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)
758	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.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
RECEIVED
APR 15 2024
BY: ERWIN PACINIO
LT DOCUMENT PROCESSING AND QUALITY ASSURANCE DIVISION

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

FINANCIAL STATEMENTS
December 31, 2023, 2022 and 2021

With Independent Auditors' Report

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, 2023 and 2022, 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, 2023, and notes, comprising material 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, 2023 and 2022, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2023, 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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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, Material 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 manual journal entries to identify unusual or irregular items.

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, 2023, 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, 2023 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.

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- 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, actions taken to eliminate threats or safeguards applied.

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
Tax Identification No. 225-454-652
BIR Accreditation No. 08-001987-035-2024
Issued March 26, 2024; valid until March 26, 2027
PTR No. MKT 10075209
Issued January 2, 2024 at Makati City

April 15, 2024
Makati City, Metro Manila

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
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APR 15 2024
BY: ERWIN PACINIO
LT DOCUMENT PROCESSING AND QUALITY ASSURANCE DIVISION

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, 2023 and 2022**, and for each of the three years in the period ended December 31, 2023, 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.

OSCAR S. REYES
Chairman of the Board

PHYO PHYU NOE
President and Chief Executive Officer

ELMER JOSEPH N. YANGA
Chief Finance Officer

Signed this April 12, 2024

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
APR 15 2024

REPUBLIC OF THE PHILIPPINES)
Quezon City) S.S.

SUBSCRIBED AND SWORN TO before me in the City of Quezon City on 15 APR 2024 by:

Name	Competent Evidence of Identity	Valid Until
Oscar S. Reyes	Passport No. P0615079C	June 20, 2032 / DFA NCR East
Phyo Phyu Noe	Passport No. MH697303	July 14, 2028 / Moha, Yangon
Elmer Joseph N. Yanga	Passport No. 566708737	February 4, 2032 United State of America

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. 365;
Page No. 36;
Book No. I;
Series of 2024.

ATTY. JOHN KENNETH E. ESTRELLA
NOTARY PUBLIC FOR AND IN QUEZON CITY
Until December 31, 2024
7th Floor, Legal and Legislative Division, BIR National Office Building,
Sen. Miriam P. Defensor-Santiago Avenue, Diliman, Quezon City
ADM. MATTER NO. NP-525 (2023-2024)
Roll of Attorneys No. 85648 / 05-02-23
IBP No. 342441, 385291; 05/09/23 & 01/02/24; Quezon City
PTR No. 5452398; 01/02/24; Quezon City

BUREAU OF INTERNAL REVENUE
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LT DOCUMENT PROCESSING AND QUALITY ASSURANCE DIVISION

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

	Note	December 31 2023	2022
ASSETS			
Current Assets			
Cash	*4, 26*	**P554,168**	P680,967
Receivables - net	*5, 24, 26*	**2,873,434**	3,007,028
Inventories	*6*	**5,494,340**	5,820,132
Due from related parties	*23, 26*	**491,250**	493,078
Prepaid expenses and other current assets		**668,320**	811,115
Total Current Assets		**10,081,512**	10,812,320
Noncurrent Assets			
Investments in associates*	*7*	**676,259**	674,580
Bottles and cases - net	*8*	**4,330,590**	4,516,412
Property, plant and equipment - net	*9*	**10,467,494**	11,250,798
Right-of-use and related assets	*3, 27*	**592,255**	484,977
Intangible assets	*10*	**234,920**	277,369
Deferred tax assets	*13*	**288,214**	-
Other noncurrent assets		**190,238**	197,513
Total Noncurrent Assets		**16,779,970**	17,401,649
		P26,861,482	P28,213,969
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	*11, 14, 24, 26, 27*	**P8,070,196**	P10,719,320
Short-term debt	*12, 26*	**2,217,500**	2,050,000
Current portion of long-term debt	*12, 26*	**2,106,342**	1,118,333
Total Current Liabilities		**12,394,038**	13,887,653
Noncurrent Liabilities			
Long-term debt - net of current portion	*12, 26*	**5,314,260**	4,034,941
Deferred tax liabilities	*13*	**-**	116,730
Other noncurrent liabilities	*14, 26, 27*	**1,514,389**	1,227,104
Total Noncurrent Liabilities		**6,828,649**	5,378,775
Total Liabilities		**19,222,687**	19,266,428
Equity			
Share capital	*15*	**1,751,435**	1,751,435
Remeasurement losses on net defined benefit liability	*14*	**(280,688)**	(203,451)
Retained earnings*	*16*	**6,168,048**	7,399,557
Total Equity		**7,638,795**	8,947,541
		P26,861,482	P28,213,969

See Notes to the Financial Statements.

**2022 balance adjusted, see Note 7.*

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	2023	2022	2021
NET SALES	*25*	**P40,255,905**	P38,357,204	P32,782,077
COST OF GOODS SOLD	*17*	**33,238,283**	31,821,706	26,493,840
GROSS PROFIT		**7,017,622**	6,535,498	6,288,237
OPERATING EXPENSES				
Selling and distribution	*18*	**5,490,951**	4,753,988	4,391,272
General and administrative	*19*	**1,478,956**	1,213,913	1,105,069
Marketing	*24*	**721,598**	376,192	335,653
		7,691,505	6,344,093	5,831,994
OPERATING PROFIT (LOSS)		**(673,883)**	191,405	456,243
FINANCE AND OTHER INCOME (EXPENSES)				
Equity in net earnings of associates*	*7*	**1,679**	11,949	9,423
Interest income	*4, 23*	**4,075**	1,079	7,667
Interest expense	*12, 27*	**(627,334)**	(282,075)	(321,375)
Other income (loss) - net		**(208,121)**	87,715	73,877
		(829,701)	(181,332)	(230,408)
PROFIT (LOSS) BEFORE TAX*		**(1,503,584)**	10,073	225,835
INCOME TAX EXPENSE (BENEFIT)	*13*	**(272,075)**	57,654	8,947
PROFIT (LOSS) FOR THE YEAR		**(1,231,509)**	(47,581)	216,888
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*	**(77,237)**	287,424	(22,729)
TOTAL COMPREHENSIVE INCOME (LOSS)		**(P1,308,746)**	P239,843	P194,159
Basic/Diluted Earnings Per Share*	*22*	**(P0.33)**	(P0.01)	P0.06

See Notes to the Financial Statements.

**2022 balance adjusted, see Note 7.*

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

Years Ended December 31

	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)	P7,230,250	P8,513,539
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)	P7,447,138	P8,707,698

Forward

Years Ended December 31

	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, 2022	P554,066	P1,197,369	P1,751,435	(P490,875)	P7,447,138	P8,707,698
Total Comprehensive Income (loss)						
Loss for the year*	-	-	-	-	(47,581)	(47,581)
Other comprehensive gain - net	-	-	-	287,424	-	287,424
Total Comprehensive Income	-	-	-	287,424	(47,581)	239,843
Balance as at December 31, 2022	P554,066	P1,197,369	P1,751,435	(P203,451)	P7,399,557	P8,947,541

Forward

	Years Ended December 31					
	Share Capital					
	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, 2023	**P554,066**	**P1,197,369**	**P1,751,435**	**(P203,451)**	**P7,399,557**	**P8,947,541**
Total Comprehensive loss						
Loss for the year	-	-	-	-	(1,231,509)	(1,231,509)
Other comprehensive loss - net	-	-	-	(77,237)	-	(77,237)
Total Comprehensive loss	-	-	-	(77,237)	(1,231,509)	(1,308,746)
Balance as at December 31, 2023	**P554,066**	**P1,197,369**	**P1,751,435**	**(P280,688)**	**P6,168,048**	**P7,638,795**

See Notes to the Financial Statements.

**2022 balance adjusted, see Note 7.*

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

	Note	2023	2022	2021
		Years Ended December 31		
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit (loss) before tax*		**(P1,503,584)**	P10,073	P225,835
Adjustments for:				
Depreciation and amortization	*8, 9, 10, 20, 27*	**2,442,180**	2,552,297	2,502,469
Interest expense	*12, 27*	**622,082**	278,659	321,375
Impairment losses on receivables, inventories, bottles and cases, and machinery and equipment	*5, 6, 8, 9*	**543,312**	192,923	107,558
Retirement cost	*14, 21*	**149,379**	161,698	145,244
Equity in net earnings of associates*	*7*	**(1,679)**	(11,949)	(9,423)
Interest income	*4, 23*	**(4,075)**	(1,079)	(7,667)
Loss (gain) on disposal of property and equipment	*9*	**12,457**	(1,829)	(1,556)
Operating profit before working capital changes		**2,260,072**	3,180,793	3,283,835
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Receivables		**39,924**	(995,423)	(262,604)
Due from related parties		**1,828**	15,915	(1,009)
Inventories		**150,581**	(2,509,073)	35,585
Asset held for sale		**-**	-	126,428
Prepaid expenses and other current assets		**142,795**	(205,950)	(53,528)
Increase (decrease) in accounts payable and accrued expenses		**(2,550,538)**	3,410,033	(391,633)
Cash generated from operations		**44,662**	2,896,295	2,737,074
Interest received		**4,075**	1,079	7,667
Income taxes paid		**(107,123)**	(30,153)	(100,258)
Contribution to plan assets	*14*	**(3,900)**	(36,600)	(36,000)
Retirement benefits paid directly to employees	*14*	**(91,171)**	(29,377)	(23,936)
Net cash provided by (used in) operating activities		**(153,457)**	2,801,244	2,584,547

Forward

	Note	2023	2022	2021
			Years Ended December 31	
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of property and equipment		**P1,327**	P1,829	P1,556
Additions to:				
Property, plant and equipment	9	**(639,675)**	(1,718,976)	(623,069)
Bottles and cases	8	**(952,340)**	(567,294)	(1,347,837)
Intangibles	10	**(5,514)**	(4,771)	(92,938)
Decrease (increase) in other noncurrent assets		**7,276**	(693)	15,248
Net cash used in investing activities		**(1,588,926)**	(2,289,905)	(2,047,040)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from:	12			
Short-term debt		**26,817,500**	23,175,000	10,350,000
Long-term debt		**3,400,000**	-	4,750,000
Repayments of:	12			
Short-term debt		**(26,650,000)**	(21,125,000)	(10,700,000)
Long-term debt		**(1,118,333)**	(2,087,083)	(4,647,500)
Debt issuance cost	12	**(25,500)**	-	(35,625)
Interest paid	12	**(561,598)**	(252,296)	(271,868)
Lease payments	27	**(246,485)**	(176,761)	(184,247)
Net cash provided by (used in) financing activities		**1,615,584**	(466,140)	(739,240)
NET INCREASE (DECREASE) IN CASH		**(126,799)**	45,199	(201,733)
CASH AT BEGINNING OF YEAR		**680,967**	635,768	837,501
CASH AT END OF YEAR	4	**P554,168**	P680,967	P635,768

See Notes to the Financial Statements.

**2022 balance adjusted, see Note 7.*

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.

Pepsi-Cola Products Philippines, Inc.'s Parent Company is Lotte Chilsung Beverage., Ltd., who is incorporated under the laws of South Korea. The ultimate parent company is Lotte Corporation, that is incorporated under the laws of South Korea. The Company's another major shareholder is, Quaker Global Investments B.V. have 25.00% shareholdings of the Company, which is 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 and Sustainability Reporting Standards Council (FSRSC), consist of PFRSs, Philippine Accounting Standards (PASs), and Philippine Interpretations.

The accompanying financial statements as at December 31, 2023 and 2022 and for each of the three years period ended December 31, 2023 were approved and authorized for issue by the Company's BOD on April 12, 2024. 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 26 - Classifying financial instruments
- Note 27 - Determination of whether an arrangement contains a lease
- Note 27 - 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 27 - Commitments, Contingencies and Losses

3. Material 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.

Adoption of New Standard, Interpretation and Amendments to Standards
The Company has adopted the following new standard, interpretation and amendments to standards starting January 1, 2023 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption did not have any significant impact on the Company's financial statements.

- *Disclosure of Accounting Policies (Amendments to PAS 1 Presentation of Financial Statements and PFRS Practice Statement 2 Making Materiality Judgements).* The amendments are intended to help companies provide useful accounting policy disclosures. The key amendments to PAS 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 PFRS Practice Statement 2 includes guidance and additional examples on the application of materiality to accounting policy disclosures, assisting companies to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

  The Company reviewed the accounting policies and although the amendments did not result in any changes to the accounting policies themselves, updates were made to the accounting policy information disclosed in Note 3 Material Accounting Policies in certain instances in line with the amendments.

- *Definition of Accounting Estimates (Amendments to PAS 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 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 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.

- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to PAS 12 Income Taxes).* The amendments clarify that the initial recognition exemption does not apply to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning obligations.

  For leases and decommissioning liabilities, the associated deferred tax assets and liabilities will be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other appropriate component of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

Financial Instruments

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, 2023 and 2022, 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.

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.

Prepaid Expenses and other current assets
Prepaid expenses and other current assets are expenses paid in cash and recorded as assets before they are used or consumed, as the service or benefit will be received in the future. Prepaid expenses are recognized as expense either with the passage of time or through use or consumption.

Prepayments are included in current assets, except when the related goods or services are expected to be received or rendered more than twelve months after the end of the reporting date, in which case, these are classified as non-current assets. These prepaid expenses and other current assets are individually immaterial to the financial statements.

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 27).

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.

<u>Employee Benefits</u>
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.

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.

<u>As a Lessor</u>
At inception or modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone price.

When the Company act as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, the asset is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the lease in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset.

The Company classifies the sublease as a finance lease or an operating lease as follows:

- If the head lease is a short-term lease that the entity, as a lessee, has accounted for by recognizing the lease payments as an expense on a straight-line basis over the term of the lease, the sublease must be classified as an operating lease.
- Otherwise, the sublease must be classified by reference to the right-of-use asse arising from the head lease, rather than by reference to the economic useful life of the underlying asset (such as the item of property, plant or equipment that is the subject of the lease).

When the Company enters into a sublease agreement it:

- Derecognizes the right-of-use asset relating to the head lease that it transfers to the sub-lessee, and recognizes the net investment in the sublease.
- Recognizes any difference between the right-of-use asset and the net investment in the sublease in profit or loss.
- Retains the lease liability relating to the head lease in its statement of financial position, which represents the lease payments owed to the head lessor.

During the term of the lease the Company as an intermediate lessor recognized finance income on the sub-lease and interest expense on the head lease.

If an arrangement contains lease and non-lease components, then the Company applies PFRS 15 to allocate the consideration in the contract.

The Company applies the derecognition and impairment requirements in PFRS 9 to the net investment in the lease. The Company regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Company recognizes the lease payments received net of interest income under its sub-lease agreement classified as finance lease as deduction to the "Net investment in sub-lease" account in the statements of financial position.

Net investments in sub-lease which will be received within twelve (12) months from the reporting period are classified as current assets. Otherwise, these are classified as non-current assets.

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 new standards and amendments to standards are effective for annual periods beginning after January 1, 2023. However, the Company has not early adopted 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:

Effective January 1, 2024

- Classification of Liabilities as Current or Noncurrent - 2020 amendments and Non-Current Liabilities with Covenants - 2022 amendments (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 twelve 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 only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current and covenants with which the entity must comply after the reporting date do not affect a liability's classification at that date;
  - provided additional disclosure requirements for non-current liabilities subject to conditions within twelve months after the reporting period to enable the assessment of the risk that the liability could become repayable within twelve months; 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 will apply retrospectively for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. Entities that have early applied the 2020 amendments may retain application until the 2022 amendments are applied. Entities that will early apply the 2020 amendments after issue of the 2022 amendments must apply both amendments at the same time.

4. Cash

Cash consists of:

	Note	2023	2022
Cash in banks	26	**P216,507**	P324,738
Cash on hand		**337,661**	356,229
		P554,168	P680,967

Cash in banks earns annual interest at the respective bank deposit rates.

Interest income earned from cash in banks amounted to P0.25 million, P1.08 million and P3.8 million in 2023, 2022 and 2021, respectively.

The Company's exposures to credit risk and interest rate risk are disclosed in Note 26 to the financial statements.

5. Receivables

Receivables consist of:

	Note	2023	2022
Trade receivables - third parties	26	**P2,496,784**	P2,371,864
Others	24, 26	**722,101**	885,900
		3,218,885	3,257,764
Less allowance for impairment losses and others		**345,451**	250,736
	26	**P2,873,434**	P3,007,028

Trade receivables are all current, noninterest-bearing and are generally on a 30 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:

	Note	2023 Trade	2023 Others	2023 Total	2022 Trade	2022 Others	2022 Total
Balance at beginning of year		**P153,538**	**P97,198**	**P250,736**	P259,826	P99,030	P358,856
Impairment losses recognized during the year	*18*	**36,110**	**57,560**	**93,670**	52,066	68,303	120,369
Write-offs and other adj during the year		**(11,187)**	**12,232**	**1,045**	(158,354)	(70,135)	(228,489)
Balance at end of year		**P178,461**	**P166,990**	**P345,451**	P153,538	P97,198	P250,736

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 26 to the financial statements.

6. Inventories

Inventories consist of:

	2023	2022
Raw and packaging materials	**P4,085,884**	P4,278,040
Finished goods	**660,870**	685,412
Spare parts and supplies	**688,915**	847,485
Work in process	**58,671**	9,195
	P5,494,340	P5,820,132

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 P18.3 billion in 2023, P16.5 billion in 2022, and P12.5 billion in 2021 (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.

Net write-down of inventories to NRV amounted to P175.2 million, P30.5 million and P12.9 million for the years ended December 31, 2023, 2022 and 2021, 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	
	2023	2022	**2023**	2022
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			**442,958**	431,009
Equity in net earnings for the year			**1,679**	11,949
Balance at end of year			**444,637**	442,958
			P676,259	P674,580

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, 2023 and 2022.

None of the Company's equity-accounted associates are publicly listed entities and consequently, do not have published price quotations.

As at December 31, 2023 and 2022, the undistributed earnings of the associates included in the Company's retained earnings amounting to P444.6 million and P443.0 million respectively, is not available for distribution to stockholders unless declared by the associates. Equity in net earnings from investments in associates amounted to P1.7 million, P11.9 million and P9.4 million for the years ended December 31, 2023, 2022 and 2021, respectively.

Summarized below is the financial information pertaining to the Company's associates:

	As at and For the Year Ended December 31, 2023					
	Current Assets	**Noncurrent Assets**	**Current Liabilities**	**Noncurrent Liabilities**	**Revenues**	**Profit/Total Comprehensive Income**
NRC	**P110,733**	**P1,684,286**	**P572,556**	**P116,815**	**P17,124**	**P3,713**
NHC (consolidated)	**110,364**	**1,684,286**	**571,540**	**116,227**	**16,211**	**3,672**

	As at and For the Year Ended December 31, 2022					
	Current Assets	Noncurrent Assets	Current Liabilities	Noncurrent Liabilities	Revenues	Profit/Total Comprehensive Income
NRC	P95,684	P1,684,286	P560,732	P116,625	P32,510	P427,477
NHC (consolidated)	108,393	1,685,030	572,727	116,625	33,410	426,764

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.

Prior period adjustment
The Company adjusted its equity in net earnings of associates to align the accounting policy of its associate for its investment properties that is in fair value model to cost model that is the accounting policy of the Company. The impact of this prior year adjustment as at and for the year ended December 31, 2022 on its the statement of financial position would result in a decrease of P262 million to investment in associates and retained earnings accounts respectively, and a decrease in equity in net earnings of associates and total comprehensive income (loss) by P262 million and earnings per share by P0.07 for the year ended December 31, 2022. The adjustment has no impact on income taxes and on the statement of cash flows as at and for the year ended December 31, 2022 and no impact on the balances as of and for the year ended December 31, 2021.

8. Bottles and Cases

Bottles and cases consist of:

	Note	2023	2022
Cost			
Gross Carrying Amount*			
Balance at beginning of year		**P17,532,685**	P16,767,201
Net change		**987,105**	765,484
Balance at end of year		**18,519,790**	17,532,685
Accumulated Amortization*			
Balance at beginning of year		**13,016,273**	11,807,055
Amortization for the year	*17, 18*	**1,172,927**	1,209,218
Balance at end of year		**14,189,200**	13,016,273
		P4,330,590	P4,516,412

*This includes pallets with net book value of P118.7 million and P136.0 million as at December 31, 2023 and 2022, respectively.

Amortization
Amortization was charged to:

	Note	2023	2022	2021
Cost of goods sold	*17*	**P715,585**	P923,037	P1,036,404
Selling and distribution	*18*	**457,342**	286,181	243,608
		P1,172,927	P1,209,218	P1,280,012

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.

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, 2021	P19,647,739	P4,916,298	P64,926	P47,811	P24,676,774
Additions	1,553,408	126,704	1,072	37,792	1,718,976
Disposals/write-offs/adjustments	(106,093)	(4,719)	-	-	(110,812)
December 31, 2022	21,095,054	5,038,283	65,998	85,603	26,284,938
Additions	272,364	980	993	365,338	639,675
Disposals/write-offs/adjustments	(348,707)	(9,453)	(187)	109,890	(248,457)
Transfers/reclassifications	258,768	77,564	-	(276,093)	60,239
December 31, 2023	**21,277,479**	**5,107,374**	**66,804**	**284,738**	**26,736,395**
Accumulated Depreciation and Impairment					
December 31, 2021	12,342,513	1,589,220	50,808	-	13,982,541
Depreciation	960,298	188,520	3,522	-	1,152,340
Disposals/write-offs/adjustments	(97,881)	(2,860)	-	-	(100,741)
December 31, 2022	13,204,930	1,774,880	54,330	-	15,034,140
Depreciation	870,129	191,885	3,979	-	1,065,993
Disposals/write-offs/adjustments	(32,889)	25,499	331	-	(7,059)
Impairment loss	175,827	-	-	-	175,827
December 31, 2023	**14,217,997**	**1,992,264**	**58,640**	-	**16,268,901**
Carrying Amount					
December 31, 2022	P7,890,124	P3,263,403	P11,668	P85,603	P11,250,798
December 31, 2023	**P7,059,482**	**P3,115,110**	**P8,164**	**P284,738**	**P10,467,494**

Depreciation
Depreciation were charged to:

	Note	**2023**	2022	2021
Cost of goods sold	*17*	**P833,785**	P797,506	P774,378
Selling and distribution	*18*	**193,717**	212,822	251,964
General and administrative	*19*	**38,491**	78,032	31,077
		P1,065,993	P1,088,360	P1,057,419

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.

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. In 2023, the Company has recognized impairment loss on certain machinery and other equipment for these identified items will no longer be used and that the carrying value of these assets cannot be recovered. The impairment loss amounting to P175.8 million is included under "Other income (loss) - net" account in the statement of profit of loss and other comprehensive income (loss). Aside from impairment loss recognized for the year, no other impairment indicators exist on the Company's property, plant and equipment for the year ended December 31, 2023 and 2022.

Disposal
Gain (loss) on disposal of property and equipment amounted to (P12.5 million), P1.8 million and P1.6 million in 2023, 2022 and 2021 respectively.

10. Intangible Assets

Intangible assets pertain to software and licenses. The movement in this account consists of the following:

	Note	**2023**	2022
Cost			
Balance at beginning of year		**P479,977**	P475,206
Additions and other movements		**2,633**	4,771
Balance at end of year		**482,610**	479,977
Accumulated Amortization			
Balance at beginning of year		**202,608**	158,972
Amortization during the year	*17, 18, 19*	**45,082**	43,636
Balance at end of year		**247,690**	202,608
Net Carrying Amount		P234,920	P277,369

11. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of:

	Note	2023	2022
Trade payables	23	**P5,931,864**	P7,486,802
Non-trade payables and accruals		**1,912,517**	3,044,342
Current portion of:			
Lease liability	27	**177,988**	165,727
Retirement liability	14	**47,827**	22,449
		P8,070,196	P10,719,320

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 26 to the financial statements.

12. Short-term and Long-term Debt

a. *Short-term Debt*
As at December 31, 2023 and December 31, 2022, this account represents unsecured, interest-bearing short-term obtained from local banks with different maturity dates, which were acquired to fulfill the Company's working capital needs. The interest rates applicable to these loans are determined by the prevailing market rates.

Total proceeds from these short-term loans amounted to P26.82 billion and P23.18 billion in 2023 and 2022, respectively, while total payments amounting to P26.65 billion and P21.12 billion in 2023 and 2022, respectively. As at December 31, 2023 and 2022, the balance of short-term debt amounted to P2.22 billion and P2.05 billion, respectively.

b. *Long-term Debt*
This account consists of:

	2023	2022
7 year P800 million term loan from BPI	**P320,000**	P480,000
5 year P1 billion term loan from BPI	**333,333**	666,667
5 year P2 billion term loan from BPI	**2,000,000**	2,000,000
5 year P1.5 billion term loan from Metropolitan Bank & Trust & Co. (MBTC)	**825,000**	1,125,000
5 year P1 billion term loan from MBTC	**550,000**	750,000
7 year P3 billion term loan from MBTC	**3,000,000**	-
3 year P250 million term loan from IBK	**31,250**	156,250
5 year P400 million term loan from IBK	**400,000**	-
	P7,459,583	P5,177,917
Current	**P2,106,342**	P1,118,333
Noncurrent	**5,314,260**	4,034,941
	P7,420,602	P5,153,274

Term Loan from BPI

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 9th 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 9th 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 MBTC

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.

On December 14, 2023, the Company entered into a loan agreement with MBTC amounting to P3 Billion, to be used by the Company for general corporate purposes including but not limited to refinancing of its existing loans. The loan is unsecured and with a term of seven (7) years, payable in twenty-eight (28) equal quarterly principal repayments from the date of borrowing until the maturity date.

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 IBK

In 2021, the Company entered into a loan agreement with IBK amounting to P250 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 eight (8) successive quarterly principal repayments to commence at the end of the 5th quarter from the drawdown date and with a fixed interest rate.

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.

On December 15, 2023, the Company entered into a loan agreement with IBK amounting to P400 Million, to be used by the Company exclusively for financing its other bank loan take-out. 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.

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. The loan was fully paid in 2022.

As at December 31, 2023 and 2022, 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 P586.5 million, P260.1 million, and P291.4 million for the years ended December 31, 2023, 2022 and 2021 respectively. Amortization of debt issuance cost amounted to P11.2 million in 2023, P13.7 million in 2022, and P68.9 million in 2021.

Information about the Company's exposures to interest rate risk and liquidity risk are disclosed in Note 26 to the financial statements.

Repayment Schedule

As of December 31, 2023, the annual maturities of long-term debt are as follows:

Year	Gross Amount	Amortization of Debt Issuance Cost	Net
2024	**P2,119,821**	**P13,479**	**P2,106,342**
2025	**1,755,238**	**10,193**	**1,745,045**
2026	**1,603,571**	**5,914**	**1,597,657**
2027	**561,905**	**4,060**	**557,845**
2028	**561,905**	**2,953**	**558,952**
2029	**428,572**	**1,762**	**426,810**
2030	**428,571**	**620**	**427,951**
	P7,459,583	**P38,981**	**P7,420,602**

Reconciliation of Opening and Closing Balances of Total Bank Debt

	Bank Debt	Accrued Interest	Total
Balance, December 31, 2022	P7,203,274	P24,643	P7,227,917
Proceeds - short term	26,817,500	-	26,817,500
Proceeds - long term	3,400,000	-	3,400,000
Interest expense	11,161	550,437	561,598
Payment of:			
Principal - short term	(26,650,000)	-	(26,650,000)
Principal - long term	(1,118,333)	-	(1,118,333)
Debt issue cost	(25,500)	-	(25,500)
Interest	-	(561,598)	(561,598)
Balance, December 31, 2023	P9,638,102	P13,482	P9,651,584

	Bank Debt	Accrued Interest	Total
Balance, December 31, 2021	P7,231,656	P12,450	P7,244,106
Proceeds - short term	23,175,000	-	23,175,000
Proceeds - long term	-	-	-
Interest expense	8,701	200,134	208,835
Payment of:			
Principal - short term	(21,125,000)	-	(21,125,000)
Principal - long term	(2,087,083)	-	(2,087,083)
Interest	-	(187,941)	(187,941)
Balance, December 31, 2022	P7,203,274	P24,643	P7,227,917

13. Income Taxes

The components of the income tax expense (benefit) are as follows:

	2023	2022	2021
Current tax expense	**P107,123**	P97,046	P64,653
Deferred tax expense (benefit) from origination and reversal of temporary differences and others	**(379,198)**	(39,392)	(55,706)
	(P272,075)	P57,654	P8,947

The details of the net deferred tax assets and liabilities are as follows:

2023	**Balance at December 31, 2022**	**Recognized in Profit or Loss**	**Recognized in Other Comprehensive Income**	**Balance at December 31, 2023**		
				Net	**Deferred Tax Assets**	**Deferred Tax Liabilities**
Net defined benefit liability	**P213,111**	**P13,577**	**P25,746**	**P252,434**	**P252,434**	**P -**
Allowance for impairment losses on bottles and cases, inventories and others	**132,706**	**182,909**	**-**	**315,615**	**315,615**	**-**
Receivable	**(72,330)**	**-**	**-**	**(72,330)**	**-**	**(72,330)**
Bottles and cases	**(718,422)**	**(6,154)**	**-**	**(724,576)**	**-**	**(724,576)**
Property, plant and equipment - net	**(195,413)**	**28,287**	**-**	**(167,126)**	**-**	**(167,126)**
NOLCO	**311,771**	**200,809**	**-**	**512,580**	**512,580**	**-**
MCIT	**211,847**	**(40,230)**	**-**	**171,617**	**171,617**	**-**
Tax assets (liabilities) before set off	**(116,730)**	**379,198**	**25,746**	**288,214**	**1,252,246**	**(964,032)**
Set off of taxes	**-**	**-**	**-**	**-**	**(964,032)**	**964,032**
Net tax assets (liabilities)	**(P116,730)**	**P379,198**	**P25,746**	**P288,214**	**P288,214**	**P -**

2022	Balance at December 31, 2021	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance at December 31, 2022		
				Net	Deferred Tax Assets	Deferred Tax Liabilities
Net defined benefit liability	P286,228	P22,691	(P95,808)	P213,111	P213,111	P -
Allowance for impairment losses on bottles and cases, inventories and others	187,426	(54,720)	-	132,706	132,706	-
Receivable	-	(72,330)	-	(72,330)	-	(72,330)
Bottles and cases	(744,000)	25,578	-	(718,422)	-	(718,422)
Property, plant and equipment - net	(139,358)	(56,055)	-	(195,413)	-	(195,413)
NOLCO	202,036	109,735	-	311,771	311,771	-
MCIT	147,354	64,493	-	211,847	211,847	-
Tax assets (liabilities) before set off	(60,314)	39,392	(95,808)	(116,730)	869,435	(986,165)
Set off of taxes	-	-	-	-	(869,435)	869,435
Net tax assets (liabilities)	(P60,314)	P39,392	(P95,808)	(P116,730)	P -	(P116,730)

Deferred tax expense relating to remeasurements of net defined benefit liability recognized in other comprehensive income amounted to P25.7 million, P95.8 million, and P37.0 million, in 2023, 2022 and 2021, 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 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:

	2023	2022	2021
Profit (loss) before tax*	**(P1,503,584)**	P10,073	P225,835
Tax rate at statutory rate (2023, 2022 and 2021 - 25%)	**(P375,896)**	P2,518	P56,459
Addition to (reductions in) income tax resulting from the tax effects of:			
Tax deficiency payments	-	32,553	-
Nondeductible expenses and others	**7,516**	26	41
Equity in net earnings of associates*	**(420)**	(2,987)	(2,356)
Interest income subjected to final tax	**(63)**	(104)	(163)
Impact of CREATE Law	-	-	(45,034)
Expired MCIT	**82,700**	-	-
Derecognized MCIT	**64,063**	-	-
Other movements	**(49,975)**	25,648	-
	(P272,075)	P57,654	P8,947

**2022 balance adjusted, see Note 7.*

As at December 31, 2023, the Company has NOLCO that can be carried forward and claimed as deduction from future taxable income as follows:

Year Incurred	Amount	Expired	Used	Balance	Expiry Date
2022	P438,939	P -	P -	P438,939	December 31, 2025
2023	803,237	-	-	803,237	December 31, 2026
	1,242,176	-	-	1,242,176	
Under RR 25-2020 2020	808,144	-	-	808,144	December 31, 2025
	P2,050,320	P -	P -	P2,050,320	

The carryforward benefit of MCIT that can be claimed as tax credit against regular corporate income tax is as follows:

Year Incurred	Amount	Expired	Used	Balance	Expiry Date
2020	P82,700	(P82,700)	P -	P -	December 31, 2023
2021	64,063	-	-	64,063	December 31, 2024
2022	64,493	-	-	64,493	December 31, 2025
2023	107,123	-	-	107,123	December 31, 2026
	P318,379	(P82,700)	P -	P235,679	

The Company has derecognized MCIT amounting to P64 million that was incurred in 2021 due to management assessments that the Company would not be able to utilize the MCIT until its expiration.

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. Effective July 1, 2023, MCIT rate was reverted to 2%.

c. The imposition of improperly accumulated earnings tax has been repealed.

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, 2023.

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	
	2023	2022	2023	2022	2023	2022
Balance at January 1	P1,088,945	P1,260,664	(P236,503)	(P120,711)	P852,442	P1,139,953
Included In Profit or Loss						
Current service cost	87,733	109,979	-	-	87,733	109,979
Interest expense	75,441	62,444	-	-	75,441	62,444
Interest income	-	-	(13,795)	(10,725)	(13,795)	(10,725)
	163,174	172,423	(13,795)	(10,725)	149,379	161,698
Remeasurements loss (gain):						
Actuarial loss (gain):						
- financial assumptions	128,418	(271,900)	-	-	128,418	(271,900)
- experience adjustment	6,601	(8,300)	-	-	6,601	(8,300)
Return on plan assets excluding interest income	-	-	(32,036)	(103,032)	(32,036)	(103,032)
	135,019	(280,200)	(32,036)	(103,032)	102,983	(383,232)
Others						
Contributions paid	-	-	(3,900)	(36,600)	(3,900)	(36,600)
Benefits paid directly by the Company	(91,171)	(29,377)	-	-	(91,171)	(29,377)
Benefits paid	-	(34,565)	-	34,565	-	-
	(91,171)	(63,942)	(3,900)	(2,035)	(95,071)	(65,977)
Balance at December 31	P1,295,967	P1,088,945	(P286,234)	(P236,503)	P1,009,733	P852,442

The current portion of defined benefit liability (included under "Accounts payable and accrued expenses" account in the statements of financial position) amounted to P47.8 million and P22.4 million as at December 31, 2023 and 2022, respectively, while the noncurrent portion (included under "Other noncurrent liabilities" account in the statements of financial position) amounted to P961.9 million and P830 million as at December 31, 2023 and 2022, 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 P18.1 million, P9.1 million and P9.3 million for the years ended December 31, 2023, 2022, and 2021, respectively, and "Operating expenses" account in the statements of profit or loss and other comprehensive income (loss), which amounted to P131.3 million, P152.6 million and P135.9 million for the years ended December 31, 2023, 2022 and 2021, respectively (see Notes 17, 18, 19 and 21).

As at December 31, 2023 and 2022, the present value of DBO amounting to P1.30 million and P1.09 million, respectively, pertains to active members.

Principal actuarial assumptions used in determining retirement cost at reporting date (expressed as weighted averages) are as follows:

	2023	2022
Discount rate	6.00%	7.00%
Rate of future salary increase	6.00%	6.00%

Plan assets at December 31 comprised:

	2023	2022
Cash and cash equivalents	**P8,183**	P11,913
Debt securities:		
Investment in government securities	**120,125**	98,347
Investment in debt securities	**477**	6,406
	120,602	104,753
Investment in equity securities*		
Food and drink	**3,847**	2,735
Holding Company	**153,602**	117,102
	157,449	119,837
Total	**P286,234**	P236,503

*Includes investment in NHC

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
2024	P47,827
2025	61,209
2026	66,080
2027	64,312
2028	114,980
2029 through December 31, 2033	669,369

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:

2023		**Sensitivity Analysis**	**Effect on DBO**
Discount rate	**7.00%**	**1.00% increase**	**-9.91%**
Discount rate	**5.00%**	**1.00% decrease**	**11.67%**
Rate of salary increase	**7.00%**	**1.00% increase**	**11.55%**
Rate of salary increase	**5.00%**	**1.00% decrease**	**-10.00%**

2022		Sensitivity Analysis	Effect on DBO
Discount rate	8.00%	1.00% increase	-9.73%
Discount rate	6.00%	1.00% decrease	11.44%
Rate of salary increase	7.00%	1.00% increase	11.44%
Rate of salary increase	5.00%	1.00% decrease	-9.91%

As at December 31, 2023 and 2022, the weighted-average duration of the DBO is 11.25 years and 10.78 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 2023 is P47.8 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					
	2023		2022		2021	
	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 758 and 798 holders of common equity securities as at December 31, 2023 and 2022, 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.

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 2023 is P47.8 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					
	2023		2022		2021	
	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 758 and 798 holders of common equity securities as at December 31, 2023 and 2022, 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:

	2023	2022
(a) Debt*	**P9,638,102**	P7,203,274
(b) Total equity	**P7,638,795**	P8,947,541
Debt to equity ratio (a/b)	**1.26:1**	0.81:1

* 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, 2023, the Company has retained earnings of P5,845,103 (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, 2023, the Company has no appropriation over the excess retained earnings.

17. Cost of Goods Sold

Cost of goods sold consists of:

	Note	**2023**	2022	2021
Materials and supplies used, and taxes	*6, 24*	**P27,955,002**	P26,610,262	P22,309,421
Depreciation and amortization	*8, 9, 10, 20, 27*	**1,601,273**	1,763,714	1,816,219
Delivery and freight		**1,526,820**	1,504,906	1,222,079
Personnel expenses	*14, 21*	**959,554**	975,681	276,658
Rental and utilities	*27*	**26,410**	82,446	21,814
Others		**1,169,224**	884,697	847,649
		P33,238,283	P31,821,706	P26,493,840

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	2023	2022	2021
Distribution		**P1,518,796**	P1,148,240	P1,313,257
Delivery and freight		**1,652,833**	1,710,112	1,335,813
Personnel expenses	*14, 21*	**637,442**	635,282	670,735
Depreciation and amortization	*8, 9, 10, 20, 27*	**758,312**	499,291	495,767
Rental and utilities	*27*	**99,108**	146,190	98,724
Sales commission		**170,343**	231,099	170,461
Taxes		**157,213**	74,377	142,106
Others	*5*	**496,904**	309,397	164,409
		P5,490,951	P4,753,988	P4,391,272

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	2023	2022	2021
Personnel expenses	*14, 21*	**P874,080**	P784,921	P686,485
Outside services		**111,580**	44,316	48,753
Depreciation	*9, 10, 20, 27*	**82,595**	78,209	73,247
Others		**410,701**	306,467	296,584
		P1,478,956	P1,213,913	P1,105,069

The "Others" account includes other items that are individually immaterial.

20. Depreciation and Amortization

Depreciation and amortization are distributed as follows:

	Note	2023	2022	2021
Cost of goods sold	*17*	**P1,601,273**	P1,763,714	P1,816,219
Selling and distribution	*18*	**758,312**	499,291	495,767
General and administrative	*19*	**82,595**	78,209	73,247
		P2,442,180	P2,341,214	P2,385,233

21. Personnel Expenses

Personnel expenses consist of:

	Note	2023	2022	2021
Salaries and wages		**P2,321,697**	P2,234,186	P1,488,634
Retirement cost	*14*	**149,379**	161,698	145,244
		P2,471,076	P2,395,884	P1,633,878

The above amounts are distributed as follows:

	Note	**2023**	2022	2021
Cost of goods sold	*17*	**P959,554**	P975,681	P276,658
Selling and distribution	*18*	**637,442**	635,282	670,735
General and administrative	*19*	**874,080**	784,921	686,485
		P2,471,076	P2,395,884	P1,633,878

22. Basic/Diluted Earnings Per Share

Basic EPS is computed as follows:

	2023	2022	2021
Profit (loss) for the year attributable to equity holders of the Company (a)	**(P1,231,509)**	(P47,581)	P216,888
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)	**(P0.33)**	(P0.01)	P0.06

As at December 31, 2023, 2022 and 2021, 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
Parent	Purchases	*23a*	**2023**	**P67,701**	**P -**	**(P11,560)**		
			2022	108,220	-	-		
			2021	4,616	-	-		
Associates	Advances	*23b, 23c*	**2023**	**-**	**491,250**	**-**	**Collectible on demand**	**Unsecured; no impairment**
			2022	-	493,078	-	Collectible on demand	Unsecured; no impairment
			2021	1,009	508,993	-	Collectible on demand	Unsecured; no impairment
	Various	*23b*	**2023**	**20,011**	**-**	**-**		
			2022	15,165	-	-		
			2021	15,165	-	-		
Affiliates	Purchases	*24a*	**2023**	**7,627,678**	**-**	**(1,338,770)**	**42 days non interest bearing**	
			2022	6,820,786	-	(1,806,163)	42 days non interest bearing	
			2021	5,898,112	-	(849,409)	42 days non interest bearing	
	Availment of services	*23a*	**2023**	**296,170**	**-**	**(21,254)**	**42 days non interest bearing**	
			2022	335,764	-	(15,592)	42 days non interest bearing	
	Coopable Marketing	*24b*	**2023**	**721,598**	**-**	**400,081**		**Unsecured; no impairment**
			2022	376,192	-	622,580		Unsecured; no impairment
			2021	335,653	-	244,029		Unsecured; no impairment
Key Management Personnel	Short-term employee benefit	*23d*	**2023**	**148,166**	-	-		
			2022	106,178	-	-		
			2021	90,246	-	-		
	Post-employment benefits	*23d*	**2023**	**6,009**	-	-		
			2022	3,580	-	-		
			2021	2,338	-	-		
			2023		**P491,250**	**(P971,503)**		
			2022		P493,078	(P1,199,175)		
			2021		P508,993	(P605,380)		

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 2023, 2022 and 2021 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. Total purchases for the years ended December 31, 2023, 2022 and 2021 amounted to P67.7 million, P108.22 million and P4.62 million, respectively.

   During 2023, the Company also availed services from its affiliate, Lotte Global Logistics Philippines, Inc., with a total value of P296.17 million. The outstanding balance for these services amounted to P21.25 million and P15.59 million as at December 31, 2023 and December 31, 2022, respectively. The Company made purchases of raw and packaging materials from Lotte Chemical Corp amounting to nil and P98.7 million for the year ended December 31, 2023 and December 31, 2022, respectively. The outstanding balance for these purchases amounted to P11.56 million and nil as at December 31, 2023 and December 31, 2022, respectively. The Company's outstanding payable for its purchase from its major shareholder and affiliate is included under the "Accounts payable and accrued expenses" account in the statements of financial position.

b. The Company leases parcels of land where some of its bottling plants are located. 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 P16.2 million for the year ended December 31, 2023 and P15.2 million for the years ended December 31, 2022 and 2021. The Company has advances to NRC amounting to P38.0 million as at December 31, 2023, 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, 2023, 2022 and 2021 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 P478.9 million and P483.3 million as at December 31, 2023 and 2022, 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 P12.3 million and P9.8 million as at December 31, 2023 and 2022, respectively, 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, 2023 and 2022, the fair value of the retirement fund amounted to P286.2 million and P236.5 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 42%, 0.2%, 55%, and 2.9% of plan assets, respectively in 2023 and 42%, 3%, 51%, and 5% of plan assets, respectively in 2022 (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 P3.9 million, P36.6 million and P36.0 million in 2023, 2022 and 2021, 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 P7.6 billion and P6.8 billion for the years ended December 31, 2023 and 2022. 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, 2023 and 2022 amounted to P1.3 billion and P1.8 billion, respectively. Total purchases from Pepsi Lipton amounted to P207.3 million, P220.7 million and P31.4 million for the years ended December 31, 2023, 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 P32.1 million and P71.8 million as at December 31, 2023 and 2022, respectively.

b. The Company has coöperative 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 P721.6 million, P376.2 million and P335.7 million for the years ended December 31, 2023, 2022, and 2021, 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 P400.1 million, P622.6 million and P244.0 million as at December 31, 2023, 2022 and 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.

25. Revenue Disaggregation

(Amounts in Millions)	2023	2022	2021
Carbonated Soft Drink	**P26,079**	P25,984	P22,992
Non Carbonated Beverage	**14,177**	12,373	9,790
	P40,256	P38,357	P32,782

26. 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.

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 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	2023	2022
Cash in banks	*4*	**P216,507**	P324,738
Receivables - net	*5*	**2,873,434**	3,007,028
Due from related parties	*23*	**491,250**	493,078
Total credit exposure		**P3,581,191**	P3,824,844

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 P151.8 million and P217.2 million as at December 31, 2023 and 2022, respectively. Total amount of receivables that have collateral amounted to P102.2 million and P194.8 million as at December 31, 2023 and 2022.

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, 2023

	Neither Past Due nor Impaired	Past Due but not Impaired: 1 to 30 Days	31 to 60 Days	More than 60 Days	Impaired	Total
Cash in banks	P216,507	P -	P -	P -	P -	P216,507
Receivables:						
Trade	1,156,236	755,612	133,781	272,694	178,461	2,496,784
Others	122,886	93,548	71,244	267,433	166,990	722,101
Due from related parties	491,250	-	-	-	-	491,250
	1,986,879	849,160	205,025	540,127	345,451	3,926,642
Less allowance for impairment losses	-	-	-	-	345,451	345,451
	P1,986,879	P849,160	P205,025	P540,127	P -	P3,581,191

December 31, 2022

	Neither Past Due nor Impaired	Past Due but not Impaired: 1 to 30 Days	31 to 60 Days	More than 60 Days	Impaired	Total
Cash in banks	P324,738	P -	P -	P -	P -	P324,738
Receivables:						
Trade	898,646	643,904	150,036	525,739	153,539	2,371,864
Others	370,725	202	4,614	413,162	97,197	885,900
Due from related parties	493,078	-	-	-	-	493,078
	2,087,187	644,106	154,650	938,901	250,736	4,075,580
Less allowance for impairment losses	-	-	-	-	250,736	250,736
	P2,087,187	P644,106	P154,650	P938,901	P -	P3,824,844

As at December 31, 2023 and 2022, there was an allowance for impairment loss of P345.5 million and P250.7 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, 2023 and 2022:

2023

	Gross Carrying Amount	**Impairment Loss Allowance**	**Credit-impaired**
Current (not past due)	**P1,279,122**	**P -**	**No**
1 - 30 days past due	**849,160**	**-**	**No**
31 - 60 days past due	**205,025**	**-**	**No**
More than 60 days past due	**885,578**	**345,451**	**Partially**
Balance at December 31, 2023	**P3,218,885**	**P345,451**	

2022

	Gross Carrying Amount	Impairment Loss Allowance	Credit-impaired
Current (not past due)	P1,269,371	P -	No
1 - 30 days past due	644,106	-	No
31 - 60 days past due	154,650	-	No
More than 60 days past due	1,189,637	250,736	Partially
Balance at December 31, 2022	P3,257,764	P250,736	

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 P216.5 million and P324.7 million as at December 31, 2023 and 2022, 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 P491.3 million and P493.1 million as at December 31, 2023, and 2022, 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 on 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.

<u>Liquidity Risk</u>
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, 2023 and 2022 under the line of credit is P22.1 billion and P17.4 billion, respectively, of which the Company had drawn P9.7 billion and P7.3 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

- P1.1 billion domestic bills purchased line, which are available as at December 31, 2023 and 2022, 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, 2023			
	Carrying Amount	**Contractual Cash Flow**	**One Year or Less**	**More than One Year**
Financial Liabilities				
Accounts payable and accrued expenses *	**P7,411,175**	**P7,411,175**	**P7,411,175**	**P -**
Short-term debt	**2,217,500**	**2,217,500**	**2,217,500**	**-**
Long-term debt	**7,420,602**	**7,459,583**	**2,119,821**	**5,339,762**
Other noncurrent liabilities	**1,514,389**	**1,514,389**	**-**	**1,514,389**
	P18,563,666	**P18,602,647**	**P11,748,496**	**P6,854,151**

**Excluding statutory payables and defined benefit liability amounting to P659.02 million*

	As at December 31, 2022			
	Carrying Amount	Contractual Cash Flow	One Year or Less	More than One Year
Financial Liabilities				
Accounts payable and accrued expenses *	P10,668,093	P10,668,093	P10,668,093	P -
Short-term debt	2,050,000	2,076,959	2,076,959	-
Long-term debt	5,153,274	5,177,917	1,118,333	4,059,584
Other noncurrent liabilities	1,227,104	562,836	165,727	397,109
	P19,098,471	P18,485,805	P14,029,112	P4,456,693

**Excluding statutory payables and defined benefit liability amounting to P109.68 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.

<u>Market Risk</u>
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 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 P597.8 million and P7.1 billion and as at December 31, 2023 and 2022, 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. The Company has outstanding term-loans from banks totaling to P7.4 billion and P5.2 billion, whose interest rates are repriced every quarter, which is the Company's exposure to interest rate risk as at December 31, 2023 and 2022.

Sensitivity Analysis
An increase in the interest rate by 50 basis points would decrease net income and equity by P27.8 million and P19.3 million as at December 31, 2023 and 2022, 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, 2023 and 2022.

Fair Values
As at December 31, 2023 and 2022, 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.

There were no transfers between level 1, 2, 3 of the fair value hierarchy.

27. 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 and Related Assets

Right-of-use assets related to leased properties such as warehouses, facilities, and vehicles whose lease terms are more than twelve months.

	2023	2022
Balance at beginning of year	**P484,977**	P488,585
Additions and other movements	**265,456**	143,496
Amortization	**(158,178)**	(147,104)
Balance at end of year	**P592,255**	P484,977

Amortization
Amortization of right-of-use assets was charged to:

	Note	**2023**	2022	2021
Cost of goods sold	*17*	**P47,561**	P72,573	P76,213
Selling and distribution	*18*	**107,072**	72,877	40,787
General and Administration		**3,545**	1,654	236
		P158,178	P147,104	P117,236

The Company has effectively also entered into an agreement for the sub-lease of the delivery trucks to its distributors. The lease term is three to five years from inception. The amount of net investment in the sublease amounts to P103.9 million with undiscounted lease receivable amounts of P116.4 million.

ii. Lease Liabilities

	2023	2022
Balance at beginning of year	**P562,836**	P488,585
Additions and other movements to lease liabilities	**364,796**	233,350
Interest expense	**49,323**	17,662
Payments made	**(246,485)**	(176,761)
Balance at end of year	**P730,470**	P562,836

Current portion Lease liabilities are presented under "accounts payable and accrued expense" account amounting to P178.0 million and noncurrent portion of lease liabilities are presented are presented under "other noncurrent liabilities" account amounting to P552.5 million as at December 31, 2023, respectively.

Expenses related to lease of low value assets amounted to P322.6 million, P362.2 million and P173,121 in 2023, 2022 and 2021, respectively.

The Company had total cash outflows for the above leases amounting to P569.1 million, P552.9 million and P357.3 million in 2023, 2022 and 2021, respectively.

The following table sets out the maturity analysis of lease payments, showing the undiscounted lease payments to be paid after the reporting date:

	2023	2022	2021
Less than one year	**P177,988**	P165,727	P201,547
Between one and five years	**435,185**	292,319	189,879
More than five years	**117,297**	104,790	40,237
	P730,470	P562,836	P431,663

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 does not believe that this proceeding 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.
26th Floor, Filinvest Axis Tower Two Building
Northgate Cyberzone, Filinvest City, Alabang
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, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, included in this Form 17-A, and have issued our report thereon dated April 15, 2024.

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-J; 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
Tax Identification No. 225-454-652
BIR Accreditation No. 08-001987-035-2024
Issued March 26, 2024; valid until March 26, 2027
PTR No. MKT 10075209
Issued January 2, 2024 at Makati City

April 15, 2024
Makati City, Metro Manila

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)

RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2023

PEPSI-COLA PRODUCTS PHILIPPINES, INC.
26th Floor, Filinvest Axis Tower Two Building, Northgate Cyberzone,
Filinvest City, Muntinlupa City

Unappropriated Retained Earnings, beginning of the reporting period		**P6,974,858**
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings		
Reversal of Retained Earnings Appropriation/s	P -	
Effect of restatements or prior-period adjustments	-	
Others (describe nature)	-	-
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	-	
Retained Earnings appropriated during the reporting period	-	
Effects of restatements or prior-period adjustments	261,895	
Others (describe nature)	-	**261,895**
Unappropriated Retained Earnings, as adjusted		**6,712,963**
Add/Less: Net Income (loss) for the current year		**(1,231,509)**
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	1,259	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	14,290	
Unrealized fair value adjustments (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Unrealized foreign exchange gain of Investment Property	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-	
Sub-total		**15,549**

Forward

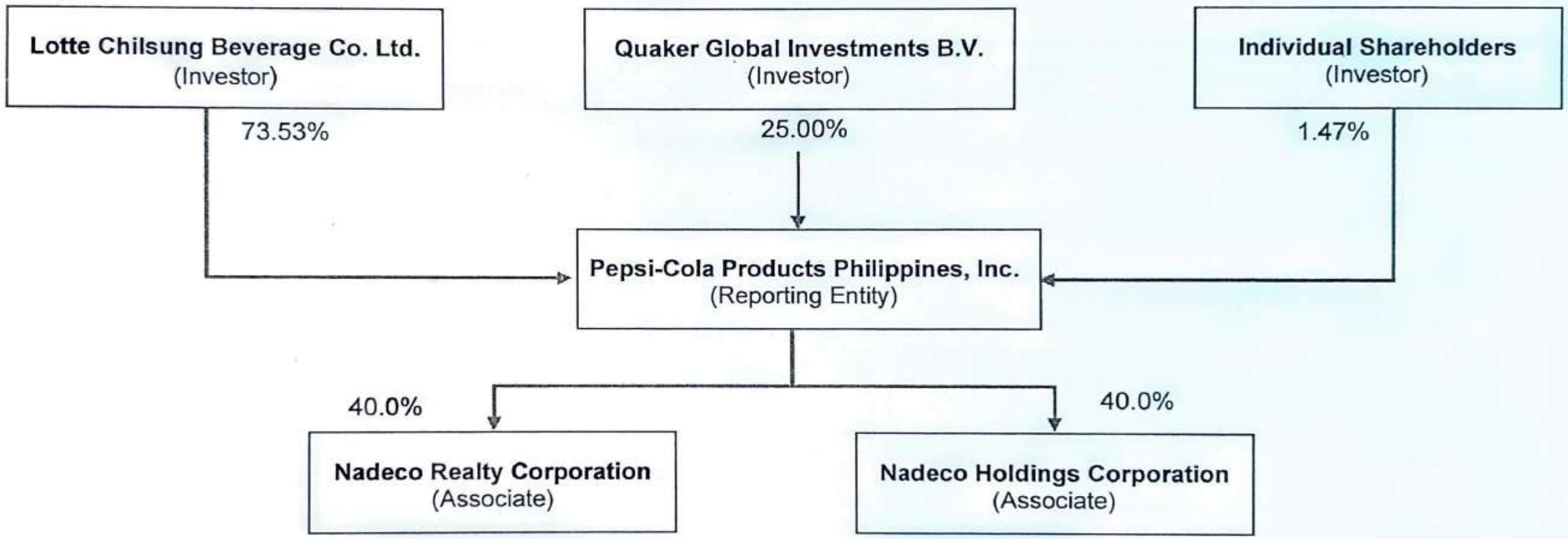
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to cash and cash equivalents	P -	
Realized fair value adjustments (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Realized foreign exchange gain of Investment Property	-	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-	
Sub-total		**P -**
Add: Category C.3: Unrealized income recognized in profit or loss in prior reporting periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-	
Reversal of previously recorded fair value adjustments (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)		
Reversal of previously recorded fair value gain of Investment Property	-	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)	-	-
Sub-total		-
Adjusted Net Income/Loss		**5,465,905**
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)	-	
Sub-total		-
Add/Less: Category E: Adjustment related to relief granted by the SEC and BSP		
Amortization of the effect of reporting relief	-	
Total amount of reporting relief granted during the year	-	
Others (describe nature)	-	
Sub-total		-

Forward

Add/Less: <u>Category F</u>: Other items that should be excluded from the determination of the amount of available for dividend distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares)	P -	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	379,198	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set-up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	-	
Adjustment due to deviation from PFRS/GAAP - gain (loss)	-	
Others (describe nature)	-	
Sub-total		**P379,198**
Total Retained Earnings, end of the reporting period available for dividend		**P5,845,103**

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

Map of Group of Companies Within which the Company Belongs
As at December 31, 2023



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.	P483,260,709	P13,147,532	P17,506,042	P -	P478,902,199	P -	P478,902,199
Nadeco Holdings Corp.	9,817,004	2,531,178	-	-	12,348,182	-	12,348,182
Employees	16,932,242	117,990,887	122,045,429	-	12,877,700	-	12,877,700
Totals	**P510,009,955**	**P133,669,597**	**P139,551,471**	**P -**	**P504,128,081**	**P -**	**P504,128,081**

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	P277,369,175	P5,514,361	P45,082,156	P -	(P2,881,620)	P234,919,760
Totals	**P277,369,175**	**P5,514,361**	**P45,082,156**	**P -**	**(P2,881,620)**	**P234,919,760**

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.	P825,000,000	P298,070,117	P523,710,057	7.70%	20	July 2026
Long-term debt	Metropolitan Bank Trust & Co.	550,000,000	198,629,359	349,083,759	7.70%	20	July 2026
Long-term debt	Bank of the Philippine Islands	2,000,000,000	663,005,599	1,330,160,373	6.75%	10	December 2026
Long-term debt	Bank of the Philippine Islands	320,000,000	159,527,751	159,813,399	6.75%	20	December 2024
Long-term debt	Bank of the Philippine Islands	333,333,333	332,871,055	-	6.75%	12	December 2024
Long-term debt	Industrial Bank of Korea	31,250,000	31,230,600	-	6.42%	8	February 2024
Long-term debt	Industrial Bank of Korea	400,000,000	-	397,000,000	5.93%	12	December 2028
Long-term debt	Metropolitan Bank Trust & Co.	3,000,000,000	423,007,383	2,554,492,617	5.89%	8	December 2030
Totals		**P7,459,583,333**	**P2,106,341,864**	**P5,314,260,205**			

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	-	3,496,024,103	130,009	77,858,236
Totals	**5,000,000,000**	**3,693,772,279**	**-**	**3,496,024,103**	**130,009**	**77,858,236**

PEPSI-COLA PRODUCTS PHILIPINES, INC.
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

Ratio	Formula (Amounts in Thousands)		Years Ended December 31 2023	2022
Current ratio	Total current assets over total current liabilities		**0.81:1**	0.78:1
	Total current assets	P10,081,512		
	Divided by: Total current liabilities	12,394,038		
	Current ratio	**0.81**		
Solvency ratio	Profit plus depreciation and amortization over total liabilities		**0.06:1**	0.13:1
	Net Loss	(P1,231,509)		
	Add: Depreciation and amortization	2,442,180		
	Total	1,210,671		
	Divide: Total liabilities	19,222,687		
	Solvency ratio	**0.06**		
Bank debt-to-equity ratio	Total bank debt over total equity		**1.26:1**	0.81:1
	Short-term debt	P2,217,500		
	Current portion of long-term debt	2,106,342		
	Long-term debt - net of current portion	5,314,260		
	Bank debt	9,638,102		
	Total equity	7,638,795		
	Bank to debt equity	**1.26**		
Debt-to-equity ratio	Total liability over total equity		**2.52:1**	2.15:1
	Total Debt	P19,222,687		
	Total Equity	7,638,795		
	Debt to equity ratio	**2.52**		

Forward

		Years Ended December 31	
Ratio	**Formula (Amounts in Thousands)**	**2023**	2022
Asset-to-equity ratio	Total assets over total equity Total assets P26,861,482 Total equity 7,638,795 **Asset to equity ratio 3.52**	**3.52:1**	3.15:1
Interest rate coverage ratio	Profit before interest and taxes over interest expense Profit before tax (P1,503,584) Interest expense 627,334 Profit before interest and tax (876,250) Divided by: Interest expense 627,334 **Interest rate coverage ratio (1.40)**	**(1.40):1**	1.04:1
Operating profit margin	Operating profit over net sales Operating loss (P673,883) Divided by: Net sales 40,255,905 **Operating profit margin (1.67%)**	**(1.67%)**	0.5%
Net profit margin	Profit over net sales Net profit (P1,231,509) Divided by: Net sales 40,255,905 **Net profit margin (3.06%)**	**(3.06%)**	(0.12%)