inventories to NRV amounted to P12.9 million, P136.1 million, and P44.4 million for the years ended December 31, 2021, 2020 and 2019, respectively. The write-down of inventories to NRV which is directly related to production is included as part of "Cost of goods sold" account, otherwise it is recognized as part of "Operating expenses" account in the statements of profit and loss and other comprehensive income (loss).

7. Investments in Associates

Investments in associates consist of investments in other companies, which are incorporated under Philippine Laws, as follows:

	Percentage (%) of Ownership		Amount	
	2021	2020	**2021**	2020
Acquisition cost:				
Nadeco Realty Corporation (NRC)	**40%**	40%	**P231,490**	P231,490
Nadeco Holdings Corporation (NHC)	**40%**	40%	**132**	132
			231,622	231,622
Accumulated equity in net earnings:				
Balance at beginning of year			**421,586**	403,762
Equity in net earnings for the year			**9,423**	17,824
Balance at end of year			**431,009**	421,586
			P662,631	P653,208

Both NRC and NHC are incorporated in the Philippines.

The financial statements of the associates are prepared for the same reporting period as the Company's financial statements. The financial statements used for the purpose of applying equity method are the most recent management accounts of the associates as at December 31, 2021 and 2020.

None of the Company's equity-accounted associates are publicly listed entities and consequently, do not have published price quotations.

As at December 31, 2021 and 2020, the undistributed earnings of the associates included in the Company's retained earnings amounting to P431.0 million and P421.6 million respectively, is not available for distribution to stockholders unless declared by the associates. Equity in net earnings from investments in associates amounted to P9.4 million, P17.8 million and P22.7 million for the years ended December 31, 2021, 2020 and 2019, respectively.

Summarized below is the financial information pertaining to the Company's associates:

	As at and For the Year Ended December 31, 2021					
	Current Assets	**Noncurrent Assets**	**Current Liabilities**	**Noncurrent Liabilities**	**Revenues**	**Profit/Total Comprehensive Income**
NRC	**P64,584**	**P1,275,075**	**P549,992**	**P138,996**	**P31,775**	**P16,695**
NHC (consolidated)	**76,316**	**1,275,475**	**560,344**	**138,996**	**32,675**	**16,902**

	As at and For the Year Ended December 31, 2020					
	Current Assets	Noncurrent Assets	Current Liabilities	Noncurrent Liabilities	Revenues	Profit/Total Comprehensive Income
NRC	P3,795	P1,275,075	P786,831	P138,201	P31,775	P15,534
NHC (consolidated)	4,389	1,275,075	796,424	138,201	31,775	12,426

The associates do not have contingent liabilities incurred jointly with other investors. Also, the Company is not severally liable for all or part of the liabilities of the associates.

8. Bottles and Cases

Bottles and cases consist of:

	Note	**2021**	2020
Cost			
Gross Carrying Amount*			
Balance at beginning of year		**P14,840,312**	P13,815,544
Net change		**1,926,889**	1,024,768
Balance at end of year		**16,767,201**	14,840,312
Accumulated Amortization*			
Balance at beginning of year		**10,527,043**	9,145,789
Amortization for the year	*17, 18*	**1,280,012**	1,376,471
Other movements		**-**	4,783
Balance at end of year		**11,807,055**	10,527,043
		P4,960,146	P4,313,269

*This includes pallets with net book value of P176.0 million and P284.1 million as at December 31, 2021 and 2020, respectively.

Amortization
Amortization was charged to:

	Note	**2021**	2020	2019
Cost of goods sold	*17*	**P1,036,404**	P1,130,045	P1,283,508
Selling and distribution	*18*	**243,608**	246,426	114,796
		P1,280,012	P1,376,471	P1,398,304

The Company annually reviews the EUL of returnable bottles and cases based on the period over which the assets are expected to be available for use, principally determined by their historical breakage and trippage. It is possible that future financial performance could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the EUL of bottles and cases would increase the recorded amortization expense and decrease noncurrent assets.

Purchase Commitments
The Company has outstanding purchase commitments for the bottles and cases amounting to P388.8 million and P320.5 million as at December 31, 2021 and 2020, respectively.

Impairment
The Company provides an allowance for unusable containers at circulation that failed to meet the Company's quality standards and excess bottles as determined by management based on the containers profile and optimal float analyses conducted.

The Company assesses at each reporting date whether there is an indication that the bottles and cases may be impaired. Determining the amount of the assets, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Company to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Company to conclude that these assets are impaired. Any resulting impairment loss could have material impact on the financial position and financial performance of the Company. The preparation of the estimated future cash flows involves estimations and assumptions. While the Company believes that its assumptions are appropriate and reasonable, significant changes in these assumptions may materially affect the Company's assessment of the recoverable amounts and may lead to future additional impairment charges. An increase in the allowance for unusable containers would increase the recorded operating expenses and decrease noncurrent assets.

9. 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, 2019	P17,984,179	P3,990,593	P54,771	P1,597,244	P23,626,787
Additions	109,462	260,382	4,852	743,559	1,118,255
Disposals/write-offs/adjustments	(5,159)	-	-	-	(5,159)
Transfers/reclassifications	432,035	351,483	4,563	(788,081)	-
December 31, 2020	18,520,517	4,602,458	64,186	1,552,722	24,739,883
Additions	449,117	173,492	460	-	623,069
Disposals/write-offs/adjustments	(578,055)	(60)	-	(108,063)	(686,178)
Transfers/reclassifications	1,256,160	140,408	280	(1,396,848)	-
December 31, 2021	**19,647,739**	**4,916,298**	**64,926**	**47,811**	**24,676,774**
Accumulated Depreciation					
December 31, 2019	11,244,304	1,179,484	40,561	-	12,464,349
Depreciation	861,102	228,383	6,030	-	1,095,515
Disposals/write-offs/adjustments	(5,159)	-	-	-	(5,159)
Transfers/reclassifications	15	(15)	-	-	-
December 31, 2020	12,100,262	1,407,852	46,591	-	13,554,705
Depreciation	868,138	184,402	4,879	-	1,057,419
Disposals/write-offs/adjustments	(625,887)	(3,034)	(662)	-	(629,583)
December 31, 2021	**12,342,513**	**1,589,220**	**50,808**	-	**13,982,541**
Carrying Amount					
December 31, 2020	P6,420,255	P3,194,606	P17,595	P1,552,722	P11,185,178
December 31, 2021	**P7,305,226**	**P3,327,078**	**P14,118**	**P47,811**	**P10,694,233**

Depreciation

Depreciation were charged to:

	Note	**2021**	2020	2019
Cost of goods sold	*17*	**P774,378**	P845,513	P857,051
Selling and distribution	*18*	**251,964**	223,876	294,886
General and administrative	*19*	**31,077**	26,126	61,303
		P1,057,419	P1,095,515	P1,213,240

The Company annually reviews the EUL of property, plant and equipment based on the period over which the assets are expected to be available for use and updates those expectations if actual results differ from previous estimates due to physical wear and tear and technical or commercial obsolescence. It is possible that future financial performance could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the EUL of property, plant and equipment would increase the recorded depreciation and amortization expenses and decrease noncurrent assets.

The Company has ongoing corporate expansion projects or programs approved by the BOD. As a result of this expansion program, the Company spent for property, plant and equipment, intangible assets, as well as bottles and cases (see Note 8), amounting to P2.1 billion, P2.2 billion, and P2.7 billion for the years ended December 31, 2021, 2020, and 2019 respectively.

Impairment
The Company assesses at each reporting date whether there is an indication that its property, plant and equipment may be impaired. Determining the amount of the assets, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Company to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Company to conclude that these assets are impaired. Any resulting impairment loss could have material impact on the financial position and financial performance of the Company. The preparation of the estimated future cash flows involves estimations and assumptions. While the Company believes that its assumptions are appropriate and reasonable, an increase in impairment losses would decrease profit or loss and consequently, decrease equity. No impairment indicators exists on the Company's property, plant and equipment as at December 31, 2020 and 2019.

Disposal
Gain on disposal of property and equipment amounted to P1.6 million, P0.6 million, and P8.4 million in 2021, 2020 and 2019 respectively.

10. Intangible Assets

Intangible assets pertain to software and licenses. The movement in this account consists of the following:

	Note	**2021**	2020
Cost			
Balance at beginning of year		**P306,182**	P264,053
Additions the year		**92,938**	42,129
Balance at end of year		**399,120**	306,182
Accumulated Amortization			
Balance at beginning of year		**35,084**	-
Amortization during the year	*17, 18, 19*	**47,802**	35,084
Balance at end of year		**82,886**	35,084
Net Carrying Amount		**P316,234**	P271,098

11. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of:

	Note	2021	2020
Trade payables	*23*	**P4,276,041**	P4,527,673
Non-trade payables and accruals		**2,944,998**	3,146,337
Current portion of:			
Lease liability	*28*	**172,716**	338,676
Retirement liability	*14*	**99,000**	99,000
		P7,492,755	P8,111,686

The Company's trade payables mostly pertain to raw material purchases made by the Company and includes refundable customer deposits.

Non-trade payables and accruals mainly consist of withholding taxes, payables to other government agencies, accrued freight charges, tolling fees and other services and other items that are individually immaterial or insignificant.

The Company's exposure to liquidity risk related to accounts payable and accrued expenses is disclosed in Note 27 to the financial statements.

12. Short-term and Long-term Debt

a. *Short-term Debt*
As at December 31, 2021, the Company does not have any short term debts. As at December 31, 2020, this account represents unsecured, interest-bearing short-term loans from local banks, with various maturity dates up to February 16, 2021 These short-term loans were acquired to finance the Company's working capital requirements. Interest rates on the said loans are based on prevailing market rates.

Total proceeds from these short-term loans amounted to P10.35 billion and P16.15 billion in 2021 and 2020, respectively, while total payments totaled to P10.70 billion and P17.05 billion in 2021 and 2020, respectively. As at December 31, 2021 and 2020, the balance of short-term debt amounted to nil and P350.00 million, respectively.

b. *Long-term Debt*

This account consists of:

	2021	2020
7 year P800 million term loan from BPI	**P640,000**	P800,000
5 year P500 million term loan from Shinhan Bank	-	375,000
5 year P2.5 billion term loan from MBTC	-	1,875,000
5 year P1 billion term loan from BPI	**1,000,000**	1,000,000
5 year P2 billion term loan from BPI	**2,000,000**	-
3 year P500 million term loan from Industrial Bank of Korea (IBK)	-	62,500
3 year P250 million term loan from IBK	**250,000**	-
3 year P2 billion term loan from BDO	-	2,000,000
13 month P1 billion term loan from KEB HANA	**1,000,000**	1,000,000
5 year P1.5 billion term loan from Metropolitan Bank & Trust & Co. (MBTC)	**1,425,000**	-
5 year P1 billion term loan from MBTC	**950,000**	-
7 year P1 billion term loan each from Bank of the Philippine Islands (BPI)	-	50,000
	P7,265,000	P7,162,500
Current	**P2,075,314**	P1,267,157
Noncurrent	**5,156,342**	5,895,343
	P7,231,656	P7,162,500

Term Loan from MBTC

In March 2013, the Company entered into a loan agreement with MBTC amounting to P1 billion, to partially finance the Company's capital expenditure for its CSD and NCB business. The loan is unsecured and with a term of seven (7) years, payable in twenty (20) successive quarterly principal repayments to commence at the end of the 9th quarter from the initial drawdown date and with a fixed interest rate based on PDST-F at drawdown date plus certain spread. PDST-F rate is the average of the best sixty percent (60%) of the live bids of participating fixing banks in the secondary market for the 5-year Philippine peso-denominated Treasury bills and bonds. The Company has fully paid the loan in 2021

In March 2018, the Company entered into a P2.5 billion loan agreement with MBTC to refinance its short-term debt and partially finance its capital expenditures. The loan is unsecured and a term five (5) years payable in twelve (12) successive quarterly principal repayments to commence at the end of the 9th quarter from the drawdown date.

Under the terms of the long-term loan agreement with MBTC, the Company may, at its option, prepay the loan in full or in part without penalty, together with interest due. Prepayment shall be applied against the scheduled installment payments in the inverse order of their maturity. The Company shall give a notice of such prepayment not less than thirty (30) days prior to such proposed date of prepayment. In July 2021 the Company prepay the loan in full without any penalty.

In July 2021, the Company entered into a P3.5 billion loan agreement with MBTC to refinance its existing loans of which P1.5 billion was drawn on July 2021 and P1 billion was drawn in September 2021. The loan is unsecured and a term five (5) years payable in twenty (20) successive quarterly principal repayments.

The outstanding loan agreements with MBTC also provides for certain covenants, the more significant of which is the Company to maintain a Debt-to-equity ratio shall not exceed 3:1 based on the financial statements.

Term Loan from BPI

On October 16, 2013 and March 31, 2014, the Company entered into a loan agreement with BPI to refinance the Company's short-term debt totaling to P2 billion. The loans are unsecured and with a term of seven (7) years, payable in twenty (20) successive quarterly principal repayments to commence at the end of the 8th quarter from the initial drawdown date and with a fixed interest rate which shall be determined using the base rate plus a certain spread per annum on the drawdown date.

On December 28, 2018, the Company entered into a P800 million loan agreement with BPI to refinance or partially refinance its short-term bank loans. The loan is unsecured and with a term of seven (7) years, payable in twenty (20) equal quarterly principal repayments to commence at the end of the 9th quarter from the drawdown date.

On December 27, 2019, the company entered into a P1 billion loan agreement with BPI to refinance the Company's short-term bank loans. The loan is unsecured and a term five (5) years payable in twelve (12) equal quarterly installments to commence at the end of the 9^{th} quarter of the borrowing date.

On December 22, 2021, the company entered into a P2 billion loan agreement with BPI to refinance the Company's bank loans. The loan is unsecured and a term five (5) years payable in twelve (12) equal quarterly installments to commence at the end of the 9^{th} quarter of the borrowing date.

Under the terms of the long-term loan agreement with BPI, the Company may, at its option, prepay the loan in full or in part without penalty, together with interest due. Prepayment shall be applied against the scheduled installment payments in the inverse order of their maturity. The Company shall give a notice of such prepayment not less than thirty (30) days prior to such proposed date of prepayment.

In 2021 the Company was able to amend the financial covenants of its terms from its loans from BPI in which it would permit the Company to have Debt-to-equity ratio shall not exceed 3:1 based on the financial statements and waived the requirement of debt service coverage ratio.

Term Loan from Shinhan Bank

On March 23, 2018, the Company entered into a loan agreement with Shinhan Bank amounting to P500 million, to be used by the Company exclusively to refinance its short-term loans. The loan is unsecured and with a term of five (5) years, payable in twelve (12) successive quarterly principal repayments to commence at the end of the 9th quarter from the drawdown date and with a fixed interest rate.

Term Loan from IBK

On March 16, 2018, the Company entered into a loan agreement with IBK amounting to P500 million, to be used by the Company exclusively for financing its capital working loan. The loan is unsecured and with a term of three (3) years, payable in ten (10) successive quarterly principal repayments to commence at the end of the 5th quarter from the drawdown date and with a fixed interest rate.

Term Loan from BDO

On December 22, 2020, the Company entered into a loan agreement with BDO amounting to P2 Billion, to be used by the Company to refinance its short-term loans. The loan is unsecured and with a term of three (3) years, payable upon maturity from the drawdown date and with interest rates repriceable quarterly in arrears.

Under the terms of the long-term loan agreement with BDO, the Company may, at its option, prepay the loan in full or in part without penalty, together with interest due. Prepayment shall be applied against the scheduled installment payments in the inverse order of their maturity. The Company shall give a notice of such prepayment not less than thirty (30) days prior to such proposed date of prepayment. The loan was prepaid in full by the Company in December 2021.

The loan agreement also provides for certain covenants, the more significant of which are as follows:

- Debt-to-equity ratio shall not exceed 3:1 based on the financial statements;
- Debt service coverage ratio of 1:1 based on the financial statements.

Term Loan from KEB HANA

On December 23, 2020, the Company entered into a loan agreement with IBK amounting to P1 Billion, to be used by the Company for financing its working capital. The loan is unsecured and with a term of thirteen months, payable upon maturity from the drawdown date and with interest rates repriceable quarterly in arrears.

As at December 31, 2021 and 2020, the Company is compliant with all of the financial covenants of its loan agreements.

Interest expense on the above loans recognized in the statements of profit or loss and other comprehensive income (loss) amounted to P291.4 million, P345.2 million, and P354.0 million for the years ended December 31, 2021, 2020 and 2019 respectively. Amortization of debt issuance cost amounted to P68.9 million in 2021, P27.6 million in 2020 and P10.1 million in 2019.

Information about the Company's exposures to interest rate risk and liquidity risk are disclosed in Note 27 to the financial statements.

Repayment Schedule

As of December 31, 2021, the annual maturities of long-term debt are as follows:

Year	Gross Amount	Amortization of Debt Issuance Cost	Net
2022	P2,087,083	P11,769	2,075,314
2023	1,118,333	7,329	1,111,004
2024	1,691,250	9,486	1,681,764
2025	1,326,667	3,502	1,323,165
2026	1,041,667	1,258	1,040,409
	P7,265,000	P33,344	P7,231,656

Reconciliation of Opening and Closing Balances of Total Bank Debt

	Bank Debt	**Accrued Interest**	**Total**
Balance, December 31, 2020	P7,512,500	P13,895	P7,526,395
Proceeds - short term	10,350,000	-	10,350,000
Proceeds - long term	4,750,000	-	4,750,000
Interest expense	2,281	270,423	272,704
Payment of:			
Principal - short term	(10,700,000)	-	(10,700,000)
Principal - long term	(4,647,500)	-	(4,647,500)
Interest	-	(271,868)	(271,868)
Debt issuance cost	(35,625)	-	(35,625)
Balance, December 31, 2021	**P7,231,656**	**P12,450**	**P7,244,106**

13. Income Taxes

The components of the income tax expense are as follows:

	2021	2020	2019
Current tax expense	**P64,653**	P101,185	P188,943
Deferred tax expense (benefit) from origination and reversal of temporary differences and others	**(55,706)**	(323,330)	(71,021)
	P8,947	(P222,145)	P117,922

The details of the net deferred tax assets and liabilities are as follows:

2021	Balance at December 31, 2020	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance at December 31, 2021 Net	Deferred Tax Assets	Deferred Tax Liabilities
Net defined benefit liability	P317,446	P5,790	(P37,009)	P286,227	P286,227	P -
Allowance for impairment losses on bottles and cases, inventories and others	240,883	(53,459)	-	187,424	187,424	-
Bottles and cases	(878,017)	134,017	-	(744,000)	-	(744,000)
Property, plant and equipment - net	(140,726)	1,368	-	(139,358)	-	(139,358)
NOLCO	280,216	(78,179)	-	202,037	202,037	-
MCIT	101,185	46,169	-	147,354	147,354	-
Tax assets (liabilities) before set off	(79,013)	55,706	(37,009)	(60,316)	823,042	(883,358)
Set off of taxes	-	-	-	-	(635,881)	635,881
Net tax assets (liabilities)	(P79,013)	P55,706	(P37,009)	(P60,316)	P187,161	(P247,477)

2020	Balance at December 31, 2019	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance at December 31, 2020 Net	Deferred Tax Assets	Deferred Tax Liabilities
Net defined benefit liability	P255,531	P6,234	P55,681	P317,446	P317,446	P -
Allowance for impairment losses on bottles and cases, inventories and others	222,772	18,111	-	240,883	240,883	-
Bottles and cases	(743,550)	(134,467)	-	(878,017)	-	(878,017)
Property, plant and equipment - net	(192,777)	52,051	-	(140,726)	-	(140,726)
NOLCO	-	280,216	-	280,216	280,216	-
MCIT	-	101,185	-	101,185	101,185	-
Tax assets (liabilities) before set off	(458,024)	323,330	55,681	(79,013)	939,730	(1,018,743)
Set off of taxes	-	-	-	-	(804,600)	804,600
Net tax assets (liabilities)	(P458,024)	P323,330	P55,681	(P79,013)	P135,130	(P214,143)

Deferred tax expense relating to remeasurements of net defined benefit liability recognized in other comprehensive income amounted to P37.0 million, P55.6 million, and P61.3 million, in 2021, 2020 and 2019, respectively.

In 2021, the Company has incurred MCIT amounting to P46.2 million, which the Company would be able to recover until 2024.

In 2020, the Company has incurred NOLCO and MCIT amounting to P934 million and P101.2 million, respectively in which the Company would be able to recover until 2025 and 2023, respectively.

The Company reviews the carrying amounts of deferred tax assets at each reporting date and reduces the deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Company also reviews the expected timing and tax rates upon reversal of temporary differences and adjusts the impact of deferred tax accordingly. The Company's assessment on the recognition of deferred tax assets is based on the forecasted taxable income of the subsequent reporting periods. This forecast is based on the Company's past results and future expectations on revenues and expenses.

The Company has no unrecognized deferred tax assets as at December 31, 2021 and 2020.

The reconciliation of the income tax expense computed at the statutory income tax rate to the income tax expense shown in the statements of profit or loss and other comprehensive income (loss) is as follows:

	2021	2020	2019
Profit (loss) before tax	**P225,835**	(P721,309)	P416,648
Tax rate at statutory rate (2021-25%; 2020 and 2019 - 30%)	**P56,459**	(P216,393)	P124,994
Addition to (reductions in) income tax resulting from the tax effects of:			
Nondeductible expenses and others	**41**	285	178
Equity in net earnings of associates	**(2,356)**	(5,347)	(6,818)
Interest income subjected to final tax	**(163)**	(690)	(432)
Impact of CREATE Law	**(45,034)**		
	P8,947	(P222,145)	P117,922

Income tax expense (benefit) is distributed in the statement of profit or loss as follows:

	Note	2021	2020	2019
Continuing operations		**P8,947**	(P222,302)	P208,238
Discontinued operations	26	**-**	157	(90,316)
		P8,947	(P222,145)	P117,922

Bayanihan to Recover As One Act
On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

Enactment of Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act
On March 26, 2021, the President of the Philippines has approved the Republic Act (RA) No. 11534, or the "Corporate Recovery and Tax Incentives for Enterprises Act" (CREATE), with nine (9) provisions vetoed by the President. Below are the salient features of the Act that are relevant to the Company:

a. Corporate income tax rate is reduced from 30% to 20% for domestic corporations with net taxable income not exceeding P5 million and with total assets not exceeding P100 million. All other domestic corporations and resident foreign corporations will be subject to 25% income tax. Said reductions are effective July 1, 2020.

b. Minimum corporate income tax (MCIT) rate is reduced from 2% to 1% effective July 1, 2020 to June 30, 2023.

c. The imposition of improperly accumulated earnings tax has been repealed.

On April 8, 2021, the Bureau of Internal Revenue (BIR) issued the following implementing revenue regulations (RR) that are effective immediately upon publication:

- BIR RR No. 2-2021, *Amending Certain Provisions of Revenue Regulations No. 2-98, As Amended, to Implement the Amendments Introduced by Republic Act No. 11534, or the "Corporate Recovery and Tax Incentives for Enterprises Act" (CREATE), to the National Revenue Code of 1997, as Amended, Relative to the Final Tax on Certain Passive Income;*

- BIR RR No. 3-2021, *Rules and Regulations Implementing Section 3 of Republic Act (RA). No. 11534, Otherwise Known as the "Corporate Recovery and Tax Incentives for Enterprises Act" or "CREATE", Amending Section 20 of the National Internal Revenue Code of 1997, As Amended;*

- BIR RR No. 4-2021, *Implementing the Provisions on Value-Added Tax (VAT) and Percentage Tax Under Republic Act (RA) No. 11534, Otherwise Known as the "Corporate Recovery and Tax Incentives for Enterprises Act" (CREATE) Which Further Amended the National Revenue Code of 1997, as Amended, as Implemented by Revenue Regulations (RR) No. 16-2005 (Consolidated Value-Added Tax Regulations of 2005), As Amended;*

- BIR RR No. 5-2021, *Implementing the New Income Tax Rates on the Regular Income of Corporations, on Certain Passive Incomes, Including Additional Allowable Deductions from Gross Income of Persons Engaged in Business or Practice of Profession Pursuant to Republic Act (RA) No. 11534 or the "Corporate Recovery and Tax Incentives for Enterprises Act" (CREATE), Which Further Amended the National Revenue Code (NIRC) of 1997.*

14. Defined Benefit Plan

The Company has a funded, noncontributory, final salary defined benefit plan covering substantially all of its regular and full time employees. The Company has a Retirement Committee, which is composed mainly of the Company's employees, that sets the policies for the plan and has appointed two Philippine banks as trustees to manage the retirement fund pursuant to the plan. Annual cost is determined by a qualified actuary using the projected unit credit method. The latest actuarial valuation was made on December 31, 2021.

Under the existing regulatory framework, Republic Act 7641, *"The Retirement Pay Law,"* a company is required to provide retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided, however, that the employee's retirement benefits under collective bargaining and other agreement shall not be less than those provided for under the law. The law does not require minimum funding of the plan.

The determination of the Company's net defined benefit liability and retirement cost is dependent on the selection of certain assumptions used by the actuary in calculating such amounts. Remeasurements of the net defined benefit liability are recognized in other comprehensive income and comprise actuarial gains and losses on the net defined benefit liability, return on plan assets and any change in the effect of asset ceiling, excluding amounts included in the net interest on the net defined benefit liability.

The following table shows reconciliation from the opening balances to the closing balances for net defined benefit liability and its components:

	DBO		Fair Value of Plan Assets		Net Defined Benefit Liability	
	2021	2020	**2021**	2020	**2021**	2020
Balance at January 1	**P1,196,739**	P977,202	**(P127,812)**	(P114,660)	**P1,068,927**	P862,542
Included in Profit or Loss						
Current service cost	**108,174**	85,879	**-**	-	**108,174**	85,879
Interest expense	**44,431**	48,164	**-**	-	**44,431**	48,164
Interest income	**-**	-	**(7,360)**	(8,862)	**(7,360)**	(8,862)
	152,605	134,043	**(7,360)**	(8,862)	**145,245**	125,181
Remeasurements loss (gain):						
Actuarial loss (gain):						
- financial assumptions	**(40,960)**	169,984	**-**	-	**(40,960)**	169,984
- experience adjustment	**16,880**	20,872	**-**	-	**16,880**	20,872
Return on plan assets excluding interest income	**-**	-	**9,800**	(5,252)	**9,800**	(5,252)
	(24,080)	190,856	**9,800**	(5,252)	**(14,280)**	185,604
Others						
Contributions paid	**-**	-	**(36,000)**	(72,000)	**(36,000)**	(72,000)
Benefits paid directly by the Company	**(23,936)**	(32,400)	**-**	-	**(23,936)**	(32,400)
Benefits paid	**(40,662)**	(72,962)	**40,662**	72,962	**-**	-
	(64,598)	(105,362)	**4,662**	962	**(59,936)**	(104,400)
Balance at December 31	**P1,260,666**	P1,196,739	**(P120,710)**	(P127,812)	**P1,139,956**	P1,068,927

The current portion of defined benefit liability (included under "Accounts payable and accrued expenses" account in the statements of financial position) amounted to P99.0 million as at December 31, 2021 and 2020, respectively, while the noncurrent portion (included under "Other noncurrent liabilities" account in the statements of financial position) amounted to P1,041 million and P969.9 million as at December 31, 2021 and 2020, respectively.

Retirement cost is allocated between "Cost of goods sold" account in the statements of profit or loss and other comprehensive income (loss), which amounted to P9.3 million, P8.6 million and P8.1 million for the years ended December 31, 2021, 2020, and 2019, respectively, and "Operating expenses" account in the statements of profit or loss and other comprehensive income (loss), which amounted to P135.9 million, P116.6 million and P107.6 million for the years ended December 31, 2021, 2020 and 2019, respectively (see Notes 17, 18, 19 and 21).

As at December 31, 2021 and 2020, the present value of DBO amounting to P1,064 million and P1,196.7 million, respectively, pertains to active members.

Principal actuarial assumptions used in determining retirement cost at reporting date (expressed as weighted averages) are as follows:

	2021	2020
Discount rate	**5.00%**	3.75%
Rate of future salary increase	**6.00%**	5.00%

Plan assets at December 31 comprised:

	2021	2020
Cash and cash equivalents	**P8,186**	P8,436
Debt securities:		
Investment in government securities	**102,644**	109,573
Investment in debt securities	**6,623**	6,608
	109,267	116,181
Investment in equity securities*		
Food and drink	**2,927**	2,865
Holding Company	**330**	330
	3,257	3,195
Others	**-**	8,436
Total	**P120,710**	P136,248

*Includes investment in NHC amounting to P330 thousand

Debt and equity instruments have quoted prices in active markets. All government bonds and securities are issued by the Philippine government, which are rated "BBB+" by Standard and Poor's Financial Services.

Other financial assets held by the Plan are primarily receivables and payables.

Maturity analysis of the benefit payments:

During the Year Ending December 31	Expected Benefit Payments
2021	P23,572
2022	55,864
2023	66,355
2024	30,553
2025	76,782
2026 through December 31, 2030	572,344

Sensitivity Analysis
Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected DBO by the amounts shown below:

2021		**Sensitivity Analysis**	**Effect on DBO**
Discount rate	**6.00%**	1.00% increase	**-11.11%**
Discount rate	**4.00%**	1.00% decrease	**13.28%**
Rate of salary increase	**7.00%**	1.00% increase	**13.01%**
Rate of salary increase	**5.00%**	1.00% decrease	**-11.11%**

2020		Sensitivity Analysis	Effect on DBO
Discount rate	4.75%	1.00% increase	-11.61%
Discount rate	2.75%	1.00% decrease	13.98%
Rate of salary increase	6.00%	1.00% increase	13.65%
Rate of salary increase	4.00%	1.00% decrease	-11.59%

As at December 31, 2021 and 2020, the weighted-average duration of the DBO is 12.21 years and 13.33 years, respectively.

These defined benefit plans expose the Company to actuarial risks, such as longevity risk, interest rate risk, and market (investment) risk.

The Retirement Committee reviews the level of funding required for the retirement fund. Such a review includes the asset-liability matching (ALM) strategy and investment risk management policy. The Company's ALM objective is to match maturities of the plan assets to the retirement benefit obligation as they fall due. The Company monitors how the duration and expected yield of the investments are matching the expected cash outflows arising from the retirement benefit obligations.

The Company's expected contribution to the plan for the year 2021 is P99 million. Any future contribution to the plan is determined taking into account the cash flow and financial condition as at the date of intended contribution, as well as other factors as the Company may consider relevant.

The Company's funding policy is to contribute to the Plan's fund as required under actuarial principles to maintain the fund balance in sound condition. In addition, the Company reserves the right to discontinue, suspend or change the rate and amount of the contributions to the fund at any time due to the business necessity or economic conditions.

15. Share Capital

Capital stock consists of:

	Years Ended December 31					
	2021		2020		2019	
	Shares	**Amount**	Shares	Amount	Shares	Amount
Authorized - P0.15 par value per share	**5,000,000,000**	**P750,000**	5,000,000,000	P750,000	5,000,000,000	P750,000
Issued, fully paid and outstanding balance at beginning/end of year	**3,693,772,279**	**P554,066**	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.

The Company has approximately 812 and 598 holders of common equity securities as at December 31, 2021 and 2020, respectively, based on the number of accounts registered with the Stock Transfer Agent. The PCD Nominee Corporation (Filipino) and (Non-Filipino) were considered as two holders.

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 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 12).

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

	2021	2020
(a) Debt*	**P7,231,656**	P7,512,500
(b) Total equity	**P8,707,696**	P8,513,537
Debt to equity ratio (a/b)	**0.83:1**	0.88:1

* Pertains to bank debts

16. Retained Earnings

On June 20, 2019, the Company's BOD approved the declaration of cash dividends amounting to P162.5 million or P0.044 per share to all stockholders on record as of July 16, 2019 and was paid on August 9, 2019. The Company obtained the consents from its lenders prior to declaring dividends in 2019.

As at December 31, 2021, the Company has retained earnings of P6,987,632 (as adjusted per Revised Securities Regulation Code Rule 68), and share capital of P1,751,435. The Company has a dividend policy to declare dividends to stockholders of record, which are paid out of its unrestricted retained earnings. Any future dividends it pays will be at the discretion of the BOD after taking into account the following: the Company's earnings; cash flows; financial position; loan covenants; capital and operating progress (see Note 9); and other factors as the BOD may consider relevant. Subject to the foregoing, the policy is to pay up to 50% of the annual profit as dividends. In addition, the Company must obtain prior written consent from its lenders before it can declare or pay any cash dividends or redeem or repurchase any outstanding share or make any capital or asset distribution to its stockholders (see Note 12).

Under the Revised Corporation Code of the Philippines, stock corporations are prohibited from retaining surplus profits in excess of one hundred percent (100%) of their paid-in capital stock, except:

- When justified by definite corporate expansion projects or programs approved by the Board of Directors;
- When the Corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not yet been secured; or
- When it can be clearly shown that such retention is necessary under special circumstances, such as when there is a need for reserve for probable contingencies.

As at December 31, 2021, the Company has no appropriation over the excess retained earnings.

17. Cost of Goods Sold

Cost of goods sold consists of:

	Note	**2021**	2020	2019
Materials and supplies used, and taxes	*6, 24*	**P22,309,421**	P20,432,589	P21,941,889
Depreciation and amortization	*8, 9, 10, 20, 28*	**1,816,219**	1,207,340	2,111,284
Delivery and freight		**1,222,079**	1,979,583	2,150,298
Personnel expenses	*14, 21*	**276,658**	578,347	617,195
Rental and utilities	*28*	**21,814**	23,572	494,992
Others		**847,649**	1,215,677	1,054,512
		P26,493,840	P25,437,108	P28,370,170

The "Others" account includes repairs and maintenance, outside services and other various items of manufacturing overhead which are individually insignificant.

18. Selling and Distribution

Selling and distribution expenses consist of:

	Note	**2021**	2020	2019
Distribution		**P1,313,257**	P1,142,154	P1,014,554
Delivery and freight		**1,335,813**	1,235,115	1,022,811
Personnel expenses	*14, 21*	**670,735**	645,714	671,358
Depreciation and amortization	*8, 9, 10, 20, 28*	**495,767**	537,286	564,712
Rental and utilities	*28*	**98,724**	197,107	160,285
Sales commission		**170,461**	151,840	159,994
Taxes		**142,106**	139,620	159,696
Others	*5, 8*	**164,409**	287,211	332,259
		P4,391,272	P4,336,047	P4,085,669

The "Others" account includes impairment losses on receivables and unusable containers, and various individually insignificant items.

19. General and Administrative

General and administrative expenses consist of:

	Note	2021	2020	2019
Personnel expenses	*14, 21*	**P686,485**	P547,405	P686,490
Outside services		**48,753**	42,819	220,314
Rental and utilities	*28*	**52,583**	81,886	108,992
Depreciation	*9, 10, 20, 28*	**73,247**	55,867	61,303
Others		**244,001**	250,147	133,513
		P1,105,069	P978,124	P1,210,612

The "Others" account includes other items that are individually immaterial.

20. Depreciation and Amortization

Depreciation and amortization are distributed as follows:

	Note	2021	2020	2019
Cost of goods sold	*17*	**P1,816,219**	P1,207,340	P2,111,284
Selling and distribution	*18*	**495,767**	537,286	564,712
General and administrative	*19*	**73,247**	55,867	61,303
		P2,385,233	P1,800,493	P2,737,299

21. Personnel Expenses

Personnel expenses consist of:

	Note	2021	2020	2019
Salaries and wages		**P1,488,634**	P1,646,285	P1,859,290
Retirement cost	*14*	**145,244**	125,181	115,753
		P1,633,878	P1,771,466	P1,975,043

The above amounts are distributed as follows:

	Note	2021	2020	2019
Cost of goods sold	*17*	**P276,658**	P578,347	P617,195
Selling and distribution	*18*	**670,735**	645,714	671,358
General and administrative	*19*	**686,485**	547,405	686,490
		P1,633,878	P1,771,466	P1,975,043

22. Basic/Diluted Earnings Per Share

Basic EPS is computed as follows:

	2021	2020	2019
Profit (loss) for the year attributable to equity holders of the Company (a)	**P216,888**	(P499,051)	P298,726
Number of issued shares at beginning and end of year	**3,693,772,279**	3,693,772,279	3,693,772,279
Number weighted average number of shares outstanding (b)	**3,693,772,279**	3,693,772,279	3,693,772,279
Basic/diluted EPS (a/b)	**P0.06**	(P0.14)	P0.08

As at December 31, 2021, 2020 and 2019, the Company has no dilutive equity instruments.

23. 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 stockholders.

Related party transactions are shown under the appropriate accounts in the financial statements 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	*23a*	**2021**	**P -**	**P -**	**P -**		
			2020	3,277	-	-		
			2019	7,745	-	-		
Associates	Advances	*23b, 23c*	**2021**	**1,009**	**508,993**	**-**	**Collectible on demand**	**Unsecured; no impairment**
			2020	-	507,984	-	Collectible on demand	Unsecured; no impairment
			2019	-	552,990	-	Collectible on demand	Unsecured; no impairment
	Various	*23b*	**2021**	**15,165**	**-**	**-**		
			2020	15,165	-	-		
			2019	15,165	-	-		
Affiliates	Purchases	*24a*	**2021**	**5,898,112**	**-**	**(849,409)**	**42 days non interest bearing**	
			2020	5,340,168	-	(1,449,683)	42 days non interest bearing	
			2019	5,838,209	-	(1,719,687)	42 days non interest bearing	
	Coopable Marketing	*24b*	**2021**	**335,653**	**-**	**244,029**		**Unsecured; no impairment**
			2020	357,752	-	439,089		Unsecured; no impairment
			2019	477,000	-	512,772		Unsecured; no impairment
Key Management Personnel	Short-term employee benefit	*23d*	**2021**	**90,246**	**-**	**-**		
			2020	116,866	-	-		
			2019	130,644	-	-		
	Post-employment benefits	*23d*	**2021**	**2,338**	**-**	**-**		
			2020	2,540	-	-		
			2019	2,540	-	-		
			2021		**P508,993**	**(P605,380)**		
			2020		P507,984	(P1,010,594)		
			2019		P552,990	(P1,206,915)		

*Entity with significant influence over the Company

The above outstanding balances of due from related parties are unsecured and expected to be settled in cash. No impairment losses have been recognized in 2021 and 2020 in respect of amounts of due from related parties as these are considered to be collectible.

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

a. The Company purchased finished goods from Lotte Chilsung Beverage Co., Ltd. a major stockholder. Total purchases for the years ended December 31, 2021. 2020 and 2019 amounted to nil P3.28 million and P7.7 million, respectively.

b. The Company leases parcels of land where some of its bottling plants are located. Rental expenses recognized under "Cost of goods sold" and "Operating expenses" accounts in the statements of profit or loss and other comprehensive income (loss) amounted to P28.9 million for the year ended December 31, 2018. Amortization expense for the right-of-use asset for the leased parcels of lands where recognized under "Cost of goods sold" and "Operating expenses" accounts in the statements of profit or loss and other comprehensive income (loss) amounted P15.2 million for the years ended December 31, 2021 and 2020. The Company has advances to NRC amounting to P38.0 million as at December 31, 2021, which bear interest at a fixed rate of 10% per annum and which are unsecured and collectible on demand. The related interest income amounting to P3.8 million each for the years ended December 31, 2021, 2020 and 2019 is recognized as part of "Other income - net" under "Finance and other income (expenses)" account in the statements of profit or loss and other comprehensive income (loss). The Company also has outstanding net receivables from NRC amounting to P467.19 million and P464.24 as at December 31, 2021 and 2020, respectively, which are unsecured and collectible on demand. The advances and receivables are included under "Due from related parties" account in the statements of financial position.

c. The Company has outstanding working capital advances to NHC, an associate, amounting to P3.8 million as at December 31, 2021 and 2020, and which are unsecured and collectible on demand. The advances are included under "Due from related parties" account in the statements of financial position.

d. In addition to their salaries, the Company also provides non-cash benefits to key management personnel and contributes to a defined benefit plan on their behalf. There are no agreements between the Company and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits for which they may be entitled under the Company's retirement plan.

Transactions with the Defined Benefit Plan
The Company's retirement fund is being held in trust by trustee banks.

As at December 31, 2021 and 2020, the fair value of the retirement fund amounted to P120.7 million and P127.8 million, respectively. The retirement fund consists of government and debt securities, equities and other items such as cash and cash equivalents, receivables and payables, which accounted for 91%, 3%, 7%, and 0% of plan assets, respectively in 2021 and 90%, 7%, 2%, and 1% of plan assets, respectively in 2020 (see Note 14). The retirement plan has no investments in the Company or any receivables from the Company.

The Company made contributions to the retirement fund amounting to P36.0 million and P72.0 million in 2021 and 2020, respectively.

24. 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 P5.9 billion and P5.3 billion for the years ended December 31, 2021 and 2020. The Company's outstanding payable to CMSPL (included under "Accounts payable and accrued expenses" account in the statements of financial position) as at December 31, 2021 and 2020 amounted to P849.4 million and P1.4 billion, respectively. Total purchases from Pepsi Lipton amounted to P31.4 million, P82.5 million and P56.4 million for the years ended December 31, 2021, 2020 and 2019, 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 P9.8 million and nil as at December 31, 2021 and 2020, 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 P335.7 million, P357.8 million, P477.0 million and P666.1 million for the years ended December 31, 2021, 2020, and 2019, respectively. The Company's outstanding receivable from CMSPL included under "Receivables" account in the statements of financial position, which are unsecured and are payable on demand, amounted to P244.0 million and P439.1 million as at December 31, 2021 and 2020, 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.

25. Revenue Disaggregation

(Amounts in Millions)	**2021**	2020	2019
Carbonated Soft Drink	**P22,992**	P23,368	P26,215
Non Carbonated Beverage	**9,790**	7,274	8,970
	P32,782	P30,642	P35,185

26. Discontinued Operations

In September 2019, the Company's BOD approved the closure of its snacks production line and to initiate negotiations for the discontinuation of the locally-made Cheetos with PepsiCo, to focus on and strengthen the Company's core business lines. Consequently, the Company has classified the assets related to the disposal group as asset held for sale with a net carrying amount of P491.4 million.

Total write-down to net realizable amount of the disposal group amounting to P197 million.

In December 2019, the Company has identified certain assets within the disposal group that would still be used for the Company's current operation which was reclassified as part of "Property, plant & equipment" with a net carrying amount of P167.0 million.

During October 2021 the Company has completed the process of selling the asset held for sale.

As at December 31, 2021 and 2020, the carrying amount of the asset held for sale amounted to P126.4 million.

Results of discontinued operations for 2020 and 2019 are as follows:

	2020	2019
Net sales	P2,888	P31,960
Cost and expenses	2,513	140,136
Results from operating activities	375	(108,176)
Other income (expenses)	148	(192,878)
Profit or loss before tax	523	(301,054)
Income tax benefit (expense)	(157)	90,316
Profit or loss from discontinued operations	P366	(P210,738)
Basic/Diluted loss per share	P0.00	(P0.06)

Cashflows from (absorbed by) operating activities amounted to P0.3 million, P53.4 million, and (P36.3 million), in the years ended December 31, 2020, 2019, and 2018, respectively. Cashflows used in investing activities amounted to P12.0 million and P163.4 million in the years ended December 31, 2018 and 2017, respectively. There was no allocated cash flows from investing activities for the period ended, December 31, 2021 and 2020.

27. Financial Risk Management and Financial Instruments

Classifying Financial Instruments

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 of the Company 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 Company's 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.

<u>Credit Risk</u>
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 amounts of the financial assets represent the Company's maximum credit exposure before effect of any collateral and any master netting agreements. The maximum exposure to credit risk as at December 31 is as follows:

	Note	**2021**	220
Cash in banks	*4*	**P455,859**	P408,985
Receivables - net	*5*	**2,131,974**	1,963,945
Due from related parties	*23*	**508,993**	507,984
Total credit exposure		**P3,096,826**	P2,880,914

The Company has a 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.

Collaterals are required from customers for credit limit applications that exceed certain thresholds. The Company has policies for acceptable collateral securities that may be presented upon submission of credit applications. Collaterals include bank guarantees, time deposits, surety bonds, real estate and/or chattel mortgages. The aggregate fair market value of these collateral securities amounted to P220.6 million P265.5 million as at December 31, 2021 and 2020, respectively. Total amount of receivables that have collateral amounted to P194.8 million as at December 31, 2021 and 2020.

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.

As at December 31, the aging analysis per class of financial assets is as follows:

December 31, 2021

	Neither Past Due nor Impaired	Past Due but not Impaired			Impaired	Total
		1 to 30 Days	31 to 60 Days	More than 60 Days		
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

December 31, 2020

	Neither Past Due nor Impaired	Past Due but not Impaired			Impaired	Total
		1 to 30 Days	31 to 60 Days	More than 60 Days		
Cash in banks	P408,985	P -	P -	P -	P -	P408,985
Receivables:						
Trade	484,923	371,358	162,644	129,456	197,808	1,346,189
Others	524,778	183,521	(78,513)	185,778	77,491	893,055
Due from related parties	507,984	-	-	-	-	507,984
	1,926,670	554,879	84,131	315,234	275,299	3,156,213
Less allowance for impairment losses	-	-	-	-	275,299	275,299
	P1,926,670	P554,879	P84,131	P315,234	P -	P2,880,914

As at December 31, 2021 and 2020, there was an allowance for impairment loss of P275.3 million and P249.4 million, respectively, relating to trade and other receivables.

The Company believes that the unimpaired amounts that are past due by more than thirty (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 Company's exposure to credit risk arises from default of the counterparty. There is no significant concentration of credit risk within the Company.

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 is 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 high grade quality financial assets, where the counterparties 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.

ECL Assessment

Trade and Other Receivables
The Company allocates each exposure to a credit risk based on data that is determined to be 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.

The following table provides information about the exposure to credit risk for trade and other receivables as at December 31, 2021 and 2020:

2021

	Gross Carrying Amount	**Impairment Loss Allowance**	**Credit-impaired**
Current (not past due)	**P858,270**	P -	No
1 - 30 days past due	**682,528**	-	No
31 - 60 days past due	**130,503**	-	No
More than 60 days past due	**819,529**	**358,856**	Partially
Balance at December 31, 2021	**P2,490,830**	**P358,856**	

2020

	Gross Carrying Amount	Impairment Loss Allowance	Credit-impaired
Current (not past due)	P1,009,701	P -	No
1 - 30 days past due	554,879	-	No
31 - 60 days past due	84,131	-	No
More than 60 days past due	590,533	275,299	Partially
Balance at December 31, 2020	P2,239,244	P275,299	

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 ECL 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 ECL and the 12-month ECL are similar.

Cash in Banks
The Company held cash in banks amounting to P455.9 million and P436.1 million as at December 31, 2021 and 2020, 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 P509.0 million and P508.0 million as at December 31, 2021 and 2020, 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 ECL 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 maintains the following credit facilities:

- Total commitment as at December 31, 2021 and 2020 under the line of credit is P19.0 billion and P16.1 billion, respectively, of which the Company had drawn P7.3 billion and P7.7 billion, respectively, under letters of credit, short-term loans and term loans. All facilities under the omnibus lines and term loans bear negotiated interest at floating rates consisting of a margin over current Philippine treasury rates; and

- P1.4 billion domestic bills purchased line, which are available as at December 31, 2021 and 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 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**
Other noncurrent liabilities	**1,356,822**	**431,663**	**201,547**	**230,116**
	P15,873,181	**P15,497,528**	**P9,680,390**	**P5,817,138**

**Excluding statutory payables and defined benefit liability amounting to P594.02 million*

	As at December 31, 2020			
	Carrying Amount	Contractual Cash Flow	One Year or Less	More than One Year
Financial Liabilities				
Short-term debt	P350,000	P351,750	P351,750	P -
Accounts payable and accrued expenses *	7,316,871	7,316,871	7,316,871	-
Long-term debt	7,124,640	7,865,797	1,618,865	6,246,932
Other noncurrent liabilities	947,427	411,845	198,542	213,303
	P15,738,938	P15,946,263	P9,486,028	P6,460,235

**Excluding statutory payables, accrual for operating leases and defined benefit liability amounting to P772.02 million*

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 financial 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 outflow 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 profit 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 P4.1 billion and P8.1 billion and as at December 31, 2021 and 2020, 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 debt, long-term debt and finance lease obligation. In 2020, the Company has acquired term-loans from banks totaling to P3.0 billion, whose interest rates are repriced every quarter, which is the Company's exposure to interest rate risk as at December 31, 2020. The Company's long term debt as at December 31, 2021 are repriced every certain period which is the Company's exposure to interest rate risk as at December 31, 2021.

Sensitivity Analysis
An increase in the interest rate by 50 basis points would decrease net income and equity by P27.24 million and P10.25 million as at December 31, 2021 and 2020, respectively. A 50 basis points decrease in the interest rates would have had the equal but opposite effect on the net income and equity, on the basis that all other variables remain constant.

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 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 December 31, 2021 and 2020.

Fair Values
As at December 31, 2021 and 2020, 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. The Company's long term-debt approximates its fair values as its interest rates are repriced every certain period.

The table below shows the carrying amounts and fair values of financial assets and liabilities, including their level of the fair value hierarchy. The table below does not include the fair value information for financial assets and liabilities not measured at fair value if the carrying amounts are the reasonable approximation of their fair values.

2020	Valuation Technique	Significant Unobservable Inputs	Carrying Amount	Level 1	Level 2	Level 3	Total
Type							
Long-term debt	Discounted cash flows	Not applicable	P7,124,640	P -	P7,267,342	P -	P7,267,342

There were no transfers between level 1, 2, 3 of the fair value hierarchy.

28. Commitments, Contingencies and Losses

a. Leases
The Company leases certain warehouses, facilities and automobiles for a period of one to twenty-five years, renewable for another one to twenty-five years. The Company has determined that all significant risks and rewards of ownership of these properties remain with the lessors and the lease do not provide for an option to purchase or transfer ownership of the property at the end of the lease.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. The right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Company's accounting policies.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

Information about leases for which the Company is a lessee is presented below in accordance with PFRS 16.

i. Right-of-Use Assets

Right-of-use assets related to leased properties such as warehouses, facilities, and vehicles whose lease terms are more than twelve months.

	2021	2020
Balance at beginning of year	**P301,136**	P422,983
Additions to right-of-use assets	**304,685**	38,582
Amortization	**(117,236)**	(160,429)
Balance at end of year	**P488,585**	P301,136

Amortization
Amortization of right-of-use assets was charged to:

	Note	**2021**	2020	2019
Cost of goods sold	*17*	**P76,213**	P78,274	P31,036
Selling and distribution	*18*	**40,787**	82,095	129,359
General and Administration		**236**	60	-
		P117,236	P160,429	P160,395

ii. Lease Liabilities

	2021	2020
Balance at beginning of year	**P338,676**	P476,021
Additions to lease liabilities	**306,110**	38,618
Interest expense	**28,046**	40,771
Payments made	**(184,247)**	(216,734)
Balance at end of year	**P488,585**	P338,676

Current portion Lease liabilities are presented under "accounts payable and accrued expense" account amounting to P172.72 million and noncurrent portion of lease liabilities are presented are presented under "other noncurrent liabilities" account amounting to P315.87 million as at December 31, 2021, respectively.

Expenses related to lease of low value assets amounted to P173,121, P302,565 and P764,269 in 2021, 2020 and 2019, respectively.

The following table sets out the maturity analysis of lease payments, showing the undiscounted lease payments to be paid after the reporting date:

	2021	2020	2019
Less than one year	**P201,547**	P198,542	P349,172
Between one and five years	**189,879**	168,061	178,566
More than five years	**40,237**	45,424	57,891
	P431,663	P412,027	P585,629

Total lease payments amounted to P357,368, P519,298 and P996,302 in 2021, 2020 and 2019, respectively.

b. The Company is currently involved in various tax, legal and administrative proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside legal counsels handling the Company's defense relating to these matters and is based upon an analysis of potential results. The Company received a Final Demand on Disputed Assessment from the Bureau of Internal Revenue (BIR) for tax assessments relating to various taxes covering the taxable year June 30, 2010 and taxable period from July 1 to December 31, 2010 totaling P1.5 billion. Consequently, the Company filed a petition for review before the Court of Tax Appeals. Also, the Company received a Final Assessment Notice from the BIR for tax assessments relating to value added taxes covering the taxable year December 31, 2019 totaling P1.3 billion. The Company filed a protest letter before the BIR. As at the reporting date, these proceedings are still ongoing. The Company does not believe that these proceedings will have material adverse effect on its financial statements based on the assessment of the management's legal counsels. It is possible, however, that future financial performance could be affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings.

KPMG

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REPORT OF INDEPENDENT AUDITORS

The Stockholders and Board of Directors
Pepsi-Cola Products Philippines, Inc.
Km. 29, National Road
Tunasan, Muntinlupa City

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of Pepsi Cola Products Philippines, Inc. (the "Company") as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, included in this Form 17-A, and have issued our report thereon dated May 13, 2022.

Our audits were made for the purpose of forming an opinion on the basic financial statements of the Company taken as a whole. The supplementary information included in the following accompanying additional components is the responsibility of the Company's management. Such additional components include: Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration; Map of the Group of Companies Within which the Company Belongs; Supplementary Schedules of Annex 68-E; and Schedule of Financial Soundness Indicators. This supplementary information is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

R.G. MANABAT & CO.

VERNILO G. YU
Partner
CPA License No. 108798
SEC Accreditation No. 1815-A, Group A, valid until August 20, 2023
Tax Identification No. 225-454-652
BIR Accreditation No. 08-001987-035-2021
Issued June 29, 2021; valid until June 28, 2024
PTR No. MKT 8854090
Issued January 3, 2022 at Makati City

May 13, 2022
Makati City, Metro Manila

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION AS OF DECEMBER 31, 2021

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

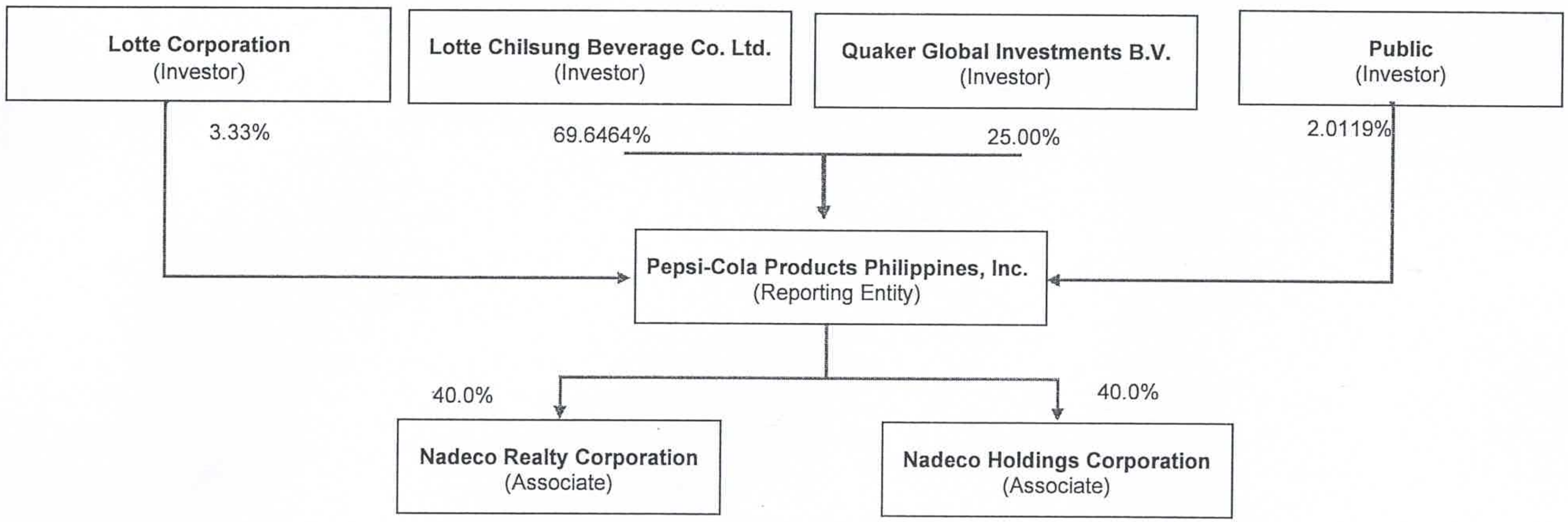
26th Floor, Filinvest Axis Tower Two Building, Northgate Cyberzone,
Filinvest City, Muntinlupa City.

Unappropriated Retained Earnings, beginning		P7,230,248
Adjustments:		
Less: Equity in income of associates	P421,586	
Add: Deferred tax expense	18,264	
Unappropriated Retained Earnings, as adjusted, beginning		**6,826,926**
Net Income based on the face of AFS	225,835	
Less: Non-actual/unrealized income net of tax	-	
Equity in net income of associates	9,423	
Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents)	-	
Unrealized actuarial gain	-	
Deferred tax benefit	55,706	
Fair value adjustments (M2M gains)	-	
Fair value adjustments of Investment Property resulting to gain	-	
Adjustment due to deviation from PFRS/GAAP - gain	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	
Sub-total	160,706	
Add: Non-actual losses	-	
Deferred tax expense	-	
Depreciation on revaluation increment (after tax)	-	
Adjustment due to deviation from PFRS/GAAP - loss	-	
Loss on fair value adjustment of investment property (after tax)	-	
Net Income Actual/Realized		**160,706**
Dividends declared and paid during the year		**-**
Unappropriated Retained Earnings, as adjusted, ending		**P6,987,632**

**The Company must obtain prior written consent from its lenders before it can declare or pay any cash dividends or redeem or repurchase any outstanding share or make any capital or asset distribution to its stockholders.*

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

Map of Group of Companies Within which the Company Belongs
As at December 31, 2021



PEPSI-COLA PRODUCTS PHILIPPINES, INC.
SCHEDULE A. FINANCIALS ASSETS

Name of Issuing entity and association of each issue (i)	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet (ii)	Valued based on market quotation at balance sheet date (iii)	Income received and accrued

NOT APPLICABLE

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

SCHEDULE B. AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN AFFILIATES).

Name and Designation of debtor (i)	Balance at beginning of period	Additions	Amounts collected (ii)	Amounts written off (iii)	Current	Not Current	Balance at end of period
Nadeco Realty Corp.	P500,505,957	P321,769	P -	P -	P500,827,726	P -	P500,827,726
Nadeco Holdings Corp.	7,478,026	687,401	-	-	8,165,427	-	8,165,427
Employees	32,151,661	139,393,522	153,782,384	-	17,762,799	-	17,762,799
Totals	**P540,135,644**	**P140,402,692**	**P153,782,384**	**P -**	**P526,755,952**	**P -**	**P526,755,952**

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

SCHEDULE C. AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF SEPARATE FINANCIAL STATEMENTS

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected (i)	Amounts written off (ii)	Current	Not Current	Balance at end of period

NOT APPLICABLE

PEPSI-COLA PRODUCTS PHILIPPINES, INC.
SCHEDULE D. INTANGIBLE ASSETS - OTHER ASSETS

Description (i)	Beginning balance	Additions at cost (ii)	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions) (iii)	Ending balance
Intangible Assets	P264,052,563	P42,129,790	P35,084,024	P -	P -	P271,098,329
Totals	**P264,052,563**	**P42,129,790**	**P35,084,024**	**P -**	**P -**	**P271,098,329**

PEPSI-COLA PRODUCTS PHILIPPINES, INC.
SCHEDULE E. LONG TERM DEBT

Title of Issue and type of obligation (i)	Lender	Outstanding Balance	Amount shown under caption "Current portion of long-term debt" in related balance sheet (ii)	Amount shown under caption "Long-Term Debt" in related balance sheet (iii)	Interest Rates	Number of Periodic Installments	Final Maturity
Long-term debt	Metropolitan Bank Trust & Co.	1,425,000,000	P296,305,695	P1,120,166,681	5.05% and 5.71%	20	July 2026
Long-term debt	Metropolitan Bank Trust & Co.	950,000,000	197,537,130	746,777,787	4.55% and 4.74%	20	July 2026
Long-term debt	Bank of the Philippine Islands	640,000,000	159,016,863	477,937,784	6.71%	20	December 2025
Long-term debt	Bank of the Philippine Islands	1,000,000,000	331,467,632	663,802,478	4.75%	12	December 2024
Long-term debt	Bank of the Philippine Islands	2,000,000,000	-	1,991,407,433	4.50%	10	December 2026
Long-term debt	KEB Hana Bank	1,000,000,000	997,639,231	-	3.20%	1	Janunary 2022
Totals		**P7,015,000,000**	**P1,981,966,551**	**P5,000,092,163**			

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

SCHEDULE F. INDEBTEDNESS TO RELATED PARTIES (LONG TERM LOANS FROM RELATED PARTIES)

Name of Related Parties (i)	Balance at beginning of period	Balance at end of period (ii)

NOT APPLICABLE

PEPSI-COLA PRODUCTS PHILIPPINES, INC.
SCHEDULE G. GUARANTEES OF SECURITIES OF OTHER ISSUERS

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding (i)	Amount owned by person for which statement is filed	Nature of guarantee (ii)

NOT APPLICABLE

PEPSI-COLA PRODUCTS PHILIPPINES, INC.
SCHEDULE H. CAPITAL STOCK

Title of Issue (2)	Number of Shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by affiliates (3)	Directors, officers and employees	Others
Common Shares	5,000,000,000	3,693,772,279	-	2,482,833,603	200,009	1,210,738,667
Totals	**5,000,000,000**	**3,693,772,279**	**-**	**2,482,833,603**	**200,009**	**1,210,738,667**

PEPSI-COLA PRODUCTS PHILIPINES, INC.
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

Ratio	Formula (Amounts in Thousands)		Years Ended December 31 2021	2020
Current ratio	Total current assets over total current liabilities		**0.8:1**	0.8:1
	Total current assets	P7,530,596		
	Divided by: Total current liabilities	9,568,069		
	Current ratio	**0.8**		
Solvency ratio	Profit plus depreciation and amortization over total liabilities		**0.2:1**	0.1:1
	Net Profit	P216,888		
	Add: Depreciation and amortization	2,502,468		
	Total	2,719,356		
	Divide: Total liabilities	16,328,710		
	Solvency ratio	**0.2**		
Bank debt-to-equity ratio	Total bank debt over total equity		**0.8:1**	0.9:1
	Short-term debt	P0		
	Current portion of long-term debt	2,075,314		
	Long-term debt - net of current portion	5,156,342		
	Bank debt	7,231,656		
	Total equity	8,707,696		
	Bank to debt equity	**0.8**		
Debt-to-equity ratio	Total liability over total equity		**1.87:1**	1.97:1
	Total Debt	P16,328,710		
	Total Equity	8,707,696		
	Debt to equity ratio	**1.88**		
Asset-to-equity ratio	Total assets over total equity		**2.9:1**	3.0:1
	Total assets	P25,036,406		
	Total equity	8,707,696		
	Asset to equity ratio	**2.9**		

Interest rate coverage ratio	Profit before interest and taxes over interest expense Profit before tax P225,835 Interest expense 321,375 Profit before interest and tax 547,210 Divided by: Interest expense 321,375 **Interest rate coverage ratio 1.7**	**1.7:1**	-0.9:1
Operating profit margin	Operating profit over net sales Operating profit 456,243 Divided by: Net sales 32,782,077 **Operating profit margin 1.4%**	**1.4%**	-1.5%
Net profit margin	Profit over net sales Net profit P216,888 Divided by: Net sales 32,782,077 **Net profit margin 0.7%**	**0.8%**	-1.6%

ANNEX E

QUARTERLY REPORT (SEC FORM 17-Q)

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

	Note	For The Three Months Ended March 31	
		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.

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

<u>Statement of Compliance</u>
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.

<u>Basis of Measurement</u>
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.

<u>Functional and Presentation Currency</u>
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.

<u>Use of Judgments and Estimates</u>
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**	**Constructio n 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

<u>Share Capital</u>
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.

<u>Capital Management</u>
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

Classifying Financial Instruments

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**			**Impaired**	**Total**
		1 to 30 days	**31 to 60 days**	**More than 60 days**		
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			Impaired	Total
		1 to 30 Days	31 to 60 Days	More than 60 Days		
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