



EMPERADOR INC.

Crafting a New Era of Excellence

LEADING THE FUTURE OF PREMIUM LIFESTYLES



2025

Annual & Sustainability Report

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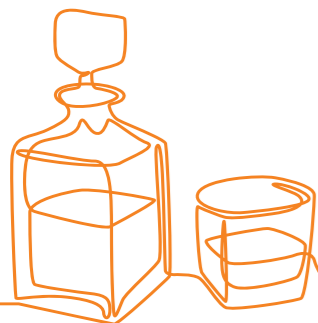


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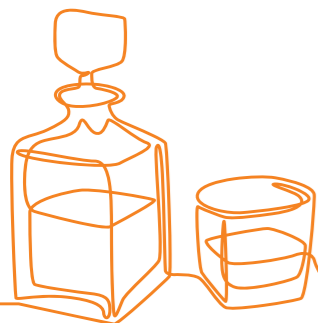
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About the Cover



Emperador Inc.'s 2025 Annual and Sustainability Report cover tells the story of who the Company is, what it has achieved, and where it is going.

At the center is a dazzling star, the Company's heart, core, and foundation. Built on centuries of heritage and decades of continuous innovation, Emperador shines in the industry with a bright and promising future ahead.

Flowing outward from the center are lines depicting growth and expansion. From Emperador's foundation in Philippine brandy, the Company has expanded into global markets and grown its portfolio to include some of the world's finest premium brandies and whiskies, represented by the Fundador Supremo and The Dalmore bottles on either side.

The deep green background exudes legacy and modernity, representing a company that is rooted in rich heritage yet remains ahead of the curve. The orange and light blue accents add vibrancy and dynamism to the cover, serving as a reminder of the exciting possibilities that lie ahead for the Company.

All elements on the cover come together to symbolize Emperador's journey toward crafting a new era of excellence.

About the Report

2-1, 2-2, 2-3

This Annual and Sustainability Report (ASR) for the Financial Year 2025 presents stakeholders a comprehensive overview of the recent significant developments within Emperador Inc. ("EMI", "the Company"), particularly its financial, operational, and sustainability performance.

The report highlights, among others, the Company's revenue growth and contribution to the economy, as well as its sustainability strategy, commitments, and progress in strengthening long-term value creation across the markets where it operates and the communities it serves. The ASR aims to communicate EMI's results and strategic priorities to investors, analysts, employees, regulators, and the broader public.

Moreover, the report emphasizes the significant environmental, social, and economic impacts of EMI and its subsidiaries, namely Emperador Distillers, Inc. (EDI), Whyte and Mackay Group Limited (WMG), and Grupo Emperador Spain S.A.U. (GES). Unless otherwise indicated, all financial and sustainability data presented in this report refer to the consolidated operations of EMI and its subsidiaries. The report also covers the period from January 1, 2025, to December 31, 2025. The annual reporting cycle EMI employs for

its ASR reflects its timely adherence to transparency and continuous improvement in sustainability performance.

To accurately reflect how EMI integrates environmental responsibility, social well-being, and economic growth into the Company's business operations, the report is prepared in accordance with the Global Reporting Initiative (GRI) Standards and the Philippine Securities and Exchange Commission (SEC) Sustainability Reporting Guidelines for Publicly Listed Companies. The Company has also identified and aligned its disclosures with the United Nations Sustainable Development Goals (UN SDGs), in line with global sustainability standards.

EMI encourages stakeholders to share any insights for enhancing the quality and relevance of the Company's sustainability reporting. For feedback or queries regarding the content of the 2025 ASR, please contact:

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Message from Leadership

2-1, 2-2, 2-3

Chairman Emeritus' Message

Dear shareholders,

As Founder and Chairman Emeritus of Emperor Inc., it brings me great joy to witness this company grow from a brandy pioneer in the Philippines to one of the largest liquor companies in the world. Over the years, we have built a solid portfolio of world-renowned brands that rank among the best-selling and most-loved in the global market. This enduring foundation has carried us well through the past year and continues to position us for the years ahead.

A Resilient Performance

In 2025, Emperor recorded revenues of Php 57 billion and a net income of Php 4 billion. These results reflect the company's ability to navigate softer sales volumes across the global alcoholic drinks industry, alongside geopolitical tensions and ongoing supply chain and logistics disruptions. Amid these challenges, our teams remained focused on strengthening our brands, improving operational efficiencies, and advancing long-term strategic initiatives.

Success Beyond the Numbers

Beyond financial and operational gains, we hold equally important our achievements in environmental and social sustainability. Our recent investments in capital-intensive infrastructure across our subsidiaries are ensuring that our operations remain responsible stewards of the environment, particularly in the areas surrounding our facilities. Our workplace programs and corporate social responsibility initiatives continue to uplift the welfare of our employees and the communities near us.



We sincerely believe that the success of this company goes hand-in-hand with that of our stakeholders. We are grateful to our consumers who continue to place their trust in Emperor, to our shareholders and suppliers for their partnership, to our employees for their dedication, and to the communities that have welcomed and recognized our contributions.

Looking Ahead

The global spirits landscape will remain dynamic in the years to come, and we welcome future shifts with confidence. Backed by a diverse product portfolio, wide market distribution, and an unwavering focus on quality and excellence, we are well-positioned to capture the opportunities ahead and deliver stellar results.

Emperor looks toward a vibrant future, carried by new energy and a strong conviction in the legacy we are building. We remain committed to providing only the finest quality spirits that befit life's most significant celebrations and joyful gatherings, as we craft a new era of excellence.

DR. ANDREW L. TAN
Chairman Emeritus



Chairman's Message

To our shareholders,

2025 marks the 46th year since the founding of the Company. In that period, Emperor has transformed from a local brandy business to a global liquor powerhouse. From just having one product, the company's namesake Emperor Brandy, the portfolio now comprises the whole range, from accessible all the way to luxury for both brandy and whisky. Our products are also among the best in the world – Emperor brandy is the world's best-selling brandy; and three of our single malts, The Dalmore, Jura, and Tamnavulin, are among the top 15 single malts in the world.

Emperor's commitment to excellence and continued innovation has been the engine that pushed the Company into greater successes through the decades. Even as 2025 brought a challenging environment of geopolitical tensions, disrupted supply chain, delayed logistics, and macroeconomic weakness, we were able to deliver Php 57 billion in revenue and Php 4 billion in net income.

Business and Sustainability

In 2025, we completed important projects that will strengthen our business. We built up the brands to be significant and sought-after in today's market, and to be resilient in tomorrow's market. This was a pivotal year for the Company as we repositioned ourselves in relevant markets to adjust to the post-pandemic realities and the global tariff environment. The brandy segment is starting to grow, and the whisky segment, though still challenged, is showing encouraging signs of improvement. The pivot made in 2025 sets the framework for growth in the next few years.

On sustainability, we progressed in our decarbonization plan at WMG. We completed a full year of running the biomass boiler at the Jura Distillery and Invergordon's bioenergy center has also been operational for one year, powering the distillery's operations.



At AWGI, we established an Air Emission Treatment Plant designed to ensure the best air quality by reducing sulfur dioxide and particulate matter from the glass melting furnace. We are also in the process of greatly reducing the use of non-renewable electricity through solar panel installations and renewable electricity contracts across all subsidiaries.

Commitment to ESG

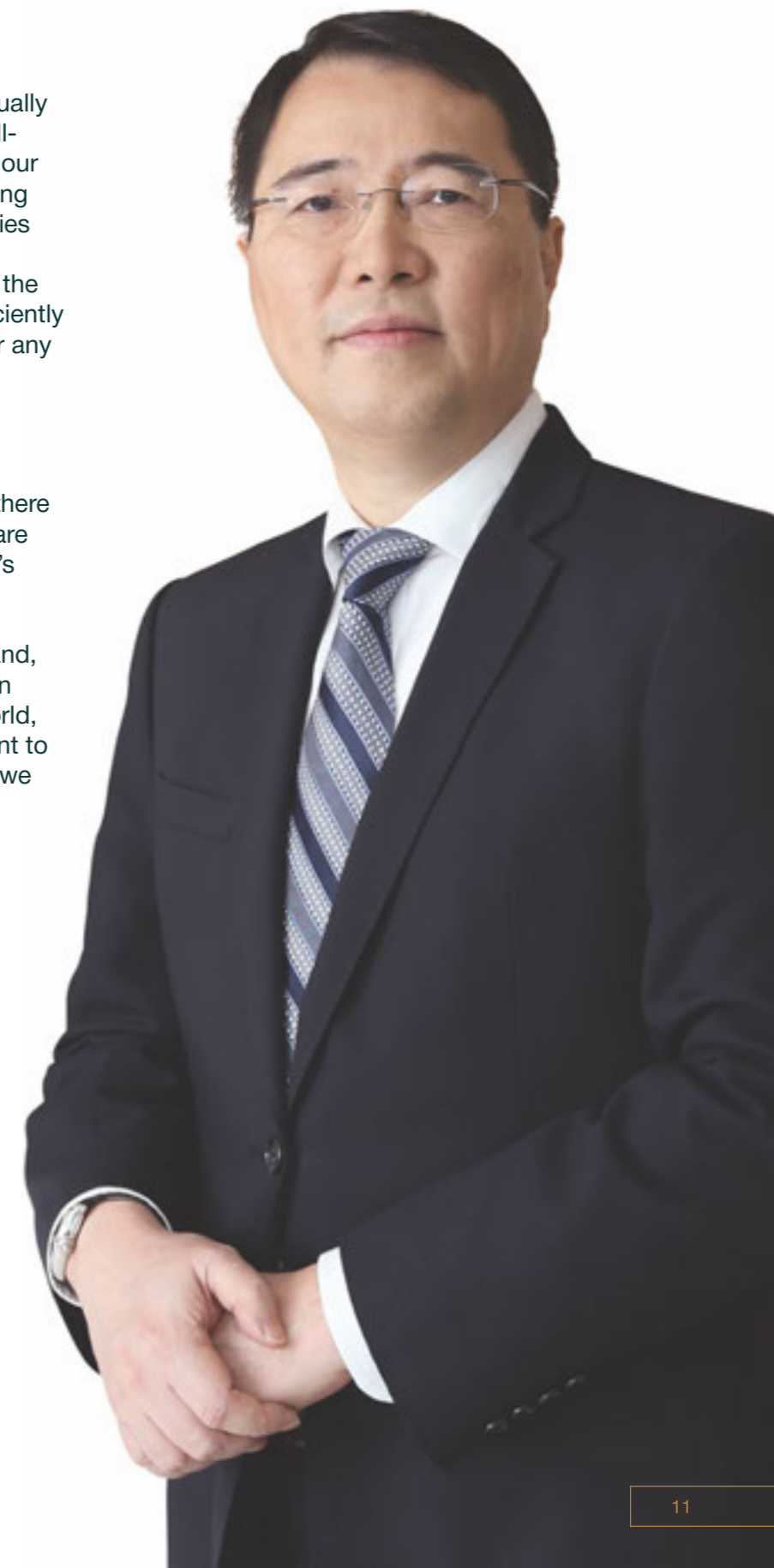
Beyond environmental progress, we have equally shown unwavering commitment to social well-being and good governance. Our people are our top priority, and we take great effort in ensuring that our employees, as well as the communities where we operate, are well taken care of. In governance, we hold ourselves to more than the bare minimum, ensuring that we operate efficiently and ethically and remain prepared to weather any risks and threats.

A Future of Excellence

We are excited for the years ahead. Though there will be challenges, we are confident that we are well-positioned to further elevate Emperor's standing in the global liquor landscape.

From our distilleries in the Philippines, Scotland, Spain, and Mexico and our vineyards in Spain and Mexico to our workforces around the world, our strength has always been our commitment to excellence. This is what we carry forward as we craft a new era for Emperor.

Winston S. Co
Chairman



About Emperador Inc.

2-1, 2-2, 2-6



EMPERADOR INC.

Emperador Inc. (EMI) is a Philippine holding company that operates an integrated business of manufacturing, bottling and distributing distilled spirits and other alcoholic beverages, which are available in more than 100 countries across 6 continents.

EMI is behind many of the leading brands in the spirits market, produced by the Company's three subsidiaries. Emperador Distillers, Inc. (EDI) is the Philippine-based manufacturer of Emperador Brandy and other popular liquor. Whyte and Mackay Group Ltd. (WMG) produces world-renowned single malt whiskies The Dalmore, Fettercairn, Tamnavulin, and Jura from Scotland, United Kingdom. Grupo Emperador Spain, S.A.U. (GES) holds Bodegas Fundador (BF), the maker of the iconic brandy de Jerez, Fundador, and Domecq Bodegas Las Copas (Domecq BLC), the producer of brandies Presidente, Don Pedro, and Azteca De Oro from Mexico. With the Company's recent acquisition of Destileria Los Danzantes S.A. de C.V., EMI's portfolio now includes Mexican luxury mezcal brands Los Danzantes and Alipus.

EMI is a subsidiary of Alliance Global Group, Inc. (AGI), a publicly listed conglomerate with diversified interests in real estate development, food and beverage, quick-service restaurants, integrated tourism, and infrastructure development industries.

EMI is listed on both the Philippine Stock Exchange, Inc. (PSE) and the Singapore Exchange Securities Trading Limited (SGX-ST).

Mission, Vision, and Values

Our Vision

Bring world-class products to the Philippines and Emperador products to the rest of the world.

Our Mission

To provide fantastic, superb, and iconic drinks to consumers from all walks of life all over the globe.



Our Values

EMI strives to uphold the Filipino values of loyalty, integrity, hard work, excellence, and passion.



Loyalty

Commitment to the company, our people, and the consumers we serve.



Integrity

Acting with honesty, transparency, and accountability in all our dealings.



Passion

Infusing energy, pride, and enthusiasm into our work and our brands.



Hard Work

Putting in the effort to exceed expectations and drive continuous improvement.



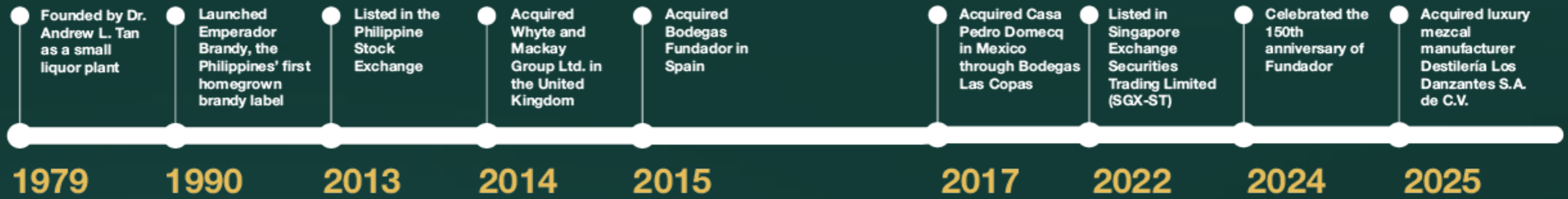
Excellence

Consistently pursuing quality and striving to be the best in everything we do.

History

From introducing whisky and brandy to Filipinos, EMI has expanded its reach and impact with acquisitions of international liquor brands that have grown into established names in the

global spirits market. Supported by a diversified portfolio of products ranging from accessible to luxury offerings, EMI continues to elevate its brand of liquor in the Philippines and around the world.



Our Businesses

2-1, 2-2, 2-6

EMI's operations are focused on the production, bottling, distribution, and marketing of alcoholic beverages. The Company's product portfolio comprises mostly brandy and Scotch whisky and also covers sherry, wine, vodka, gin, rum, and Korean-style soju. These products are produced across 10 distilleries, 5 blending and bottling facilities, 788 hectares of vineyards, a glass manufacturing plant, and a winery. These are located across the Philippines, the United Kingdom, Spain and Mexico.

EMI leads in several markets, heralded by Emperador Brandy, which has earned its place as the world's best-selling brandy by volume, both locally and globally. Terry Centenario remains the best-selling brandy in Spain.

EMI's presence in Mexico is anchored on the prominence of Presidente, the No. 1 brandy in Mexico, and supplanted by the newly acquired Los Danzantes and Alipus, which are among the top 10 best-selling mezcal brands by industry surveys in recent years. Under WMG, The Dalmore, Jura, and Tamnavulin have ranked among the world's top 15 single malts by both volume and value. Recently, Jura is the only single malt whisky brand to be included in the Britain's Biggest Alcohol Brands 2025 list by The Grocer magazine.

The Company's powerful distribution network reaches over 100 countries across six continents and 400 airport retail stores, making our products accessible to consumers across the globe.



Subsidiaries and Operations

Emperador Distillers, Inc. (EDI) The Philippines' brandy pioneer

Emperador Distillers, Inc. (EDI) introduced the Philippines' first brandy label, Emperador Brandy, which has since grown into a globally recognized brand supported by a structured blending and aging process. Building on this flagship product, the company has expanded its brand portfolio to include Emperador Light, Emperador Double Light, Emperador Coffee Brandy, Imported Emperador Light, Emperador Deluxe, and Emperador Majestic Reserve.

Beyond its core brandy offerings, EDI produces several liquor brands such as Andy Player Whisky, Smirnoff Mule, The BaR, Zabana, and So Nice. The company also distributes Pik-Nik Shoestring Potatoes and E & J Gallo wines from the United States.

The company operates manufacturing complexes in Biñan and Santa Rosa, Laguna, as well as a glass manufacturing facility in Canlubang, Calamba, Laguna. Progreen, one of its subsidiaries, operates two domestic distillery plants in Batangas.

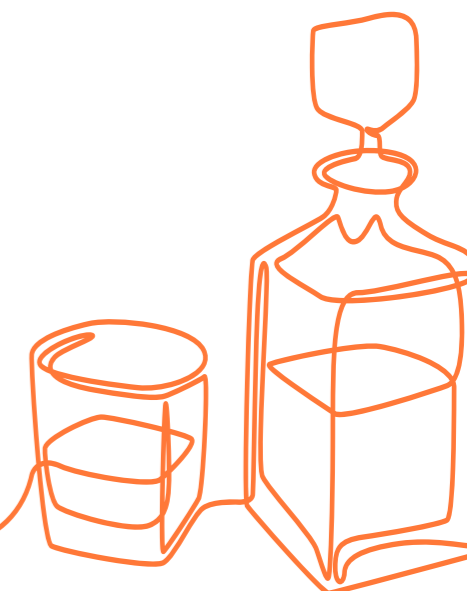
EDI is one of the largest liquor companies in the Philippines, supported by a distribution network that spans major supermarkets to neighborhood stores. It is also the largest brandy producer in the world, with a presence across Asia, North America, Africa, the Middle East, and Europe.

Whyte and Mackay Group Limited (WMG) Leader in single malt whiskies

Grounded in nearly two centuries of heritage rooted in Scotland in the UK, the Whyte and Mackay Group (WMG) is behind award-winning single malt whiskies: The Dalmore, Jura, Fettercairn, and Tamnavulin. It has been leveraging its craftsmanship with modern spirits such as Shackleton and blended whiskies including John Barr, Whyte & Mackay Blended Scotch Whisky, and Claymore.

WMG continues to engage with loyal Scotch whisky consumers while attracting a new wave of modern whisky drinkers. WMG's whiskies are widely distributed across major global markets, including the United States, Europe, and Asia, where the subsidiary's single malt whiskies deliver strong performance.

The company operates five distilleries in Scotland, comprising four malt and one grain distillery. The Dalmore distillery in Alness, Scotland, has been expanded to twice the production capacity; while the Invergordon distillery is expanding its whisky maturation facilities, adding 1.5 million additional casks of maturing whisky. These capacity expansions continue to contribute significantly to WMG's goal of meeting greater global demand for single malt whiskies.



Grupo Emperador Spain S.A. (GES) From heritage winemakers to spirit innovators

Rooted in a rich history of pioneering and crafting Spanish brandy, Grupo Emperador Spain S.A. (GES) serves as EMI's platform for premium brandies, sherries, and mezcals.

The subsidiary's core asset, Bodegas Fundador (BF), traces its origins to the Jerez wine region and its role as an early producer of Spanish brandy, including its designation as official winemaker to Spanish royalty. At present, it has grown into a celebrated manufacturer of perfected brandy variants under the Fundador Collection and historic brands like Terry, Tres Cepas, and Harveys. It has also been bringing a new approach to brandy for modern tastes, with its Fundador Sherry Cask Range, highlighted by Fundador Supremo and Fundador Doble Madera. BF's brandy products are primarily distributed across Asia-Pacific, Latin America, and Africa, while its sherry offerings are most established in the Middle East and Asia-Pacific.

Another asset under GES is Domecq Bodegas Las Copas (Domecq BLC), a joint venture with González Byass. Domecq BLC's brand lineup includes Presidente, Don Pedro, and Azteca De Oro. These brandies are produced from the Casa Pedro Domecq (CPD) winery and dominate the Mexican market. Also included in GES' portfolio are premium mezcal brands Los Danzantes and Alipús. These brands are distributed in over 20 countries and featured in leading international on-trade establishments.



CPI Strategy

Contemporize, Premiumize, Internationalize

EMI's growth strategy—Contemporize, Premiumize, and Internationalize—continues to drive the Company towards global expansion.

In pursuit of leadership across the global liquor markets, the CPI Strategy ensures continued consumer relevance, elevated product quality, and sustained expansion in international markets. It shapes EMI's innovation pipeline, marketing approach, and market penetration initiatives. The Company's recent performance reflects the strength and discipline of this strategy.

Emperador Inc.'s performance in 2025 reflects disciplined execution of its Contemporize, Premiumize, and Internationalize (CPI) strategy. Through portfolio evolution, premium expansion, and global market strength, EMI continues to enhance value while advancing responsible operations.



Board of Directors

2-9, 2-10, 2-11, 2-13



Andrew L. Tan
Chairman Emeritus



Winston S. Co
Chairman of the Board



Glenn D. Manlapaz
President



Kendrick Andrew L. Tan
Director



Kevin Andrew L. Tan
Director



Jesli A. Lapus
Independent Director



Ho Poh Wah (Jason Ho)
Independent Director



Jose Rene Gregory D. Almendras
Independent Director



New Products

Wine

Dalmore Cask Curation Series — Red Wine Cask Edition

The third iteration of the brand's Cask Curation Series, the Red Wine Cask Edition consists of three whiskies of varying ages: 24, 34, and 43 years. All were matured in Matusalem Oloroso sherry casks. They were then finished in wine casks from its esteemed partner, Château Mont-Redon, located in the Châteauneuf-du-Pape region of France. The whiskies were bottled without chill filtration and no color added.

The 24 Year Old brings aromas of rich honey, sweet citrus and hints of orchard fruit, alongside notes of red berries, crème brûlée, orange zest and hints of dark toffee on the palate, with mandarin, roasted coffee and soft spices on the finish.

The 34 Year Old has subtle floral notes with hints of forest fruits on the nose, with rich dark berries, stone fruits, vanilla, and gentle wood spice on the palate. The finish is described to carry before warm honey, white chocolate and a touch of liquorice.

The 43 Year Old offers warm aromas of dried fruit and orange marmalade. It carries notes of forest berries, dark chocolate, hints of honeyed mango and warming spice on the palate, before a finish of dark fruit, a hint of espresso, and aged wood spice.

These expressions are bottled at 40.7% ABV, 40.5% ABV, and 40.3% ABV, respectively. The three bottles are enclosed in a presentation case, covered in lapis blue Saffiano leather, hand-crafted in Florence, Italy by renowned luggage artisans AB Florence.

The color selection echoes the blue hue of the estate's ripening grapes and the Rhône-Alpes flag for the region of Mont-Redon. Only 150 sets of this edition have been created.



Whisky

Dalmore Luminary No. 3 2025 Edition — The Rare

The third and final installment of the Dalmore Luminary, the Dalmore Luminary 2025 Edition has two single malt whiskies made in collaboration with V&A Dundee, a design museum in Scotland, and Ben Dobbin of Foster & Partners architects.

The Dalmore Luminary 2025 Edition — The Rare is a 52-year-old expression and the oldest whisky to be released in the said series. The Rare was matured in American white oak ex-Bourbon casks, then transferred to a vintage 1980 calvados cask (a type of French apple brandy). It was then finished with a variety of rare casks before bottling: vintage 1980 Calvados, 1940 Colheita Port, Tawny Port, Pedro Ximénez aged 40 years, and Châteauneuf-du-Pape red wine casks.

Coupling this sophisticated production, The Rare is placed on Ben Dobbin's custom sculpture, which is inspired by tensegrity, an architectural term defining a design that uses elements of compression and tension.

The sculpture has bronze rods drawing in to and leaning out from a wooden pedestal where the Dalmore decanter is placed.

A more accessible version of the 2025 edition, The Collectible, was aged for a total of 17 years. It was matured in casks that are not as rare or as old as those used for The Rare, but still formerly containing vintage and aged Calvados, Matusalem and Apostoles sherry, red wine casks from Bordeaux and Châteauneuf-du-Pape, and fully matured American white oak.

WMG has described Dalmore Luminary No. 3 2025 Edition as having aromas of baked red apples, sugared almonds, and soft wood spice, with notes of rich caramel, apple crumble, dark chocolate, and blood orange on the palate and vanilla, tarte tatin, marzipan, and liquorice on the finish.

The Rare is bottled at a cask strength of 40.3% ABV, while The Collectible is bottled at 49.2% ABV. Only two bottles exist for the Rare, while 20,000 bottles of The Collectible have been produced.



Certification, Awards, and Recognitions

WHISKY CATEGORY

International Wine & Spirit Competition

Gold 95

- Tamnavulin Port Cask
- Dalmore 30YO
- W&M Blend Special/Triple Matured Blended Scotch

International Spirit Challenge

Gold

- Dalmore Portfolio Series No. 3

BRANDY & SHERRY CATEGORY

International Wine & Spirit Competition

Gold

- Harveys V.O.R.S. Oloroso
- Harveys V.O.R.S. Pedro Ximenez
- Harveys V.O.R.S. Palo Cortado

Bacchus International Wine Competition

Great Gold

- Harveys V.O.R.S. Palo Cortado
- Harveys V.O.R.S. Pedro Ximenez
- Harveys V.O.R.S. Amontillado
- Harveys V.O.R.S. Oloroso
- Harveys Premium Amontillado
- Fundador Supremo 12
- Fundador Supremo 18

Gold

- Harveys Premium Fino
- Harveys Premium Palo Cortado
- Harveys Premium Oloroso
- Fundador Sherry Cask Solera
- Fundador Sherry Cask Double Madera
- Fundador Sherry Cask Triple Madera

Decanter World Wine Awards

Platinum

- Harveys Palo Cortado Medium

97 Points

- Harveys Oloroso Medium

95 Points

- Harveys Pedro Ximénez



World Drinks Awards

World's Best Cream Sherry

- Harveys Bristol Cream

World's Best Sherry Cask Brandy

- Fundador Sherry Cask Solera

Style Winner

- Fundador Sherry Cask Solera

Guia Peñín

97 Points

- Fundador Supremo 18

95 Points

- Harveys Amontillado Medium V.O.R.S.
- Harveys Palo Cortado Medium V.O.R.S.
- Harveys Premium Palo Cortado
- Fundador Supremo 12
- Fundador Supremo 15

96 Points

- Harveys V.O.R.S. Pedro Ximénez

San Francisco World Spirits Competition

Gold

- Fundador Sherry Cask Triple Madera
- Fundador Supremo 18
- Terry Centenario

China Wine & Spirits Awards

Double Gold

- Fundador Supremo 15

Gold

- Fundador Supremo 12
- Fundador Supremo 18
- Fundador Sherry Cask Double Madera
- Fundador Sherry Cask Triple Madera



EMPERADOR INC.

Emperador Sustainability Statement

“Our purpose is to participate in and enrich the celebration of life’s special occasions. At the same time, we make viable efforts at contributing to the protection of the environment, deepening social interactions, and improving prudence in governance.”

Sustainability Strategy

Empowered People, Nurtured Planet, and Enriched Prosperity

Regarding sustainability as a vital aim, EMI concretely integrates sustainability principles and practices across its value chain. Grounded on the 17 Sustainable Development Goals of the United Nations and the framework of parent company AGI, labelled SustainAGility, EMI aligns its operations and initiatives in three key areas: People, Planet, and Prosperity.

Each pillar sets specific directions wherein the company can deliver meaningful and productive results beyond profit.

This approach sustains EMI’s aspirations and fuels its operations to make a difference on the environment it works within, the communities it reaches, and the economy it contributes to.

Sustainability Framework



Aligned with its parent company’s strategy, EMI regards sustainability as a core element to their success. While keeping its foothold as a global leader in distilled spirits, the Company also upholds a strong commitment to integrating sustainability and environmental stewardship across its entire value chain.

EMI applies this commitment across its subsidiaries, from utilizing technologies that reduce emission and conserve resources to empowering their workforce and communities.

Through corporate social responsibility (CSR) programs and environmental, social, and governance (ESG)-driven initiatives, EMI strives to deliver positive impacts on people, the planet, and the economy.

EMI’s sustainability strategy is driven by AGI’s SustainAGility framework, the overarching sustainability theme across AGI’s subsidiaries. SustainAGility guides AGI’s resolve to give greater attention to the needs of the planet and people aside

from profit goals. Through this framework, EMI consciously builds, implements, and sustains efforts to achieve carbon neutrality, nurture thriving communities, and enable meaningful growth.

The SustainAGility framework is centered on three pillars— People, Planet, and Prosperity— each with material goals shaping the Company’s direction to deliver concrete and significant results.

Pillar 1: People

At EMI, people are an important aspect in every stage of growth. The Company demonstrates value for its workforce by providing competitive benefits, training programs, and comprehensive policies.

It also prioritizes customers’ health and privacy while promoting responsible drinking. It actively drives positive change in communities through corporate social responsibility initiatives.



Employee Wellness & Empowerment



Community Transformation



Customer Care

Pillar 2: Planet

For EMI, sustainable and long-term growth also entails proper stewardship of the environment. The Company aims for the reduction of carbon footprint and the conservation of natural resources in its operations by employing environment-friendly processes and technologies across its distilleries, vineyards, and production facilities worldwide.



Carbon Neutrality



Resource Efficiency

These include replacing traditional machinery with more advanced equipment, transitioning from traditional sources to renewable energy, and preferring natural processes over chemically-involved ones.

Pillar 3: Prosperity

Through innovation and responsible business practices, EMI pursues long-term stability and sustainability.

While allocating substantial effort towards expanding market presence and adopting digital solutions, the Company also fully embraces transparent corporate governance and ethical business operations.



Impact Growth



Good Governance

Stakeholder Engagement

2-29

From products to programs, EMI touches various sectors across the value chain. This makes it important for the Company to constantly communicate and listen to its stakeholders. EMI regularly seeks to understand stakeholders' needs and concerns through open and constructive dialogue, allowing the Company to improve current or push for new initiatives. Through informed decisions, the Company ensures its operations positively impact its employees, suppliers, contractors, investors, customers, communities and regulatory bodies.



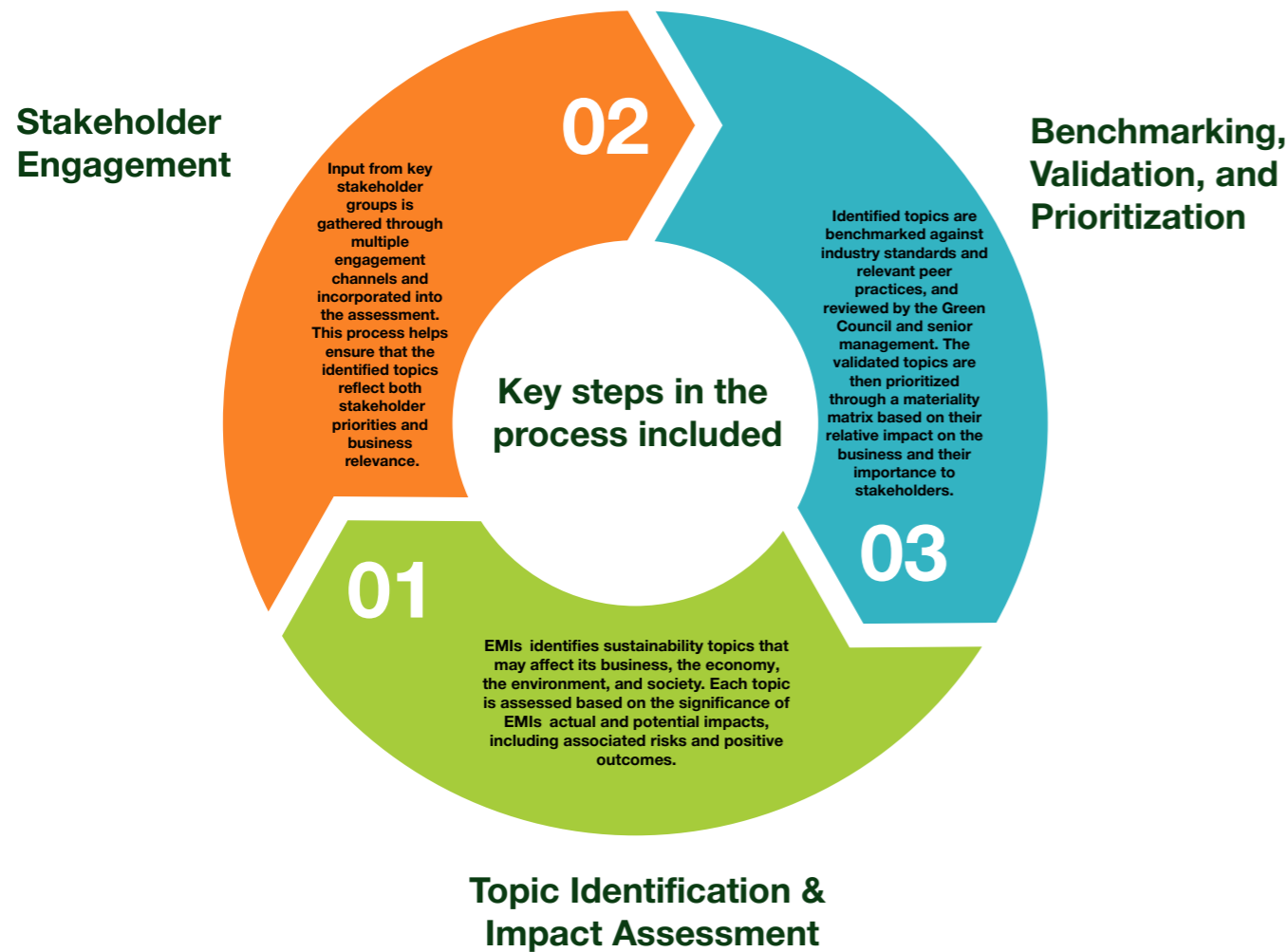
Stakeholder Group	Concerns	Channels of Communication	Actions Taken
Customers (Retail consumers, global distributors, trade partners)	<ul style="list-style-type: none"> Product safety and consistent quality standards Ethical marketing practices and protection of personal data Reliable product supply and distribution 	<ul style="list-style-type: none"> Direct email correspondence Customer perception and feedback surveys Official social media platforms Quality audits and assessment activities 	<ul style="list-style-type: none"> Compliance with Global Food Safety Initiative standards and FDA regulations Enforcement of the Company's marketing code Formal complaint monitoring system with zero validated complaints reported
Employees	<ul style="list-style-type: none"> Competitive compensation and benefits Continuous learning and skills development Work-life integration Protection of labor rights Equity, diversity, and inclusion 	<ul style="list-style-type: none"> Employee engagement and feedback surveys Training evaluations and assessments Town hall meetings Collective bargaining discussions 	<ul style="list-style-type: none"> Implementation of leadership development initiatives, Corporate Induction programs, and structured learning platforms Enhancement of ED&I initiatives informed by employee feedback Resolution of workplace concerns through collective bargaining agreements and established internal communication channels
Suppliers and Contractors	<ul style="list-style-type: none"> Responsible and ethical sourcing practices Timely and transparent payment processes Adherence to regulatory and operational standards 	<ul style="list-style-type: none"> Supplier accreditation processes Regular audits and performance reviews Coordination meetings Sustainability and compliance questionnaires 	<ul style="list-style-type: none"> Conduct of environmental and social compliance audits Requirement for submission of relevant certifications such as ISO 14001 and FSC or PEFC Enforcement of compliance with applicable local regulations Simplification and enhancement of supplier assessment documentation
Investors	<ul style="list-style-type: none"> Integration of ESG consideration Sustained financial performance Transparency and accountability Effective risk oversight 	<ul style="list-style-type: none"> Investor briefings and meetings Annual and quarterly reports Annual Stockholders' Meetings Regulatory filings and disclosures 	<ul style="list-style-type: none"> Conduct of materiality assessments aligned with SASB industry standards and GRI principles Regular enterprise risk assessments and periodic materiality reviews Clear and comprehensive financial reporting disclosures
Communities and Society	<ul style="list-style-type: none"> Local job generation Environmental protection and resource stewardship Visibility and relevance of CSR initiatives Respect for local culture and community values 	<ul style="list-style-type: none"> Barangay consultations and dialogues Community outreach activities Partnerships with educational institutions Partnerships with local government for cultural activities 	<ul style="list-style-type: none"> Implementation of CSR initiatives such as tree planting, cleanup drives, and blood donation activities Subsidiary-led localized community engagement programs Participation on activities promoting cultural heritage
Regulatory Bodies	<ul style="list-style-type: none"> Adherence to applicable laws and regulations Accuracy and completeness of regulatory reporting Protection of public health and safety 	<ul style="list-style-type: none"> Joint inspections and site visits Regulatory submissions and formal filing Participation in public consultations and hearings 	<ul style="list-style-type: none"> Maintenance of full compliance with relevant regulatory requirements, including DOLE, FDA, and COMAH in the UK Implementation of advance notification protocols for significant operational changes Active participation in industry associations and regulatory dialogues

Materiality

3-1, 3-2

EMI conducts regular materiality assessments to identify sustainability matters that are most relevant to its business and stakeholders. The process prioritizes economic, environmental, and social topics that influence long-term value creation, operational resilience, and stakeholder confidence. The assessment aligns sustainability priorities with business objectives and is used to inform

management focus, resource allocation, and disclosures. EMI's approach is guided by globally recognized frameworks, including the Global Reporting Initiative (GRI) Standards and the Sustainability Accounting Standards Board (SASB) standards for the alcoholic beverage industry, supporting consistency and comparability.



Unified Impact: An ESG Blueprint

EMI's sustainability approach is designed to deliver integrated outcomes across environmental, social, and economic priorities. Rather than addressing ESG topics in isolation, the Company applies a coordinated framework that aligns governance, operations, and performance across its People, Planet, and Prosperity pillars.

alongside employee well-being, responsible business practices, and economic contributions, supporting balanced and sustainable value creation.

The ESG Blueprint provides a structured view of how EMI translates its sustainability strategy into action, from policy setting and risk management to operational programs and performance monitoring. While the Company's material topics remain unchanged, this framework reinforces alignment, accountability, and execution across the organization.

This unified approach allows EMI to manage its material sustainability topics consistently across business units and geographies, while ensuring that actions taken in one area reinforce progress in others. Environmental initiatives are implemented


































UN SDG Contributions

3-3

Besides governments and sectors, organizations are called to contribute to realizing the United Nations' Sustainable Development Goals (UN SDGs) by improving their operations, practices, and engagement. EMI, as a global company, can significantly contribute to the overall progress towards UN SDGs on multiple fronts.

Material Topic	Relevant GRI Indicators	Societal Value/Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact	UN SDGs
GHG Emissions Reducing GHG emissions supports EMI's effort to manage its carbon footprint and contribute to climate action.	GRI 305: Emissions	<ul style="list-style-type: none"> • Supports climate stability • Promotes lower-carbon operations • Advances decarbonization efforts 	<ul style="list-style-type: none"> • Residual emissions from energy-intensive operations • Higher transition costs • Exposure to carbon pricing 	<ul style="list-style-type: none"> • Facility-level emissions monitoring • Process optimization and cleaner technologies • Periodic climate risk reviews 	
Ecological Impact EMI acknowledges the ecological impact of its operations and ensures positive impacts supersede negative ones.	N/A	<ul style="list-style-type: none"> • Protects site biodiversity • Minimizes ecosystem disturbance • Strengthens environmental stewardship 	<ul style="list-style-type: none"> • Habitat disturbance from expansion • Resource pressure within supply chains • Community environmental concerns 	<ul style="list-style-type: none"> • Environmental impact assessments • Biodiversity protection measures • Monitoring and mitigation programs 	
Waste Management Effective waste management minimizes environmental impact and ensures regulatory compliance.	GRI 306: Waste	<ul style="list-style-type: none"> • Reduces landfill waste • Promotes responsible disposal • Supports circular practices 	<ul style="list-style-type: none"> • Packaging waste accumulation • Improper handling by third parties • Limited recycling systems 	<ul style="list-style-type: none"> • Waste segregation and recovery programs • Partnerships with certified waste contractors • Waste reduction targets 	
Energy Use and Efficiency Improving energy efficiency reduces operational costs and lessens environmental impact.	GRI 302: Energy	<ul style="list-style-type: none"> • Improves energy efficiency • Reduces environmental impact • Supports cleaner energy adoption 	<ul style="list-style-type: none"> • Energy dependency in production • Volatile energy pricing • Renewable integration constraints 	<ul style="list-style-type: none"> • Energy performance monitoring • Efficiency upgrades across facilities • Diversification of energy sources 	
Water and Wastewater Management Efficient use of water preserves local water resources, while proper wastewater treatment prevents water pollution.	GRI 303: Water and Effluents	<ul style="list-style-type: none"> • Promotes responsible water use • Protects local water ecosystems • Strengthens water stewardship 	<ul style="list-style-type: none"> • Water stress in high-demand areas • Risk of untreated discharge • Community concerns over water use 	<ul style="list-style-type: none"> • Water risk mapping and monitoring • Wastewater treatment controls • Process efficiency improvements 	
Materials Management By managing materials responsibly, EMI prevents waste, minimizes environmental impact, and maintains regulatory compliance.	GRI 301: Materials	<ul style="list-style-type: none"> • Promotes responsible sourcing • Reduces material intensity • Strengthens supply resilience 	<ul style="list-style-type: none"> • Resource-intensive inputs • Supply disruptions • Waste from excess inventory 	<ul style="list-style-type: none"> • Responsible procurement standards • Inventory optimization systems • Evaluation of alternative materials 	

Material Topic	Relevant GRI Indicators	Societal Value/Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact	UN SDGs
Employment and Benefits A productive and engaged workforce is key to a thriving organization.	GRI 401: Employment GRI 402: Labor/ Management Relations	<ul style="list-style-type: none"> Provides stable employment Supports fair compensation Strengthens workforce retention 	<ul style="list-style-type: none"> Rising labor costs Benefit expectations exceeding benchmarks 	<ul style="list-style-type: none"> Compensation benchmarking Structured benefits programs Transparent communication of reward systems 	 
Employee Diversity, Training and Development Employees who are empowered to upgrade their skills and elevate their careers enable EMI to meet current and future demands.	GRI 404: Training and Education GRI 405: Diversity and Equal Opportunity GRI 406: Non-discrimination	<ul style="list-style-type: none"> Promotes inclusive workplace culture Strengthens workforce capability Builds organizational resilience 	<ul style="list-style-type: none"> Unequal advancement opportunities Skills gaps in evolving markets Resistance to organizational change 	<ul style="list-style-type: none"> Inclusive recruitment and promotion policies Continuous learning and leadership programs Monitoring of diversity indicators 	  
Employee Health and Safety EMI maintains a safe working environment through policies that prevent accidents and hazards and practices that promote employees' well-being. EMI maintains a safe working environment.	GRI 403: Occupational Health and Safety	<ul style="list-style-type: none"> Protects employee well-being Reduces workplace incidents Strengthens safety culture 	<ul style="list-style-type: none"> Workplace accidents Operational downtime Regulatory penalties 	<ul style="list-style-type: none"> Comprehensive safety management systems Routine safety audits and drills Incident reporting and corrective action protocols 	 
Labor Management Relations Through open communication and structured consultation processes between employees and the management, EMI keeps harmony within the organization and continuity in operations.	GRI 402: Labor/Management Relations	<ul style="list-style-type: none"> Encourages constructive dialogue Supports industrial harmony Ensures fair representation 	<ul style="list-style-type: none"> Labor disputes or work stoppages Misalignment of expectations Reputational risk from unresolved grievances 	<ul style="list-style-type: none"> Open communication channels with workforce representatives Formal grievance procedures Periodic engagement sessions 	 
Human Rights Assessment Complying with labor laws and supporting ethical practices allows EMI to maintain reputation and stabilize operations.	GRI 408: Child Labor GRI 409: Forced or Compulsory Labor	<ul style="list-style-type: none"> Upholds dignity and fair treatment Aligns operations with international standards Strengthens ethical culture 	<ul style="list-style-type: none"> Human rights risks in supply chains Legal exposure from non-compliance Stakeholder trust erosion 	<ul style="list-style-type: none"> Risk-based human rights screening Supplier codes of conduct Escalation and remediation processes 	 
Security Practices Adequately training security personnel on human rights principles, company policies, and ethical conduct enables EMI to protect people, assets, and operations.	GRI 410: Security Practices	<ul style="list-style-type: none"> Protects employees, assets, and communities Ensures safe operating environments Supports business continuity 	<ul style="list-style-type: none"> Excessive use of force Community tension near facilities Data or asset loss 	<ul style="list-style-type: none"> Security protocols aligned with rights-based principles Training for security personnel Coordination with local authorities 	 

Material Topic	Relevant GRI Indicators	Societal Value/Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact	UN SDGs
Responsible Drinking and Marketing A marketing and labelling code that ensures transparency, legal compliance, and the promotion of safe consumption of alcoholic beverages is consistent with EMI's cause for responsible drinking.	GRI 417: Marketing and Labelling	<ul style="list-style-type: none"> Promotes informed consumption Encourages ethical brand communication Supports public awareness initiatives 	<ul style="list-style-type: none"> Misinterpretation of promotional content Exposure to vulnerable groups Cultural sensitivity concerns 	<ul style="list-style-type: none"> Internal marketing compliance reviews Responsible advertising standards Monitoring and corrective measures 	
Customer Management Adhering to high standards of safety and satisfaction maintains consumer trust in EMI.	GRI 416: Customer Health and Safety GRI 418: Customer Privacy	<ul style="list-style-type: none"> Builds long-term consumer trust Enhances product transparency Improves service responsiveness 	<ul style="list-style-type: none"> Product dissatisfaction or recalls Misinformation in digital channels Service delivery disruptions 	<ul style="list-style-type: none"> Multi-stage quality controls Customer feedback systems Rapid issue resolution mechanisms 	
Data Privacy and Security Updating protocols and strictly implementing them ensures customers' protection against breaches in data and privacy.	GRI 418: Customer Privacy	<ul style="list-style-type: none"> Strict implementation of provisions Proper handling of personal data 	<ul style="list-style-type: none"> Data breaches 	<ul style="list-style-type: none"> Updating data protection protocols Training on data privacy 	 
Community Impact Corporate social responsibility and community engagement initiatives allows EMI to deliver positive impacts to the communities it serves.	GRI 413: Local Communities	<ul style="list-style-type: none"> Community partnership Community programs 	<ul style="list-style-type: none"> Neglecting community needs Community expectations 	<ul style="list-style-type: none"> Engaging in meaningful community programs Respecting the communities 	  
Economic Performance EMI aspires, plans, and works toward profitability that equally benefits employees, shareholders, and the community.	GRI 201: Economic Performance GRI 203: Indirect Economic Impacts	<ul style="list-style-type: none"> Business continuity growth and planning 	<ul style="list-style-type: none"> Economic fluctuations and downturns 	<ul style="list-style-type: none"> Focusing on sustainable economic performance 	
Market Presence EMI cultivates its presence in the market through consistent job opportunities, fair compensation, and inclusive economic participation.	GRI 202: Market Presence	<ul style="list-style-type: none"> Creating job opportunities Investing in local talent Promoting inclusive economic participation. 	<ul style="list-style-type: none"> Rapid market expansion 	<ul style="list-style-type: none"> Regularly reviews employment policies to align with labor laws 	 

Material Topic	Relevant GRI Indicators	Societal Value/Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact	UN SDGs
Enterprise Risk Management EMI manages and prevents operational risks through proper assessment and planning.	N/A	<ul style="list-style-type: none"> Risk assessment strategies 	<ul style="list-style-type: none"> Supply disruptions Market fluctuations Unforeseen crisis 	<ul style="list-style-type: none"> Supplier risk management Crisis risk and management plans 	
Business Ethics and Integrity Transparency in transactions and compliance in ethical policies fosters EMI's trustworthiness among stakeholders.	GRI 205: Anti-corruption GRI 206: Anti-competitive Behavior	<ul style="list-style-type: none"> Fair and ethical manner Compliance with regulations 	<ul style="list-style-type: none"> Corruption and unethical practices 	<ul style="list-style-type: none"> Strict compliance with anti-corruption policies Compliance training Transparency in operations 	
Supply Chain Environmental and Social Management EMI ensures that the environmental and social practices of suppliers align with the company's standards for fair practices and supply chain sustainability.	GRI 204: Procurement Practices GRI 308: Supplier Environmental Assessment GRI 414: Supplier Social Assessment	<ul style="list-style-type: none"> Supply chain sustainability Supplier social and environmental assessment 	<ul style="list-style-type: none"> Non compliance with environmental and social standards Exploitation of workers and poor working conditions within the suppliers 	<ul style="list-style-type: none"> Environmental certification from suppliers Environmental and social audits. 	 
Regulatory Compliance Regular monitoring and training in compliance to all applicable laws, standards, and industry regulations ensure EMI follows ethical and lawful business operations.	GRI 2-27: Compliance with laws and regulations	<ul style="list-style-type: none"> Supply chain sustainability Promoting accountability, transparency, and respect in all business activities 	<ul style="list-style-type: none"> Non-compliance in regulatory matters can result in legal penalties, reputational damage, and loss of stakeholder trust. 	<ul style="list-style-type: none"> Regular audits Employee training Continuous monitoring to ensure adherence to all regulatory requirements. 	



PLANET:

Protecting the Environment & Resources

EMI recognizes the possible impact of its operations to the environment. Therefore, it strives to mitigate these effects through programs that reduce carbon footprint, control waste disposal, and prevent resource degradation.



Carbon Neutrality

- GHG Emissions
- Ecological Impact



Resource Efficiency

- Waste Management
- Energy Use and Efficiency
- Water and Wastewater Management
- Materials Management

Carbon Neutrality

EMI views carbon neutrality as a key milestone in its broader decarbonization journey. The Company prioritizes emissions reduction across operations through energy efficiency, renewable energy adoption, fuel transition, and process improvements, while progressively addressing residual emissions.

These initiatives are implemented across subsidiaries and supported by consistent monitoring and reporting practices. The following section outlines EMI's greenhouse gas emissions profile and the key initiatives undertaken to reduce emissions across the Company.



GHG Emissions

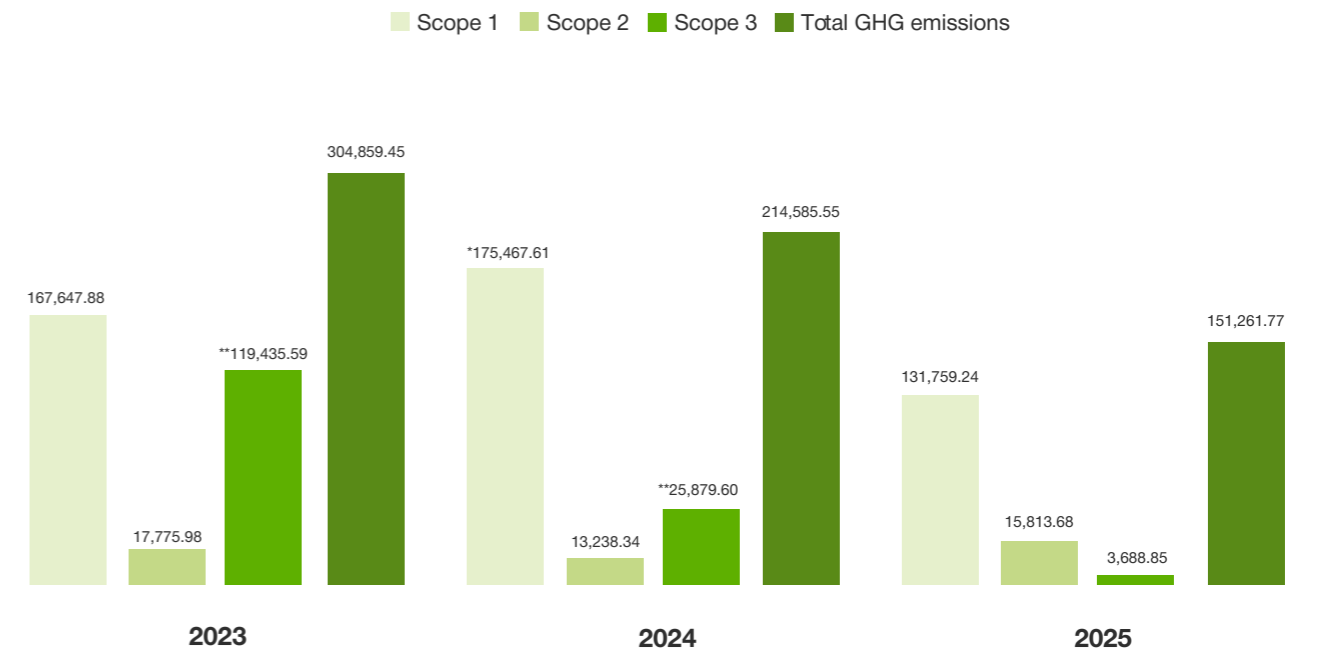
3-3, 305

Liquor companies, through energy-intensive processes, largely contribute to greenhouse gas (GHG) emissions.

EMI recognizes such impact and, therefore, endeavors to mitigate and reduce these emissions across subsidiaries and processes.

Emissions by Scope (in tCO₂e)

[305-1, 305-2, 305-3]



*Value restated to reflect updated data/classification.

**Coverage: AWGI, BF, WMG

GHG Emissions Intensity

[305-4]

Disclosure	2023	2024	2025
Scope 1 + Scope 2			
tCO ₂ e per revenue (tCO ₂ e/revenue)	2.82	3.06	2.59
Scope 3			
tCO ₂ e per revenue (tCO ₂ e/revenue)	1.82	0.42	0.06
Organization specific metric (revenue, in million PHP)	65,643.76	61,645.65	57,042.80

Renewable Energy Adoption and Fuel Transition

The expansion of renewable energy use remains a key contributor to emissions reduction across the Company. At EDI, the installation of solar panels at the Biñan and Santa Rosa plants has enabled the generation of over 800,000 kilowatt-hours (kWh) of renewable energy annually, reducing carbon emissions by approximately 593.12 metric tons of carbon dioxide equivalent (CO₂e). This is equivalent to planting around 27,242 trees and reducing vehicle travel by more than 2.36 million kilometers per year. In addition, a two-megawatt peak solar photovoltaic system installed in 2023 at EDI's glass plant generates approximately 2.5 million kWh of renewable energy annually, reducing emissions by about 1,929 metric tons of CO₂e.

AWGI, one of EDI's subsidiaries, has also fully transitioned to using renewable energy since 2024, following its partnership with Team Philippines Energy Corporation for sourcing electricity from a domestic renewable energy plant.

WMG continues to sustain carbon-neutral electricity sourcing following its shift to carbon-neutral power in 2021. The Jura distillery is increasingly powered by a renewable energy project combining hydroelectric and solar generation, while the Invergordon distillery sources electricity from biomass-based power generated from manufacturing wood pellets through a partnership with Balcas Energy. To secure this supply, a physical private wire was successfully installed at the Invergordon distillery in May 2024.

Fuel switching initiatives further support emissions reduction. At WMG's Jura distillery, the replacement of a traditional boiler, previously powered by heavy fuel oil and diesel, with a biomass boiler allows for improved combustion control using wood pellets. This change is expected to reduce carbon emissions by approximately 5,000 metric tons annually.

Air Treatment and Carbon Capture

Across subsidiaries, air treatment and carbon capture initiatives have also contributed to more efficient emissions reduction.

AWGI has completed its new Air Emission Treatment Plant at its production site in Canlubang, Laguna. The facility is equipped with a high-efficiency Flue Gas Desulfurization (FGD) system and a cutting-edge Electrostatic Precipitator (EP). Together, these systems are designed to drastically reduce the emission of sulfur dioxide (SO₂) and particulate matter from the flue gas emanating from the plant's glass melting furnace.

FGD has 8 sprayers that introduce a sodium hydroxide solution to the gas chamber when it reaches the set maximum temperature to cool it down. At the same time, it neutralizes corrosive compounds such as SO₂ via chemical reaction. The EP, on the other hand, removes fine particles or dusts from the flue gas through electrostatically charged collecting plates that attract the particulate matter. FGD can treat up to 95% of SO₂ from the emission, while the EP can remove more than 99% of dust particles from the emission.

The air treatment begins with the flue gas passing through the FGD, which cools down the gas and neutralizes SO₂. The EP, then, attracts the fine particulates/dusts on the collection plates, which will then be shaken off by mechanical rappers. The treated emission then flows out of the EP through a chimney that releases it to the atmosphere. The by-product particulates fall onto the bottom of the equipment, and a conveying system will transport them to the discharge silo for disposal.

WMG has advanced carbon capture initiatives at its Invergordon distillery by focusing on biogenic carbon dioxide generated during fermentation. Carbon dioxide is piped from fermentation tanks to carbon capture units, where it is scrubbed, liquefied, and stored. As of 2025, the facility is able to capture emissions from 14 vessels, equivalent to around 50 percent of total biogenic carbon. This effort represents one of EMI's most advanced decarbonization efforts, leading the distillery to earn a 'Highly Commended' citation for Sustainable Distillery of the Year at the Icons of Whisky Scotland Awards. This award is granted by the World Drinks Awards, the global award-giving body for the very best in all internationally recognized styles of drinks.

In 2025, WMG reported approximately 580 metric tons of biogenic carbon captured before entering the atmosphere. It aims to expand capacity and target up to 4,000 metric tons of captured carbon in 2026.

Operational initiatives at GES also contribute to emissions reduction. Environment-friendly processes and technologies in vineyard operations include the replacement of combustion-powered forklifts with electric forklifts, reducing reliance on fossil fuels. During wastewater treatment, GES has increasingly recovered biogases that would otherwise be released into the air. The subsidiary's transition to renewable energy is also progressing through the installation of solar panels.

Monitoring, Reporting, and Oversight

Across the Company, subsidiaries regularly monitor GHG emissions and energy consumption through established procedures, emissions controls, and maintenance programs. At GES, emissions controls and periodic reviews enable ongoing monitoring of GHG emissions. Pedro Domecq tracks energy consumption data using the Greemko Platform, which helps identify further emissions reduction opportunities.

WMG complies with emissions reporting schemes mandated by the UK and Scottish governments and participates in voluntary emissions reduction programs. These practices reinforce EMI's commitment to regulatory compliance, transparency, and continuous improvement.

Ecological Impact

EMI recognizes that its operations interact closely with the natural environment and can have direct and indirect ecological impacts. The Company promotes environmental stewardship across its subsidiaries through initiatives that support pollution prevention, biodiversity protection, and responsible resource use.

Community-Based Environmental Protection

EDI actively participates in community-based initiatives aimed at preventing pollution, conserving natural resources, and improving local environmental conditions.

Both of its plants in Laguna regularly join clean-up drives in nearby communities, focusing on the rehabilitation of rivers and coastal areas. In observance of International Coastal Cleanup Day, the plants partner with the local government units to clean certain rivers and coastal areas. In 2025, two barangays and another town in Laguna benefitted from EMI's clean-up activities, which have contributed to improved water quality and helped protect marine and freshwater ecosystems.

Progreen, another EDI subsidiary, carries on its Adopt a River program initiative and is actively promoting the protection of marine sanctuaries by fabricating and donating artificial reef structures.



Biodiversity Conservation and Greening Initiatives

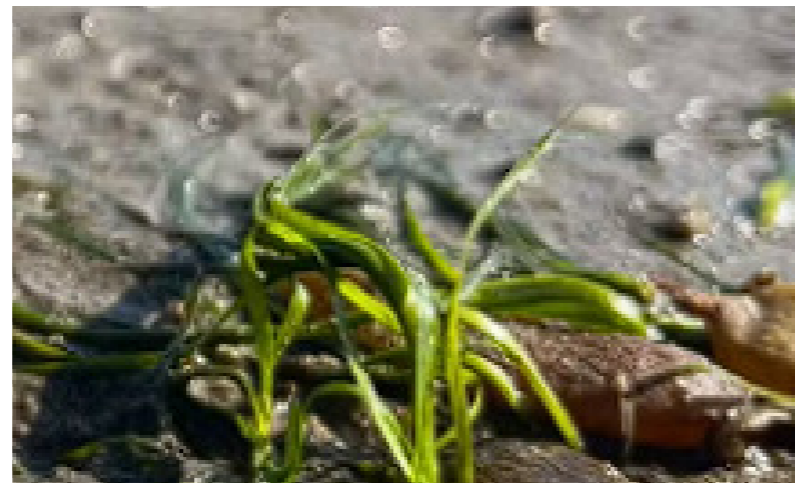
EDI also supports biodiversity conservation and ecosystem restoration through tree planting activities. It coordinates with appropriate environmental offices from local government units and business organizations in participating in these activities. Through these initiatives, EDI aims to contribute to improved air quality, flood mitigation, and the reduction of climate-related risks.

Progreen, for its part, participated in a Mangrove Tree Planting program in Barangay Papaya, Nasugbu, Batangas, in cooperation with the Pollution Control Association of the Philippines, Inc. During this event, more than 800 mangrove saplings were planted.

Nature-Based Solutions in Operations

GES integrates nature-based solutions into its operations to reduce ecological impacts. To minimize chemical applications in its vineyards, GES employs falconry as a natural pest control method. Trained birds are deployed to deter pest birds from damaging ripening grapes, reducing the need for chemical deterrents while preventing harm to wildlife.

With two of its distilleries situated in Cromarty Firth, WMG is actively involved in restoration initiatives at the highlands port. In cooperation with the Scottish Association for Marine Science (SAMS), WMG has volunteered to cultivate a seagrass nursery in Cromarty Shores.



Environmental Awareness and Climate Action

EDI continues to support global and local environmental advocacy efforts by participating in Earth Hour. In partnership with their respective City Environment and Natural Resources Offices, both the Santa Rosa and Biñan plants switched off non-essential lights for at least one hour from 8:30 p.m. to 9:30 p.m.

This participation demonstrates solidarity with local communities in promoting climate action. In recognition of these efforts, EDI received the Earth Hour Advocate and Sustainable Development Partner awards from the City Environment and Natural Resources Office on August 15, 2025.

Resource Efficiency

Producing quality liquor requires significant energy, materials, and water resources. EMI manages resource use across its facilities by improving material efficiency, reducing waste generation, and ensuring proper waste handling and disposal to minimize environmental impacts.



Waste Management

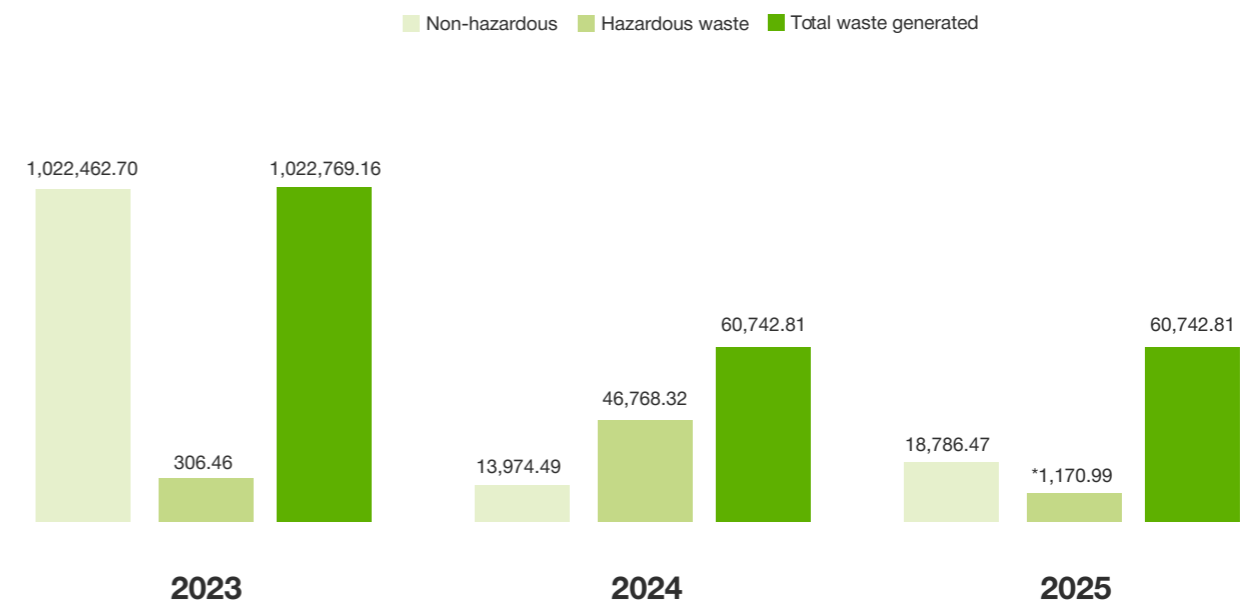
3-3, 306

EMI manages waste across its operations through established programs that guide the proper segregation, handling, treatment, and disposal of materials generated from production and office activities.

These systems support the Company's efforts to minimize the environmental impact of its operations while maintaining compliance with environmental regulations.

Waste generation (in metric tonnes, MT)

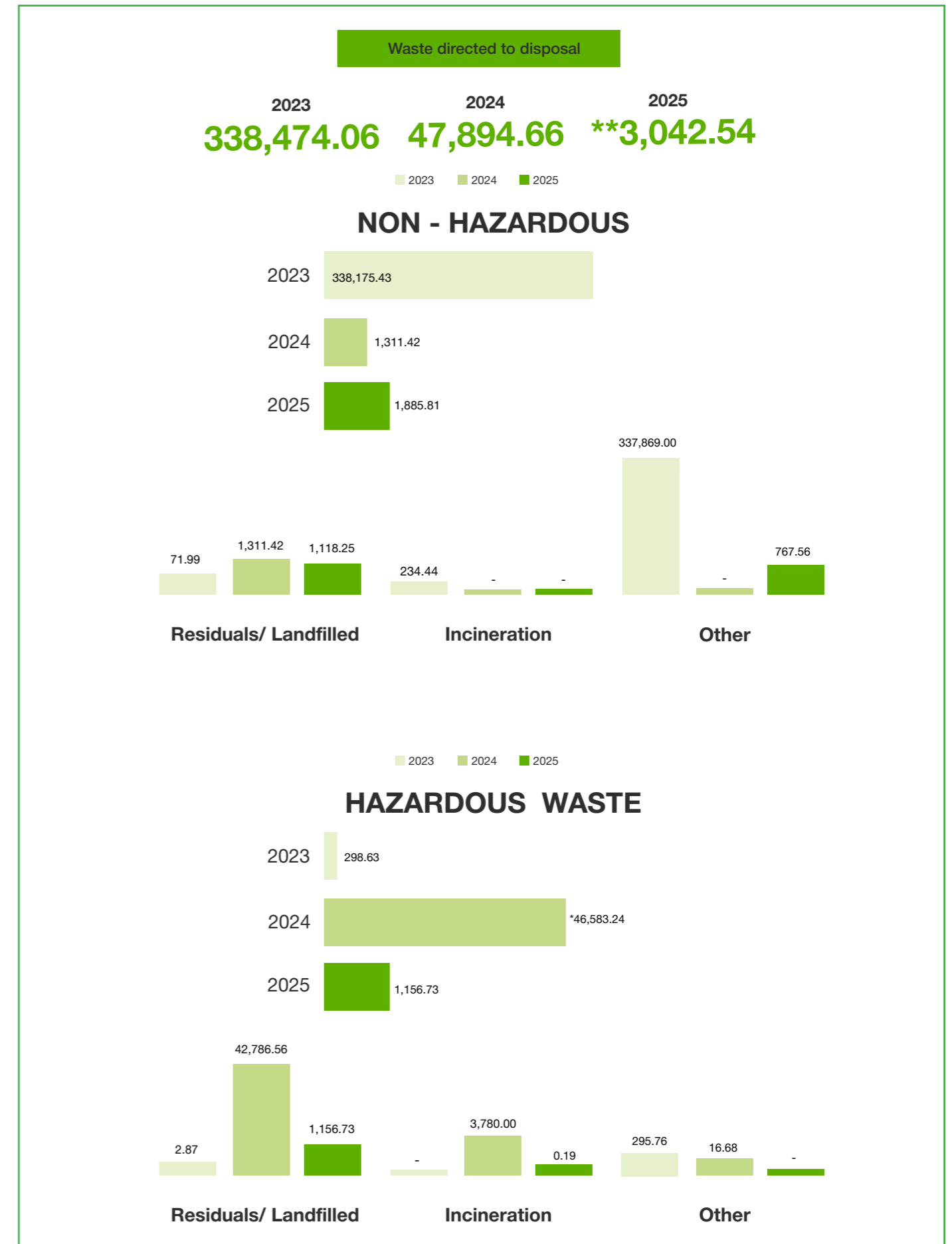
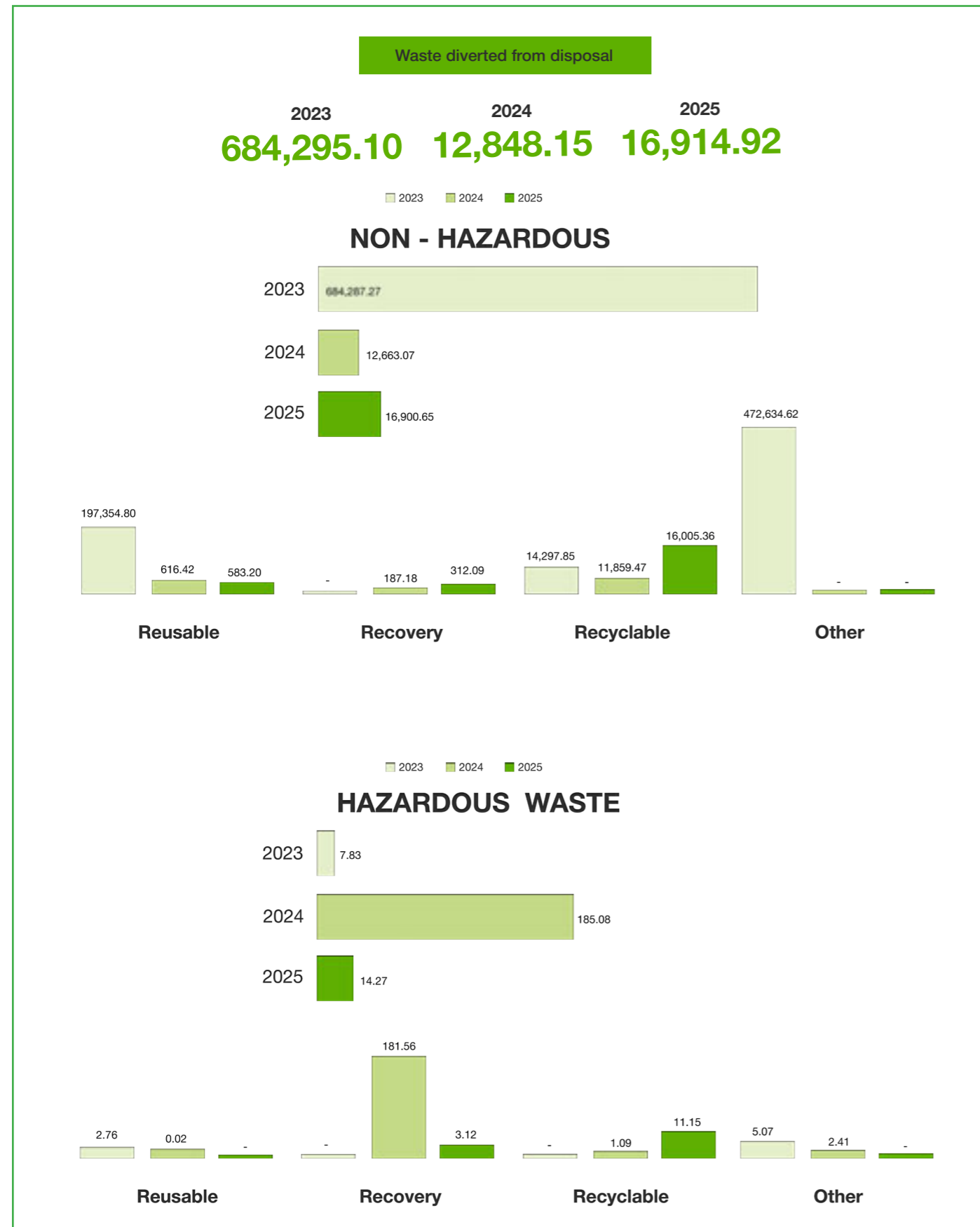
[306-3]



*Reported waste volumes may vary year-on-year due to bulk disposal practices and the timing of waste collection and processing, which may not align with actual waste generation within the reporting period.

Waste Management (in MT)

[306-4, 306-5]



*Restatement: Corrected value for 2024.

**Reported waste volumes may vary year-on-year due to bulk disposal practices and the timing of waste collection and processing, which may not align with actual waste generation within the reporting period.

Waste Reduction and Circular Practices

On both of its plants, EDI implements a solid and hazardous waste management program across its production facilities that focuses on proper waste segregation, collection, transport, storage, and disposal.

Through the continued recycling and reuse of production wastes, the Biñan plant maintained residual waste for landfill disposal at less than one percent in 2025. The plant also promotes the reuse of secondhand bottles in production, with 33,792 cases of secondhand bottles utilized during the year.

Improved waste segregation practices have also been implemented in office operations. Proper segregation of paper waste resulted in the collection and recycling of 1.8 metric tons of paper waste from offices.

In addition, EDI monitors its plastic footprint across operations, achieving a nine percent reduction compared to 2024.

AWGI also continues its collaboration with Megaworld Lifestyle Malls to reduce glass bottle waste sent to landfills.

Responsible Waste Management and Employee Engagement

EMI subsidiaries implement their respective waste management initiatives. Progreen’s waste management initiative programs are focused on converting solid waste generated during mill production into mudpress (soil conditioner), while AWGI recycles scrap wood pallets into armchairs for donation.

WMG advances resource efficiency through its Green Print Strategy, which promotes mindful consumption and responsible waste management practices.

The subsidiary works closely with waste service providers to strengthen waste handling and recovery processes across its operations. GES, meanwhile, grounds its efforts in the concept of circular economy.

On top of initiatives, employee engagement is a key component of WMG’s approach. Through internal education initiatives, employees are encouraged to apply the five R’s of the waste hierarchy, namely reduce, reuse, recycle, repair, and recover.

These efforts support waste minimization and reinforce responsible resource use across the organization.

Energy Use and Efficiency

3-3, 302-4

Energy is a key resource across EMI’s operations. The Company manages energy use through efficiency improvements, renewable energy

adoption, and responsible sourcing to reduce consumption, manage costs, and minimize reliance on non-renewable energy.

Energy Consumption within the Organization (in gigajoules, GJ)

[302-1]

Disclosure	2023	2024	2025
Renewable fuels	1,097,764.39	1,041,638.71	1,436,026.10
Fuels	1,175,573.32	2,382,752.64	1,646,818.20
Natural gas	415,717.07	419,906.60	300,394.62
Fuel oil	281,628.24	226,070.20	259,497.43
LPG	240,073.50	215,923.28	66,312.04
Diesel*	96,430.11	**88,433.63	97,543.08
Gas oil	77,602.57	63,128.09	44,082.69
Coal	61,344.93	1,195,167.89	744,120.88
Petrol	2,110.03	623.60	1,034.51
Gasoline	666.87	789.62	1,042.86
Burning Oil (Kerosene)	-	92.65	261.78
Propane	-	172,617.08	132,266.53
Electricity	133,098.99	***36,808.00	38,199.70
Renewable Electricity**	8,975.12	***85,838.00	86,232.20
Total Energy Consumption within the Organization	2,415,411.82	3,547,037.35	3,207,014.45

*Fuel volumes for B3, B10, and “average biofuel blend” diesel are classified entirely as non-renewable diesel due to limitations in separating the biogenic component, resulting in a conservative estimate.

**The 2024 figure has been restated to include B3 biodiesel for AWGI under diesel.

***A portion of previously reported non-renewable electricity has been reclassified as renewable electricity.

Energy Consumption outside the Organization (in GJ)

[302-2]

Disclosure	2023	2024	2025
Upstream	6,595.25	1,115.17	1,009.41
Delivery of raw materials	772.06	-	-
Retrieval of cullet	2,639.52	-	-
Delivery of fuel	1,529.12	-	-
Shuttle service	770.11	473.17	-
Delivery of MRO supplies	20.31	-	-
Diesel transportation	864.13	642	1,009.41
Downstream	1,522,862.49	14,390	15,014.52
Movement of finished goods	1,503,913.34	-	-
Diesel transportation by trucks and ship	18,949.16	14,390	15,014.52
Total Energy Consumption outside the organization	1,529,457.74	15,505.17	*16,023.92

Note: This table does not include indirect energy consumption data from business travel (air and land), electricity transmission and distribution, and hotel stays for WMG, which are included in calculations for Scope 3 emissions.

*Applies to BF only



Energy Intensity

[302-3]

Disclosure	2023	2024	2025
Energy intensity ratio within the organization (GJ/million PhP)	36.80	57.54	56.22
Energy intensity ratio outside the organization (GJ/million PhP)	23.30	0.25	0.28
Organization specific metric (revenue, in million PhP)	65,643.76	61,645.65	57,042.80

Renewable Energy and Sustainable Sourcing

For its mitigation and adaptation strategies, EDI aligns its approach with the framework specified by the Philippine Agenda on Sustainable Development for its mitigation and adaptation strategies while also following Philippine environmental regulations. EDI continuously monitors and improves its energy management initiatives by conducting monthly KPI meetings.

EDI continues to build up sustainable energy sourcing through the installation of on-site solar facilities. In 2025, EDI installed a 576-kilowatt solar photovoltaic system at the Biñan plant and a 640-kilowatt-peak solar facility at the Santa Rosa plant. The projects, implemented by MSpectrum, Inc., a solar subsidiary of Meralco, began installation in April 2025 at the Santa Rosa plant and in July 2025 at the Biñan plant.

These initiatives are expected to generate operational cost savings while helping reduce demand on grid-supplied electricity, which may also help mitigate power shortages in nearby communities.

WMG continues to advance its energy transition under the Green Print Strategy by exploring alternatives to fossil fuels and shifting toward cleaner biofuels. Energy targets are set across sites and are regularly monitored to support more efficient and sustainable energy use.

GES and its subsidiaries have implemented programs under its Environmental Policy to manage its energy consumption and to assess renewable energy options. These initiatives are designed to reduce reliance on non-renewable gas in its distillery operations.

Energy Efficiency and Conservation

EDI complements renewable energy initiatives with energy efficiency measures across its facilities. At the Biñan plant, 89 percent of the lighting system has been converted to LED lights, providing improved illumination at lower wattage.

Production equipment is optimized through the use of variable speed drives, while wastewater treatment plant blower operations and label room air-conditioning units operate on scheduled intervals to conserve energy.

EDI has also installed steam traps to reduce steam leakage, which reduces energy consumption within its facilities.

Aside from installing a variable frequency drive (VFD) unit at its site, AWGI has also constructed a 2-megawatt peak solar photovoltaic (PV) system on its production and warehouse rooftops.

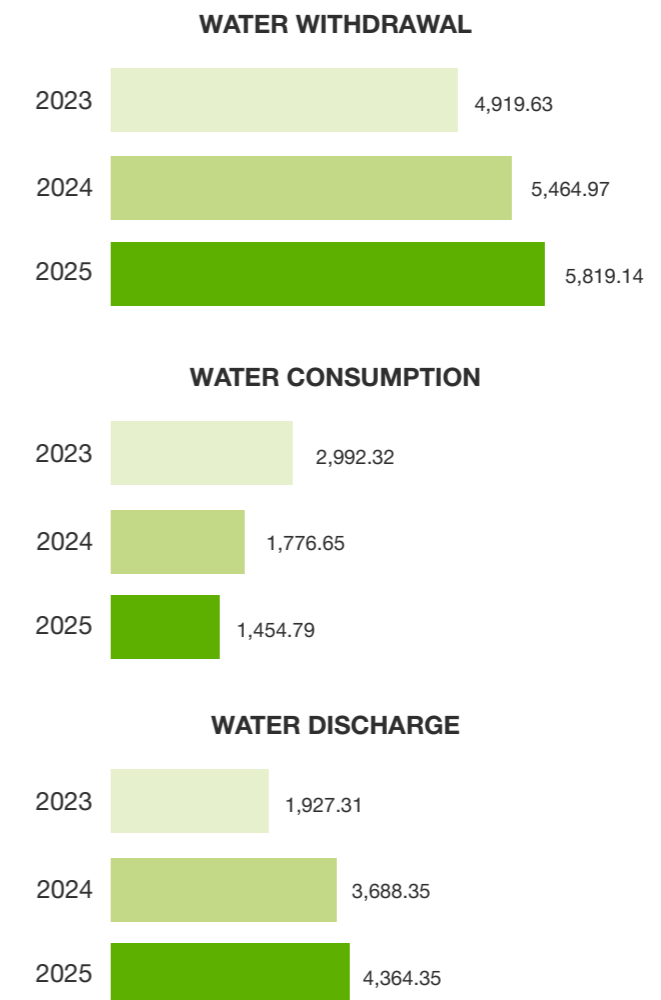


Water and Wastewater Management

3-3, 303

Water and Effluents (in Megaliters, ML)

[303-3, 303-4, 303-5]



Disclosure	2023	2024	2025
Water recycled and reused	296.99	*382.74	**365.18

*Coverage: BF, Biñan and Progreen

**Coverage: BF, AWGI, Biñan, and Progreen

Water Conservation and Efficient Use

EDI implements a water conservation program that focuses on recycling, sanitation management, and timely detection and repair of leaks. Processed water from production is recycled and used for watering perimeter plants, helping reduce freshwater consumption. Improvements in sanitation practices have also reduced the need for frequent cleaning activities, while prompt response to water leaks prevents unnecessary water loss.

WMG strengthens water stewardship across its distillery operations by mapping water usage and developing water charters for individual sites. Distilleries implement planned shutdown periods during potential water stress months and use cooling towers to reduce abstraction from water basins. Daily water withdrawal and discharge data are recorded, shared among primary users, and measured against annual water budgets to support efficient water management. WMG also strictly complies with government and Scotch Whisky Association (SWA) water consumption targets.

It also aligns its intensity targets with the Green Print strategy, with weekly, monthly, and annual monitoring data to identify sites that meet the targets and those that need improvement.

GES manages water consumption through the use of intelligent irrigation systems supported by humidity and salinity sensors. These tools help optimize grape growth while controlling water use across vineyard operations. Water and wastewater management programs are annually assessed under ISO 14001 and CSR certifications, with periodic management reviews to identify improvements relating to water use. GES and its subsidiaries also ensure that its effluents undergo careful treatment to meet required environmental regulations.



Wastewater Treatment and Regulatory Compliance

EDI ensures that wastewater management programs comply with all applicable regulatory standards. These measures prevent untreated liquid waste from polluting nearby bodies of water and support responsible wastewater disposal. At EDI's Biñan Plant, processed water from production is recycled for use in comfort rooms to support effective sanitation programs.

At GES, wastewater undergoes treatment prior to discharge. At BF's Jerez plant, wastewater passes through discharge improvement facilities before being delivered to the public council wastewater treatment plant.

The installation of osmosis equipment at the Jerez Plant has led to a significant decrease in water consumption. The Tomelloso distillery, meanwhile, uses a combination of anaerobic and aerobic systems for effluent treatment and has installed new piping systems to increase water reuse. New pipes aimed to increase water reuse were constructed at the distillery.

WMG distilleries conduct regular weekly, monthly, and annual monitoring of water withdrawal and discharge. Performance is reviewed against targets set under the Green Print Strategy to identify sites that meet water efficiency goals and those requiring further improvement.



Materials Management

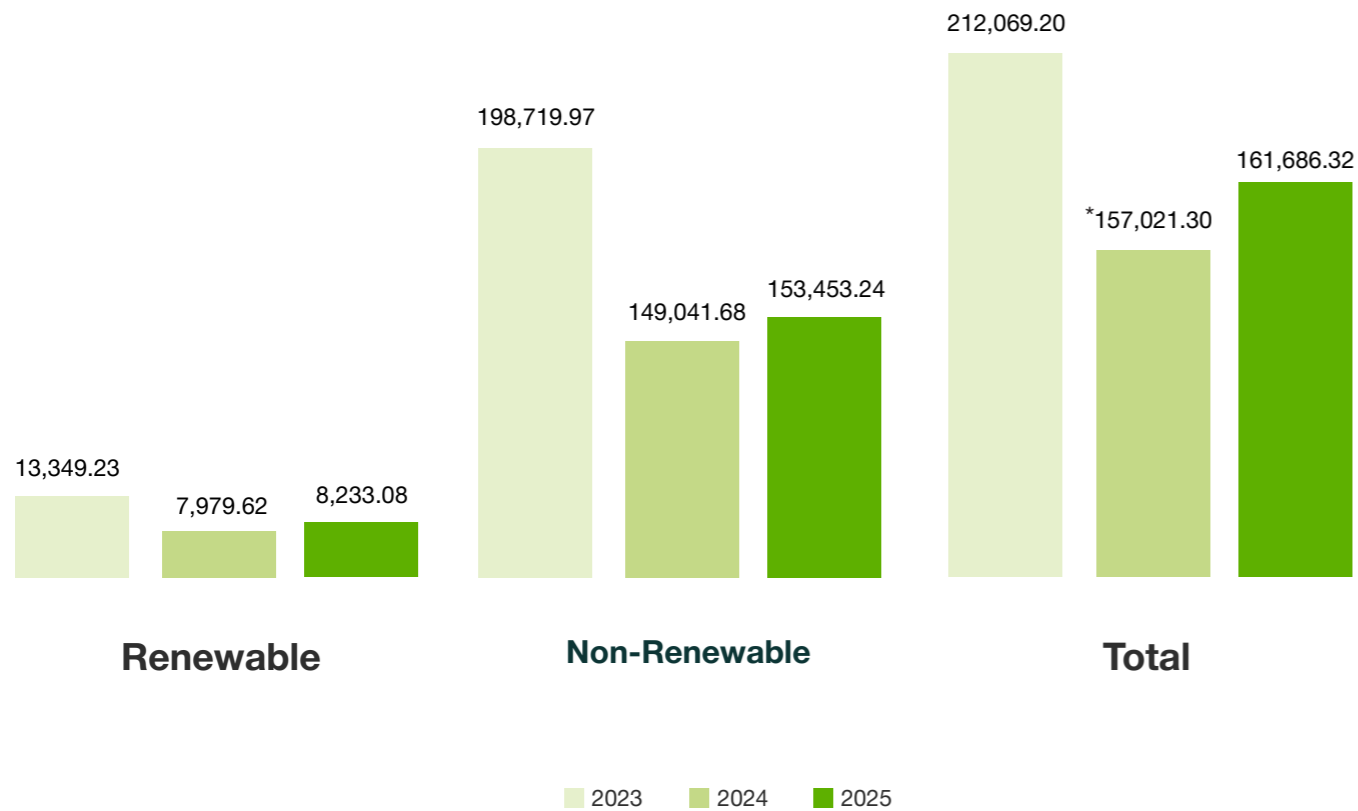
3-3

The management of materials, from product ingredients to packaging components, plays an important role in EMI's sustainability performance.

The Group ensures that materials are responsibly handled across operations to maintain product quality while reducing environmental impacts and carbon footprint.

Materials used by the organization (in metric tonnes, MT)

[301-1, 303-4, 303-5]



*Corrected data for 2024

Recycled input materials used

[301-2]

Disclosure	2023	2024	2025
% of recycled input materials used to manufacture the organization's primary products and services (BF and WMG only)	23.17	14.78	18.90

Responsible Material Use and Compliance

EDI integrates recycled and recyclable materials into its production processes and complies with the Extended Producer Responsibility Act (EPR Law) for plastic usage. Employees are regularly educated on the requirements of the law to encourage responsible plastic use across operations. In addition to current practices, EDI continues to explore the use of renewable and reclaimable materials for potential inclusion in its processes.

WMG manages materials with a focus on packaging responsibility and regulatory compliance. The subsidiary has set a target for all new packaging to be reusable and recyclable. Packaging materials are reviewed annually by the Sustainability Team to assess alignment with applicable legislation and evolving regulatory requirements.

WMG also complies with reporting obligations under the Extended Producer Responsibility scheme, including disclosures on the total volume of materials placed on the market.

GES has integrated material recycling into its daily operations through its environmental policies.

Monitoring, Quality Control, and Continuous Improvement

At EDI, raw materials are regularly monitored and material-related performance indicators are assessed on a monthly basis to support consistent quality and efficient material use.

GES oversees materials management through its Environmental Management System, which is aligned with ISO 14001 standards and annual operational targets. Quality indicators are established to maintain high-quality production batches, while key performance indicator meetings are conducted to track progress and identify opportunities for improvement. As part of its latest practices, GES uses drones to monitor vineyard material usage and support more efficient resource management.



PEOPLE:

Empowering Stakeholders & Society

EMI regards people, from employees to customers and communities, as important contributors to its growth. This is reflected through their programs that develop the potential of employees, prioritize their safety, and nurture their health. EMI also maintains responsible communication with stakeholders, and it strives to make significant contributions to the greater community.



Employee Wellness & Empowerment

- **Employment and Benefits**
- **Employee Diversity, Training and Development**
- **Workforce Health and Safety**
- **Labor Management Relations**
- **Human Rights Assessment**
- **Security Practices**



Customer Care

- **Responsible Drinking and Marketing**
- **Customer Management**
- **Data Privacy and Security**



Community Transformation

- **Community Impact**



Employee Wellness & Empowerment

Employee wellness and empowerment are integral to EMI's people strategy. The Company focuses on fostering a work environment that supports well-being, enables continuous development, and encourages engagement at all levels. Through aligned policies and programs, EMI aims to build a resilient and capable workforce that supports long-term value creation.



Employment and Benefits

3-3, 2-7, 2-8, 401-1, 401-2, 401-3

Through quality employment, EMI meets the basic human needs and rights of employees while helping them develop their professional growth. Quality employment also helps achieve economic stability as the Company guarantees employees dignified and stable jobs in a diverse and inclusive environment.

EMI seeks to expand employment opportunities in the communities where it operates while ensuring fair and competitive compensation. The Company collectively aims for developing a diverse workforce whose physical and mental well-being is promoted in an environment that stimulates their confidence and motivation.

Processes in employment and providing benefits are guided by the respective policies of each subsidiary. In full compliance with applicable laws and regulations, these policies ensure that the recruitment and sourcing of talent are based on one's capabilities, regardless of age, gender, or disability.

The Company also provides employees with social benefits, which cover medical benefits and life insurance coverage, coupled with flexible work arrangements such as telecommuting and adjusted working hours. Policies make sure the Company attains equity on opportunities, benefits, and

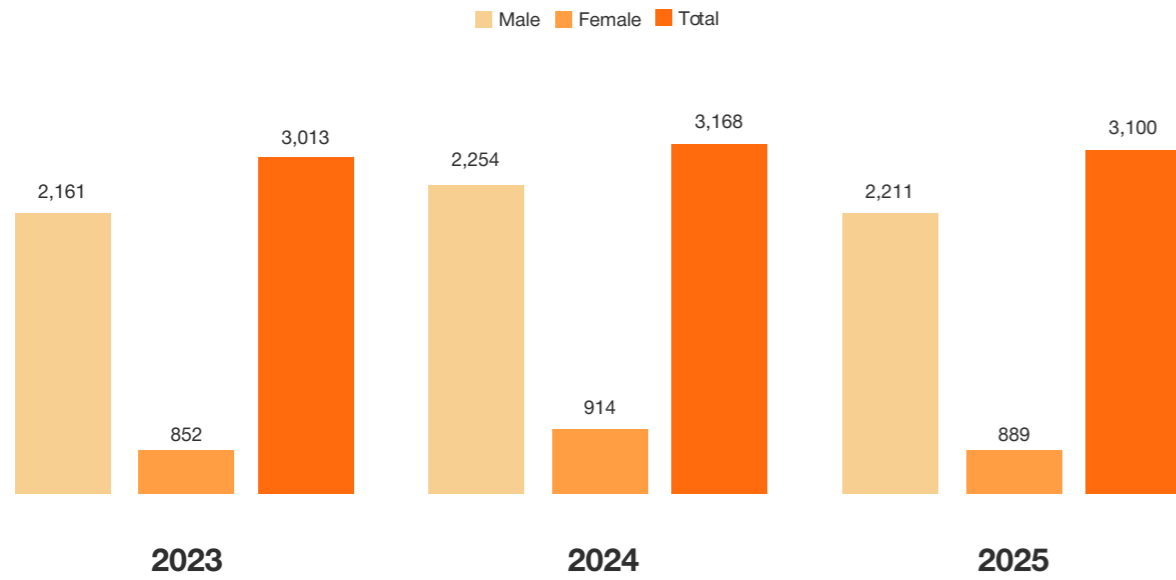
compensation across positions or classifications (including temporary and part-time workers). For instance, WMG has set family policies that are critical to ensuring that employees return after their leaves, while CPD has been working on having fair compensation for every position regardless of one's gender.

The Company addresses any employment-related impact mainly through conscious screening of candidates, coordinating with managers, responding to employee feedback, and compliance with any existing collective bargaining agreements.



Employee Breakdown

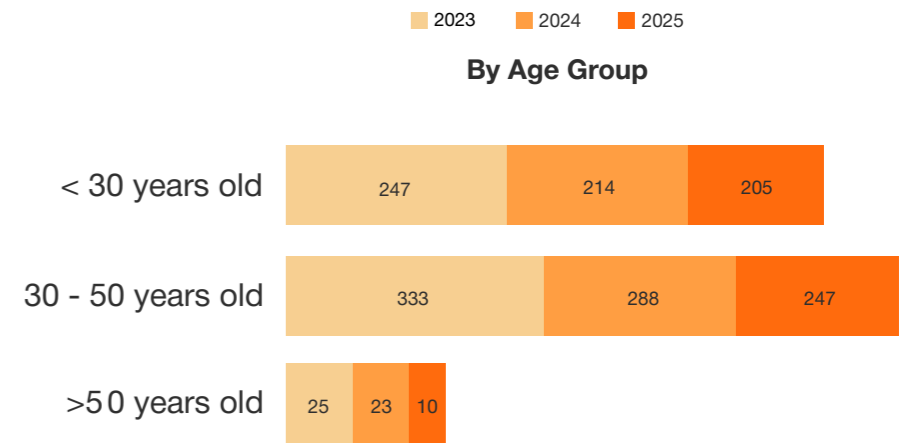
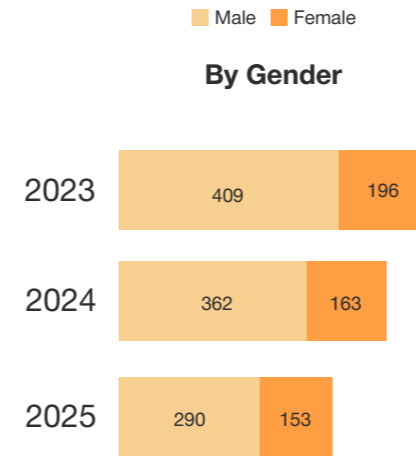
[2-7]



*Data for 2025 excludes Boozy operations

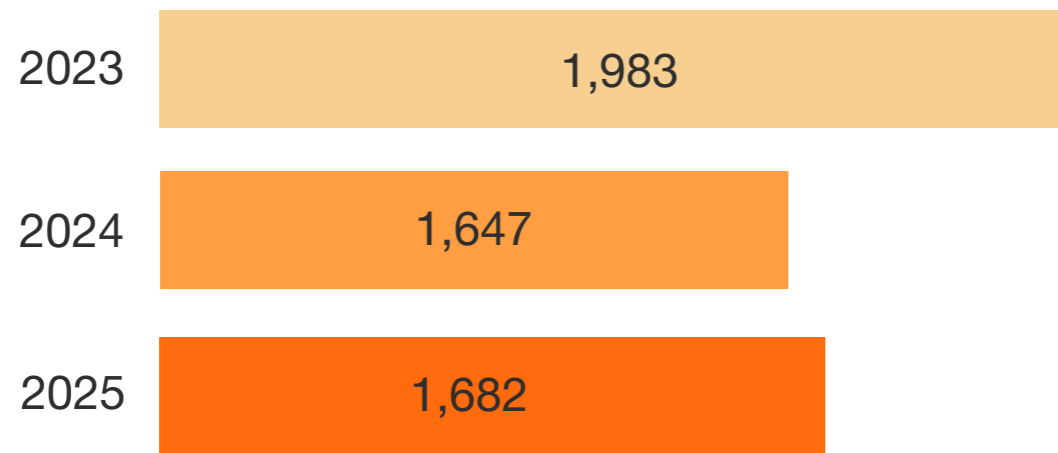
New Employee Hires

[401-1]



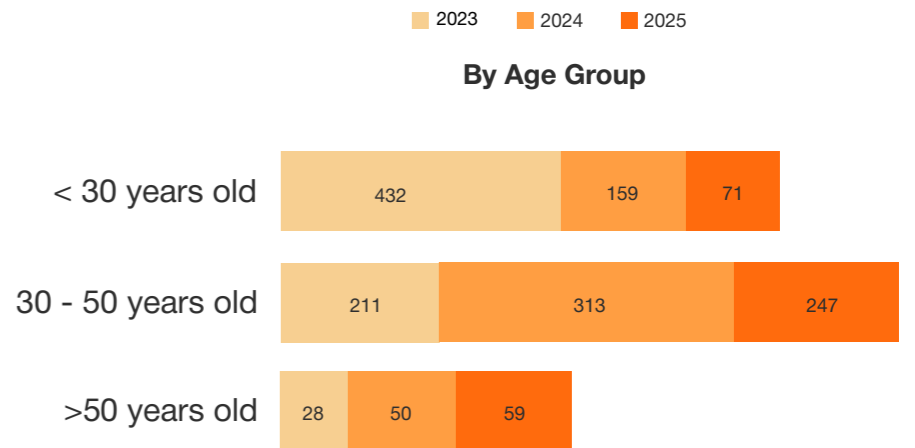
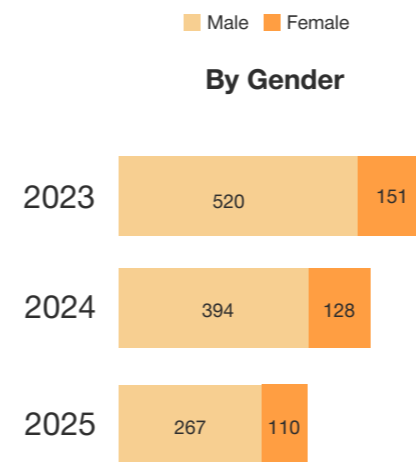
Workers who are Not Employees

[2-8]



Employee Turnover

[401-1]



Employees who Availed Benefits (in %)

[401-2]

Disclosure	2023		2024		2025	
	Male	Female	Male	Female	Male	Female
SSS	27.76	23.59	19.61	24.07	27.45	23.96
PhilHealth	23.60	20.31	9.72	16.63	19.54	20.81
Pag-IBIG	30.17	23.94	21.07	20.90	30.39	23.06
Parental leaves	0.93	1.06	0.80	1.97	0.72	2.36
Vacation leaves	26.19	24.30	27.24	33.26	26.10	26.21
Sick leave	14.81	11.15	18.37	22.87	19.09	15.86
Life insurance	12.40	15.85	11.54	13.89	12.84	16.87
Medical benefits (aside from PhilHealth)	61.45	44.60	44.19	46.28	48.17	41.73
Disability and invalidity coverage	0.00	0.00	0.04	0.11	0.05	0.00
Housing assistance (aside from Pag-IBIG)	0.00	0.00	0.00	0.00	0.00	0.00
Retirement fund (aside from SSS)	0.56	0.70	0.35	0.22	0.41	0.22
Telecommuting	3.98	8.69	4.35	11.93	3.84	10.01
Flexible-working Hours	1.57	5.40	1.86	6.35	1.90	4.72
Further Education	0.00	0.00	0.00	0.00	0.00	0.00
Others (Savings Fund)	-	-	3.19	6.46	0.00	0.00

Parental Leave

[401-3]

Reporting Period & By Gender	Entitled to Parental Leave	Took Parental Leave	Returned to Work after Parental Leave Ended	Returned to work after parental leave ended who were still employed 12 months after their return to work	Returning from parental leave in the prior reporting period	% Return to Work Rate	% Retention Rate
FY 2025							
Male	1,254	34	34	18	18	100	100%
Female	431	41	34	28	28	83	100%
FY 2024							
Male	248	41	41	18	18	100	100%
Female	117	33	28	19	19	85	*100%
FY 2023							
Male	129	44	33	36	36	75	100%
Female	11	32	21	14	14	66	100%

*Corrected values from previous years

Employee Diversity, Training and Development

3-3, 404-1, 404-2, 404-3, 405-1

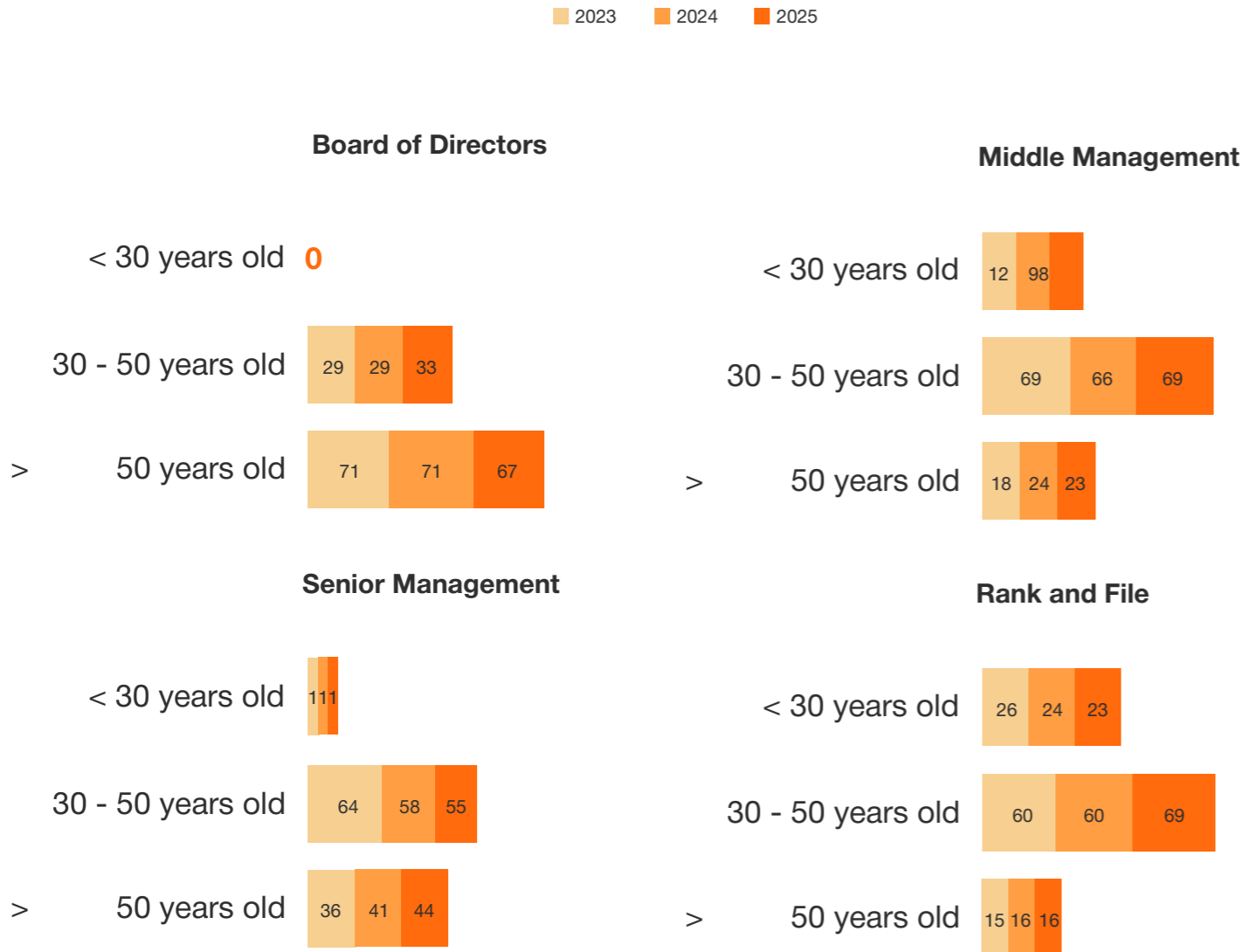
EMI values an environment that respects the rights of employees and grants them equal opportunities regardless of their ethnicity, age, gender, socio-economic status, and religious beliefs. The Company believes a diverse workforce contributes to an economy favorable to learning, innovation, productivity and environmental protection.

These ensure that procedures on selection, recruitment, management of labor relations, training, and promotion are objective, impartial, and unbiased. These policies are also in place to address complaints and to monitor diversity and employee compensation.

The Company promotes equal opportunity and embraces multigenerational cultures by implementing non-discrimination policies or equality & inclusion charters across its subsidiaries.

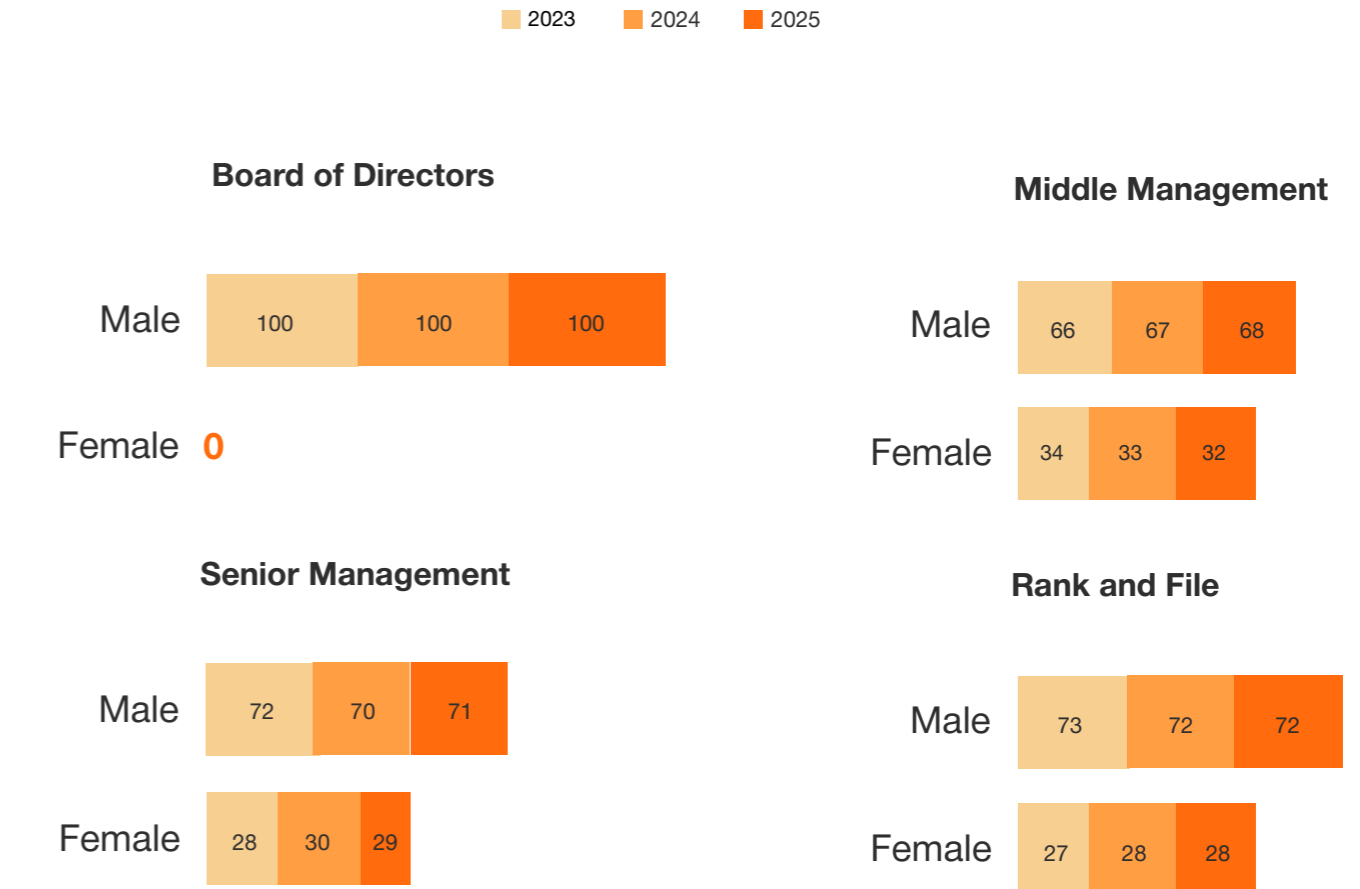
Diversity across Organizational Levels by Age (in %)

[405-1]



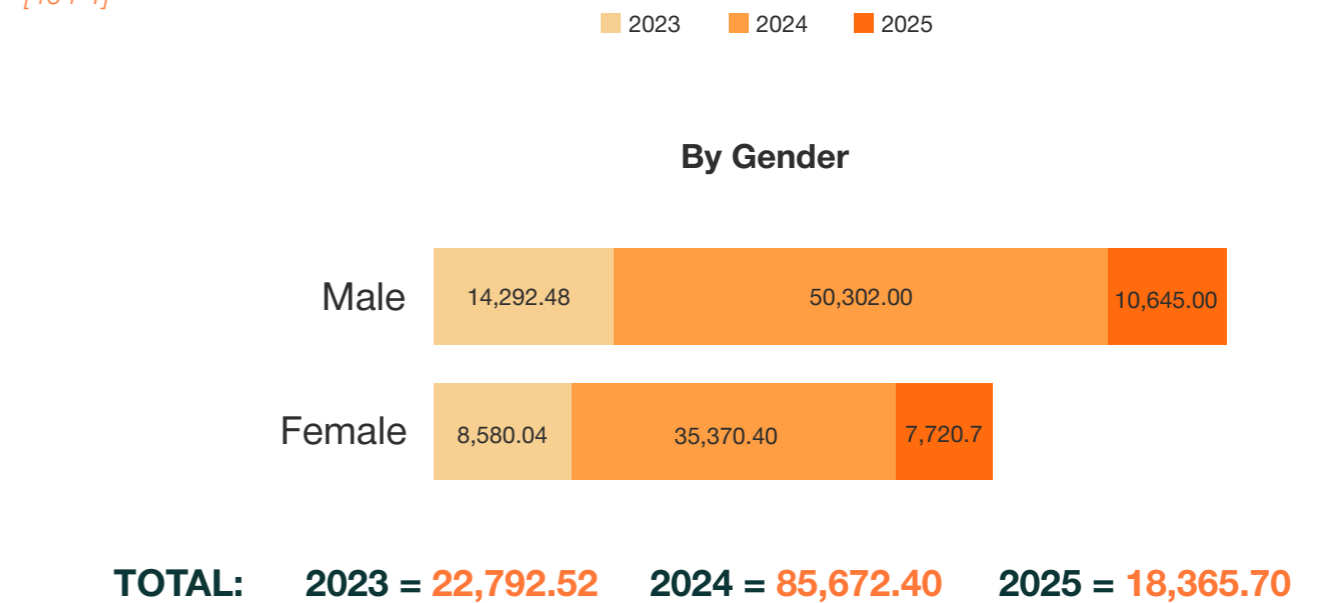
Diversity Across Organizational Levels by Gender (in %)

[405-1]



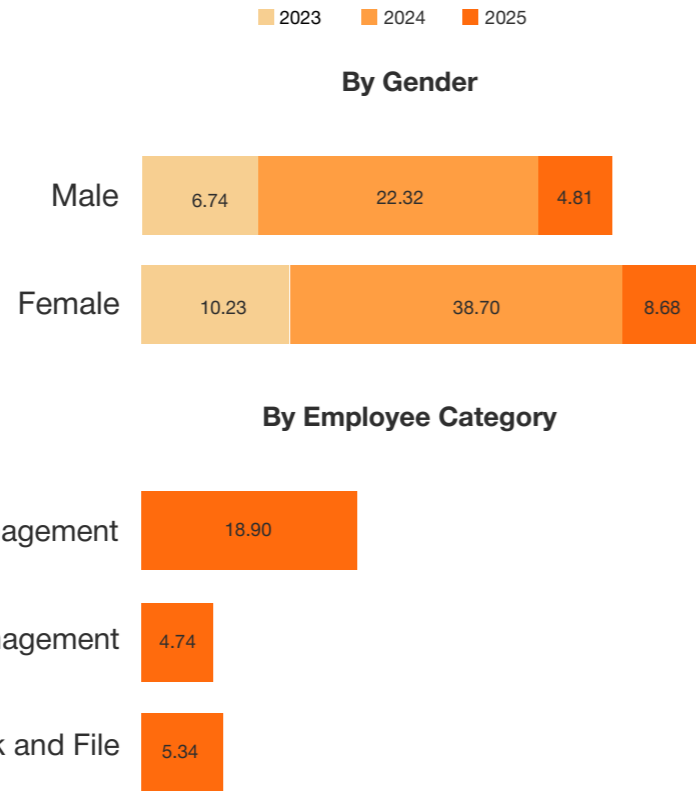
Employee Training Hours

[404-1]



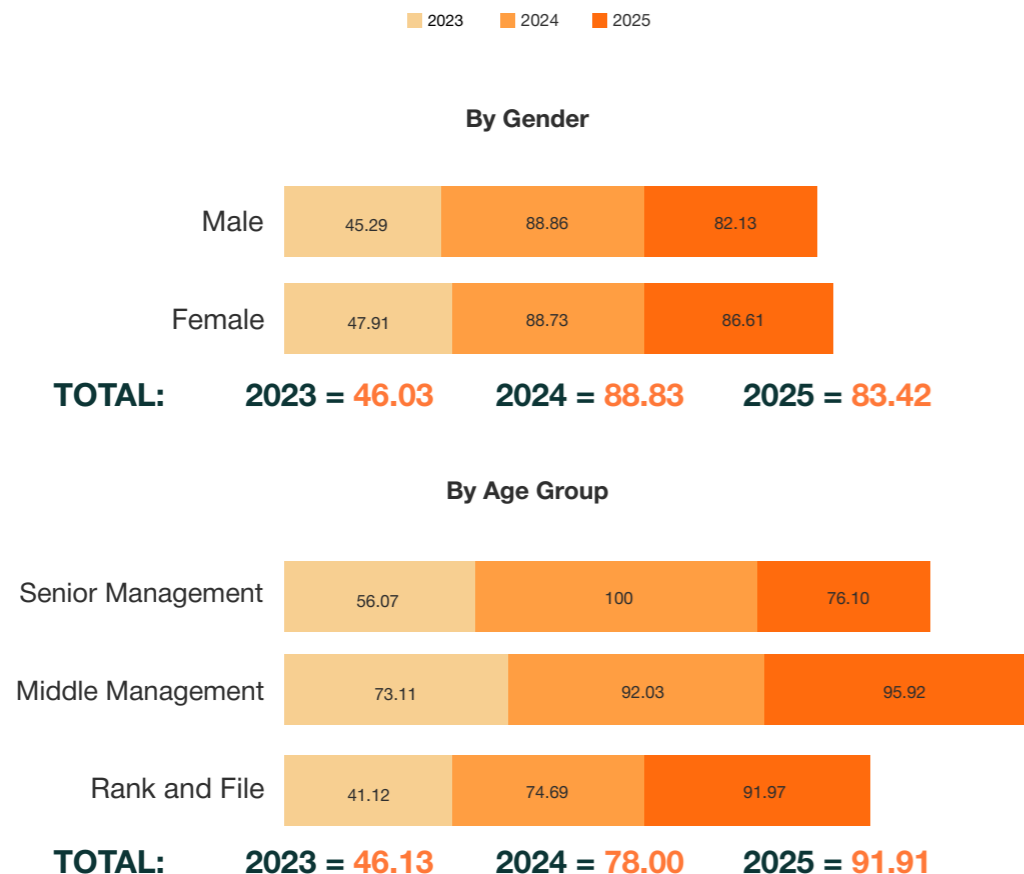
Average training hours

[404-1]



Performance reviews (in %)

[404-3]



Improving Equity Situations

Strategies are also developed to improve current equity situations. GES, for instance, is developing a comprehensive framework for the standardization of selection and recruitment procedures. CPD, for its part, analyzes salaries every year and proposes necessary adjustments in consideration with the performance of employees. WMG, meanwhile, reports and takes actions against its gender pay gap each year, in accordance with its Equality & Inclusivity (E&I) Charter. It also intends to create action plans based on the insights it gathered from its Sexual Harassment Risk Assessment.

Enhancing Skills

Alongside diversity, EMI supports employee growth through training and development initiatives aimed at enhancing skills of both new hires and current employees. Such programs are aimed at enhancing the productivity of employees, helping reduce turnover, and enabling the Company's adaptability to change. EMI subsidiaries offer their respective onboarding training to new talents, capacity building programs for employees, and even technical assistance programs for outgoing employees.

CPD promotes continuous learning through the self-learning platform GBKnowIt. It also works on product courses, security and quality management courses, and leadership programs for managers and middle managers. BF, for its part, designs a training plan annually to cover the needs it has identified from employees. The subsidiary aims to deliver at least 25 hours of training per employee annually and to achieve 80% completion rate for mandatory training programs. At WMG, its L&D Team, in collaboration with senior management, agrees with the learning and development plan and strategy. It provides various training catering to various levels or departments, such as the Corporate Induction Program for new employees, the cultural exchange program for the supply chain department, functional capability programs for the commercial department, and an in-house Leadership and Management Program for people managers.

Trainings are provided through a blended approach, combining on-site events, digital learning assets, and on-the-job learning and coaching from line managers. A talent development program is also held for building competence, driving internal promotions, and forming individual and functional development plans. AWGI, meanwhile, conducts training and upskilling in areas where it finds employees' skills and knowledge are below standard.

Feedback and Appraisal

Such trainings, after they are implemented, are evaluated mainly through employee feedback and performance monitoring relevant to the training. These evaluations highly inform how succeeding programs will proceed in the near future. According to WMG, employee feedback has influenced the enhancement of its leadership program in 2025 to better support leaders as they operate in a fast-changing global climate.

Beyond training, EMI conducts regular appraisals, as seen in the EDI's annual performance appraisal for its employees and TWFLI's monthly and yearly evaluations agency staff and company staff, respectively.

Employee Health and Safety

3-3, 403

OHS Performance

[403-9, 403-10]

Disclosure	2023	2024	2025
Safe-Man Hours*	2,683,225	*2,285,343	**1,802,243
Work-related injuries	23	47	23
Work-related fatalities	0	0	0
Work related ill-health	8	13	16
Safety drills	30	27	30

*Data for 2024 excludes WMG operations.

**Coverage: CPD, WMG, AWGI, EDI (Sta. Rosa and Biñan)

To ensure the health and safety of its employees at work, EMI aims to avoid injuries or illnesses that might impede their productivity. Work-related accidents and illnesses can compromise the overall health and morale of employees, which in turn could induce added costs and loss in talent.

EMI, therefore, aims to maintain a stable amount of safe-man hours and zero work-related fatalities while avoiding work-related injuries (e.g., falls, lumbar pain, laceration, abrasion, eye irritation) and illnesses.

EMI subsidiaries lay out occupational health and safety (OHS) policies in compliance with applicable legislation. Such policies also direct procedures in avoiding accidents at work, as well as addressing health or hazard concerns, and investigating work-related incidents. Subsidiaries also assess work sites for hazards to remove and risks to control. Trainings, workshops, and seminars inform employees on how they can maintain safe workstations and keep themselves healthy at work. Topics of these learning opportunities span from OHS awareness and mental health awareness to first aid basics and wellness talks.

Employees are provided access to health services as well, including access to an accredited clinic, company physician, and medical insurance or health maintenance organization coverage. They are also empowered to report unsafe conditions to management.

By monitoring relevant data and conducting internal audits, subsidiaries continue to look for improvement in their OHS policies and actions.

Empowering Health Through Learning

On top of OHS policies, EDI constantly conducts seminars on relevant OHS policies and employee well-being for employees and third-party personnel. Employees are also given training for medical emergencies such as cardiovascular incidents (e.g., heart attack, stroke, chest pain, and difficulty in breathing), profuse bleeding, coughing up or vomiting blood, and fainting or loss of consciousness.

In 2025, EDI conducted a series of lectures and training sessions at its Santa Rosa plant to enhance employee preparedness in emergency response and occupational health. On March 26, Santa Rosa City’s Disaster Risk Reduction and Management Office delivered a lecture on emergency preparedness and response. The Bureau of Fire Protection conducted sessions on Basic Fire Safety and Emergency Response, as well as Fire and Earthquake Safety. The Laguna Chapter of the Philippine Red Cross provided Industrial First Aid and Basic Life Support Training. These initiatives were aimed at strengthening employees’ emergency response capabilities and reinforcing occupational health practices in the workplace. EDI reported improvements in emergency preparedness, response, and management following these activities.

To further promote a healthy work environment, EDI organized a series of lectures on “Health in the Workplace” from late first quarter to early third quarter of 2025, in partnership with Santa Rosa City Health Office II. Topics covered included STI, HIV, and AIDS in the Workplace on March 15; Workplace Cancer Prevention and Control Program on May 30; Musculoskeletal Disorder Awareness on June 13; Common Rainy Season Related Illnesses on July 3; and Food and Waterborne Diseases on July 3. These lectures contributed to improving employee health awareness and lifestyle practices. The information gained was also shared with employees’ families, including spouses, children, and parents.

EDI also provided employees with training activities and courses that informed them on best practices for maintaining an optimal working environment. These activities include trainings on Data Privacy, 5S and GMP; ISO 50001:2018 Energy Management System Course; ISO 9001:2015 Quality Management System Training; and Internal Auditor’s Training.

EDI’s commitment to workplace safety was recognized by the Department of Labor and Employment, which awarded the company for achieving 1,000,000 safe manhours without a lost time accident from 2023 to 2025. The award was conferred on April 28, 2025, in line with the World Day for Safety and Health at Work. EDI was the only company in the province of Laguna to achieve this milestone.

In addition to learning initiatives, EDI facilitates employee access to medical services through partnerships such as its annual bloodletting activity with the Philippine Blood Center. EDI employees at the EDI Corporate Office in Eastwood City in Quezon City successfully made blood donations on February 20, 2025. The activity promoted health awareness, employee engagement, and life-saving support to the wider community. Employees and their immediate family members may also request free blood from the Philippine Blood Center during emergencies. EDI’s sustained participation in the voluntary blood donation program was recognized by the Department of Health Center for Health Development during the Kabalikhat Summit 2025.

‘Free From Harm’ Aim

Under the Control of Major Accident Hazards Regulations 2015, WMG’s distilling sites are classified under the high hazard risk sites, malt distilleries under lower tier COMAH, and its grain distillery at Invergordon under upper tier COMAH. This requires tight control and adherence to all relevant regulations on the end of WMG. Its OHS policy, therefore, is grounded on ensuring all workers in the company are free from harm.

To this end, WMG employs Health & Safety teams located at various locations to promote and audit OHS compliance. They are supported by managers and Safety Champions who meet on a monthly basis and review all OHS issues, accidents and incidents and industry issues. Safety Champions consult with the colleagues and play a key role in ensuring good communication to and from management.

WMG also monitors and manages potential workplace risks through data gathering and analysis. A Safety Improvement Record Card (SIRC) system is utilized that allows all aspects of OHS to be raised, including positive behaviors and any concerns or issues. Management also conducts regular safety audits that are also recorded through the SIRC system.

All accidents and near misses are raised and recorded on the company’s Q-Pulse system (also known as Ideagen Quality Management). These data complement feedback from reports from visits from the UK Health & Safety Executive, which allow management to provide direction for future planning. WMG also reviews and updates its risk assessments and standard operating procedures.

Prevention Plan

Part of its OHS practices, Bodegas Fundador (BF) has a Prevention Plan, which includes all the procedures designed to avoid or reduce the number of accidents at work while continuously improving health and safety conditions. This plan is established, implemented, and monitored by its own Prevention Service. BF also has a Prevention Management System based on ISO 45001.

The prevention service, its contracted external prevention service, and the Prevention Management System, are periodically subjected to external audits. These audits demonstrate compliance with legal aspects as well as the suitability and effectiveness of the system.

Besides its Prevention Plan, BF also has other OHS plans in place, such as an Emergency Plan for intervention in incidents, Programmed Safety Inspections Plan, Near Misses Communication and Resolution Programme.

Labor Management Relations

3-3

OHS Performance

[2-30]

Disclosure	2023	2024	2025
Employees covered with collective bargaining agreements	49.76	48.84	45.30

Note: Data does not include EDI as they are not unionized.

Minimum notice periods regarding operational changes

[402-1]

Disclosure	Minimum Notice Period Before Implementation
Anglo Watsons Glass Inc.	4 weeks
Progreen	Minimum of 3 days
Bodegas Fundador	15 days
Casa Pedro Domecq	4 weeks
Whyte and Mackay Group	12 weeks

In its commitment to being a responsible employer, EMI endeavors to sustain amicable relations between management and employees. EMI acknowledges that as employees become more aware of their rights amid higher cost-of-living environments, maintaining good employee relations helps sustain stable operations and protect brand reputation. Managing grievances and disputes among employees takes time that could be invested more proactively elsewhere.

In this respect, EMI educates employees about their rights, mainly through Labor and Employment Education sessions. Moreover, the Company encourages open communication between management and employees to support collaboration and address concerns effectively. Collective bargaining agreements (CBA) are set in place to resolve workforce concerns or grievances, therefore enabling effective collaboration.

Each subsidiary also adheres to timelines between disclosing operational changes and implementing them, ranging from 4 weeks to 12 weeks. For its part, CPD stated that it has a communication plan in place in times of operational change to avoid or mitigate imminent impacts on the operation or the people. At the end of the year, BF had union elections to elect workers' representatives.

At WMG, four operational sites have established trade unions (TUs) and maintain CBAs, while other sites have Employee Forums in place. Through these means, WMG engages with and consults employees ahead of key changes that may impact them to ensure all opinions and views are considered before implementing a proposal. TU or employee representatives are given time to speak to colleagues and gather feedback. WMG also ensures representation rights and support are stated within its People Policies where applicable, such as those under Grievance and Disciplinary. It also consults

with TU representatives prior to launching any new People Policies, giving consideration to their feedback.

Key personnel lead EMI's employee relations strategy, including the Supply Chain Director, Distilling Director, and HR Directors across subsidiaries. Managers oversee these processes at the operational level, while Employee Representatives are involved in relevant project planning. EMI actively engages with employee unions, where applicable, and remains compliant with labor standards governing collective agreements. Meetings with trade unions (TUs) and employee forums are held regularly, with resulting actions documented and shared on notice boards. Subsidiaries also adhere to defined timelines between disclosing operational changes and implementing them, typically ranging from four to twelve weeks.

In 2025, managers who negotiated without TUs underwent comprehensive training and incorporated lessons from previous negotiations. WMG has also strengthened its communication structures to support informal resolution. In response to feedback from its Great Place to Work survey, WMG improved communication at the local site level, including the installation of interactive screens to share company information across shifts. Enhancements were also made to notice boards, strategy cascades, and training programs. In addition, WMG continues to strengthen its Collective Grievance Resolution processes, reflecting its commitment to continuous improvement.

Human Rights Assessment and Labor Rights

3-3, 408-1, 409-1

Operations and suppliers at significant risk for incidents of forced or child labor

[408-1, 409-1]

Disclosure	2023	2024	2025
No. of legal actions or employee grievances involving forced or child labor	0	0	0

Fair treatment and ethical practices ensure a respectable organization. In this respect, EMI ensures human rights and labor rights of employees across all subsidiaries are protected. The Company also agrees to prevent child labor from infiltrating the workforce, as well as to avoid labor from being exploited. Each subsidiary aligns its employee policies with labor laws, conducts regular human rights assessments, and holds training sessions to inform employees of their rights.

EDI ensures its policies adhere to existing Philippine labor laws, and it empowers its employees to know and exercise their rights. At its Santa Rosa plant, EDI has sought to help employees, especially women, have a better understanding of their rights. Last Feb. 4-5, 2025, the Department of Labor and Employment (DOLE) – Laguna Provincial Office conducted lectures regarding laws aimed at protecting women, namely Republic Act (RA) 9692, or Anti-Violence Against Women and their Children Act of 2004; RA 9710, more known as the Magna Carta for Women; RA 8972, or the Solo Parent's Welfare Act of 2000; and RA 11313, known as the Safe Space Act or Bawal ang Bastos Law.

Aligned with the established guidelines of the UK Government, WMG's employee rights policies emphasize regulated employment and proper treatment. For any individual 18 years old or

below, WMG makes sure that they are employed only through approved training schemes (i.e., apprenticeship). For labor suppliers, the company requires specific terms in all supplier agreements, such as right to work employment checks and a Modern Slavery declaration, in order to prevent labor exploitation. Additionally, all employees are educated on modern slavery and reporting concerns, and they can tap a confidential whistleblowing line. More recently, WMG has reviewed its Modern Slavery Statement on its corporate sites. It has met with a similar-sized non-competitor organization to better understand relevant practices, and it is exploring additional auditing of suppliers.

In line with their respective Codes of Conduct, GES and subsidiaries explicitly prohibit child labor and forced labor. In particular, while 15 is the minimum working age stipulated by the Labor Federal Law in Mexico, Pedro Domecq sets the minimum working age at 18. Pedro Domecq also ensures that all individuals engaged in its business activities receive fair compensation and that suppliers comply with company policies and legal requirements.

Security Practices

3-3, 410

Security personnel trained in human right policies or procedures (in %)

[410-1]

Disclosure	2023	2024	2025
Security personnel are trained	100	87.50	100

A secure environment for a company’s infrastructure, financial systems, and workforce fosters confidence among businesses, investors, and consumers. Effective security practices help create a stable environment for economic activities. A secure environment allows businesses to grow without the constant fear of intellectual theft.

Across its operations, EMI ensures that security personnel are appropriately trained to manage interactions with stakeholders within company sites. Whether in-house or third-party, security personnel are required to be familiar with the policies and procedures of EMI and its subsidiaries on human rights. The Company also carefully designs and implements security planning strategies to support safe and respectful site environments.

At EDI, security staff are equipped with the necessary training and orientation, supported by stringent security systems implemented across its sites. These measures are intended to ensure consistent application of security protocols and effective site protection.

Within EDI, AWGI has a framework that guides organizations, governments, and individuals in ensuring the protection of sensitive information, systems, and assets. These commitments contribute to building trust, reducing vulnerabilities, and safeguarding against various threats. Also, security personnel implement standard operating procedures on every specific situation. For instance, personnel report any untoward incidents or damage to property to the management for mutual reference and further action. The company aims to address security issues within 15 days from the time of occurrence.

Progreen, meanwhile, has established security policies defining acceptable use, incident response, and access control guidelines. To effectively communicate these policies, employees and partners are trained on security protocols to ensure compliance. Monitoring and disciplinary actions are applied in response to violations. Regarding data breaches, it isolates and patches compromised systems and works in compliance with data protection regulations. It also regularly conducts test systems, policies, and response plans to uncover weaknesses.

WMG maintains comprehensive security plans across its operations. In addition to trained security personnel, CCTV systems and intruder alarms are installed and actively monitored at all sites. Beyond implementation, WMG regularly evaluates existing security measures and identifies areas for improvement. The group coordinates with members of the Scotch Whisky Association and Counterterrorism Police to address concerns or incidents involving its distilleries. Security practices are further informed by broader security trends and incidents within the whisky industry and related sectors.

For GES and its subsidiaries, security personnel undergo mandatory training on human rights, complemented by additional sessions focused on the effective management of security actions. These processes are subject to internal audit by a designated team to ensure compliance and continuous improvement.



Customer Care

Responsible Drinking and Marketing

3-3, 417-1

Incidents of non-compliance concerning product and service information and labeling

[417-1]

Disclosure	2023	2024	2025
Incidents of non-compliance resulting in fine or penalty	0	1	0
No. of substantiated complaints on marketing and labeling	0	0	0

In reaching its target markets, EMI places strong emphasis on ethical conduct and the protection of consumer health and safety. The Company practices fair and responsible marketing by providing adequate information on product composition, proper use, and disposal, while actively advocating responsible drinking. These practices are guided by policies and regulations aligned with relevant government requirements and industry standards.

The Company ensures that these policies are strongly adhered to across all product categories during the product development process under the examination of the legal, technical, and logistics teams as well as the General Manager before they are approved.

At EDI, marketing and labeling practices strictly comply with standards set by the Food and Drug Administration and regulations enforced by the Ad Standards Council. The company ensures that management and employees are informed of applicable laws governing the marketing and labeling of alcoholic beverages. Customers and other stakeholders are encouraged to raise concerns or provide feedback through EDI’s official website.

In its marketing activities, EDI ensures that women, children, and other vulnerable groups are not exploited. WMG adheres to marketing and labeling policies grounded in local legislation and the standards of the Scotch Whisky Association. Its marketing activities are guided by an internal Marketing Code, which defines the scope and themes that campaigns may address. WMG also monitors legislative developments to ensure timely updates to labeling practices and brand designs, maintaining compliance with evolving marketing standards and policies.

At GES, responsible marketing and labeling practices are informed by applicable legislation on product designation and labeling. Its policies address key aspects of product labeling, including component sourcing, product content, safe usage guidelines, and disposal instructions. These standards apply across all product categories and are embedded in the product development process. Legal, technical, and logistics teams review product compliance before final approval is granted by the General Manager.

Customer Management

3-3, 416-1

Incidents of Non-Compliance Concerning Health and Safety Impacts of Products and Services

[416-1]

Disclosure	2023	2024	2025
Incidents of non-compliance resulting in fine or penalty	0	0	0
Incidents of non-compliance resulting in a warning	0	0	0
Incidents of non-compliance with voluntary codes	0	0	0

EMI prioritizes customer health and safety across its operations by applying safety regulations and quality controls throughout the production process, from raw material sourcing to product distribution. Across subsidiaries, food safety regulations are closely followed, supported by quality assurance teams that monitor compliance and pursue relevant certifications for good manufacturing practices.

At EDI, compliance with Food and Drug Administration requirements is embedded in product development and production. New and existing products are registered with the FDA to ensure continued adherence to regulatory standards. Quality Assurance departments operate within production plants to monitor compliance with internal policies and external requirements. The Biñan and Santa Rosa plants hold Good Manufacturing Practice certifications, reinforcing public confidence in product quality and safety. EDI also maintains channels for receiving product complaints and aims to resolve these promptly.

WMG applies a broad set of quality control procedures designed to prevent health and safety risks.

These procedures are regularly reviewed and enhanced as needed, taking into account customer feedback and complaints to strengthen product safety outcomes.

At GES, food safety standards range from compliance with applicable legislation to certification under Global Food Safety Initiative standards. Oversight is provided by management and the Quality Manager, who also set annual improvement objectives for food safety. Under Good Manufacturing Practices, key areas such as pest control, water management, traceability, sanitation, and maintenance are continuously monitored.

BF maintains high standards of food safety and quality through the regular renewal of certifications, the conduct of up to eight internal and external audits annually, and daily monitoring of key performance indicators by its Quality and Laboratory Departments. At CPD, nonconforming products are monitored for up to one year once identified, with targets set at no more than one valid complaint annually for objective wines and ten for brandy. Anonymous channels are also available for reporting incidents of non-compliance.

Data Privacy and Security

3-3

Complaints concerning breaches of customer privacy and losses of customer data

[418-1]

Disclosure	2023	2024	2025
No. of substantiated complaints on customer privacy	0	0	0
Complaints from regulatory bodies	0	0	0
Total number of customers, users and account holders whose information is used for secondary purposes	0	0	0
Total number of identified leaks, thefts, or losses of customer data	0	0	0

Beyond product health and safety, EMI prioritizes the protection of personal information entrusted by its stakeholders. The Group enforces comprehensive data privacy and security policies anchored on compliance with applicable regulations, while strengthening employee awareness through cybersecurity and data protection training.

At EDI, data privacy practices are aligned with the Data Privacy Act of 2012. The company safeguards the personal information of consumers, employees, and other stakeholders through a Data Privacy Manual that governs the handling of data under its control and custody. Security policies are regularly reviewed, and data processing systems are renewed with the National Privacy Commission as required. Data Sharing and Outsourcing Agreements are in place to preserve data integrity.

Management and employees undergo training on data privacy and protection, while privacy notices and the contact details of EDI's Data Protection Officer are made available on the company's official website for stakeholder concerns and feedback.

WMG's data use and retention practices are guided by the European Union's General Data Protection Regulation (GDPR). Under this framework, the Chief Financial Officer is responsible for ensuring the secure handling of personal data, including payroll and client information, and for confirming that non shop floor staff have received GDPR training. WMG's data management plan is subject to regular review by external auditors.

At GES, strict protocols govern the management of personal information. These include restricted and secured access, individual user accounts and passwords, employee training, backup procedures, data breach handling protocols, and the appointment of a designated Data Protection Officer. These practices are continuously improved through regular system reviews and procedure testing to ensure compliance with Spain's Organic Law on Protection of Personal Data and Guarantee of Digital Rights, the National Security Scheme, the European Union's General Data Protection Regulation, and international standards such as ISO 27001. GES also publishes regular updates on data usage and privacy policies through its official websites. Security cameras are installed to ensure that personal information remains secure and confidential.

Community Transformation

EMI also seeks to reach beyond its target markets through initiatives designed to bring positive change to nearby communities. Guided by its commitment to inclusive growth, the Group supports programs that respond to local needs, strengthen social resilience, and contribute to long-term community development.

Through partnerships, volunteerism, and targeted assistance, EMI aims to create shared value for the communities where it operates.



Community Impact

3-3, 413

Beyond community transformation, EMI ensures that its corporate social responsibility programs deliver meaningful outcomes that are felt at both the sectoral and individual levels. Its initiatives focus on health, education, youth empowerment, and disaster response, reflecting the Company's responsiveness to evolving community needs.

At EDI, health-oriented initiatives include medical missions, community donations and bloodletting activities. In cooperation with EDI, Progreen has conducted a supplemental immunization activity for the benefiting community in Santa Rosa. In August 2025, EDI, in partnership with City Health Office II, held a Buntis Congress in celebration of Family Planning and Breastfeeding Awareness Month. The event aimed to empower women employees, particularly first-time mothers, with knowledge on proper child care from pregnancy to birth. EDI is also involved with providing free medical treatment and service to the community's unsheltered or underprivileged population.

In support of public education, EDI assisted schools in preparation for the opening of the academic year during the Brigada Eskwela period. The Company supported activities at Bagumbayan Elementary School in Quezon City and Pulong Santa Cruz Elementary School in Santa Rosa, Laguna, where

EDI employees participated in cleaning and painting classrooms. Through these efforts, EDI contributed to improving school facilities and creating more conducive learning environments for students in communities near its operating sites. EDI also extended its community engagement

to youth empowerment by participating in the celebration of International Youth Day in August, in partnership with the Department of Labor and Employment. International Youth Day serves as a platform for raising youth-related issues at the international level. The 2025 observance, themed "Local Youth Actions for the SDGs and Beyond," highlighted the role of young people in translating global goals into community-based action. EDI's participation reflected its support for strengthening youth engagement as part of a more sustainable future.

In response to the widespread impact of Typhoon Tino in November, EDI employees nationwide organized a donation drive titled "Bangon Cebu" to collect and distribute essential aid to affected communities. Beyond providing immediate assistance, the initiative helped foster solidarity and emotional support among employees, particularly those with families in the affected areas, reinforcing the Company's commitment to standing with communities during times of crisis.

EMI has a number of repurposing initiatives wherein scraps or byproducts from production are repurposed into useful materials that can be donated to the community. An example of this initiative is the donation of upcycled wood pallets as wooden chairs to schools. EMI also supports community livelihood projects by donating containers and mud presses to farmers. EMI also conducts community clean-ups and quarterly food distribution programs.



PROSPERITY:

Driving Economic Growth & Innovation

Impactful growth and good governance contribute to prosperity that leaves a positive impact on the economy. EMI complements its efforts for the planet and people with stable economic performance, expansive market presence, and diligent governance practices. Together, these allow EMI to fully deliver sustainable value to customers, suppliers, communities, and other stakeholders.



Impactful Growth

- Economic Performance
- Market Presence



Good Governance

- Enterprise Risk Management
- Business Ethics and Integrity
- Supply Chain Environmental and Social Management
- Regulatory Compliance



Impactful Growth

Part of delivering sustainable value, for EMI, is achieving growth that translates to growing revenue while expanding its presence across markets.

In 2025, EMI has exhibited a stable economic performance that is aptly complemented with a solidified coverage of local and global markets.

Economic Performance

3-3, 201-2

Economic performance includes the economic value generated and distributed (EVG&D) by the company. The metrics included in gauging economic performance include the following: defined benefit

plan obligations, the financial assistance it receives from any government, and the financial implications of climate change

Direct economic value generated and distributed (In Philippine Peso millions, Php millions)

[201-1]

Disclosure	2023	2024	2025
Revenue	65,643,761,074	61,645,652,583	57,042,804,216
Direct Economic Value			
Operating costs	41,161,266,997	39,707,330,343	37,123,716,061
Employee wages and benefits	4,552,727,174	4,646,457,034	4,858,879,420
Payments to suppliers, other operating costs	7,349,354,106	7,326,393,270	7,303,526,302
Dividends given to stockholders and interest payments to loan providers	6,073,697,644	5,601,404,268	4,941,500,863
Taxes given to government	2,058,281,560	1,755,065,505	1,726,279,433
Investments to community (e.g. donations, CSR)	2,427,600	8,084,470	2,357,104

More than profit, economic performance shows how a company has sustained its operations while working towards sustainability. EMI evidences this through the economic value generated in terms of revenue and distributed in fulfilment of responsibilities to employees, suppliers, communities, and the government.

Through sustained revenue, EMI is able to maintain quality operations, distribute optimal compensation to employees, contribute sufficient tax to the government, and give substantial dividends to stakeholders and interest payments to loan providers.

Sustained revenue also empowers EMI to continuously invest in the community through new or existing projects and events. With this, EMI places great importance on making a positive impact on the communities where they serve. Such investments ensure that commitments are translated to programs with tangible outcomes to society.

Climate-related risks and opportunities

EMI acknowledges that climate-related risks, from physical impacts such as extreme weather conditions to transition challenges such as changes in regulations and market expectations, can influence the company's value creation and operational performance. Thus, EMI has factored these risks into its governance structure, strategic planning processes, and enterprise risk management framework.

EMI's Management identifies risks, evaluates reports, and monitors significant risks. Findings from these tasks, coupled with appropriate recommendations, are submitted to the Board. The Board, then, approves overall and specific risk management policies. The Company's active preparedness for climate-related risks, and adequate response and mitigation when they occur, significantly contributes to operational resilience and safeguard business continuity.

TCFD PILLAR	DISCLOSURE
Governance	<p>Board Oversight: The Board of Directors, through the Board Risk Oversight Committee (BROC), oversees the Company's management of climate-related risks and opportunities as part of the Enterprise Risk Management (ERM) framework. Composed primarily of independent directors, the BROC ensures that climate-related considerations are integrated into strategic decision-making and risk oversight. Climate-related risk exposures are reviewed annually in accordance with the Manual of Corporate Governance.</p> <p>Senior Management Role: Senior Management is responsible for implementing climate-related strategies and managing related risks and opportunities across operations. Relevant units, including manufacturing, supply chain, and regulatory compliance, support the identification, assessment, and management of climate-related risks. Operational initiatives—such as energy efficiency, renewable energy deployment, and water efficiency programs—are monitored by Management, with performance and progress regularly reported to the Board through the BROC.</p>
Strategy	<p>Key Climate-related Risks and Opportunities:</p> <ul style="list-style-type: none"> Physical Risks: Acute climate events such as typhoons and floods may damage assets, disrupt supply chains, and interrupt operations. Transition Risks: Evolving environmental regulations and climate-related policies may require compliance investments, process adjustments, or technological upgrades. Other Business Risks: Shifts in consumer preferences toward sustainable products, resource constraints, and supplier disruptions may affect production and business continuity. <p>Opportunities / Response Measures:</p> <ul style="list-style-type: none"> Implementation of energy and water efficiency programs across operations. Adoption of sustainable sourcing and packaging practices to improve resource efficiency and product sustainability. Engagement with communities and stakeholders to support local resilience and maintain alignment with evolving regulatory expectations.
Risk Management	<p>Risk Identification & Assessment: Climate-related risks are identified, assessed, and managed through the Company's Enterprise Risk Management (ERM) framework and are reviewed annually. The assessment covers physical hazards such as natural disasters, regulatory and policy developments related to climate transition, and potential supply chain disruptions.</p> <p>Control Measures:</p> <ul style="list-style-type: none"> Emergency preparedness and business continuity protocols Implementation of emergency preparedness and business continuity protocols to address climate-related disruptions. Regular compliance reviews across business segments to monitor adherence to environmental regulations and standards. Supplier diversification and price benchmarking to manage supply chain risks. Integration of environmental risk considerations into operational planning and decision-making.
Metrics and Targets	<p>Indicators Tracked:</p> <ul style="list-style-type: none"> Energy use and efficiency Greenhouse Gas emissions (GHG) Water consumption and wastewater quality Waste reduction and materials management <p>Progress and Next Steps:</p> <ul style="list-style-type: none"> Initiatives to reduce GHG emissions are underway, although no consolidated Group-wide targets have yet been formally disclosed. Sustainability performance is tracked through internal operational and environmental metrics. The Company expects to establish more defined targets as data collection, monitoring systems, and analytical capabilities continue to mature

Market Presence

3-3, 202

Disclosure	2023	2024	2025
Ratio of lowest paid employee against minimum wage <i>All salaries paid are above minimum wage.</i>	N/A (AWGI 1, BF 1.5)	N/A (GES 1.39, BF 1.35, WMG 1.05:1, AWGI 1)	N/A (GES 1.4, BF 1.3, AWGI 1)

A solid market presence also indicates a company's impactful growth. For its part, having grown into a global company EMI's has been expanding its presence beyond the Philippine market. The Company has established touchpoints across vital markets in the liquor industry, allowing it to keep a brand footprint in six continents and over 100 countries. The extent of EMI's reach allows the Company to distribute a variety of products catering to both mainstream and luxurious tastes. EMI's distribution network reaches most stores in the Philippines, as well as over 100 countries across six continents, including 400 airport retail stores. In 2025, EMI reported sales growth, particularly in Africa, Canada, and several European countries for its Spanish brands and in the United States for its Mexican brands.

Besides well-maintained distribution, EMI optimizes its impact through flexible marketing strategies and intelligent product innovation.

From introducing brandy to the Filipino taste, Emperador Brandy, has earned its place as the world's best-selling brandy by volume. EDI distributes this flagship product and other brands within its portfolio to over 61 countries. Among its markets, UAE and North America are found to be its biggest consumer bases.

With leading brandy, sherry, and mezcal brands in its portfolio, GES maintains a solid foothold in the global liquor market. Terry Centenario, the No. 1 brandy in Spain, continues to drive growth in the brandy category. GES has distribution channels to 25 countries in Europe and a presence in more than 60 countries around the world. Asia-Pacific, Latin America, and Africa are the most reached markets for brandy products. Asia-Pacific is also the main market for GES' sherries, along with the Middle East. Within CPD, Presidente maintains its prominence in Mexico. Newly-acquired Los Danzantes and Alipus, meanwhile, are among the top 10 best-selling mezcal brands by industry surveys in recent years.

WMG has also positioned its brands as top names in the whisky segment, with The Dalmore, Jura, and Tamnavulin having ranked among the world's top 15 single malts by both volume and value. Recently, Jura is the only single malt whisky brand to be included in the Britain's Biggest Alcohol Brands 2025 list by The Grocer magazine. WMG is exporting its whisky brands to over 100 countries.



Good Governance

Through consistent adherence to corporate governance practices, EMI is able to deliver sustainable value for stakeholders and the nation. The Company adheres to the corporate governance rules as promulgated by the Philippine Congress, the Philippine Securities and Exchange Commission (SEC) and the Philippine Stock Exchange.

The Company also abides with its Manual on Corporate Governance, which incorporates the established governance policies and practices in accordance with SEC Memorandum Circular No. 19, series of 2016. These practices reflect EMI's value for integrity, social and environmental soundness, and fair and open competition, among others.

Enterprise Risk Management

3-3, 2-16, 2-23

Part of a well-functioning corporate governance is an active preparedness for risks (i.e., climate-related risks and market shifts) and adequate response and mitigation when they occur. EMI has a risk management system in place that drives the Company to brace for risks and minimize their potential impact on the business.

The Company's risk management framework is anchored on safeguarding shareholder value by managing the unpredictability of risks and minimizing potential adverse impacts on operating performance and financial condition. At the forefront of running this system are the Board of Directors, who are directly responsible for risk management, and the Management, who carry out risk management policies approved by the Board.

EMI's Management identifies risks, evaluates reports, and monitors significant risks. Findings from these tasks, coupled with appropriate recommendations, are submitted to the Board. The Board, then, approves overall risk management policies, as well as specific policies for categories such as foreign exchange risks, credit risk, and liquidity risk, among others. The Board also reviews the effectiveness and adequacy of the risk management system based on Management's reports and recommendations.

This risk management system is regularly assessed and is updated depending on recommendations. EMI has a Risk Committee that reviews the Company's approaches to risk management on an annual basis. The Committee recommends to the Board changes or improvements to key elements of the processes and procedures. The Board, then, reviews the risk management system. This annual review process forms part of the directors' criteria for assessing the effectiveness of the Company's risk management system.

Risk Policy

EMI manages key financial and non-financial risks through structured monitoring, governance oversight, and targeted mitigation measures across its operations.

Risk Area	Key Exposure	Management Approach	Objective / Outcome
Financial	FX volatility, liquidity, capital structure	Active monitoring of cash flows, capital position, and financial markets; maintenance of funding flexibility	Ensure liquidity, meet obligations, and sustain a healthy capital structure
Operational	Business disruptions, process inefficiencies	Risk monitoring through management systems and escalation to Risk Committee; implementation of mitigation measures	Maintain stable operations and minimize disruption impact
Regulatory & Compliance	Changing laws and regulations	Continuous review of regulatory developments and compliance controls	Ensure full compliance across all business units
Supply Chain	Raw material and packaging availability	Supplier diversification and competitive sourcing practices	Ensure supply continuity and cost efficiency
Market & Consumer	Shifts in consumer preferences and demand	Ongoing market analysis and product development initiatives	Align products with evolving consumer trends
Competition	Industry competition and pricing pressure	Product innovation and portfolio diversification	Sustain competitiveness and revenue growth
Macroeconomic & Political	Economic and political uncertainties	Monitoring of external environment and adaptive business strategies	Enable timely response to external changes
Business Continuity	Natural disasters and unforeseen events	Emergency response planning and continuity measures	Ensure operational resilience during disruptions
Financial Crime	Fraud, money laundering risks	Internal controls, monitoring systems, and compliance checks	Minimize exposure to financial misconduct

Business Ethics and Integrity

3-3, 206-1

Good governance is highly reflected by diligence to ethics and integrity. EMI upholds integrity through a strong culture of ethical business practices, guided by a Code of Business Conduct and Ethics that directors, senior management, and employees must follow.

This code states that EMI should conduct fair dealings with customers and suppliers. The code also prohibits EMI from entering into agreements with competitors to arbitrarily set prices and other terms of the market. EMI’s executives and employees are strictly prohibited from accepting gifts and other favors from third parties at the expense of compromised decisions or performance of duty. Stakeholders are also required to avoid conflicts of interest or participate in activities that

conflict with their responsibilities. In this respect, directors submit annually a list of business and professional affiliations through which conflicts-of-interest may be determined. Faithful compliance to regulations, respectful confidentiality, fair use of resources, and internal conflict resolution are also upheld by the code.

The Company has a compliance officer who monitors compliance of ethics or conduct. Relative to senior management and employees, the Human Resources Department of each subsidiary and affiliate implements and monitors compliance with the code of ethics or conduct. Stakeholders are encouraged to report any unethical or questionable business practices without the risk of retaliation.

Supply Chain Environmental And Social Management

3-3, 308, 414

Good governance emanates from a company’s board right through its employees and suppliers. As it upholds social and environmental responsibility across the supply chain, EMI ensures it selects suitable and competent suppliers by evaluating their social and environmental compliance. Each of the Company’s subsidiaries implements measures for screening and accrediting suppliers.

At EDI, suppliers are required to submit accreditation forms that assess their operational capabilities and financial capacities. These forms include “Suppliers Business Ethics & Integrity,” “Supplier’s Accountability & Liability,” and “Pre-Assessment Questionnaire.” These assessments and subsequent accreditations ensure the company maintains strong and mutually beneficial relationships with suppliers.

Within GES and subsidiaries such as BF, new suppliers must comply with European regulations. They should undergo assessment and validation by the Supply Chain and General Director before any engagement. They are thoroughly screened as well for social criteria to ensure that none had significant social impacts as per the company’s supplier accreditation policy.

Suppliers partnering with WMG suppliers are required to undergo audits. Environmental credentials, such as those from the Forest Stewardship Council (FSC) and Programme for the Endorsement of Forest Certification (PEFC), or ISO certifications are sought from suppliers. WMG considers adding environmental screening into its audit and supplier onboarding processes.

Regulatory Compliance

3-3, 2-27, 205, 206

Communication and training on anti-corruption policies and procedures (in %)

[205-2]

Disclosure	2023	2024	2025
Employees to whom the organization’s anti-corruption policies and procedures have been communicated to	100	100	100
Business partners to whom the organization’s anti-corruption policies and procedures have been communicated to	100	100	100
Directors to whom the organization’s anti-corruption policies and procedures have been communicated to	100	100	100
Employees that have received anti-corruption training	100	100	100

Confirmed incidents of corruption and actions taken

[205-3]

Disclosure	2023	2024	2025
Number of incidents in which directors were removed or disciplined for corruption	0	0	0
Number of incidents in which employees were dismissed or disciplined for corruption	0	0	0
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	0	0

Good governance is exhibited by proper compliance to regulations and conduct among competitors within the industry. Across its subsidiaries, EMI promotes fair and open competition, enforces non-tolerance towards corruption and illegal activities, and aligns with existing laws of the land. In 2025, EMI maintained 100% communication of anti-corruption policies and procedures to employees and directors.

The Company has also maintained zero incidents of corruption, with no dismissal of directors or employees and no termination of contracts. This steady trend is backed by sustained practices across subsidiaries. Another milestone in the Company’s regulatory compliance, EDI’s Biñan Plant was conferred by the government of the City of Biñan with 2025 Top 100 Tax Payer for Local Business Tax award.

EMI constantly aligns its policies with local and international regulations on fair and open competition, anti-corruption, and environmental compliance. These internal policies include Code of Business Conduct and Ethics, whistleblowing, and anti-bribery policies, among others. Internal communications channels and employee trainings are in place to cascade these policies. Subsidiaries also have their respective platforms, such as Compliance Mailbox or open contact lines for reporting cases or complaints.

Any complaint of corruption-related, such as bribery, fraud, and embezzlement, is immediately investigated through the whistleblowing mechanism of the respective company. Suppliers found to be in violation face actions such as blocklisting, imposing of penalties, and criminal or civil proceedings based on the severity of the offense. Employees, if found guilty of any corruption practices, are subject to penalties, including possible termination, depending on the circumstances.

Besides respective legal departments, certain teams are also assigned to implement and monitor compliance to such policies. EDI, for instance, has its Purchasing Department and Accreditation Committee implementing a Know-Your-Customer process to screen customers and perform supplier assessments. The company also has a Pollution Control Officer who oversees all matters related to environmental compliance. GES, meanwhile,

has a legal body composed of both internal personnel and external experts overseeing the company’s compliance system. WMG has a cross-functional team managing a Tax Risk Register, which records corruption-related risks and responses.

Concerning mergers and acquisitions, both inside and outside of the Philippines, EDI ensures such transactions align with competition law and other regulatory requirements. In this respect, the company consults professional advisers and antitrust experts to assess the overall structure of the agreements and to anticipate or remediate any issues that may arise.



Board of Directors

3-3, 2-27, 205, 206

The Board of Directors mainly exercises corporate powers and conducts the business.

The Company has seven directors, three of which are independent directors. The directors are nominated by the Corporate Governance Committee and elected at the annual meeting of the stockholders to serve for a term of one year until their successors shall have been duly elected and qualified. All directors have been briefed and undergo training in the roles and responsibilities of a director of a listed issuer as prescribed by the PSE and SGX-ST.

The Board delegates responsibility for managing the Company's impacts on the economy, environment, and people to senior management, each of whom have the expertise and operational experience to perform such tasks. They then report and recommend actions to the Board for their approval.

Mr. Tan is currently the Chairman Emeritus since June 2025. He served as Director and Chairman of the Board from August 28, 2013 until June 2025. He holds positions in the following other listed companies:



Andrew L. Tan
Chairman Emeritus

76, Male, Filipino
Date of First Appointment: August 2013
Length of Service (as of December 31, 2025): 12 years

Listed Company	Position	Date First Elected	Date Last Elected	No. of Term/ Years
Alliance Global Group, Inc.	Chairman of the Board	September 2006	June 2024	19
	Chief Executive Officer	September 2006	September 2017	11
	Vice Chairman of the Board	August 2003	September 2006	3
Megaworld Corporation	Chairman and President	August 1989	June 2023	34
	Chairman	August 1989	June 2025	36
Global-Estate Resorts, Inc. (subsidiary of Megaworld)	Chairman and CEO	January 2011	June 2025	14
Empire East Land Holdings, Inc. (subsidiary of Megaworld)	Chairman	July 1994	June 2025	31

He served as the Chairman of Emperador Distillers, Inc. since its incorporation in 2003 until June 2025. He pioneered the live-work-play-learn model in the real estate development through the Megaworld Corporation’s integrated township communities, fueling the growth of the business process outsourcing (“BPO”) industry, food and beverage, and quick service restaurants industries.

Mr. Tan is concurrently the Chairman of the Board and President of Progreen Agricorp, Inc., Zabana Rum Company, Inc., Megaworld Land, Inc., Megaworld Globus Asia, Inc., Manila Bayshore Property Holdings, Inc., Mactan Oceanview Properties and Holdings, Inc., Twin Lakes Corporation, Richmonde Hotel Group International Limited, The Bar Beverage, Inc., Emperador Brandy, Inc., Maple Grove Land, Inc., Pacific Coast Megacity, Inc., and Yorkshire Holdings, Inc. He is also the Chairman of Megaworld Newport Property Holdings, Inc., Alliance Global Group Cayman Islands, Inc., Alliance Global Brands, Inc., Suntrust Properties, Inc., Adams Properties, Inc., Cocos Vodka Distillers Philippines, Inc., Consolidated Distillers of the Far East, Inc., Megaworld Cayman Islands, Inc., Eastwood Cyber One Corporation,

Gilmore Property Marketing Associates, Inc., Megaworld Central Properties, Inc., Raffles & Company, Inc., Megaworld Bacolod Properties, Inc., Boracay Newcoast Resorts, Inc., Southwoods Mall, Inc., and Townsquare Development, Inc.

He is the Chairman and Treasurer of The Andresons Group, Incorporated and sits in the boards of Travellers International Hotel Group, Inc., Alliance Global-Infracorp Development, Inc., Megaworld Cebu Properties, Inc., Fairways & Bluewater Resort Golf & Country Club, Inc., Anglo Watsons Glass, Inc. and Alcazar De Bana Holdings Company, Inc. He is also the Vice-Chairman and Treasurer of Golden Arches Development Corporation and Golden Arches Realty Corporation and a Director and Treasurer of Andresons Global, Inc.

Mr. Tan graduated Magna Cum Laude from the University of the East with a degree of Bachelor of Science.



Winston S. Co
Chairman

Mr. Co was first appointed as the Chairman of the Board in July 2025. He served as Director and President since 28 August 2013 until July 2025. He is also a Director and President of Emperador Distillers, Inc. since 2007 until his appointment as Chairman in June 2025. He is also the Chairman of The World's Finest Liquor, Inc., since 2022. His field of expertise is in finance and marketing of consumer products.

He is concurrently Chairman and President of New Town Land Partners, Inc.; Chairman of Anglo

Watsons Glass, Inc.; Director and President of Cocos Vodka Distillers Philippines, Inc. and Alliance Global Brands, Inc., Director and Treasurer of Raffles & Company, Incorporated; Director of The Bar Beverage, Inc.; and Senior Vice President of The Andresons Group, Incorporated.

Mr. Co is a Magna Cum Laude graduate of Jose Rizal College with a Bachelor of Science in Commerce.



Glenn D. Manlapaz
President

Mr. Manlapaz was first elected as the Chief Executive Officer in June 2025 and elected as Director and President in July 2025. He is the former President for Asia and the Pacific of the Emperador International business.

He has been with the Company's wholly owned subsidiary, Emperador Distillers Inc. since 2014 working as Regional Managing Director for Asia. Prior to joining the group, he was Diageo's Managing Director for the Philippines and General Manager for Indonesia.

He has extensive experience in the liquor industry, and executive management functions.

Mr. Manlapaz holds a Bachelor's Degree in Commerce and Master's Degree in Business Administration in De La Salle University.



Kendrick Andrew L. Tan
Director

Mr. Tan was first elected as Director on 28 August 2013. He is the Corporate Secretary and Executive Director of Emperador Distillers, Inc., and also its Vice President for New Products & Innovation and the Head for Research & Development.

He is concurrently Chairman and President of Alcazar De Bana Holdings Company, Inc., Globaland Holdings, Inc., and Altavision Resources, Inc.; Director and President of The World's Finest Liquor, Inc., Director and Treasurer of Anglo Watsons Glass, Inc., and Le Bristol Holdings, Inc.; Trustee and Executive Director of Megaworld Foundation, Inc., Director and Corporate Secretary of Progreen Agricorp, Inc., Emperador Brandy, Inc. and Newport World Resorts Properties, Inc.; Director of The Bar Beverage, Inc., Alliance Global Brands, Inc., The Andresons Group, Incorporated, Yorkshire

Holdings, Inc., Andresons Global, Inc., Cocos Vodka Distillers Philippines, Inc., Consolidated Distillers of the Far East, Inc., New Town Land Partners, Inc., Raffles & Company, Incorporated, and Zabana Rum Company, Inc.

Mr. Tan graduated from Southern New Hampshire University with a degree in Bachelor of Science in Accountancy



Ho Poh Wah (Jason Ho)
Independent Director

Mr. Ho, a resident of Singapore, was first elected as Director on May 15, 2023. He is an experienced Board Member and senior executive with years of experience as group chief human resources officer and global business leader in banking and finance industry. His areas of expertise are human capital strategy, business transformation, vision and mission advocacy, executive coaching, talent acquisition, corporate governance, risk management, shareholder relations, market alignment and regulatory compliance.

He is a Board Member of the Leap Philanthropy and Daughters of Tomorrow (DOT) since 2024. He was a Board member of the Institute of Human Resources Professionals from 2016 to 2022, OCBC Property Service Ltd. from 2020 to 2022 and MAS HR Industry Group Committee from 2021 to 2022. He was also the Group Chief Human Resources Officer (CHRO) from 2015 to 2022,

Executive Vice President from 2015 to 2022, and Global Head – Asset and Liability Management from 2013 to 2014, of OCBC Bank Singapore. He also served as Treasurer of KBC Bank, Singapore from 1999 to 2012. Prior to these, he was also employed by Standard Chartered Bank, Volvo Group Treasury and Citibank.

Mr. Ho earned his Bachelor of Business Administration from the National University of Singapore and Master of Applied Finance from Macquarie University in Sydney, Australia.



Jesli A. Lapus
Independent Director

Dr. Lapus has served as Independent Director since May 2021. He holds position in the following other listed company:

Listed Company	Position	Date First Elected	Date Last Elected	No. of Term/ Years
Alliance Global Group, Inc.	Independent Director	June 2021	June 2025	5

Dr. Lapus is currently Chairman and Director of STI Education Services Group, Inc. since 2013 and Chairman and Director of LSERV Corporation since 2012. He is a Governor of Information and Technology Academy (iAcademy) since 2010, Independent Director of Philippine Life Financial Assurance Corporation since 2012, and Attenborough Holdings, Inc. since 2015, Director of STI Education Systems Holdings, Inc. since 2013 and STI West Negros University, Inc. since 2022. He is a former Chairman of the Board of Investments, Philippine Exports Zone Authority, National Development Corporation, Export Development Council, Export Development Council, Micro, Medium and Small Enterprises Council (MSMED), Summer Institute of Linguistics (SIL) and Manila Tytana Colleges. He is a former Board Member of Metrobank, Land Bank of the Philippines, Philippine Airlines, Meralco, and Union Bank of the Philippines; former Governor/ Trustee of the Asian Institute of Management, Management Association of the Philippines, and Bankers Association of the Philippines; and former Advisor of Philplans First, Inc.

As a top executive in the private sector, he has successfully managed celebrated firms and a universal bank in attaining industry leadership. As the youngest President and CEO of the Landbank of the Philippines at 42 years old, Lapus steered the bank from number 18 to become the 3rd biggest in the banking industry. As the first Filipino and the youngest Managing Director of the German multinational company Triumph International (Phils.), Inc. from 1979-1985, he led it to become the biggest manufacturing operation of its kind in the world making it a top Philippine exporter and employer. At 23, he was the Chief Finance Officer (CFO) of the Ramcar Group where he engineered mergers and acquisitions which established Ramcar as the undisputed market leader in the country. At age 20, he was Auditor-in-Charge and Management Consultant at SGV & Co., CPA's (1969-1973).

Dr. Lapus has the distinction of having served in the cabinets of three (3) Philippine Presidents in the following capacities: Secretary of the Department of Trade and Industry, Secretary of the Department of Education, President and CEO of The Land Bank of the Philippines, and Undersecretary of the Department of Agrarian Reform. He had been elected member of the Philippine Congress for three consecutive terms in 1998-2007 where he spearheaded many famous legislation such as the 2005 Fiscal Reform Measures (EVAT, Sin Taxes, Tax Amnesty and Attrition Law).

Dr. Lapus has been elected by the 180-country international organization, the United Nations Educational and Scientific Council (UNESCO) in Paris, France as a member of its Executive Board. He also served as the President of the South East Asian Ministers of Education Council (SEAMEO).

Dr. Lapus received his Doctor of Public Administration (Honoris Causa) from the Polytechnic University of the Philippines and his Master in Business Management from the Asian Institute of Management and is a Certified Public Accountant. He also pursued his Post Graduate Studies in Investment Appraisal and Management from Harvard University, USA; Management of Transfer of Technology from INSEAD, France; Project Management from BITS, Sweden; Personal Financial Planning from UCLA, USA; and Cursos Internacionales from the Universidad de Salamanca, Spain.



Kevin Andrew L. Tan
Director

Mr. Tan, was first elected as Director on October 4, 2017. He holds position in the following other listed companies:

Listed Company	Position	Date First Elected	Date Last Elected	No. of Term/ Years
Alliance Global Group, Inc.	Chief Executive Officer	June 2018	June 2025	7
	President & CEO	June 2024	June 2025	1
	Vice Chairman	September 2018	June 2025	7
	Director	April 2012	June 2025	13
	Executive Director	September 2016	Septmber 2017	6
Megaworld Corporation	Executive Vice President and Chief Strategy Officer	November 2018	June 2024	6
	Executive Director	October 2024	June 2025	1
MREIT, Inc.	President and CEO	October 2020	June 2024	4
	Chairman	June 2025	September 2025	1
Global-Estate Resorts, Inc.	Director	June 2014	June 2025	11
Empire East Land Holdings, Inc.	Director	June 2015	June 2025	10

Mr. Tan has over 11 years of experience in retail leasing, marketing and operations. Prior to being the Executive Director, he was the Executive Vice President and Chief Strategy Officer of Megaworld Corporation where he is in charge of developing corporate strategies, expansion and new opportunities as well as investor and stakeholder relations, he was the head of the Commercial Division which markets and operates the Megaworld Lifestyle Malls, including Eastwood Mall and The Clubhouse at Corinthian Hills in Quezon City, Venice Piazza at McKinley Hill, Burgos Circle at Forbestown Center, and Uptown Mall, all in Fort Bonifacio, Newport Mall at the Newport World Resorts in Pasay City, and Lucky Chinatown Mall in Binondo, Manila.

Watsons Glass, Inc., Yorkshire Holdings, Inc., The Bar Beverage, Inc., Emperador Brandy, Inc., New Town Land Partners, Inc., Eastwood Cyber One Corporation, Twin Lakes Corporation, Alcazar De Bana Holdings Company, Inc., Cocos Vodka Distillers Philippines, Inc., Zabana Rum Company, Inc., Luxury Global Malls, Inc., Choice Gourmet Banquet, Inc., Dew Dreams International, Inc., Global Estate Properties, Inc., and The Andresons Group Incorporated, among others.

He holds a degree in Bachelor of Arts Major in Humanities with Professional Certificate in Management, from the University of Asia and the Pacific

He is the Chairman of Travellers International Hotel Group, Inc., Chairman and CEO of Agile Digital Ventures, Inc., Chairman and President of Alliance Global-Infracorp Development, Inc., Asia Finest Cuisine, Inc., and Newport World Resorts Properties, Inc., among others, Director and President of Townsquare Development, Inc., and Adams Properties, Inc.; Director and Corporate Secretary of Alliance Global Brands, Inc., ERA Real Estate, Inc., and Paseo Center Building Administration, Inc., Director and Treasurer of Consolidated Distillers of the Far East, Inc., Asiagroup Holdings, Inc., Eastin Holdings, Inc., Festivewalk Cinemas, Inc., and Uptown Cinemas, Inc., Chairman of Megaworld Foundation, Inc., and Director of Emperador Distillers, Inc., Anglo



Jose Rene Gregory D. Almendras

Independent Director

Mr. Almendras was first elected as Independent Director on June 2025. has vast experience in both the private and public sectors. He currently serves as a consultant at Ayala Corporation (AC). Previously, he held the position of Senior Managing Director and Head of the Public Affairs Group. Over more than two decades with the Ayala Group, he served as CEO of seven (7) companies and held various positions on the management committees of the holding companies.

He spent 13 years with the Citibank group where he started as a management trainee and landed his first CEO position as President of City Savings Bank of the Aboitiz Group at the age of 37. Mr. Almendras was Treasurer of Aboitiz Equity Ventures and Aboitiz and Company before President of City Savings Bank. In 2001, he was hired by Ayala Land to take over as CEO of Cebu Holdings Inc. and Cebu Property Ventures concurrently head of Ayala Land VisMin. He eventually occupied several other roles in Ayala Land as a member of the management committee prior to moving to Manila Water. In 2007, he was moved to Manila Water as COO to eventually take over as President from April 2009 to June 2010.

In 2011, the World Economic Forum recognized him and Manila Water Company as a Sustainability Champion while he was President thereof. During his stint as MWCI President and Chief Operating Officer, the company received multiple

awards and was recognized as one of the Best Managed Companies in Asia, Best in Corporate Governance, one of the Greenest Companies in the Philippines and hailed as the world's Most Efficient Water Company.

As a public servant, he served in various high-level positions, namely, Secretary of Energy, Cabinet Secretary and Secretary of Foreign Affairs. In June 2016, Rene was awarded the Order of Lakandula, Rank of Gold Cross Bayani, a Presidential award and the highest honor given to a civilian by the Republic of the Philippines. The award was President Aquino's recognition of his exemplary service during his administration.

In 2024, he was the 76th President of the Management Association of the Philippines (MAP). He is a Board Member of the Center for Family Ministries of the Ateneo de Manila, and a Board Member of the Institute for Regional Security, a Regional Organization based at Deakin University in Canberra, Australia. Mr. Almendras has all the qualifications, which includes his qualifying share in the capital stock of the Company, and none of the disqualifications to serve as an independent director of the Company.

Financial Performance



EMPERADOR INC.

7F 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez Jr. Avenue,
Bagumbayan 1110, Quezon City, Philippines Tel: 8709-2040 Fax: 8709-1966

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR CONSOLIDATED FINANCIAL STATEMENTS**

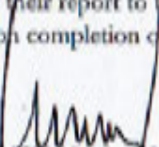
The management of *Emperador Inc. and Subsidiaries* (the "Group") is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein, for the years ended December 31, 2025, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing Group'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 Group or to cease operations, or has no realistic alternative to do so.

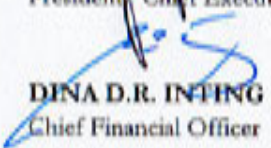
The Board of Directors is responsible for overseeing the Group's financial reporting process.

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

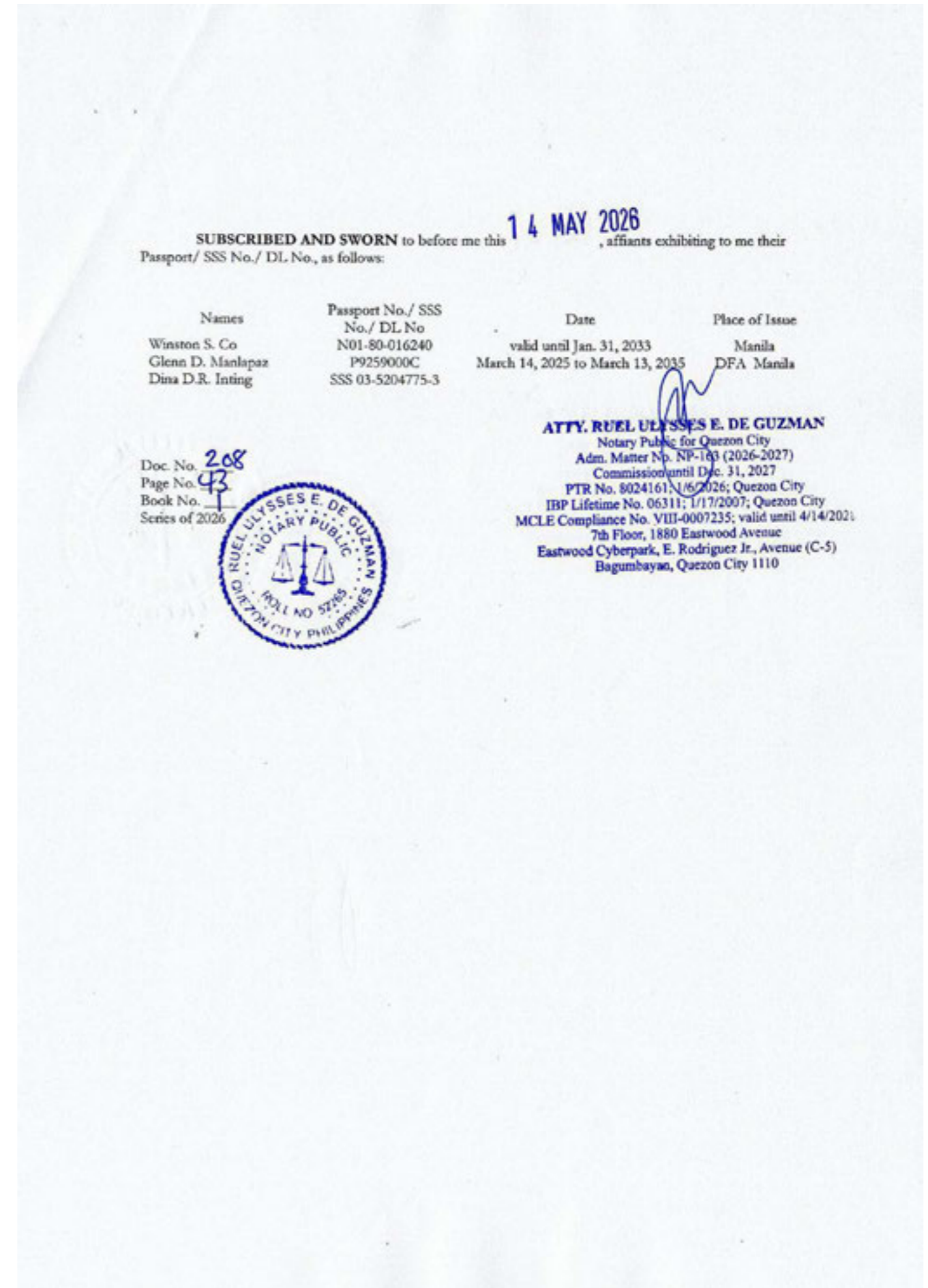
Punongbayan & Arunillo, the independent auditors appointed by the stockholders, have audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audits.

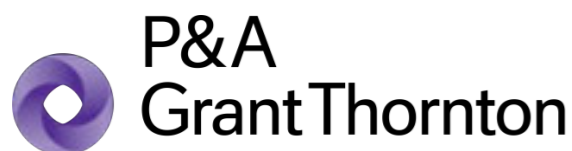

WINSTON S. CO
Chairman of the Board


GLENN D. MANLAPAZ
President/ Chief Executive Officer

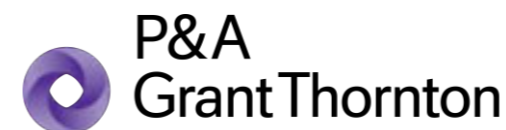

DINA D.R. INTING
Chief Financial Officer

Signed this 14th day of May 2026





FOR SEC FILING



Punongbayan & Araullo
 20th Floor, Tower 1
 The Enterprise Center
 6766 Ayala Avenue
 1200 Makati City
 Philippines

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Report of Independent Auditors

Consolidated Financial Statements and
 Independent Auditors' Report

Emperador Inc. and Subsidiaries

December 31, 2025, 2024 and 2023

**The Board of Directors and Stockholders
 Emperador Inc. and Subsidiaries
 (A Subsidiary of Alliance Global Group, Inc.)**
 7th Floor, 1880 Eastwood Avenue
 Eastwood City CyberPark
 188 E. Rodriguez, Jr. Avenue
 Bagumbayan, Quezon City

Opinion

We have audited the consolidated financial statements of Emperador Inc. and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2025, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2025 in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), as applicable to audits of consolidated financial statements of public interest entities, together with the ethical requirements that are relevant to our audits of the consolidated financial statements of public interest entities in the Philippines. We have also 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.

Certified Public Accountants
 Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd.

grantthornton.com.ph

Offices in Cavite, Cebu, Davao
 BOA/ PRC Cert of Reg. No. 0002
 SEC Accreditation No. 0002

Key Audit Matters

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

(a) Impairment Assessment of Goodwill and Trademarks with Indefinite Useful Lives

Description of the Matter

In accordance with Philippine Accounting Standard 36, *Impairment of Assets*, the Group is required to perform an annual impairment test of goodwill and trademarks with indefinite useful lives. As of December 31, 2025, goodwill amounted to P11.0 billion, while the trademarks with indefinite useful lives amounted to P24.1 billion. We considered the impairment of these assets as a key audit matter because the amounts of goodwill and trademarks are material to the consolidated financial statements. Additionally, management's impairment assessment process involved significant judgment in identifying the relevant cash-generating units (CGUs) and in allocating the goodwill to those CGUs, and is subject to estimation uncertainty in determining their recoverable amounts using value-in use models, which rely on key assumptions such as discount rates, growth rates and projected cash flows.

The Group's accounting policy on impairment is more fully described in Note 2 to the consolidated financial statements. The significant judgments and key sources of estimation uncertainty relating to the impairment of non-financial assets, including trademarks and goodwill with indefinite useful lives, is presented in Note 3; while the related carrying amounts are presented in Note 10.

How the Matter was Addressed in the Audit

Our audit procedures to address the risk of material misstatement relating to the goodwill and trademarks with indefinite useful lives included, among others, the following:

- Evaluated the appropriateness and reasonableness of methodology and assumptions used in determining the value-in-use of cash-generating units attributable to the trademarks and goodwill, which include the discount rate, growth rate and the cash flow projections, by comparing them to external and historical data, with assistance from our Firm's valuation specialists;
- Tested the calculation of valuation model for mathematical accuracy, validated the appropriateness and reliability of inputs and amounts used and recomputed the value-in-use of cash-generating units attributable to the trademarks and goodwill; and,
- Performed independent sensitivity analysis of the projections and discount rate using the valuation model used to determine whether a reasonably possible change in assumptions could cause the carrying amount of cash generating units to exceed the recoverable amount.
- Evaluated management's identification of the relevant CGUs and assessed the appropriateness of the allocation of goodwill to those CGUs by considering the Group's operating structure and management's monitoring of operations.

(b) Revenue Recognition

Description of the Matter

Revenue is one of the key performance measures used to assess business performance of the Group. For the year ended December 31, 2025, the Group recognized revenue from sale of goods amounted to P55.7 billion, representing 98% of the Group's total revenues and other income. Revenue from sale of goods is recognized when control over the goods has been transferred at a point in time to the customer, generally when the customer has acknowledged receipt of the goods.

We considered revenue recognition to be a key audit matter due to its material impact on the consolidated financial statements and the significant auditor attention required to address the risk of inappropriate revenue recognition particularly in relation to the timing of recognition (cut-off), given the high volume sales transaction.

The Group's accounting policy on revenue recognition and the related disclosures, including trade receivables and breakdown of sale of goods are set out in Notes 2, 6 and 18 to consolidated financial statements.

How the Matter was Addressed in the Audit

Our audit procedures to address the risk of material misstatement relating to revenue recognition included, among others, the following:

- Tested the design and operating effectiveness of the Group's processes and controls over revenue recognition, approval and documentation, including the implemented information technology general and application controls over automated systems that process and record the revenue transaction with assistance from our IT specialists;
- Evaluated the appropriateness of the Group's revenue recognition policy in accordance with the requirements of PFRS 15, *Revenue from Contracts with Customers*;
- Tested sales transactions on a sample basis, including sales invoices, delivery receipts and cash receipts throughout the reporting period to verify the occurrence of sales;
- Confirmed trade receivables using positive confirmation, on a sample basis, and performed alternative procedures for non-responding customers, such as, examination of evidence of subsequent collections, or corresponding sales invoices and proof of deliveries;
- Tested sales invoices and delivery receipts immediately before and after the reporting period to determine whether the related sales transactions are recognized in the correct period; and,
- Performed substantive analytical review procedures over revenues, including yearly and monthly analyses of sales per product/brand and location, and sales mix composition based on our expectations and following up variances from our expectations; and, verified that the underlying data used in the analyses are valid.

(c) Existence and Valuation of Inventories

Description of the Matter

As of December 31, 2025, inventories amounted to P56.0 billion, representing 31% of the Group's total assets. Inventories are valued at the lower of cost and net realizable value (NRV). The Group's core business is influenced by market factors that directly affect the demand for alcoholic beverages including consumer purchasing power, competition, and other market-related factors. The recoverability of inventories is affected by changes in selling price and the costs necessary to complete and sell the products. Given the materiality of inventories, the high volume of transactions, and the carrying amount of inventories, and the significant estimation uncertainty in determining its NRV, we considered the existence and valuation of inventories as key audit matter.

The Group's disclosures on accounting policy, estimation uncertainty on determination of NRV of inventories, and Inventories account are presented in Notes 2, 3, and 8, respectively, to the consolidated financial statements.

How the Matter was Addressed in the Audit

Our audit procedures to address the risk of material misstatement relating to the existence and valuation of inventories included, among others, the following:

On existence of inventories:

- Observed physical inventory count procedures, and tested the design and operating effectiveness of relevant controls over inventory count procedures;
- Obtained relevant cut-off information and count control documents, and verified inventory movements between the actual count date and reporting date to test the quantities of inventory items as of the end of the reporting date; and,
- Performed substantive analytical review procedures over inventory-related ratios, such as inventory turnover and current period's components of inventories, and verified the validity of underlying data used in the analyses.

On valuation of inventories:

- Tested the design and operating effectiveness of processes and controls over inventory costing, reconciliation, data entry and review, including IT general and application controls over automated systems that process and record the inventory transaction, with assistance from our IT specialists;
- Evaluated the appropriateness of the method used by management for inventory costing and valuation at the lower of cost and NRV, and assessed the consistency of their application from period to period;
- Performed inventory price tests on a sample basis, by examining purchase contracts, invoices and relevant importation documents, and by verifying movements affecting the inventory costing;
- Performed detailed analysis of the Group's standard costing of inventories through analytical review procedures, comparing actual costs during the current period against the budgeted standard, and tested significant actual costs, on a sample basis, by agreeing with contracts and invoices; and,
- Evaluated the appropriateness and sufficiency of the amount of allowance for inventory write-down by testing the reasonableness of key assumptions used on the expected realization of inventories.

(d) Consolidation Process

Description of the Matter

The Group's consolidated financial statements comprise Emperador Inc. and its subsidiaries, as described in Note 1, and include the elimination of material intercompany balances, transactions, and unrealized profits. The Group's consolidation process is determined to be a key audit matter due to the extent of judgment involved, the significance of foreign operations, and the complexity and manual nature of consolidation and elimination adjustments, which collectively increase the risk of material misstatement.

The Group operates through multiple subsidiaries, including entities in foreign jurisdictions. This requires management to exercise significant judgment in determining functional currencies and in translating foreign currency-denominated financial information into the Group's presentation currency. Given the judgment involved and the potential effect of exchange rate movements, there is an increased risk that errors in functional currency determination or translation may result in material misstatements in the consolidated financial statements.

In addition, the consolidation process involves significant manual adjustments, including the identification of intercompany relationships and the elimination of intercompany balances, transactions, and unrealized profits arising from intercompany transactions. The volume and complexity of intercompany transactions, combined with the reliance on manual consolidation entries, increase the risk that such eliminations may be incomplete or inaccurate.

The Group's policies on consolidation and translation of foreign currency denominated financial statements of foreign subsidiaries are more fully described in Note 2 to the consolidated financial statements.

How the Matter was Addressed in the Audit

Our audit procedures to address the risk of material misstatement arising from the consolidation process included, among others, the following:

- Obtained an understanding of the Group's structure, consolidation policies and processes, including management's identification of intercompany relationships and the procedures for reconciling intercompany balances and transactions;
- Tested the mathematical accuracy of the consolidation and reconciled financial information included in the consolidation to the audited financial statements of the Group's components, and evaluated the consistency of accounting policies applied across the Group;
- Evaluated management's judgments in determining the functional currencies of foreign subsidiaries and assessed the appropriateness of the translation of foreign currency-denominated financial statements into the Group's presentation currency;
- Tested the accuracy and appropriateness of significant manual consolidation and intercompany elimination entries, including the elimination of intercompany balances, transactions, unrealized profits, and translation adjustments;
- Performed analytical procedures at the consolidated level to assess the reasonableness of consolidated balances and relationships; and
- Evaluated the sufficiency and adequacy of disclosures in the Group's consolidated financial statements in accordance with PFRS Accounting Standards.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2025, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2025 are expected to be made available to us after the date of this auditors' report.

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

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 PSA 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made 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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated 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 a 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 audits resulting in this independent auditors' report is Ramilito L. Nañola.

PUNONGBAYAN & ARAULLO


 By: **Ramilito L. Nañola**
 Partner

CPA Reg. No. 0090741
 TIN 109-228-427
 PTR No. 10770767, January 6, 2026, Makati City
 SEC Group A Accreditation
 Partner - No. 90741-SEC (until financial period 2025)
 Firm - No. 0002 (until financial period 2030)
 BIR AN 08-002511-019-2023 (until December 10, 2026)
 BOA/PRC Cert. of Reg. No. 0002/P-009 (until August 12, 2027)

May 14, 2026

EMPERADOR INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024
(Amounts in Philippine Pesos)

EMPERADOR INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2025, 2024 AND 2023
(Amounts in Philippine Pesos)

	Notes	2025	2024
<u>A S S E T S</u>			
CURRENT ASSETS			
Cash and cash equivalents	5	P 10,072,328,439	P 9,739,188,511
Trade and other receivables - net	6	20,810,842,835	20,199,924,248
Financial assets at fair value through profit or loss	7	596,292,935	543,477,409
Inventories - net	8	55,955,403,462	48,649,145,978
Prepayments and other current assets	11.1	3,176,856,021	3,169,170,956
Total Current Assets		<u>90,611,723,692</u>	<u>82,300,907,102</u>
NON-CURRENT ASSETS			
Property, plant and equipment - net	9	47,647,271,386	40,906,530,431
Intangible assets - net	10	35,058,348,849	31,692,812,706
Investment in a joint venture	12	4,202,448,347	3,640,406,308
Retirement benefit asset - net	21.3	199,176,903	440,192,427
Deferred tax assets - net	22	471,997,413	389,625,744
Other non-current assets - net	11.2	84,150,562	156,825,996
Total Non-current Assets		<u>87,663,393,460</u>	<u>77,226,393,612</u>
TOTAL ASSETS		<u>P 178,275,117,152</u>	<u>P 159,527,300,714</u>
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Interest-bearing loans	14	P 984,769,817	P 679,108,834
Trade and other payables	16	18,410,478,780	17,157,695,057
Lease liabilities	9.3	245,108,877	232,830,824
Income tax payable		1,804,128,150	2,114,512,029
Total Current Liabilities		<u>21,444,485,624</u>	<u>20,184,146,744</u>
NON-CURRENT LIABILITIES			
Interest-bearing loans	14	40,994,332,847	32,753,446,587
Lease liabilities	9.3	761,904,255	844,538,141
Provisions	17	200,586,214	180,866,410
Put option liability	1.2	248,391,682	-
Deferred tax liabilities - net	22	6,497,357,673	5,037,395,096
Total Non-current Liabilities		<u>48,702,572,671</u>	<u>38,816,246,234</u>
Total Liabilities		<u>70,147,058,295</u>	<u>59,000,392,978</u>
EQUITY			
Equity attributable to owners of the parent company	24	106,644,686,036	99,395,903,383
Non-controlling interest		1,483,372,821	1,131,004,353
Total Equity	30	<u>108,128,058,857</u>	<u>100,526,907,736</u>
TOTAL LIABILITIES AND EQUITY		<u>P 178,275,117,152</u>	<u>P 159,527,300,714</u>

See Notes to Consolidated Financial Statements.

	Notes	2025	2024	2023
REVENUES AND OTHER INCOME	18	P 57,042,804,216	P 61,645,652,583	P 65,643,761,074
COSTS AND EXPENSES				
Costs of goods sold	19	39,577,762,031	41,959,005,518	43,346,168,289
Selling and distribution expenses	20	7,090,994,572	7,151,983,463	6,758,279,313
General and administrative expenses	20	2,825,923,678	2,699,374,268	3,022,236,234
Interest expense	14	1,861,321,328	1,710,651,171	1,372,370,985
Other charges - net		161,460,083	6,244,409	203,455,451
		<u>51,517,461,692</u>	<u>53,527,258,829</u>	<u>54,702,510,272</u>
PROFIT BEFORE TAX		<u>5,525,342,524</u>	<u>8,118,393,754</u>	<u>10,941,250,802</u>
TAX EXPENSE	22	<u>1,520,078,039</u>	<u>1,632,967,373</u>	<u>1,997,373,601</u>
NET PROFIT		<u>4,005,264,485</u>	<u>6,485,426,381</u>	<u>8,943,877,201</u>
OTHER COMPREHENSIVE INCOME				
Item that will be reclassified subsequently to profit or loss				
Translation gain		6,280,888,872	1,813,019,675	2,593,026,410
Items that will not be reclassified subsequently to profit or loss				
Net actuarial gain (loss) on retirement benefit plan	21	(305,312,332)	190,465,801	(287,497,627)
Tax income (expense) on remeasurement of retirement benefit plan	22	74,651,271	(47,616,451)	71,874,407
		<u>(230,661,061)</u>	<u>142,849,350</u>	<u>(215,623,220)</u>
Total Other Comprehensive Income		<u>6,050,227,811</u>	<u>1,955,869,025</u>	<u>2,377,403,190</u>
TOTAL COMPREHENSIVE INCOME		<u>P 10,055,492,296</u>	<u>P 8,441,295,406</u>	<u>P 11,321,280,391</u>
Net profit attributable to:				
Owners of the parent company		P 3,858,028,043	P 6,322,070,571	P 8,705,726,613
Non-controlling interest		147,236,442	163,355,810	238,150,588
		<u>P 4,005,264,485</u>	<u>P 6,485,426,381</u>	<u>P 8,943,877,201</u>
Total comprehensive income (loss) attributable to:				
Owners of the parent company		P 9,703,123,828	P 8,793,324,708	P 11,035,730,629
Non-controlling interest		352,368,468	(352,029,302)	285,549,762
		<u>P 10,055,492,296</u>	<u>P 8,441,295,406</u>	<u>P 11,321,280,391</u>
Earnings Per Share for the Net Profit Attributable to Owners of the Parent Company - Basic				
	25	<u>P 0.25</u>	<u>P 0.40</u>	<u>P 0.56</u>
Earnings Per Share for the Net Profit Attributable to Owners of the Parent Company - Diluted				
	25	<u>P 0.24</u>	<u>P 0.39</u>	<u>P 0.53</u>

See Notes to Consolidated Financial Statements.

EMPERADOR INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025, 2024 AND 2023
(Amounts in Philippine Pesos)

	Notes	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 5,525,342,524	P 8,118,393,754	P 10,941,250,802
Adjustments for:				
Interest expense	9.5, 14, 21	1,861,321,328	1,710,651,171	1,372,370,985
Depreciation and amortization	19, 20	1,710,196,265	1,564,921,588	1,453,925,808
Interest income	18	(358,082,544)	(293,267,490)	(400,254,627)
Share in net profit of a joint venture	12	(83,269,846)	(77,607,480)	(111,644,188)
Impairment losses on inventories	8, 19	60,540,307	231,007,592	54,588,118
Share option benefits expense	24	59,468,964	86,961,825	58,522,404
Impairment losses on trade and other receivables	6, 20	53,204,642	90,953,844	120,264,334
Provisions	17	30,303,936	36,707,116	34,159,365
Gain on sale of property, plant and equipment	9	-	-	(7,300,670)
Amortization of trademarks	10	-	-	538,464
Operating profit before working capital changes		8,859,025,576	11,468,721,920	13,516,420,795
Decrease (increase) in trade and other receivables		340,523,993	(899,903,557)	4,194,325,883
Decrease (increase) in financial instruments at fair value through profit or loss		(970,346)	(169,510,019)	88,891,007
Increase in inventories		(2,947,928,417)	(923,563,848)	(5,938,000,189)
Decrease (increase) in prepayments and other current assets		121,131,769	(27,039,465)	(1,120,237,517)
Increase in retirement benefit asset		(95,078,675)	(32,625,289)	(53,153,154)
Decrease (increase) in other non-current assets		74,893,401	(58,471,634)	3,983,658
Increase (decrease) in trade and other payables		1,860,054,881	(2,519,415,043)	(2,241,226,941)
Cash generated from operations		8,211,652,182	6,838,193,065	8,451,003,542
Cash paid for income taxes		(1,267,419,466)	(1,536,644,991)	(1,300,999,863)
Net Cash From Operating Activities		6,944,232,716	5,301,548,074	7,150,003,679
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of property, plant and equipment	9	(6,675,800,843)	(7,510,353,613)	(4,784,942,658)
Interest received	5	365,119,892	296,432,964	394,361,781
Acquisition of a new subsidiary	1.2	(128,670,037)	-	-
Proceeds from sale of property, plant and equipment	9	41,496,753	5,375,245	17,105,661
Net Cash Used in Investing Activities		(6,397,854,235)	(7,208,545,404)	(4,373,475,216)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from interest-bearing loans	31	6,846,008,059	7,925,241,802	24,454,462,162
Dividends paid	15, 24.3	(3,080,179,535)	(3,890,753,097)	(4,701,326,659)
Repayments of interest-bearing loans	31	(1,980,055,780)	(1,046,806,584)	(23,111,368,380)
Interest paid	31	(1,748,541,091)	(1,692,719,669)	(1,426,792,902)
Repayments of lease liabilities	31	(265,870,206)	(161,902,224)	(216,495,315)
Exercise of share options	24.4	15,400,000	-	-
Net Cash From (Used in) Financing Activities		(213,238,553)	1,133,060,228	(5,001,521,094)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		333,139,928	(773,937,102)	(2,224,992,631)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		9,739,188,511	10,513,125,613	12,738,118,244
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 10,072,328,439	P 9,739,188,511	P 10,513,125,613

Supplemental information on non-cash investing and financing activities is fully disclosed in Note 31 to the consolidated financial statements.

See Notes to Consolidated Financial Statements.

	Capital Stock (See Note 24.1)	Additional Paid-in Capital (See Note 24.1)	Deposit for Future Stock Subscriptions - EIS (See Note 15)	Treasury Shares (See Note 24.2)	Conversion Option Outstanding (See Note 15)	Share Options Outstanding (See Note 24.1)	Accumulated Transition Adjustments (See Note 2)	Retainment Reserves (See Note 2)	Other Reserves (See Note 2)	Appropriated (See Note 24.5)	Retained Earnings (See Note 24.5)	Total	Total	Non-controlling Interest (See Note 24.6)	Total Equity
Balance at January 1, 2025	P 1,632,291,176	P 23,126,886,086	P 3,443,750,000	P 47,471,130,013	P 88,498,401	P 368,193,898	P 1,311,999,865	P 562,869,859	P 1,334,242,629	P 1,200,000,000	P 57,574,170,111	P 88,774,173,011	P 99,305,603,838	P 1,131,048,555	P 100,526,607,396
Movements during the year	-	5,966,484	-	15,930,640	-	6,697,994	-	-	59,069,396	-	-	-	15,400,000	-	15,400,000
Issuance during the year	-	-	-	-	-	59,468,964	-	-	-	-	-	-	-	59,468,964	
Option exercised during the year	-	14,525,315	-	-	-	(14,525,315)	-	-	-	-	-	-	-	-	
Option forfeited during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer to equity reserves	-	-	-	-	-	-	6,075,768,466	(29,661,001)	-	-	-	-	-	-	
Transfer from equity reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total comprehensive income (loss) for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Dividend declared during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Cash dividends declared and paid during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balance at December 31, 2025	P 1,632,291,176	P 29,093,372,570	P 3,443,750,000	P 63,401,760,653	P 88,498,401	P 374,891,892	P 1,311,999,865	P 562,869,859	P 1,393,452,029	P 1,200,000,000	P 57,574,170,111	P 99,993,173,011	P 114,705,003,838	P 1,131,048,555	P 106,838,052,396
Balance at January 1, 2024	P 1,632,291,176	P 23,106,577,832	P 3,443,750,000	P 47,471,130,013	P 88,498,401	P 318,710,397	P 1,077,044,322	P 765,719,200	P 828,521,157	P 1,200,000,000	P 55,167,247,701	P 56,567,247,701	P 67,391,492,323	P 1,197,485,893	P 68,588,928,116
Movements during the year	-	-	-	-	-	86,061,825	-	-	-	-	-	-	-	86,061,825	
Issuance during the year	-	-	-	-	-	(20,782,294)	-	-	-	-	-	-	-	-	
Option exercised during the year	-	20,782,294	-	-	-	-	-	-	-	-	-	-	-	-	
Option forfeited during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer to equity reserves	-	-	-	-	-	-	2,328,404,787	142,891,350	24,292,164	-	-	-	-	-	
Transfer from equity reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total comprehensive income (loss) for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Dividend declared during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Cash dividends declared and paid during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balance at December 31, 2023	P 1,632,291,176	P 23,106,577,832	P 3,443,750,000	P 47,471,130,013	P 88,498,401	P 318,710,397	P 1,311,999,865	P 562,869,859	P 1,334,242,629	P 1,200,000,000	P 57,574,170,111	P 88,774,173,011	P 99,305,603,838	P 1,131,048,555	P 100,526,607,396
Balance at January 1, 2023	P 1,632,291,176	P 23,106,577,832	P 3,443,750,000	P 47,471,130,013	P 88,498,401	P 260,875,293	P 3,562,631,183	P 490,095,980	P 1,159,793,899	P 1,200,000,000	P 51,415,199,973	P 52,615,199,973	P 67,391,492,323	P 1,197,485,893	P 68,588,928,116
Movements during the year	-	-	-	-	-	58,822,414	-	-	-	-	-	-	-	58,822,414	
Issuance during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Option exercised during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Option forfeited during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer to equity reserves	-	-	-	-	-	-	2,548,627,246	215,623,230	282,552,236	-	-	-	-	-	
Transfer from equity reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total comprehensive income (loss) for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Dividend declared during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Cash dividends declared during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balance at December 31, 2023	P 1,632,291,176	P 23,106,577,832	P 3,443,750,000	P 47,471,130,013	P 88,498,401	P 318,710,397	P 1,311,999,865	P 562,869,859	P 1,334,242,629	P 1,200,000,000	P 57,574,170,111	P 88,774,173,011	P 99,305,603,838	P 1,131,048,555	P 100,526,607,396

See Notes to Consolidated Financial Statements.

EMPERADOR INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2025, 2024 AND 2023
(Amounts in Philippine Pesos)

Attributable to Owners of the Parent Company

EMPERADOR INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025, 2024 AND 2023
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

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

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

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

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

1.1 Subsidiaries

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

Names of Subsidiaries	Explanatory Notes	Percentage of Effective Ownership	
		2025	2024
EDI and subsidiaries (EDI Group)			
Emperador Distillers, Inc. (“EDI”)	(a)	100%	100%
Anglo Watsons Glass, Inc. (“AWGI”)	(b)	100%	100%
Alcazar De Bana Holdings Company, Inc. (“Alcazar De Bana”)	(c)	100%	100%
Progreen Agricornp Inc. (“Progreen”)	(c)	100%	100%
Ocean One Transport, Inc. (“OOTI”)	(c)	100%	100%
South Point Science Park Inc. (“SSPI”)	(c)	100%	100%
The Bar Beverage, Inc.		100%	100%
Tradewind Estates, Inc. (“TEI”)	(d)	100%	100%
Boozylife Inc. (“Boozylife”)	(d)	87%	87%
Cocos Vodka Distillers Philippines, Inc.		100%	100%
Zabana Rum Company, Inc.		100%	100%
The World Finest Liquor Inc. (“World Finest”)	(r)	100%	100%

Names of Subsidiaries	Explanatory Notes	Percentage of Effective Ownership	
		2025	2024
EIL and offshore subsidiaries and joint venture:			
Emperador International Ltd. (“EIL”)	(e)	100%	100%
Emperador Holdings (GB) Limited (“EGB”)	(f)	100%	100%
Emperador UK Limited (“EUK”)	(f)	100%	100%
Whyte and Mackay Group Limited (“WMG”)	(g), 10	100%	100%
Whyte and Mackay Global Limited (“WMGL”)	(g), (h)	100%	100%
Whyte and Mackay Limited (“WML”)	(i)	100%	100%
Whyte and Mackay Warehousing Limited (“WMWL”)	(j)	100%	100%
Emperador Asia Pte. Ltd. (“EA”)	(k)	100%	100%
Grupo Emperador Spain, S.A. (“GES”)	(l), 10	100%	100%
Bodega San Bruno, S.L. (“BSB”)	(m)	100%	100%
Bodegas Fundador, S.L.U. (“BFS”)	(l), (n), (o)	100%	100%
Grupo Emperador Gestion S.L. (“GEG”)	(m)	100%	100%
Stillman Spirits, S.L. (“Stillman”)	(s)	100%	100%
Domecq Bodega Las Copas, S.L. (“DBLC”)	(p), 10	50%	50%
Bodegas Las Copas, S.L. (“BLC”)	(q)	50%	50%
Emperador Europe Sarl (“EES”)	(t)	100%	100%

Explanatory notes:

(a) EDI and its subsidiaries are engaged in businesses related to the main business of EDI in the Philippines. EDI became a wholly owned subsidiary on August 28, 2013 when EMI acquired it from AGI as a condition to AGI’s subscription to EMI shares (see Note 24.1). EDI was incorporated in the Philippines on June 6, 2003 to primarily engage in the manufacturing and trading of brandy, wine or other similar alcoholic beverage products. EDI’s brands include Emperador brandy, The BaR flavored alcoholic beverage, Andy Player whisky, and So Nice, and Smirnoff Mule (under license). EDI also imports and sells the products of EIL’s offshore subsidiaries.

EDI’s registered office, which is also its principal place of business, is located at 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City, where its subsidiaries, except Boozylife and Alcazar De Bana’s subsidiaries, also have their registered offices and principal places of business.

(b) AWGI is a domestic corporation presently engaged in flint glass container manufacturing and primarily supplies EDI’s bottle requirements.

(c) Alcazar De Bana is a domestic holding entity and presently holds 100% ownership interest in Progreen, a domestic corporation engaged in the business of alcohol and alcohol-related products, which in turn holds 100% ownership interest in SSPI, a domestic corporation engaged in management and maintenance of office, commercial, industrial and institutional developments in a certain science park, and 100% ownership interest in OOTI, a domestic corporation engaged in ocean, coastwise and inland commerce, and generally in waterborne commerce.

Alcazar De Bana’s registered office and principal place of business is located at 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City.

(d) TEI is a domestic corporation presently engaged in leasing its land and manufacturing complex in Sta. Rosa, Laguna. In 2018, TEI acquired 51% ownership in Boozylife for a total consideration of P45.0 million. The acquired identifiable net assets are not material to the Group’s consolidated financial statements. In 2020 and 2024, TEI increased its ownership to 62% and to 87%, respectively [see Notes 3.1(d) and 24.6].

(e) EIL is a foreign entity incorporated in the British Virgin Islands. EIL is presently the parent company of the Group’s offshore subsidiaries. EIL is effectively a wholly owned subsidiary of EMI through EMI’s 84% direct ownership and EDI’s 16% direct ownership.

EIL’s registered office is at the offices of Portcullis TrustNet (BVI) Limited, which is currently located at Portcullis Trust Net Chambers, 4th Floor Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands.

EGB is a foreign entity incorporated in the United Kingdom (“UK”) to operate as an investment holding entity. It is the ultimate UK parent undertaking and controlling entity. It holds 100% ownership interest over EUK, which in turn holds 100% ownership interest over WMG [see Note 1.1(g)].

EGB’s registered office is located at Suite 1, 7th Floor, 50 Broadway, London SW1H 0BL.

- (g) WMG is a foreign entity incorporated in the UK on August 7, 2001 and presently operating as an investment holding entity. WMG and its subsidiaries (collectively referred to as “WMG Group”) are all engaged in businesses related to the main business of production, marketing and distribution of Scotch whisky, vodka, liqueurs and other alcoholic drinks. On September 5, 2019, the Group’s Board of Directors (“BOD”) approved WMG’s restructuring by transferring its 100% direct ownership in WML and WMWL to its newly-incorporated wholly owned subsidiary, WMGL, through share exchange agreement [(see Note 1.1(h)]. The Group accounted for this business combination under common control using pooling-of-interests method [see Note 2.3(b)]. As a result of the restructuring, WMGL now holds 100% ownership in WML and WMWL while WMG holds 100% ownership in WMGL. EUK acquired WMG from United Spirits (Great Britain) Limited on a deal signed on May 9, 2014 and closed on October 31, 2014 for a total cash consideration of P30.3 billion.

WMG Group’s registered office is located at St. Vincent Plaza, 4th Floor, 319 St. Vincent Street, Glasgow G2 5RG, Scotland.

- (h) WMGL is a foreign holding company established in 2018 in the UK to effect WMG Group’s restructuring in 2019 [see Note 1.1(g)].
- (i) WML is a foreign entity incorporated in the UK to carry out the production, marketing and distribution of Scotch whisky, vodka, liqueurs and other alcoholic drinks. WML holds 100% ownership interest in 46 dormant companies, all incorporated in the UK, and one active company, Whyte and Mackay Americas LLC, which handles the distribution of Whyte and Mackay brands within the United States of America.
- (j) WMWL is a foreign entity incorporated in the UK to carry out warehousing for WML and third-party customers.
- (k) EA is a foreign entity incorporated in Singapore on July 10, 2013 as a limited private company with principal activity as a wholesaler of liquor, food and beverages, and tobacco. It holds 100% ownership interest in GES [see Note 1.1(l)].

EA’s registered office is located at 1 Scotts Road, 22-01/02 Shaw Centre, Singapore.

- (l) GES is a foreign entity incorporated on September 28, 2011 as a small limited liability company and subsequently changed to a large liability company on February 5, 2014. GES carries out activities related to the production of wines, fortified wines, brandies, and all types of alcoholic drinks, as well as the purchase, ownership and operations of any type of land, particularly, vineyards.

On November 27, 2015, GES reached a definitive agreement with Beam Suntory Spain, S.L. to purchase the latter’s Spanish brandy and sherry business (the Fundador Business Unit) in Jerez de la Frontera (Jerez), the brandy capital of Spain. GES assigned its rights and obligations under the agreement to its direct wholly owned subsidiary, BFS, on January 28, 2016. The purchase was subsequently completed on February 29, 2016 for a total cash consideration of P14.7 billion (see Note 10).

GES’s registered office, which is also its principal place of business, is located at Torre Emperador Castellana – Paseo de la Castellana n° 259 D Planta 28, C.P. 28046, Madrid, Spain. GES currently holds direct interests in BSB, BFS, GEG, DBLC, Stillman, and BLC, which were established in Spain with activities similar or related to its main business.

- (m) Subsidiaries with registered office and principal place of business located at Torre Emperador Castellana – Paseo de la Castellana n° 259 D Planta 28, Madrid, Spain.
- (n) Subsidiaries with registered office located at Torre Espacio – Paseo de la Castellana n° 259 D Planta 28, Madrid, Spain and principal place of business located in Jerez de la Frontera, Cadiz, Spain.

- (o) BFS has a wholly owned subsidiary, Harvey’s Cellars S.L.U. (changed name from Destilados de la Mancha S.L. on February 12, 2021). On January 1, 2020, Complejo Bodeguero San Patricio SLU (“CBSP”), an existing subsidiary of GES at that time, was merged with BFS through merger by absorption wherein the latter was the absorbent or surviving entity. The Group accounted for this business combination under common control using pooling-of-interests method [see Note 2.3(b)]. CBSP acquired from the previous owners (collectively referred to as “Grupo Garvey”) certain tangible assets in Spain, including trademarks of well-known brands (“Garvey Acquisition”) on January 19, 2017. The Garvey Acquisition is treated as an asset acquisition [see Notes 2.3(c) and 3.1(d)].
- (p) DBLC is a foreign entity incorporated in Spain in later part of 2017 to operate as an investment holding entity with registered office located at Manuel Calle María González 12, Jerez de la Frontera, Cadiz, Spain. It presently holds 100% ownership interest in Mexican entities namely: Pedro Domecq S.A. de C.V. (“Pedro Domecq”) and Domecq Distribucion De Bebidas S.A. de C.V. (“DDDB”), with registered office at Avenida Presidente Masaryk 275, Colonia Polanco, Alcadia Miguel Hidalgo, C.P. 11560. Ciudad de México, México.

The acquisition of Domecq brand portfolio and its related assets in Mexico (“Domecq Acquisition”) was signed by Pernod Ricard with BLC on December 1, 2016 and completed on March 30, 2017 by BLC and its two incorporated Mexican subsidiaries. The acquisition is treated as an asset acquisition [see Notes 2.3(c), 3.1(d) and 24.6]. Pedro Domecq and Bodega Domecq S.A. de C.V. (“Bodega Domecq”) are foreign entities created by BLC on March 15, 2017 in relation to the Domecq Acquisition. These entities, together with DDDB, existing subsidiary of BLC, were subsequently transferred to DBLC effectively on September 1, 2017 through spin-off acquisition.

On June 30, 2019, Bodega Domecq was merged by absorption with Pedro Domecq wherein the latter is the absorbent or surviving entity. The Group accounted for this business combination under common control using pooling-of-interests method. On December 15, 2021, Pedro Domecq merged with DDDB with the former as the surviving entity [see Note 2.3(b)].

On January 31, 2025, the Group acquired control of Los Danzantes by obtaining 60% ownership interest through previous acquisition of shares from minority shareholders and a subsequent capital increase. The acquisition is accounted for as a business combination under the acquisition method [see Note 2.3 (a) and 3.2 (b)]. The total consideration transferred amounted to P432.9 million. Los Danzantes owns the premium mezcal brands Los Danzantes, Alipús and Encantado, which are exported to over 20 countries (see Note 1.2).

As part of the acquisition structure, the shareholders’ agreement includes a put option granted to the remaining shareholders over their 40% equity interest. The put option may be exercised within the contractually agreed exercise period. If exercised, the Group is obliged to acquire the shares for cash [see Note 2.5(b)(ii)].

- (q) BLC is a jointly controlled entity with registered office located at Torre Espacio – Paseo de la Castellana n° 259 D Planta 28, Madrid, Spain and principal place of business located in Jerez de la Frontera, Cadiz, Spain (see Note 12). BLC presently holds 100% ownership interests in Alcoholera dela Mancha Vinícola, S.L. and Vinedos del Rio Tajo S.L., which are both established in Spain with activities similar and related to the main businesses of GES and BLC.
- (r) World Finest was incorporated in 2022 to engage in among others, the business of retailing, merchandising, marketing, warehousing, trading, e-commerce or otherwise dealing with all kinds of products, services, goods, chattels, wares, merchandise and commodities of all kinds, including but not limited to alcoholic and non-alcoholic beverages. World’s Finest has started its commercial operations in November 2022.
- (s) Stillman is a foreign entity established in Spain on March 20, 2019. Stillman is responsible for carrying the business of GES in the UK, following UK’s exit from the European Union.
- (t) EES is a foreign entity incorporated in Luxembourg as a private limited liability company, primarily to operate as an investment holding entity.

EES’s registered office is located at 17 Boulevard F.W. Raiffeisen L-2411 Luxembourg.

1.2 Acquisition of Los Danzantes

GES's acquisition of Los Danzantes is aligned with EMI's expansion strategies, particularly its focus on strengthening its presence in the premium and artisanal spirits segment [see Note 1.1(p)].

The acquisition did not result in the recognition of goodwill, as the excess of the consideration transferred over the identifiable net assets acquired was fully attributable to the fair value of the trademarks recognized at the acquisition date. The trademarks were measured at fair value at the acquisition date, determined using the relief-from-royalty method, an income-based valuation technique that estimates fair value based on the present value of forecasted royalty savings. Accordingly, the trademarks were separately recognized as identifiable intangible assets in accordance with PFRS 3, *Business Combination*, reflecting their ability to generate future economic benefits independently of other assets.

The following table summarizes the consideration paid for the acquisition of Los Danzantes and the recognized amounts of the identifiable assets acquired and liabilities assumed. The consideration transferred did not include any contingent consideration. For purposes of determining the excess of consideration allocable to the trademarks, the Parent Company determined the fair value of the identified net assets as of January 31, 2025.

The details of the acquisition are presented below:

<i>(Amounts in thousands PHP)</i>	<u>Notes</u>	
Consideration:		
Cash		226,869
Put option	2.5(b)(ii), 3.1(h)	206,068
		<u>432,937</u>
Identifiable assets acquired:		
Cash		98,199
Trade and other receivables		57,551
Inventories		68,892
Property and equipment	9	78,473
Other assets		1,152
		<u>304,267</u>
Liabilities assumed		<u>(110,615)</u>
		<u>193,652</u>
Trademarks (see Note 10)		<u>239,285</u>

At the acquisition date, the fair value of trade receivables approximates the gross contractual amount receivable of P57.6 million, with no significant contractual cash flow expected to be uncollectible.

From the acquisition date to December 31, 2025, Los Danzantes contributed revenues of P155.2 million and net loss of P6.0 million to the Group's consolidated financial performance.

Had the acquisition of Los Danzantes occurred on January 1, 2025, the Group's consolidated revenue and profit for the year ended December 31, 2025 would not have been materially different, as the related pre-acquisition results would have comprised one month of operations only.

1.3 Approval of the Consolidated Financial Statements

The consolidated financial statements of the Group as of and for the year ended December 31, 2025 (including the comparative consolidated financial statements as of December 31, 2024 and for the years ended December 31, 2024 and 2023) were authorized for issue by the Parent Company's BOD on May 14, 2026.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information that have been used in the preparation of these consolidated financial statements are summarized below and in the succeeding pages. The policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Consolidated Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

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

The consolidated financial statements have been prepared using the measurement bases specified by PFRS Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) Presentation of Consolidated Financial Statements

The consolidated financial statements are presented in accordance with Philippine Accounting Standard ("PAS") 1, *Presentation of Financial Statements*. The Group presents all items of income, expenses and other comprehensive income or loss in a single consolidated statement of comprehensive income.

(c) Functional and Presentation Currency

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

Items included in the consolidated financial statements of the Group are measured using the Parent Company's functional currency (see Note 2.12). Functional currency is the currency of the primary economic environment in which the Parent Company operates.

2.2 Adoption of New and Amended PFRS Accounting Standards

(a) Effective in 2025 that is Relevant to the Group

The Group adopted for the first time amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*. The amendments require entities to assess whether a currency is exchangeable and to determine a spot exchange rate when exchangeability is lacking. These amendments also mandate the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable. The amendments had no significant impact on the consolidated financial statements of the Group.

(b) Effective Subsequent to 2025 but not Adopted Early

There are new standards and amendments to existing standards effective for annual periods subsequent to 2025, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and none of these are expected to have significant impact on the Group's consolidated financial statements:

- (i) PFRS 9 and PFRS 7 (Amendments), *Financial Instruments, and Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments* (effective from January 1, 2026).
- (ii) PFRS 18, *Presentation and Disclosure in Financial Statements* (effective from January 1, 2027). The new standard impacts the classification of profit or loss items (i.e., into operating, investing and financing categories) and the presentation of subtotals in the statement of profit or loss (i.e., operating profit and profit before financing and income taxes). The new standard also changes the aggregation and disaggregation of information presented in the primary financial statements and in the notes. It also introduces required disclosures about management-defined performance measures. The new standard, however, does not affect how an entity recognizes and measures its financial condition, financial performance and cash flows.
- (iii) PFRS 19, *Subsidiaries without Public Accountability: Disclosures* (effective from January 1, 2027). The new standard reduces the disclosure requirements prescribed by other standards for subsidiaries without public accountability. It changes disclosure requirements prescribed by other standards as the reporting entity will instead refer to PFRS 19 for required disclosures.
- (iv) PFRS 10 and PAS 28 (Amendments), *Consolidated Financial Statements and Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (effective date deferred indefinitely).

2.3 Basis of Consolidation

The Group's consolidated financial statements comprise the accounts of EMI, and its subsidiaries as enumerated in Note 1.1, after the elimination of material intercompany transactions. Intercompany balances and transactions with subsidiaries, including income, expenses, dividends and unrealized profits and losses from intercompany transactions that are recognized in assets are eliminated in full on consolidation. Intercompany losses that indicate impairment are recognized in the consolidated financial statements.

The financial statements of subsidiaries are prepared for the same reporting period as that of the Parent Company, using consistent accounting principles. Financial statements of a certain entity in the Group that are prepared as of a date different from that of the date of these consolidated financial statements were adjusted to recognize the effects of significant transactions or events that occur between that date of their reporting period and the date of these consolidated financial statements. Adjustments are also made to bring into line any dissimilar accounting policies that may exist.

Investment in a joint venture is initially recognized at cost and subsequently accounted for using the equity method (see Note 12).

Acquired investment in the jointly controlled entity is subject to the purchase method.

The Parent Company holds interests in various subsidiaries and in a joint venture as presented in Notes 1.1 and 12, respectively.

Business acquisitions are accounted for using the acquisition or pooling-of-interest method of accounting.

(a) Accounting for Business Combination using the Acquisition Method

Business combinations arising from transfers of interests in entities that are not under the common control of the principal stockholder are accounted for under the acquisition method.

The Group used this method in accounting for the acquisition of Los Danzantes on January 31, 2025 [see Note 1.2 and 2.5(b)(ii)].

(b) Accounting for Business Combination using the Pooling-of-interest Method

Business combinations arising from transfers of interests in entities that are under the common control of the principal stockholder are accounted for under the pooling-of-interest method. Transfers of assets between commonly-controlled entities are accounted for under historical cost accounting; hence, the assets and liabilities are reflected in the consolidated financial statements at carrying values and no adjustments are made to reflect fair values or recognized any new assets or liabilities, at the date of the combination that otherwise would have been done under the acquisition method.

No restatement are made to the financial information in the consolidated financial statements for periods prior to the business combination as allowed under Philippine Interpretations Committee (PIC) Question & Answer (Q&A) No. 2012-01, PFRS 3.2 – *Application of Pooling of Interest Method for Business Combination of Entities under Common Control in Consolidated Financial Statements* (as amended by PIC Q&A No. 2015-01, *Conforming Changes to PIC Q&As – Cycle 2015*, and PIC Q&A No. 2018-13, *Conforming Changes to PIC Q&As – Cycle 2018*); hence, the profit and loss of the acquiree is included in the consolidated financial statements for the full year, irrespective of when the combination took place. Also, no goodwill is recognized as a result of the business combination and any excess between the net assets of the acquiree and the consideration paid is accounted for as “equity reserves”. Also, any pre-acquisition income and expenses of a subsidiary are no longer included in the consolidated financial statements. The Group used this method in accounting for the merger between Pedro Domecq and DDDDB in 2021, the merger between BFS and CBSP in 2020, the merger between Pedro Domecq and Bodega Domecq in 2019 and the restructuring of WMG in 2019 [see Notes 1.1(g), (o) and (p)].

(c) Accounting for Asset Acquisition

Acquisition of assets in an entity, which does not constitute a business is accounted for as an asset acquisition.

2.4 Segment Reporting

Operating segments (see Note 4) are reported in a manner consistent with the internal reporting provided to the Group's strategic executive committee, its chief operating decision-maker. The strategic executive committee is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally follows the Group's product lines, which represent the main products provided by the Group. Each of these operating segments is managed separately as each of these product lines requires different processes and other resources as well as marketing approaches. All intersegment transfers are carried out at arm's length prices.

The measurement policies the Group used for segment reporting under PFRS 8, *Operating Segments*, are the same as those used in its consolidated financial statements. There have been no changes from prior period in the measurement methods used to determine reported segment profit or loss.

2.5 Financial Instruments*(a) Financial Assets*

Regular purchases and sales of financial assets are recognized on their trade date (i.e., the date that the Group commits absolutely to purchase or sell the asset).

(i) Classification and Measurement of Financial Assets

The Group's financial assets include financial assets at amortized cost and at fair value through profit or loss.

- *Financial Assets at Amortized Cost*

The Group's financial assets at amortized cost are presented in the consolidated statement of financial position as Cash and Cash Equivalents (see Note 5), Trade and Other Receivables (except Advances to suppliers and Advances to officers and employees) (see Note 6), and Property mortgage receivable and Refundable security deposits [presented as part of Other Non-current Assets (see Note 11.2)].

- *Financial Assets at Fair Value through Profit or Loss ("FVTPL")*

Financial assets at FVTPL (see Note 7) are held within a business model whose objective is to realize changes in fair values through the sale of the assets. These include financial assets that are held for trading, which are acquired for the purpose of selling or repurchasing in the near term; designated upon initial recognition as FVTPL; or mandatorily required to be measured at fair value. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

The Group occasionally uses derivative financial instruments, such as foreign exchange forward contracts, to manage its risks associated with fluctuations in foreign currency. Derivative instruments arise from foreign exchange margins trading spot and forward contracts entered into by the Group. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative [see Note 2.5(b)(i)]. The term of these forward contracts is usually one month to one year.

The Group's derivative instruments provide economic hedges under the Group's policies but are not designated as accounting hedges. Consequently, any gains or losses arising from changes in fair value are taken directly to consolidated profit or loss for the period.

(ii) Impairment of Financial Assets at Amortized Cost

Since the Group's financial assets measured at amortized cost have no significant financing component, the Group applies the simplified approach in measuring expected credit losses ("ECL"), which uses a lifetime ECL allowance for all trade receivables using provision matrix approach and loss rates approach, as the case may be. The lifetime ECL is estimated based on the expected cash shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. To calculate the ECL, the Group uses its historical experience, external indicators and forward-looking information. The Group also assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics, and have been grouped based on the days past due [see Notes 3.1(b) and 27.2].

For the other financial assets measured at amortized cost, the Group applies the low credit risk simplification and measures the ECL on the financial assets based on the credit losses expected to result from default events that are possible within the next 12 months, unless there has been a significant increase in credit risk since origination, in that case, the loss allowance will be based on lifetime ECL.

(iii) Reclassification of Financial Assets

The Group can only reclassify financial assets if the objective of its business model for managing those financial assets changes. A change in the objective of the Group's business model will take effect only at the beginning of the next reporting period following the change in the business model.

There were no reclassifications of financial assets in 2025 and 2024.

(b) Financial Liabilities

The categories of financial liabilities relevant to the Group are more fully described below and in the succeeding page:

(i) Financial Liabilities at FVTPL

When the fair value of derivative financial instruments happens to be negative, these are presented as Financial Liabilities at Fair Value Through Profit or Loss account, in the consolidated statement of financial position [see Note 2.5(a)(i)].

(ii) *Financial Liabilities at Amortized Cost*

This category pertains to financial liabilities that are not held for trading or not designated as financial liabilities at FVTPL upon inception of the liability. This includes interest-bearing loans (see Note 14), trade and other payables [except output value-added tax (“VAT”) and other tax-related payables] (see Note 16) and lease liabilities (see Note 9.3), and is recognized when the Group becomes a party to the contractual agreements of the instrument.

This category also includes the put option of non-controlling shareholders of Los Danzantes (see Note 1.2). When the Group acquires control of a subsidiary and, as part of the acquisition structure, grants a put option to non-controlling shareholders, the Group assesses whether the contractual arrangements give rise to an obligation to deliver cash or another financial asset [see Note 3.1(h)].

Put options granted to non-controlling shareholders that require the Group to purchase the remaining equity interest for cash are accounted for in accordance with PAS 32, *Financial Instruments: Presentation*. Such arrangements give rise to a financial liability, measured initially and subsequently at the present value of the expected redemption amount.

As a consequence of applying this accounting policy, no non-controlling interest is recognized in respect of the equity interests subject to the put option. The financial liability is remeasured at each reporting date, with changes in measurement recognized in equity.

This policy has been applied to the acquisition of Los Danzantes, in respect of which the Group acquired a controlling interest while granting a put option to the remaining shareholders over their retained equity interest.

2.6 Inventories

The cost of inventories is determined using the first-in, first-out method.

Net realizable value (“NRV”) of finished goods is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. NRV of raw materials is the current replacement cost [see Note 3.2(c)].

2.7 Property, Plant and Equipment

Property, plant and equipment (see Note 9) are carried at acquisition cost and, except for land, less accumulated depreciation, amortization and any impairment losses (see Note 2.13). As no definite useful life for land can be determined, the related carrying amount (which is cost less any impairment losses) is not depreciated.

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets as follows [see Note 3.2(d)]:

Buildings and improvements	25 to 50 years
Machinery and equipment (including tools and other equipment)	2 to 20 years
Land improvements	10 years
Transportation equipment	3 to 10 years
Office furniture and fixtures	3 to 10 years

Moulds and dies are depreciated using their expected usage for the period. The total usage during the period multiplied by rate results to depreciation expense for the period. The rate is computed by dividing cost by estimated cases to be produced.

Right-of-use assets (“ROUA”) are depreciated over the term of the lease ranging from two to seven years.

Leasehold improvements are amortized over the estimated useful life of the improvements of five to ten years or the lease term, whichever is shorter.

Construction in progress represents properties under construction and is stated at cost. The account is not depreciated until such time that the assets are completed and available for use.

2.8 Intangible Assets

Intangible assets include trademarks and goodwill, which are accounted for under the cost model (see Note 10). Capitalized costs for trademarks with definite lives are amortized on a straight-line basis over their estimated useful lives of 10 years. Capitalized costs for trademarks with indefinite useful lives are not amortized. The useful lives are reviewed each reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment. Changes in the useful life assessment from indefinite to definite, if any, are accounted for as change in accounting estimate.

2.9 Non-current Assets Classified as Held for Sale

Non-current assets classified as held for sale pertain to land and building previously classified as property, plant and equipment that the Group intends to sell within one year, except when delay is caused by events or circumstances beyond the Group’s control, from the date of reclassification as held for sale [see Notes 3.1(f) and 13].

Non-current assets classified as held for sale are measured at the lower of their carrying amounts, immediately prior to their classification as held for sale, and their fair value less costs to sell. The Group does not hold this kind of assets as of reporting dates.

2.10 Revenue and Expense Recognition

Revenue arises mainly from the sales of goods and services, and other income such as interest income, dividend income and trading gains (see Note 18).

Revenue from sale of goods are recognized at a point in time, when the customer has acknowledged the receipt of the goods, while services are recognized over time based on the measure of progress of services rendered to the customer. Payment terms for sale of goods on credit vary as to number of days after receipt by the customer.

Revenues and expenses are recognized excluding the amount of value-added tax. As applicable, when the Group is required to refund the related purchase price for returned goods, it recognizes a refund liability for the expected refunds by adjusting the amount of revenues recognized during the period. Also, if applicable, the Group recognizes a right of refund asset on goods to be recovered from customers with a corresponding adjustment to Costs of Goods Sold account. However, there were no contracts that contain significant right of return arrangements that remain outstanding as of the end of the reporting periods.

In obtaining customer contracts, the Group incurs incremental costs. When the expected amortization period of these costs if capitalized would be less than one year, the Group uses the practical expedient by recognizing such costs as incurred. The Group also incurs costs in fulfilling contract with customers (i.e., freight and handling), which are accounted for in accordance with accounting policies related to those assets (see Notes 2.6 and 2.7).

2.11 Leases – Group as Lessee

The Group depreciates the ROUA on a straight-line basis from the lease commencement date to the end of the lease term.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing an ROUA and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

On the consolidated statement of financial position, ROUA are presented as part of Property, Plant and Equipment while Lease Liabilities are presented as separate line item under the Current and Non-current Liabilities sections.

2.12 Foreign Currency Transactions and Translation

(a) Transactions and Balances

Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of comprehensive income as part of profit or loss.

Translation of Financial Statements of Foreign Subsidiaries

The consolidated operating results and financial position of offshore subsidiaries (see Note 1.1), which are measured using the United States (“U.S.”) dollar, British pound sterling (“GBP” or “£”) and European Union euro (“EUR” or “€”), their functional currencies, are translated to Philippine pesos, the Parent Company’s functional currency, as follows:

- (i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;

- (ii) Income and expenses for each profit or loss account are translated at the monthly average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and,
- (iii) All resulting translation adjustments are recognized in other comprehensive income and in a separate component of equity under the Accumulated Translation Adjustments account.

When a foreign operation is partially disposed of or sold, such exchange differences are recognized in the consolidated statement of comprehensive income as part of the gain or loss on sale.

The translation of the financial statements into Philippine pesos should not be construed as a representation that the foreign currency amounts could be converted into Philippine peso amounts at the translation rates or at any other rates of exchange.

2.13 Impairment of Non-financial Assets

Property, plant and equipment (see Note 9.1), ROUA (see Note 9.2), intangible assets (see Note 10), investment in a joint venture (see Note 12), and other non-financial assets (see Note 11) are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of those assets may not be recoverable, except for goodwill and intangible assets with indefinite useful lives, which are required to be tested for impairment annually.

2.14 Employment Benefits

The Group provides post-employment benefits to employees through a defined benefit plan and defined contribution plans, bonus plans, and other employee benefits.

The Group’s retirement cost accrual covers all regular full-time employees. The pension plan is tax-qualified, noncontributory and administered by a trustee. The defined benefit obligation is calculated regularly by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows for expected benefit payments using a discount rate derived from the interest rates of zero coupon government bonds, using the reference rates published by Bloomberg using its valuation technology, Bloomberg Valuation (“BVAL”), that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability. BVAL provides evaluated prices that are based on market observations from contributed sources.

The Group also recognizes a liability and an expense for bonuses based on a formula that takes into consideration the Group’s profits after certain adjustments. The Group recognizes a provision where it is contractually obliged to pay the benefits, or where there is a past practice that has created a constructive obligation.

2.15 Share-based Employee Remuneration

The Parent Company grants share options to qualified employees of the Group eligible under a share option plan. The services received in exchange for the grant, and the corresponding share options, are valued by reference to the fair value of the equity instruments granted at grant date. This fair value excludes the impact of non-market vesting conditions (e.g., profitability and sales growth targets and performance conditions), if any [see Note 3.2(i)]. The share-based remuneration is recognized as an expense in the consolidated profit or loss with a corresponding credit to Share Options Outstanding account under the Equity section of the consolidated statement of financial position.

The share-based remuneration expense is recognized during the vesting period based on the best available estimate of the number of share options expected to vest. The estimate is subsequently revised, if necessary, such that it equals the number of share options that ultimately vests on vesting date. No subsequent adjustment is made to expense after vesting date, even if share options expire or are ultimately not exercised.

Upon exercise of share option, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to capital stock with any excess being recorded as additional paid-in capital (“APIC”).

Upon expiration of the unexercised share option, the value assigned to the stock option is transferred to APIC.

2.16 Related Party Transactions and Relationships

Transactions, individually or in aggregate, amounting to 10% or more of the total assets based on the latest audited consolidated financial statements that were entered into with related parties are considered material.

All individual material related party transactions shall be approved by at least two-thirds vote of the BOD, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors’ vote is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock. For aggregate related party transactions within a one-year period that breaches the 10% materiality threshold, the same board approval would be required for the transaction(s) that meets and exceeds the materiality threshold covering the same related party.

Directors with personal interest in the transaction should abstain from participating in discussions and voting on the same. In case they refuse to abstain, their attendance shall not be counted for the purposes of assessing the quorum and their votes shall not be counted for purposes of determining approval.

2.17 Taxes

On December 20, 2021, the Organisation for Economic Co-operation and Development (“OECD”)/G20 Inclusive Framework on Base Erosion and Profit Shifting (“BEPS”) released the Pillar Two Model Rules (“Pillar Two”) aimed to address the tax challenges of the digitalisation of the economy. The Pillar Two rules are designed to ensure multinational enterprises, meeting certain conditions, pay a minimum level of tax on the income arising in each jurisdiction where they operate.

The Group has determined that any global minimum top-up tax, which it may be required to pay under Pillar Two legislation, would be an income tax in the scope of PAS 12, *Income Taxes* (see Note 22).

The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

2.18 Equity

Deposit for future stock subscription – Equity-linked securities (“ELS”) represent the equity linked securities issued by the Parent Company under an ELS instrument which granted the holder contractual rights that included the option to convert the ELS into fully-paid fixed number of the Parent Company’s common shares. Currently, the account represents the remaining portion of ELS subject for future issuance of shares (see Note 15).

When the holder exercised its conversion right, the Parent Company’s obligation to deliver cash ceases for the portion converted, and the Parent Company becomes obligated solely to issue the fixed number of shares specified in the contract. Thus, the associated balance is classified within equity.

Upon issuance of the shares, the related balance previously recognized as ELS under equity shall be reclassified to the appropriate capital stock and additional paid-in capital accounts within equity, with no gain or loss recognized in profit or loss.

Share options outstanding represent the accumulated total of employee share options’ amortizations over the vesting period as share-based employee remuneration are recognized and reported in the consolidated statement of comprehensive income (see Note 24.4). These will eventually be closed to APIC upon exercise, expiration or termination.

Accumulated translation adjustments represent the translation adjustments resulting from the translation of foreign currency-denominated financial statements of foreign subsidiaries into the Group’s functional and presentation currency [see Note 2.12(b)(iii)].

Revaluation reserves comprise gains and losses due to remeasurements of post-employment defined benefit plan.

Other reserves include legal reserves that represent the statutory requirements in Luxembourg, which comprise of net wealth tax reserve and capital reserve. Certain statutory requirements based on Spanish legislation were also included as part of this account.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group’s consolidated financial statements in accordance with PFRS Accounting Standards requires management to make judgments and estimates that affect the amounts reported in the consolidated financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the consolidated financial statements:

(a) Evaluation of Business Model and Cash Flow Characteristics of Financial Instruments

The Group applies the business model test and cash flow characteristics test at a portfolio of financial assets (i.e., group of financial instruments that are managed together to achieve a particular objective) and not on an instrument-by-instrument approach (i.e., not based on intention for each or specific characteristic of individual instrument) as these relate to the Group's investment and trading strategies. The business model assessment is performed on the basis of reasonably expected scenarios (and not on reasonably expected not to occur, such as the so-called 'worst case' or 'stress case' scenarios).

A business model for managing financial assets is typically observable through the activities that the Group undertakes to achieve the objective of the business model.

The Group uses judgment when it assesses its business model for managing financial assets and that assessment is not determined by a single factor or activity. Instead, the Group considers all relevant evidence that is available at the date of assessment which includes, but not limited to:

- how the performance of the business model and the financial assets held within the business model are evaluated and reported to key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and,
- how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

(b) Determination of ECL on Financial Assets at Amortized Cost

The Group applies the ECL methodology, which requires certain judgments in selecting the appropriate method in determining the amount of ECL. In measuring ECL, the Group considers a broader range of information which include past events, current conditions, and reasonable and supportable forecasts that affect collectability of the future cash flows of the financial assets. The Group uses loss rates and provision matrix to calculate ECL.

The provision matrix and loss rates are based on the Group's historical observed default rates. The Group's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions). Details about the ECL on the Group's trade and other receivables are disclosed in Notes 2.5(a)(ii) and 27.2(b).

(c) Determination of Lease Term of Contracts with Renewal and Termination Options

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option.

Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

For leases of bottling plant, warehouses, office spaces, commercial buildings, vehicles, fitting and equipment, the factors that are normally the most relevant are (a) if there are significant penalties should the Group pre-terminate the contract, and (b) if any leasehold improvements are expected to have a significant remaining value, the Group is reasonably certain to extend and not to terminate the lease contract. Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased assets.

The lease term is reassessed if an option is actually exercised or not exercised or the Group becomes obliged to exercise or not exercise it. In assessing the enforceability of the option, an entity should consider whether the lessor can refuse to agree to a request from the lessee to extend the lease. Accordingly, if the lessee has the right to extend or terminate the lease unilaterally, there are enforceable rights and obligations beyond the initial non-cancellable period and thus, the parties to the lease would be required to consider those optional periods in their assessment of the lease term.

(d) Distinction Between Business Combination and Asset Acquisition

The Group determines whether an acquisition of an entity constitute a business combination or an asset acquisition. The accounting treatment for the acquisition is determined by assessing whether the transaction involved a purchase of a "business" taking into consideration the substance of the transaction. Failure to make the right judgment will result in misstatement of assets and other accounts that could have been affected by the transactions (see Note 2.3).

The groups of assets acquired in the Domecq Acquisition and Garvey Acquisition do not include an integrated set of activities that are capable of being managed. In addition, the group of assets acquired under the Garvey Acquisition was previously under receivership from various third parties. Accordingly, management has assessed that the Domecq Acquisition and Garvey Acquisition, as disclosed in Notes 1.1(p) and (o), are to be accounted for as asset acquisition since these do not constitute a purchase of business; hence, no goodwill or gain on acquisition was recognized.

Conversely, UK's purchases of ownership in WMG, EDI's acquisition of full equity ownership in TEI, TEI's acquisition of 51% ownership in Boozylife, BFS's purchases of Fundador Business Unit, and DBLC's acquisition of Los Danzantes as disclosed in Notes 1.1(d), (g), (l), 1.2 and 10, are accounted for as business combinations using the acquisition method. Management determined that these acquisitions involved purchases of an integrated sets of activities and assets that are capable of being conducted and managed to provide goods to customers, or generate other income from ordinary activities. The acquired operations include established brands in their respective geographical jurisdictions, production processes, distribution channels, and organized workforces, which collectively constitute inputs and substantive processes that are critical to the ability to produce outputs.

On initial recognition, the assets and liabilities of the acquired business and the consideration paid for them are included in the consolidated financial statements at their fair values. In measuring fair value, management uses estimates of future cash flows and discount rates. Any subsequent change in these estimates would affect the amount of goodwill if the change qualifies as a measurement period adjustment. Any other change would be recognized in consolidated profit or loss in the subsequent period.

Moreover, the transfers of ownership interest over WML and WMWL from WMG to WMGL, the merger between CBSP and BFS, the merger between Pedro Domecq and Bodega Domecq and the merger between Pedro Domecq and DDDDB are accounted for as business combinations using pooling-of-interest method as these are transfers of interests in entities that are under the common control and there is no change of control before and after the restructuring or mergers [see Note 1.1(g), (o) and (p)].

(e) *Determination of Control or Joint Control*

Judgment is exercised in determining whether the Group has control or joint control over an entity. In assessing each interest over an entity, the Group evaluates its current ability to direct the relevant activities of the investee, being those activities that significantly affect the investee's returns. The Group considers the exercise of its voting rights, power to appoint or remove key management personnel, representation on the BOD or equivalent governing body of the investee, participation in policy-making process and all other facts and circumstances, including terms of any contractual agreement. Based on these factors, management determined that the Group has the present ability to direct the relevant activities of the investee and is therefore exposed, or has rights, to variable returns from its involvement, indicating that control is obtained in accordance with PFRS 10.

Management considers that the Group has control over DBLC because it holds 50% of the common shares. The Parent Company, through its wholly owned subsidiary, GES, exercises control over the entity because GES has the ability to direct the relevant activities of DBLC through appointment of key management personnel (see Note 1.1).

Management considers that the Group has joint control over BLC because the agreement involves contractually agreed sharing of control and that decisions about relevant activities require the unanimous consent of the parties sharing control, such that no party can unilaterally direct these activities, in accordance with PFRS 11, *Joint Arrangements*.

(f) *Classification of Non-current Assets Classified as Held for Sale*

The Group classifies an asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Judgment is exercised by the Group by determining whether the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets (or disposal group) and its sale must be highly probable.

In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification, except when delay is caused by events or circumstances beyond the Group's control and there is sufficient evidence that the Group remains committed to its plan to sell the asset (or disposal group) (see Notes 2.9 and 13).

As of December 31, 2025 and 2024, the Group has no non-current assets or disposal groups classified as held for sale, and there are no outstanding commitments or plans to dispose these assets.

(g) *Recognition of Provisions and Contingencies*

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Judgment is exercised by management to distinguish the difference between provisions and contingencies. Disclosures on relevant provisions and contingencies are presented in Notes 17 and 26.

(h) *Put Option Granted to Non-Controlling Shareholders*

In connection with the acquisition of Los Danzantes, the Group entered into a shareholders' agreement that grants a put option to the non-controlling shareholders over their remaining equity interest [see Note 2.5(b)(ii)]. The put option may be exercised from September 1, 2030 through August 31, 2031.

Management exercised judgment in determining the appropriate accounting treatment of this arrangement. In particular, the Group assessed that the put option represents a contractual obligation to deliver cash in exchange for the Group's own equity instruments and it does not meet the definition of a derivative and thus not measured at fair value through profit or loss (see Note 29).

Management concluded that the put option gives rise to a present obligation, as the redemption price is contractually fixed for the remaining equity interest which is payable upon exercise of the option based on the contractual terms of the shareholders' agreement. Accordingly, the put option meets the definition of a financial liability in accordance with PAS 32, and the accounting policy for put options granted to non-controlling shareholders has been applied.

As a result of this assessment, the Group recognized a financial liability measured at the present value of the expected redemption amount, and no non-controlling interest is recognized in respect of the equity interest subject to the put option.

As at December 31, 2025, the put option amounted to P248.4 million and is presented as Put Option Liability in the 2025 consolidated statement of financial position.

3.2 Key Sources of Estimation Uncertainty

Presented in the succeeding pages are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

(a) Impairment of Financial Assets at Amortized Cost

In measuring ECL, the Group added significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of counterparties defaulting and the resulting losses), as further detailed in Note 27.2. The Group evaluated impairment based on available facts and circumstances affecting collectability of accounts, including but not limited to, the length of the Group's relationship with the counterparties, counterparties' credit status, age of accounts and collection and historical loss experience. Based on the management's review, appropriate allowance for ECL has been recognized on the Group's financial assets in 2025, 2024 and 2023 [see Notes 2.5(a)(ii) and 6].

(b) Fair Value Measurement of Financial Instruments

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

The carrying values and amounts of fair value changes recognized during the years presented on the Group's financial instruments at FVTPL [see Notes 2.5(a)(i) and 2.5(b)(i)] are disclosed in Note 7.

(c) Determination of Net Realizable Values of Inventories

In determining the net realizable values of inventories (see Note 2.6), management takes into account the most reliable evidence available at the times the estimates are made. The Group's core business is subject to changes in market factors that directly affect the demand for alcoholic beverages such as purchasing power of consumers, degree of competition, and other market-related factors. Future realization of inventories is affected by price changes in the costs incurred necessary to produce the inventories and make a sale. These aspects are considered as key sources of estimation uncertainty and may cause significant adjustments to the Group's inventories within the next reporting period. A reconciliation of the allowance for inventory write-down is presented in Note 8.

(d) Estimation of Useful Lives of Property, Plant and Equipment, Right-of-Use Assets and Trademarks

The Group estimates the useful lives of property, plant and equipment, ROUA and trademarks based on the period over which the assets are expected to be available for use. Certain trademarks were determined to have indefinite useful lives because these brands have been in existence for more than 100 years.

The estimated useful lives of property, plant and equipment, ROUA and trademarks are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets (see Notes 2.7, 2.8 and 2.11). The carrying amounts of property, plant and equipment, ROUA and trademarks are presented in Notes 9.1, 9.2 and 10, respectively.

(e) Determination of Appropriate Discount Rate in Measuring Lease Liabilities

The Group measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Group's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(f) Determination of Realizable Amount of Deferred Tax Assets

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount 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 asset to be utilized. Management assessed that the deferred tax assets recognized as of December 31, 2025 and 2024 will be fully utilized in the subsequent reporting periods. The carrying value of deferred tax assets as of those dates is disclosed in Note 22.

(g) Impairment of Non-financial Assets

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. Though management believes that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

No additional impairment losses were recognized on non-financial assets in 2025, 2024 and 2023 based on management's assessment.

(h) Valuation of Post-employment Defined Benefit

The determination of the Group's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by management and actuaries in calculating such amounts. Those assumptions include, among others, discount rates, salary rate increase, and employee turnover rate. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or losses and the carrying amount of the post-employment benefit obligation in the next reporting period.

The amounts of post-employment defined benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment defined benefit, as well as the significant assumptions used in estimating such obligation are presented in Note 21.3.

(i) *Fair Value Measurement of Share Options*

The Group estimates the fair value of the share option by applying an option valuation model, taking into account the terms and conditions on which the share option was granted. The estimates and assumptions used are presented in Note 24.4 which include, among others, the option's time of expiration, applicable risk-free interest rate, expected dividend yield, and volatility of the Parent Company's share price. Changes in these factors can affect the fair value of share options at grant date.

Details of the share option plan and the amount of fair value recognized are presented in Note 24.4.

(j) *Determination of Provision for Onerous Lease*

The Group determines the provision for leasehold properties, which are no longer used in the business for which the recoverable amount of the interest in the property is expected to be insufficient to cover future obligations relating to the lease using discounted cash flows and assumptions relating to future sublease income expectations. A significant change in the credit-adjusted risk-free rate used in discounting the estimated cost and sublease assumptions would result in a significant change in the amount of provision recognized with a corresponding effect in consolidated profit or loss.

In 2025, 2024 and 2023, additional provisions for onerous lease were recognized. An analysis of the Group's provision for onerous lease is presented in Note 17.1.

(k) *Determination of Provision for Restoration of Leased Property*

Determining provision for leased property restoration requires estimation of the cost of dismantling and restoring the leased properties to their original condition. The estimated cost was initially determined based on a recent cost to restore the facilities and is being adjusted to consider the estimated incremental annual costs up to the end of the lease term. A significant change in the credit-adjusted risk-free rate used in discounting the estimated cost would result in a significant change in the amount of provision recognized with a corresponding effect in right-of-use assets.

An analysis of the Group's provisions for leased property restoration cost is presented in Note 17.2.

4. SEGMENT INFORMATION

4.1 *Business Segments*

The Group is organized into two business segments, the Brandy and Scotch Whisky, which represent the two major distilled spirits categories where the Group operates. Scotch Whisky pertains to the UK operations and the rest fall under Brandy. This is also the basis of the Group's executive committee for its strategic decision-making activities, including the financial performance evaluation of the operating segments or resource allocation decisions. The Group disaggregates revenues recognized from contracts with customers into these two segments that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The same disaggregation is used in earnings releases, annual reports and investor presentations.

4.2 *Segment Assets and Liabilities*

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

4.3 *Intersegment Transactions*

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

4.4 *Analysis of Segment Information*

Segment information for the years ended December 31, 2025, 2024 and 2023 (in millions) are presented below.

	BRANDY			SCOTCH WHISKY			SEGMENT TOTALS		
	2025	2024	2023	2025	2024	2023	2025	2024	2023
REVENUES AND OTHER INCOME									
External customers	35,774	36,390	39,973	21,269	25,256	25,671	57,043	61,646	65,644
Intersegment sales*	783	630	600	334	331	486	1,117	961	1,086
	36,557	37,020	40,573	21,603	25,587	26,157	58,160	62,607	66,730
COSTS AND EXPENSES									
Costs of goods sold	27,080	28,190	29,301	12,498	13,769	14,045	39,578	41,959	43,346
Intersegment cost of goods sold*	334	331	486	783	630	600	1,117	961	1,086
Selling and distribution expenses	3,198	3,144	3,158	3,893	4,008	3,600	7,091	7,152	6,758
General and administrative expenses	1,711	1,664	1,420	1,115	1,036	1,602	2,826	2,700	3,022
Interest expense and other charges	1,220	1,132	1,253	803	585	323	2,023	1,717	1,576
	33,543	34,461	35,618	19,092	20,028	20,170	52,635	54,489	55,788
SEGMENT PROFIT BEFORE TAX	3,014	2,559	4,955	2,511	5,559	5,986	5,525	8,118	10,941
TAX EXPENSE	896	582	999	624	1,051	998	1,520	1,633	1,997
SEGMENT NET PROFIT	2,118	1,977	3,956	1,887	4,508	4,988	4,005	6,485	8,944
SEGMENT ASSETS*	138,433	138,186	150,747	94,358	80,811	67,607	232,791	218,997	218,354
SEGMENT LIABILITIES*	43,221	43,450	55,604	34,002	25,201	17,485	77,223	68,651	73,089
Depreciation and Amortization	1,308	1,205	1,114	402	360	341	1,710	1,565	1,455
Interest Expense	973	1,126	1,210	888	585	162	1,861	1,711	1,372
Equity Share in Net Income of Joint Venture	83	78	112	-	-	-	83	78	112

*Intersegment accounts are eliminated in consolidation. Numbers may not add up due to rounding off. See reconciliation in Note 4.5 in the succeeding page.

The Group's revenues and other income in the three years presented range from 59% to 62% from the Asia Pacific, 26% to 28% from Europe and the remaining portion from North and Latin Americas, Middle East and Africa and other countries.

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

4.5 *Reconciliations*

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

<i>(Amounts in PHP)</i>	Segment Totals	Intercompany Accounts	Consolidated Balances
2025			
Revenues and other income	58,160	(1,117)	57,043
Costs and expenses	52,635	(1,117)	51,518
Net profit	4,005	-	4,005
Total assets	232,791	(54,516)	178,275
Total liabilities	77,223	(7,076)	70,147
Other segment information:			
Interest expense	1,861	-	1,861
Depreciation and amortization	1,710	-	1,710
Share in net profit of joint venture	83	-	83
2024			
Revenues and other income	62,607	(961)	61,646
Costs and expenses	54,489	(961)	53,528
Net profit	6,485	-	6,485
Total assets	218,997	(59,469)	159,527
Total liabilities	68,651	(9,650)	59,000
Other segment information:			
Interest expense	1,711	-	1,711
Depreciation and amortization	1,565	-	1,565
Share in net profit of joint venture	78	-	78
2023			
Revenues and other income	66,729	(1,086)	65,643
Costs and expenses	55,788	(1,086)	54,702
Net profit	8,944	-	8,944
Total assets	218,354	(69,645)	148,709
Total liabilities	73,089	(19,787)	53,301
Other segment information:			
Interest expense	1,372	-	1,372
Depreciation and amortization	1,455	-	1,455
Share in net profit of joint venture	112	-	112

5. CASH AND CASH EQUIVALENTS

This account includes the following components:

<i>(Amounts in PHP)</i>	2025	2024
Cash on hand and in banks	3,231,810,630	3,814,838,178
Short-term placements	6,840,517,809	5,924,350,333
	10,072,328,439	9,739,188,511

Cash in banks generally earn interest at rates based on daily bank deposit rates. Short-term placements have an average maturity of 30 to 71 days and earn effective annual interest rates ranging from 5.1% to 5.9% in 2025, 5.0% to 6.1% in 2024, and from 5.3% to 6.3% in 2023. Interest earned amounted to P358.1 million, P293.3 million, and P400.3 million in 2025, 2024 and 2023, respectively, and is presented as part of Interest income under the Revenues and Other Income section of the consolidated statements of comprehensive income (see Note 18).

6. TRADE AND OTHER RECEIVABLES

Details of this account are as follows [see Note 2.5(a)(i)]:

<i>(Amounts in PHP)</i>	Note	2025	2024
Trade receivables	23.3	18,915,391,427	18,271,014,806
Advances to suppliers		2,064,083,245	2,106,799,926
Advances to officers and employees	23.4	38,521,769	32,923,698
Accrued interest receivable		4,930,245	11,967,593
Other receivables		156,127,375	157,019,270
		21,179,054,061	20,579,725,293
Allowance for impairment		(368,211,226)	(379,801,045)
		20,810,842,835	20,199,924,248

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

All of the Group's trade and other receivables have been assessed for impairment using the ECL model adopted by the Group [see Notes 2.5(a)(ii), 3.1(b) and 3.2(a)]. Certain trade and other receivables were found to be impaired using the ECL methodology as determined by the management; hence, adequate amounts of allowance for impairment have been recognized (see Note 27.2).

A reconciliation of the allowance for impairment at the beginning and end of 2025 and 2024 is shown below.

<i>(Amounts in PHP)</i>	2025	2024
Balance at beginning of year	379,801,045	297,589,023
Write-offs	(73,172,645)	(9,785,139)
Impairment losses	53,204,642	90,953,844
Translation adjustment	8,378,184	3,712,635
Recoveries	-	(2,669,318)
Balance at end of year	368,211,226	379,801,045

Impairment losses on trade and other receivables are presented as Impairment losses on financial assets under the General and Administrative Expenses account in the consolidated statements of comprehensive income (see Note 20).

Recoveries pertain to collections of certain receivables previously provided with allowance, which are presented as part of Other income under Revenues and Other Income in the 2024 consolidated statement of comprehensive income (see Note 18).

7. FINANCIAL ASSETS AT FVTPL

The Group's financial instruments at FVTPL pertain to marketable equity securities classified as held for trading and derivative instruments amounting to P596.3 million and P543.5 million as of December 31, 2025 and 2024, respectively [see Note 2.5(a)(i)].

The net fair value gains and dividend income earned on these financial instruments are presented in the consolidated statements of comprehensive income as part of Other income under the Revenues and Other Income section (see Note 18) while the net fair value losses are presented as part of Other charges under the Costs and Expenses section. The Group recognized fair value gains amounting to P19.1 million and P30.1 million in 2025 and 2024, respectively, and fair value loss amounting to P63.0 million in 2023.

The fair value of the marketable equity securities and derivative financial instruments at FVTPL are measured through quoted market prices and valuation techniques using the net present value computation, respectively [see Notes 3.2(b) and 29.2].

8. INVENTORIES

The details of inventories which are valued at lower of cost and net realizable value, are shown below [see Notes 2.6 and 3.2(c)].

<i>(Amounts in PHP)</i>	Notes	2025	2024
At cost:			
Finished goods	19, 23.1	5,962,642,306	5,252,984,685
Work-in-process	9.1, 19, 21.1	40,888,042,721	35,158,144,734
Raw materials	19, 23.1	4,579,191,455	4,515,584,449
Packaging materials	19	472,263,442	511,058,362
Machinery spare parts, consumables and factory supplies		461,103,020	449,377,487
		52,363,242,944	45,887,149,717
At net realizable value:			
Finished goods			
Cost	19, 23.1	3,082,375,033	2,615,901,913
Allowance for impairment		(350,672,956)	(511,535,642)
Packaging materials			
Cost	19	996,365,933	768,918,490
Allowance for impairment		(135,907,492)	(111,288,500)
		3,592,160,518	2,761,996,261
		55,955,403,462	48,649,145,978

WML has a substantial inventory of aged stocks, which mature over periods of up to 60 years. The maturing whisky stock inventory amounting to P34.6 billion and P29.6 billion as of December 31, 2025 and 2024, respectively, is presented as part of work-in-process inventories and is stored in various locations across Scotland.

An analysis of the cost of inventories included in costs of goods sold for 2025, 2024 and 2023 is presented in Note 19.

A reconciliation of the allowance for inventory write-down is shown below.

<i>(Amounts in PHP)</i>	Note	2025	2024
Balance at beginning of year		622,824,142	422,988,020
Impairment losses	19	60,540,307	231,007,592
Inventory write-off		(179,568,846)	-
Reversal of impairment losses		(17,215,155)	(31,171,470)
Balance at end of year		486,580,448	622,824,142

The Group recognized losses on inventory write-down amounting to P60.5 million, P231.0 million and P54.6 million in 2025, 2024 and 2023, respectively, which are presented as Impairment losses under the Costs of Goods Sold account in the consolidated statements of comprehensive income (see Note 19).

In 2025, the Group has written-off inventories amounting to P179.6 million following management's assessment that these items were no longer saleable. There were no similar transactions in 2024 and 2023.

In 2025 and 2024, the Group reversed inventory write-down made in previous years amounting to P17.2 million and P31.2 million, respectively, following its subsequent sale. There was no similar transaction in 2023.

9. PROPERTY, PLANT AND EQUIPMENT

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

<i>(Amounts in PHP)</i>	Note	2025	2024
Property, plant and equipment	9.1	46,704,197,375	39,909,765,923
Right-of-use assets	9.2	943,074,011	996,764,508
		47,647,271,386	40,906,530,431

No impairment losses were recognized in 2025, 2024 and 2023 for the Group's property, plant and equipment. As of December 31, 2025 and 2024, certain ROUA, which are considered as onerous lease were fully impaired through direct offset of portion of provision for onerous lease (see Notes 9.2 and 17.1)

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The amount of depreciation and amortization is allocated as follows:

<i>(Amounts in PHP)</i>	Notes	2025	2024	2023
Costs of goods sold	19	1,148,676,803	1,042,819,598	1,029,742,303
General and administrative expenses	20	216,216,100	231,879,541	225,321,154
Selling and distribution expenses	20	93,006,581	89,994,072	95,275,080
		1,457,899,484	1,364,693,211	1,350,338,537
Capitalized as part of work-in-process inventories	8	1,200,744,216	554,407,406	452,429,320
		2,658,643,700	1,919,100,617	1,802,767,857

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

In 2025, 2024 and 2023, certain property, plant and equipment with carrying amounts of P41.5 million, P5.4 million and P9.8 million, were sold for P41.5 million, P5.4 million, and P17.1 million, respectively. The resulting gain on disposals for 2023 amounting to P7.3 million (nil in 2025 and 2024) was recognized as part of Other income under the Revenues and Other Income section in the 2023 consolidated statement of comprehensive income (see Note 18).

9.2 Right-of-use Assets

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

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

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The table below describes the nature of the Group's leasing activities by type of ROUA recognized in the consolidated statements of financial position.

	Number of right-of-use assets leased	Range of remaining term	Average remaining lease term	Number of leases with extension options	Number of leases with termination options
December 31, 2025					
Plant	1	1 year	1 year	1	-
Warehouses	30	1 year to 5 years and 2 months	2 and 6 months	19	8
Building space	5	1 to 1 year and 5 months	1 to 1 year and 5 months	1	-
Buildings	4	1 year to 12 years and 9 months	1 year to 12 years and 9 months	-	-
Vehicles, fittings and equipment	72	1 to 2 years	1 to 2 years	-	-
December 31, 2024					
Plant	1	2 years	2 years	1	-
Warehouses	31	1 to 9 years	3 years and 3 months	14	9
Building space	8	1 to 1 year and 5 months	1 to 1 year and 5 months	3	-
Buildings	4	1 year to 12 years and 9 months	1 year to 12 years and 9 months	-	1
Vehicles, fittings and equipment	72	1 to 2 years	1 to 2 years	-	-

The carrying amounts of the Group's ROUA as at December 31, 2025 and 2024 and the movements during the period are shown below.

<i>(Amounts in PHP)</i>	Plant	Warehouses	Building Space	Buildings	Vehicles, Fittings and Equipment	Total
December 31, 2025						
Cost						
Balance at beginning of year	139,597,048	216,129,505	491,482,951	613,699,827	124,684,490	1,585,593,821
Additions	-	90,839,269	-	71,828,442	21,488,000	184,155,711
Termination	-	(44,530,239)	-	-	(9,245,177)	(53,775,416)
Translation adjustment	-	-	-	89,628,157	44,942,101	134,570,258
Balance at end of year	139,597,048	262,438,535	491,482,951	775,156,426	181,869,414	1,850,544,374
Accumulated amortization						
Balance at beginning of year	93,389,809	64,675,729	7,661,727	375,826,078	47,275,970	588,829,313
Termination	-	(35,772,119)	-	-	(7,676,000)	(43,448,119)
Amortization for the year	23,103,620	90,446,916	45,773,025	64,691,220	28,282,000	252,296,781
Translation adjustment	-	-	-	72,447,765	37,344,623	109,792,388
Balance at end of year	116,493,429	119,350,526	53,434,752	512,965,063	105,226,593	907,470,363
Carrying amount at December 31, 2025	23,103,619	143,088,009	438,048,199	262,191,363	76,642,821	943,074,011
December 31, 2024						
Cost						
Balance at beginning of year	140,572,378	429,892,410	199,052,259	635,179,288	83,205,714	1,487,902,049
Additions	-	82,991,534	457,730,238	26,968,085	74,612,205	642,302,062
Termination	-	(296,754,439)	(165,299,546)	(50,539,057)	(57,013,000)	(569,606,042)
Translation adjustment	-	-	-	2,091,511	23,879,571	25,971,082
Lease modification	(975,330)	-	-	-	-	(975,330)
Balance at end of year	139,597,048	216,129,505	491,482,951	613,699,827	124,684,490	1,585,593,821
Accumulated amortization						
Balance at beginning of year	70,286,189	308,227,213	115,260,660	395,821,471	38,275,844	927,871,377
Termination	-	(296,754,439)	(165,299,546)	(40,877,729)	(52,164,121)	(555,095,835)
Amortization for the year	23,103,620	53,202,955	57,700,613	20,118,112	46,103,077	200,228,377
Translation adjustment	-	-	-	764,224	15,061,170	15,825,394
Balance at end of year	93,389,809	64,675,729	7,661,727	375,826,078	47,275,970	588,829,313
Carrying amount at December 31, 2024	46,207,239	151,453,776	483,821,224	237,873,749	77,408,520	996,764,508

In 2025, 2024 and 2023, additional onerous lease provisions are recognized and is presented as part of Provisions under General and Administrative Expenses account in the consolidated statements of comprehensive income (see Notes 17.1 and 20).

Provision for dilapidations amounting to P19.6 million and P9.1 million was capitalized as part of ROUA in 2025 and 2024, respectively (see Note 17.2).

In 2025 and 2024, certain leased asset classified under Vehicles, fittings and equipment was returned to the lessor prior to the expiration of the related lease term.

The amount of amortization is allocated as follows:

<i>(Amounts in PHP)</i>	Notes	2025	2024
Costs of goods sold	19, 23.2	120,072,021	100,896,464
Selling and distribution expenses	20	42,288,501	37,342,143
General and administrative expenses	20	89,936,259	61,989,770
		252,296,781	200,228,377

9.3 Lease Liabilities

Lease liabilities are presented in the consolidated statements of financial position as at December 31, 2025 and 2024 as follows:

<i>(Amounts in PHP)</i>	2025	2024
Current	245,108,877	232,830,824
Non-current	761,904,255	844,538,141
	1,007,013,132	1,077,368,965

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

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities at December 31 is as follows:

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total
December 31, 2025							
Lease liabilities	289,319,143	218,999,537	176,715,680	122,381,771	108,265,941	248,676,983	1,164,359,055
Finance charges	(44,210,266)	(34,200,073)	(25,742,408)	(19,260,526)	(14,219,665)	(19,712,985)	(157,345,923)
Net present values	245,108,877	184,799,464	150,973,272	103,121,245	94,046,276	228,963,998	1,007,013,132
December 31, 2024							
Lease liabilities	276,532,366	200,095,583	176,653,168	153,079,863	110,580,573	349,627,196	1,266,568,749
Finance charges	(43,701,542)	(35,250,229)	(32,244,089)	(25,076,290)	(19,216,632)	(33,711,002)	(189,199,784)
Net present values	232,830,824	164,845,354	144,409,079	128,003,573	91,363,941	315,916,194	1,077,368,965

9.4 Lease Payments Not Recognized as Liabilities

The Group has elected not to recognize a lease liability for short-term leases or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

The expenses relating to short-term leases and low-value assets in 2025 and 2024 is allocated as follows:

<i>(Amounts in PHP)</i>	Notes	2025	2024
Costs of goods sold	19	158,795,447	282,293,374
Selling and distribution expenses	20	17,608,364	24,763,976
General and administrative expenses	20	82,439,745	68,815,233
		258,843,556	375,872,583

The future minimum rentals payable of the Group arising from short-term leases amounted to P111.8 million and P105.5 million as of December 31, 2025 and 2024, respectively.

9.5 Additional Profit or Loss and Cash Flow Information

The total cash outflows in respect of lease liabilities amounted to P265.9 million, P161.9 million and P216.5 million in 2025, 2024 and 2023, respectively. Interest expense in relation to lease liabilities amounted to P110.8 million, P38.0 million and P43.1 million in 2025, 2024 and 2023, respectively, and is presented as part of Interest Expense account under the Costs and Expenses section of the consolidated statements of comprehensive income.

10. INTANGIBLE ASSETS

This account is composed of fully amortized trademarks with definite useful lives with cost amounting to P2.2 million as of December 31, 2025 and 2024, respectively, and trademarks and goodwill with indefinite useful lives with the following details:

<i>(Amounts in PHP)</i>	Note	2025	2024
Indefinite useful lives:			
Trademarks – net		24,057,645,056	21,453,858,552
Goodwill		11,000,703,793	10,238,954,154
	2.8	35,058,348,849	31,692,812,706

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The Group's trademarks include those that were acquired by EDI from Consolidated Distillers of the Far East, Inc. ("Condis"), a related party owned by certain stockholders of AGI, to manufacture and sell distilled spirits, particularly brandy, under the brand names "Emperador Brandy" and "Generoso Brandy". The Group also has another trademark for its flavored alcoholic beverage under the brand name "The BaR". In 2013, the Group registered another trademark under the brand name "Emperador Deluxe", which was introduced during the same year. These trademarks are fully amortized as of December 31, 2025 and 2024.

EUK's purchase of WMG Group in 2014 [see Note 1.1(g), (i), (j)] included the acquisition of trademarks amounting to P4.5 billion and P5.5 billion for "Jura" and "The Dalmore" (collectively, "WMG brands"), respectively, and the recognition of goodwill amounting to P7.7 billion in the consolidated financial statements.

BFS's purchase of the Fundador Business Unit in 2016 [see Note 1.1(l)] in Jerez included the acquisition of four trademarks amounting to P6.7 billion, namely "Fundador Brandy", "Terry Centenario Brandy", "Tres Cepas Brandy", and "Harveys" sherry wine (collectively, "Fundador brands") and tangible assets (mostly inventories and property, plant and equipment) amounting to P6.6 million; and the recognition of goodwill amounting to P1.5 billion in the consolidated financial statements.

The goodwill recognized from the foregoing acquisitions reflects the opportunity to strengthen the Group's position in the global drinks market, the synergies and economies of scale expected from combining the operations of the Group, WMG and Fundador Business Unit, and the value attributable to their respective workforce. The trademarks acquired have indefinite useful lives; hence, no amortization was recognized for these brands for the periods presented. The goodwill recognized is not deductible for income tax purposes.

For purposes of determining the goodwill [see Note 2.3(a)], the Group determined the fair value of the identified net assets as of October 31, 2014 and February 29, 2016 for WMG and Fundador Business Unit, respectively, as presented below.

<i>(Amounts in PHP)</i>	<u>WMG</u>	<u>Fundador Business Unit</u>
Cash consideration	30,272,934,983	14,718,366,134
Identifiable assets:		
Tangible assets	21,723,648,592	6,592,734,082
Intangible assets	9,972,144,142	6,662,974,698
Liabilities	<u>(9,095,752,005)</u>	-
Total identifiable assets	<u>22,600,040,729</u>	<u>13,255,708,780</u>
Goodwill at transaction date	<u>7,672,894,254</u>	<u>1,462,657,354</u>

The asset acquisitions from the Domecq and Garvey Acquisitions in 2017 by DBLC and CBSP, respectively [see Note 1.1(o) and (p)], included various trademarks with indefinite useful lives amounting to P3.5 billion. The trademarks acquired by DBLC include certain brands of Mexican brandies: "Presidente", "Azteca de Oro", "Don Pedro" and two Spanish brandies (collectively, "Domecq brands") while trademarks acquired by CBSP include "Garvey Brandy" and well-known sherries including "Fino San Patricio" and two liquors (collectively, "Grupo Garvey brands"). The consideration paid and the purchase price allocated to identifiable assets based on their individual relative fair values, as translated at exchange rate at transaction dates, are presented in the succeeding page.

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<i>(Amounts in PHP)</i>	<u>Domecq Acquisition</u>	<u>Garvey Acquisition</u>
Tangible assets	1,702,112,882	1,554,825,243
Intangible assets	<u>3,123,564,000</u>	<u>332,598,228</u>
	4,825,676,882	1,887,423,471
Liabilities	-	<u>(34,361,071)</u>
	<u>4,825,676,882</u>	<u>1,853,062,400</u>

Casa Pedro Domecq's acquisition of Los Danzantes in 2025 [see Notes 1.1(p) and 1.2] included the recognition of three trademarks with an aggregate fair value of P239.3 million, namely "Los Danzantes," "Alipús," and "Encantado." These trademarks were assessed to have indefinite useful lives. As the consideration transferred approximated the fair value of the identifiable net assets acquired, no goodwill was recognized from the transaction.

The composition of the intangible assets with indefinite useful lives as of December 31, 2025 and 2024 are as follows:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Goodwill breakdown:		
WMG	9,061,727,400	8,523,243,800
GES	<u>1,938,976,393</u>	<u>1,715,710,354</u>
	<u>11,000,703,793</u>	<u>10,238,954,154</u>
Trademarks with indefinite useful lives:		
WMG brands	11,350,562,158	10,488,494,146
Fundador and other brands	8,832,602,870	7,815,561,063
Domecq brands	3,495,459,333	3,055,114,932
Grupo Garvey brands - net	107,010,249	94,688,411
Los Danzantes brands	<u>272,010,446</u>	-
	<u>24,057,645,056</u>	<u>21,453,858,552</u>
	<u>35,058,348,849</u>	<u>31,692,812,706</u>

A reconciliation of the carrying amounts of intangible assets with definite and indefinite useful lives at the beginning and end of 2025 and 2024 is shown below.

<i>(Amounts in PHP)</i>	<u>Goodwill</u>	<u>Trademarks</u>	<u>Total</u>
Balance at January 1, 2025	10,238,954,154	21,453,858,552	31,692,812,706
Translation adjustments	761,749,639	2,364,501,895	3,126,251,534
Addition at time of acquisition	<u>-</u>	<u>239,284,609</u>	<u>239,284,609</u>
Balance at December 31, 2025	<u>11,000,703,793</u>	<u>24,057,645,056</u>	<u>35,058,348,849</u>
Balance at January 1, 2024	9,859,886,210	21,125,928,781	30,985,814,991
Translation adjustments	<u>379,067,944</u>	<u>327,929,771</u>	<u>706,997,715</u>
Balance at December 31, 2024	<u>10,238,954,154</u>	<u>21,453,858,552</u>	<u>31,692,812,706</u>

The Group has fully amortized trademarks with definite useful lives as of December 31, 2025 and 2024. The Group recognized amortization expense from trademarks with definite useful lives amounting to P0.5 million in 2023 (nil in 2025 and 2024) (see Note 20). The “Emperador Deluxe”, “The Bar”, and “Emperador Brandy” and “Generoso Brandy” trademarks were fully amortized since 2023, 2018 and 2017, respectively.

The Group monitors goodwill and trademarks with indefinite useful lives on the cash generating units to which these assets were allocated. An analysis of how the value-in-use of each of the cash generating units to which these assets were allocated is presented below (amounts in billions of pesos).

	2025				2024			
	Allocated Intangible Assets*	Value in Use	Terminal Growth Rate	Discount Rate	Allocated Intangible Assets*	Value in Use	Terminal Growth Rate	Discount Rate
Goodwill:								
WMG	9.06	18.36	4.57%	7.98%	8.52	17.56	4.57%	7.98%
GES	1.94	18.38	3.40%	8.46%	1.72	15.51	3.40%	6.57%
Trademarks with indefinite lives:								
WMG brands	11.35	122.36	4.57%	7.98%	10.49	117.01	4.57%	7.98%
Fundador brands	8.83	10.71	1.60%	9.42%	7.82	20.82	3.40%	6.57%
Domecq brands	3.50	5.42	1.50%	4.80%	3.06	3.99	1.50%	4.50%
Grupo Garvey brands**	0.11	2.25	1.60%	6.50%	0.09	0.10	0.50%	7.65%
Los Danzantes brands	0.27	0.28	3.85%	16.57%	-	-	-	-

* Amounts are translated at closing rates as of the end of the reporting periods in accordance with PAS 21.

** Management believes that, after the impairment provided for Grupo Garvey brands in 2019, the value-in-use as of December 31, 2025 and 2024 approximates its carrying value.

The value-in-use of each group of cash generating unit was determined using cash flow projections for five years, and extrapolating cash flows beyond the projection period using a perpetual terminal growth rate. The discount rates and growth rates are the key assumptions used by management in determining the value-in-use of the cash generating units.

Management believes that both the goodwill and trademarks, except for certain trademarks identified above, are not impaired as of December 31, 2025 and 2024 as the Group’s products that carry such brands and trademarks are performing very well in the market; hence, no impairment is necessary to be recognized in the periods presented.

No trademarks have been pledged as security for liabilities.

11. OTHER ASSETS

11.1 Prepayments and Other Current Assets

This account is composed of the following:

(Amounts in PHP)	2025	2024
Prepaid taxes	1,884,262,936	2,079,544,002
Prepaid expenses	1,108,297,295	853,342,059
Deferred input VAT	73,489,822	76,935,282
Refundable security deposits	5,426,026	6,767,203
Others	105,379,942	152,582,410
	3,176,856,021	3,169,170,956

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

Management assessed the recoverability of the Group’s prepaid taxes and determined that no impairment loss was necessary as of December 31, 2025 and 2024.

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

11.2 Other Non-current Assets

This account is composed of the following:

(Amounts in PHP)	Note	2025	2024
Refundable security deposits	23.2	54,335,969	45,885,833
Deferred input VAT		4,673,348	17,030,424
Advances to suppliers		3,800,762	76,327,239
Others		21,340,483	17,582,500
		84,150,562	156,825,996

In 2016, the Group purchased from one of its property lessors an outstanding mortgage debt on one of the Group’s leased properties. The purchased mortgage asset entitled the Group to full security over the leased property and to the monthly interest payments from the property lessor. However, the Group remained as lessee over the property; hence, it was still required to make monthly lease payments to the property lessor until 2036. Following the adoption of PFRS 16, *Leases* in 2019, the Group recognized ROUA and lease liabilities from this leased property (see Notes 9.2 and 9.3).

Refundable security deposits were paid by the Group to various lessors for lease agreements covering certain office spaces, manufacturing facilities and storage tanks for raw materials.

12. INVESTMENT IN A JOINT VENTURE

On February 2, 2014, GES entered into an agreement with Gonzales Byass, S.A. (“Gonzalez”), for the joint control of BLC for 50% equity interest for each venturer. The 50% participation cost of P3.7 billion is based on the fair valuation of the assets. An amount withdrawn from this investment of P858.4 million was used by the Group as part of the 50% capitalization of DBLC in 2017.

BLC was incorporated on March 19, 2013. Its primary business consists of the planting and growing of wine grapes and the exploitation of vineyards, the production, ageing and preparation of wines and vinegars; the production of alcohol; the production, preparation and ageing of brandy, aguardientes, compounds, liquors and in general, all kinds of spirits.

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As of December 31, 2025 and 2024, the carrying amount of the investment in a joint venture, which is accounted for under the equity method (see Note 2.3) in these consolidated financial statements, are as follows:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Acquisition costs	<u>2,845,367,065</u>	<u>2,845,367,065</u>
Accumulated share in net profit:		
Balance at beginning of year	795,039,243	659,025,708
Translation adjustment	478,772,193	58,406,055
Share in net profit for the year	<u>83,269,846</u>	<u>77,607,480</u>
Balance at end of year	<u>1,357,081,282</u>	<u>795,039,243</u>
	<u>4,202,448,347</u>	<u>3,640,406,308</u>

The share in net profit is recorded as Equity in net profit of joint venture in the Revenues and Other Income section of the consolidated statements of comprehensive income (see Note 18).

The summarized financial information of the joint venture as of December 31, 2025 and 2024 and for the years then ended are as follows (in thousands):

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	398,958	207,988
Trade and other receivables	<u>627,220</u>	<u>632,258</u>
Financial assets	<u>1,026,178</u>	<u>840,246</u>
Current assets	1,100,089	1,854,202
Non-current assets	<u>2,243,102</u>	<u>2,005,060</u>
Total assets	<u>3,343,191</u>	<u>3,859,262</u>
Current financial liabilities (excluding tax payables and provisions)	62,622	386,628
Non-current financial liabilities	<u>235</u>	<u>232</u>
Financial liabilities	<u>62,857</u>	<u>386,860</u>
Current liabilities	431,004	672,916
Non-current liabilities	<u>235</u>	<u>232</u>
Total liabilities	<u>431,239</u>	<u>673,148</u>
Revenues	<u>1,489,730</u>	<u>1,677,592</u>
Depreciation and amortization	<u>34,162</u>	<u>31,552</u>
Net profit for the year	<u>166,518</u>	<u>155,208</u>

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A reconciliation of the above summarized financial information to the carrying amount of the investment in BLC is shown below (in thousands):

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Net assets of BLC	2,911,952	3,186,114
Proportion of ownership interest by the Group	<u>50.0%</u>	<u>50.0%</u>
Ownership share of the Group in net assets of BLC	1,455,976	1,593,057
Fair value and translation adjustments	<u>2,746,472</u>	<u>2,047,349</u>
	<u>4,202,448</u>	<u>3,640,406</u>

The Group has no commitments or other contingent liabilities with regard to this joint venture or has assessed that the probability of loss that may arise from contingent liabilities is remote.

13. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Non-current assets classified as held for sale consisted of land and buildings called as “Complejo Bellavista” and “Cerro Viejo Vineyards” previously occupied by a business unit and classified under property, plant and equipment that the Group has discontinued use and, on December 27, 2020, management approved their sale through the signed letter of intent with a related party under common ownership. The letter of intent stated that the assets would be sold at a purchase price of €16.6 million (equivalent to P994.9 million), which was equivalent to the net book value of the property, at any time from the date of signature of the letter of intent until three years after COVID-19 pandemic had ended. On December 27, 2022, the parties renewed their commitment and the term to complete the sale and purchase of properties was set until December 31, 2023. In 2023, the sale did not materialize due to change in business plans in the use of the assets. Consequently, the related assets were reclassified back as part of Property, Plant and Equipment, and adjusted for the amount of depreciation expense that would have been recognized had the asset not been classified as held for sale, which was lower than the recoverable amount at the date of subsequent decision not to sell [see Note 3.1(f)].

The carrying value of these assets immediately prior to their classification as held for sale is lower than their fair value less cost to sell. Accordingly, the Group did not recognize any loss in connection with the reclassification of the assets as held for sale. There were also no revenues recognized in 2023 that were associated with the assets.

In 2023, the depreciation adjustment amounted to P56.1 million and is presented as part of General and Administrative Expenses account in the 2023 consolidated statement of comprehensive income (see Note 20).

14. INTEREST-BEARING LOANS

The composition of the Group's outstanding foreign bank loans is shown below [see Note 2.5(b)(ii)].

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Current	984,769,817	679,108,834
Non-current	40,994,332,847	32,753,446,587
	<u>41,979,102,664</u>	<u>33,432,555,421</u>

The summarized terms and conditions of each availed loan as at December 31, 2025 and 2024 are as follows:

<u>Outstanding Balance</u>		<u>Explanatory</u>	<u>Interest Rate</u>	<u>Security</u>	<u>Maturity</u>
2025	2024	Notes			Date
20,681,384,724	18,909,997,520	(a)	Margin of 0.825% plus EURIBOR	Unsecured	2028
20,225,314,955	13,506,215,085	(b)	0.8% over SONIA	Secured	2028
		(c)	Fixed at 1.6%; Margin of 0.8% and 1.5% plus EURIBOR	Unsecured	2027
<u>1,072,402,985</u>	<u>1,016,342,816</u>				
<u>41,979,102,664</u>	<u>33,432,555,421</u>				

- (a) In November 2023, EIL obtained a €310.0 million unsecured term loan from a syndicate of foreign financial institutions to pay the balance of its existing loan obtained in 2019. The loan was repayable in full 36 months from the date of first utilization, or extended up to 60 months from first utilization if at least one lender gives its consent. EIL may, with prior notice, voluntarily prepay the whole or any part of the loan. In 2025, EIL prepaid €10.0 million of the principal. The loan is guaranteed by EMI and EDI.

On December 19, 2025, EIL received and agreed to a mandate letter-underwritten (signifying firm and irrevocable commitment) for a €300.0 million syndicated sustainability-linked term loan facility with bullet repayment in full 36 months from first utilization, subject to an extension option of 60 months from first utilization. This mandated facility is intended to fully pay the present loan balance. Accordingly, the present loan is presented under Non-Current Liabilities in the 2025 consolidated statement of financial position (see Note 32).

In 2025 and 2023, EIL made principal payments amounting to P666.9 million and P1,200.8 million, respectively. There was no similar transaction in 2024.

- (b) WMG has an existing revolving asset-based-lending facility with a foreign bank up to March 2028, where it had drawn down P6.3 billion, P7.5 billion and P5.4 billion in 2025, 2024 and 2023, respectively. The loans are secured by way of floating charge against WMG's inventories. The interest and the principal can be paid anytime up to, or balloon payment at, maturity. In 2025, 2024, and 2023, WMG repaid loans amounting to P671.5 million, P146.0 million, and P2,238.0 million, respectively.

On April 4, 2025, the facility limit was increased from £125.0 million (with an accordion limit of £125.0 million) to £175.0 million (approximately P13.5 billion), which is extendable up to £300.0 million (approximately P23.1 billion). [It was further increased by an additional £50.0 million in January 2026.]

- (c) In 2017, DBLC assumed from BLC unsecured, interest-bearing and foreign-currency-denominated loans totalling P3.0 billion from certain financial institutions relating to Domecq Acquisition (see Note 10). In 2025, 2024 and 2023, DBLC obtained additional loans amounting to P565.5 million, P406.2 million and P464.5 million, respectively. In 2025, 2024 and 2023, DBLC paid portion of the loans amounting to P641.7 million, P900.8 million and P543.5 million, respectively.

In 2023, PAI fully paid a short-term unsecured interest-bearing revolving loan obtained from a local commercial bank at a total amount of P400.0 million for working capital purposes.

Interest expense on loans for 2025, 2024 and 2023 amounted to P1.7 billion, P1.6 billion and P1.3 billion, respectively, and is presented as part of Interest Expense account under the Costs and Expenses section of the consolidated statements of comprehensive income.

Accrued interest payable as of December 31, 2025 and 2024 amounted to P179.0 million and P92.2 million, respectively, and presented as part of Accrued expenses under the Trade and Other Payables account in the consolidated statements of financial position (see Note 16).

The Group complied with the financial and non-financial covenants on these loans and borrowings as of December 31, 2025 and 2024.

15. EQUITY-LINKED SECURITIES

On November 7, 2014, EMI, as the Issuer, entered into a subscription agreement with Arran Investment Private Limited ("Arran" or "the Holder") for the issuance of 1.1 billion common shares at a total subscription price of P12.3 billion (see Note 24.1) and an ELS amounting to P5.3 billion ("Issue Price"). The shares and the ELS were issued on December 4, 2014 ("Issue Date"). The ELS may be converted into a fixed number of common shares ("Conversion Shares").

The ELS bore fixed interest rate compounded annually, which the parties formally agreed to remove on June 15, 2017. The Accrued Interest Payable amounting to P832.3 million was applied as consideration for 122,391,176 common shares ("Accrued Interest Shares") (see Note 24.1).

On December 23, 2019, the parties formally agreed to the following amendments:

- (a) The Holder was given the right to request conversion of:
- (i) P1,836,250,000 into 253,275,862 shares, which should come from the Parent Company's treasury shares ("Tranche 1 Conversion Shares") ("Tranche 1 Conversion"); and,
 - (ii) P3,443,750,000 into 475,000,000 shares ("Tranche 2 Shares") ("Tranche 2 Conversion").
- (b) The Holder was allowed to transfer the ELS to an affiliate of EMI.

On February 5, 2020, the Holder exercised its right to Tranche 1 Conversion. Pursuant to this conversion (see Note 24.2), the Group also reclassified a portion of the Conversion Options amounting to P47.7 million to APIC in 2020 (see Note 2.18).

On December 3, 2021, the Holder exercised its right to Tranche 2 Conversion. Pursuant to this, EMI derecognized the financial liability component of the ELS and recognized an equity component amounting to P3.4 billion, which is presented as Deposit for Future Stock Subscription – Equity-linked Securities under the Equity section of the consolidated statements of financial position (see Note 2.18).

On August 12, 2025, EMI and the Holder have mutually agreed to further extend the Tranche 2 Conversion period to August 12, 2026. Upon the actual conversion, EMI will reclassify the remaining portion of the Conversion Options amounting to P88.5 million to APIC.

In 2025 and 2024, EMI and Arran formally agreed and clarified the continuation of Variable Interest on the Tranche 2 Shares effective until end of conversion period or the issuance of the Tranche 2 Shares, whichever comes earlier. This is being paid in an amount equal to the dividend rate applied to the number of Conversion Shares and at same time as when dividends were paid to stockholders, which amounted to P90.3 million, P114.0 million and P137.8 million, respectively, in 2025, 2024 and 2023, and presented as part of Cash Dividend Declared and Paid in the Equity section of the consolidated statements of financial position.

There were no collaterals on the ELS.

16. TRADE AND OTHER PAYABLES

The breakdown of this account is as follows [see Note 2.5(b)(ii)]:

<i>(Amounts in PHP)</i>	Notes	2025	2024
Trade payables	23.1	10,516,821,024	9,702,013,952
Accrued expenses	14,		
Output VAT payable	23.2(b)	7,192,818,930	6,541,933,839
Others		605,296,933	822,803,768
		95,541,893	90,943,498
		18,410,478,780	17,157,695,057

Trade payables arise mostly from purchases of raw materials such as alcohol, molasses, flavorings and other supplies.

Accrued expenses significantly include various accruals relating to interest on interest-bearing loans, marketing, operations, and other activities. The accrued interest is expected to be paid subsequently based on the scheduled interest payment date (see Note 14).

17. PROVISIONS

The breakdown of this account as of December 31, 2025 and 2024 is as follows:

<i>(Amounts in PHP)</i>	Onerous Lease (see Note 17.1)	Dilapidations (see Note 17.2)	Total
Balance at January 1, 2025	-	180,866,410	180,866,410
Additional provisions	30,303,936	19,642,592	49,946,528
Reversal of provisions	(18,224,334)	-	(18,224,334)
Utilized amounts	(10,692,362)	(1,310,028)	(12,002,390)
Balance at December 31, 2025	1,387,240	199,198,974	200,586,214
Balance at January 1, 2024	93,790,900	212,403,870	306,194,770
Reversal of provisions	(152,859,445)	(27,605,753)	(180,465,198)
Reclassification to lease liabilities	57,033,148	-	57,033,148
Additional provisions	36,707,116	9,103,036	45,810,152
Utilized amounts	(34,671,719)	(13,034,743)	(47,706,462)
Balance at December 31, 2024	-	180,866,410	180,866,410

17.1 Provision for Onerous Lease

WML has existing non-cancellable lease agreements on leasehold properties located in Glasgow and Edinburgh, Scotland, covering manufacturing plant facilities, buildings and parking spaces, which are vacant or subleased at a discount. The provisions take account of current market conditions, expected future vacant periods, expected future sublet benefits and are calculated by discounting expected net cash outflows on a pre-tax basis over the remaining period of the lease, which as of December 31, 2025 and 2024, is between one to four years and one to six years, respectively.

In 2024, the provision relating to the leasehold properties located in Edinburgh, Scotland was reversed upon surrendering one of its units to the lessor. Consequently, the Group reclassified against lease liabilities the future subtenant rent receivables under the onerous lease amounting to P57.0 million. There was no similar transaction in 2025 and 2023.

In 2025, 2024 and 2023, the Group recognized additional provision amounting to P30.3 million, P36.7 million and P34.2 million, respectively [see Note 3.2(j)]. The additional provision is presented as Provisions under General and Administrative Expenses account in the consolidated statements of comprehensive income since the related ROUA were fully impaired as of December 31, 2025 and 2024 (see Notes 9.2 and 20).

17.2 Provision for Dilapidations

WML is a party to lease agreements for properties located in Glasgow and Edinburgh, Scotland, which provide for tenant repairing clauses. The lease agreements require the Group to restore the leased properties to a specified condition at the end of the lease term in 2029. A provision was recognized for the present value of the costs to be incurred for the restoration of the leased properties. Additional provisions are capitalized as part of ROUA in 2025 and 2024 (see Note 9.2).

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In 2024, the provision for dilapidations relating to the surrender of one of the units in the leasehold properties located in Edinburgh, Scotland was also reversed (see Note 17.1). There was no similar transaction in 2025 and 2023.

18. REVENUES AND OTHER INCOME

The details of revenues and other income are shown below.

<i>(Amounts in PHP)</i>	Notes	2025	2024	2023
Sale of goods and services	2.10	56,207,787,720	60,743,035,490	64,498,870,885
Others:				
Interest income	5	358,082,544	293,267,490	400,254,627
Equity in net profit of joint venture	12	83,269,846	77,607,480	111,644,188
Other income – net	6, 7, 9.1, 23.6	393,664,106	531,742,123	632,991,374
		835,016,496	902,617,093	1,144,890,189
		57,042,804,216	61,645,652,583	65,643,761,074

19. COSTS OF GOODS SOLD

The details of costs of goods sold for the years ended December 31, 2025, 2024 and 2023 are shown below.

<i>(Amounts in PHP)</i>	Notes	2025	2024	2023
Finished goods at beginning of year	8	7,868,886,598	9,081,462,012	7,144,431,089
Finished goods purchased	23.1	3,416,518,491	2,348,869,536	3,120,744,509
Costs of goods manufactured				
Raw and packaging materials at beginning of year	8	5,795,561,301	6,759,911,956	6,555,198,631
Net raw material purchases during the year	23.1	36,330,351,521	34,055,602,679	40,378,613,757
Raw and packaging materials at end of year		(6,047,820,830)	(5,795,561,301)	(6,759,911,956)
Raw materials used during the year		36,078,091,992	35,019,953,334	40,173,900,432
Work-in-process at beginning of year	8	35,158,144,734	30,562,603,015	25,603,632,966
Direct labor	21.1	2,069,465,623	1,966,970,268	1,908,522,779
Manufacturing overhead:				
Depreciation and amortization	9.1, 9.2, 23.2	1,268,748,824	1,143,716,062	1,048,457,265
Repairs and maintenance		463,204,655	425,077,380	523,610,200
Communication, light and water		379,044,963	360,759,744	386,091,428
Outside services	23.6	303,034,848	316,852,635	362,140,147
Fuel and lubricants		278,170,223	241,745,409	339,579,578
Labor	21.1	195,278,091	284,704,907	276,378,513
Taxes and licenses		168,970,470	591,212,673	534,473,819
Consumables and supplies		162,196,623	58,931,745	168,155,858
Rentals	9.4, 23.2	158,795,447	282,293,374	163,042,094
Transportation		131,162,272	187,910,012	53,386,002
Gasoline and oil		82,079,444	96,830,003	59,474,337
Commission		81,583,796	117,239,752	167,987,820
Balance carried forward		76,977,972,005	71,656,800,313	71,768,833,238

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<i>(Amounts in PHP)</i>	Notes	2025	2024	2023
Balance brought forward		76,977,972,005	71,656,800,313	71,768,833,238
Insurance		77,980,111	89,912,171	62,275,991
Impairment losses	8	60,540,307	231,007,592	54,588,118
Waste disposal		37,873,370	37,256,419	41,064,647
Meals		32,737,749	109,256,496	45,270,003
Miscellaneous		1,038,313,460	1,431,472,311	753,025,721
Work-in-process at end of year	8	(40,888,042,721)	(35,158,144,734)	(30,562,603,015)
		37,337,374,281	38,397,560,568	42,162,454,703
Finished goods at end of year	8	(9,045,017,339)	(7,868,886,598)	(9,081,462,012)
		39,577,762,031	41,959,005,518	43,346,168,289

20. OTHER OPERATING EXPENSES

The details of other operating expenses are shown below.

<i>(Amounts in PHP)</i>	Notes	2025	2024	2023
Advertising and promotions		4,098,964,903	4,569,185,306	3,984,658,903
Salaries and employee benefits	21.1	2,594,135,706	2,394,781,859	2,367,825,882
Travel and transportation		635,879,406	516,446,543	532,616,404
Professional fees and outside services		558,882,301	546,262,745	581,728,814
Depreciation and amortization	9.1, 9.2, 13, 23.2	441,447,441	421,205,526	405,468,543
Freight and handling		319,749,434	319,405,736	477,553,250
Taxes and licenses		206,201,394	122,098,132	60,907,959
Representation		177,346,477	167,278,490	224,433,322
Repairs and maintenance	9.4, 23.2	138,660,443	80,496,656	130,757,757
Rentals		100,048,109	93,579,209	58,187,729
Supplies		65,181,588	58,937,628	64,813,081
Impairment losses on financial assets	6	53,204,642	90,953,844	120,264,334
Other services		52,183,750	59,975,204	55,580,481
Fuel and oil		51,414,908	36,528,786	75,723,111
Communication, light and water		48,441,872	36,554,385	39,303,618
Insurance		32,706,672	25,195,101	51,624,349
Meals		32,089,535	13,830,105	23,833,707
Provisions	17.1	30,303,936	36,707,116	34,159,365
Amortization of trademarks	10	-	-	538,464
Others		280,075,733	261,935,360	490,536,474
		9,916,918,250	9,851,357,731	9,780,515,547

Others include royalty fees, subscription and association dues, postal services and other incidental expenses under the ordinary course of business.

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

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Selling and distribution expenses	7,090,994,572	7,151,983,463	6,758,279,313
General and administrative expenses	2,825,923,678	2,699,374,268	3,022,236,234
	<u>9,916,918,250</u>	<u>9,851,357,731</u>	<u>9,780,515,547</u>

21. EMPLOYEE BENEFITS

21.1 Salaries and Employee Benefits Expense

The expenses recognized for salaries and employee benefits are summarized below.

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Salaries and wages		4,565,770,009	4,182,385,289	3,816,782,498
Post-employment defined contribution		438,039,072	387,774,759	326,760,138
Social security costs		391,717,765	328,965,201	280,627,234
Share options	21.2, 24.4	59,468,964	86,961,825	58,522,404
Post-employment defined benefit	21.3	43,332,593	38,039,933	31,610,481
Other short-term benefits		144,231,000	348,042,591	672,308,719
	19, 20	<u>5,642,559,403</u>	<u>5,372,169,598</u>	<u>5,186,611,474</u>

Other short-term benefits represent other employee benefits that were incurred during the reporting periods in which the employees render the related service.

The amount of salaries and employee benefits expense is allocated as follows:

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Costs of goods sold (inventoriable costs)	19	2,264,743,714	2,251,675,175	2,184,901,292
Selling and distribution expenses	20	1,697,412,654	1,408,851,630	1,304,831,928
General and administrative expenses	20	896,723,052	985,930,229	1,062,993,954
		<u>4,858,879,420</u>	<u>4,646,457,034</u>	<u>4,552,727,174</u>
Capitalized as part of work-in-process inventories	8	783,679,983	725,712,564	633,884,300
		<u>5,642,559,403</u>	<u>5,372,169,598</u>	<u>5,186,611,474</u>

In 2025, 2024 and 2023, salaries and wages, post-employment benefits and other short-term benefits totaling P783.7 million, P725.7 million and P633.9 million, respectively, were capitalized to form part of the work-in-process inventory (see Note 8). Such capitalized amount represents salaries and employee benefits of personnel directly involved in the production of whisky.

21.2 Employee Share Option

Employee share option expense, included as part of Salaries and employee benefits expense under the General and Administrative Expenses account in the consolidated statements of comprehensive income, amounted to P59.5 million, P87.0 million and P58.5 million in 2025, 2024 and 2023, respectively, while the corresponding cumulative credit to Share Options Outstanding account was presented under the Equity section of the consolidated statements of financial position (see Note 24.4).

21.3 Post-employment Defined Benefit Plan

(a) Characteristics of the Defined Benefit Plan

Except for GES, which provides employee benefits through a defined contribution plan, the Group maintains a funded, tax-qualified, noncontributory retirement benefit plan which is being administered by a trustee bank that is legally separated from the Group.

The post-employment plan covers all regular full-time employees of EDI, AWGI, TEI, PAI and certain employees of WMG, and provides a retirement benefit ranging from 85% to 150% of plan salary for every year of credited service.

The normal retirement age is 60 with a minimum of five years of credited service. The plan provides for an early retirement at the age of 50 with a minimum of ten years of credited service and likewise a late retirement age that is not beyond 65, with a minimum of five years of credited service both subject to the approval of the Parent Company's BOD.

(b) Explanation of Amounts Presented in the Consolidated Financial Statements

Actuarial valuations are made regularly to update the post-employment benefit costs and the amount of contributions. All amounts presented below and in the succeeding pages are based on the actuarial valuation reports obtained from independent actuaries.

The amounts of retirement benefit asset recognized in the consolidated statements of financial position are determined as follows:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Fair value of plan assets	10,587,428,944	9,920,237,274
Present value of the obligation	<u>(10,388,252,041)</u>	<u>(9,480,044,847)</u>
	<u>199,176,903</u>	<u>440,192,427</u>

The movements in the present value of the retirement benefit obligation recognized in the books are as follows:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Balance at beginning of year	9,480,044,847	10,134,533,425
Foreign exchange adjustment	731,199,750	416,853,000
Benefits paid	(550,946,642)	(510,896,922)
Interest expense	520,869,022	470,292,168
Current service costs	43,332,593	38,039,933
Remeasurements –		
Actuarial losses (gains) arising from:		
Experience adjustments	260,032,792	22,893,905
Changes in financial assumptions	(154,888,613)	(1,065,562,672)
Changes in demographic assumptions	58,608,292	(26,107,990)
Balance at end of year	<u>10,388,252,041</u>	<u>9,480,044,847</u>

The movements in the fair value of plan assets are presented below.

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Balance at beginning of year	9,920,237,274	10,375,850,622
Benefits paid	(550,518,073)	(507,322,666)
Interest income	543,287,155	476,079,308
Foreign exchange adjustment	808,788,000	444,168,250
Loss on plan assets (excluding amounts included in net interest)	(141,559,860)	(878,310,956)
Contributions to the plan	7,194,448	9,772,716
Balance at end of year	<u>10,587,428,944</u>	<u>9,920,237,274</u>

The net effect of the foreign exchange adjustment in the present value of the retirement obligation and the fair value of plan assets amounted to P77.6 million in 2025 and P27.3 million in 2024.

The composition and the fair value of plan assets as at December 31, 2025 and 2024 by category and risk characteristics are shown below.

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	95,178,015	89,175,267
Quoted equity securities Diversified growth fund	4,559,487,994	4,272,470,364
	<u>676,821,440</u>	<u>634,135,232</u>
	<u>5,236,309,434</u>	<u>4,906,605,596</u>
Debt securities:		
Corporate bonds	2,062,190,325	1,932,130,785
Liability driven instrument	1,903,560,300	1,783,505,340
Index-linked gilts	782,574,790	733,218,862
	<u>4,748,325,415</u>	<u>4,448,854,987</u>
Property	507,616,080	475,601,424
	<u>10,587,428,944</u>	<u>9,920,237,274</u>

Other than the fair value of property investment, which is classified as Level 3 in the fair value hierarchy, the fair values of the above quoted securities and instruments are determined based on quoted market prices in active markets; hence, classified as Level 1 in the fair value hierarchy.

Plan assets do not comprise any of the financial instruments of the Group or its related parties, or any of its assets occupied and/or used in its operations.

The components of amounts recognized in profit or loss and other comprehensive income or loss in respect of the retirement benefit asset (obligation) are as follows:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
<i>Reported in profit or loss:</i>			
Current service costs	43,332,593	38,039,933	31,610,481
Net interest income	(22,418,133)	(5,787,140)	(17,776,968)
	<u>20,914,460</u>	<u>32,252,793</u>	<u>13,833,513</u>
<i>Reported in other comprehensive income or loss:</i>			
Return (loss) on plan assets (excluding amount included in net interest)	(141,559,860)	(878,310,956)	202,461,359
Actuarial gains (losses) arising from:			
Experience adjustments	(260,032,793)	(22,893,905)	(530,262,146)
Changes in financial assumptions	154,888,613	1,065,562,672	(287,757,680)
Changes in demographic assumptions	(58,608,292)	26,107,990	328,060,840
	<u>(305,312,332)</u>	<u>190,465,801</u>	<u>(287,497,627)</u>

The amounts of post-employment benefits expense recognized in profit or loss are presented as part of General and Administrative Expenses for current service costs and as part of either Interest Expense or Interest income under the Revenues and Other Income sections for net interest income of the consolidated statements of comprehensive income (see Note 18).

Amounts recognized in other comprehensive income or loss were included within items that will not be reclassified subsequently to profit or loss.

In determining the amounts of the retirement benefit obligation, the following actuarial assumptions were used:

	2025	2024	2023
Discount rate	6.40%-6.49%	5.40%-6.09%	6.08%-6.12%
Expected rate of salary increase	5.00%-7.00%	3.30%-5.00%	4.00%-5.00%

Assumptions regarding future mortality are based on published statistics and mortality tables. The average remaining working life of an individual retiring at the age of 60 is 21 years for both males and females. These assumptions were developed by management with the assistance of independent actuaries. Discount factors are determined close to the end of each reporting period by reference to the interest rates of zero coupon government bonds with terms to maturity approximating to the terms of the retirement benefit obligation. Other assumptions are based on current actuarial benchmarks and management’s historical experience.

(c) *Risks Associated with the Retirement Benefit Obligation*

The Group is exposed to actuarial risks such as interest rate risk, longevity risk and salary risk.

(i) *Investment and Interest Rate Risks*

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of reference government bonds will increase the retirement benefit obligation. However, this will be partially offset by an increase in the return on the plan’s investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan. Currently, the plan has relatively balanced investment in equity securities and debt securities. Due to the long-term nature of the plan obligation, a level of continuing debt and equity investments is an appropriate element of the Group’s long-term strategy to manage the plan efficiently.

(ii) *Longevity and Salary Risks*

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the participants during their employment and to their future salaries. Consequently, increases in the life expectancy and salary of the participants will result in an increase in the retirement benefit obligation.

(d) *Other Information*

The information on the sensitivity analysis for certain significant actuarial assumptions and the timing and uncertainty of future cash flows related to the retirement plan are described below and in the succeeding page.

(i) *Sensitivity Analysis*

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the retirement benefit obligation as of the end of the reporting periods:

	Impact on Retirement Benefit Obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
December 31, 2025			
Discount rate	+0.25%/-0.25%	(681,834,532)	762,411,441
Salary growth rate	+1.00%/-1.00%	226,595,130	(218,034,103)
December 31, 2024			
Discount rate	+0.25%/-0.25%	(652,460,721)	726,838,466
Salary growth rate	+1.00%/-1.00%	208,609,253	(200,734,409)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the retirement benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the retirement benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the retirement benefit obligation recognized in the consolidated statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) *Asset-liability Matching Strategies*

To efficiently manage the retirement plan, the Group through its Management Committee, ensures that the investment positions are managed in accordance with its asset-liability matching strategy to achieve that long-term investments are in line with the obligations under the retirement scheme. This strategy aims to match the plan assets to the retirement obligations by investing in long-term fixed interest securities (i.e., quoted equity securities and corporate bonds) with maturities that match the benefit payments as they fall due and in the appropriate currency. The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement obligations.

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In view of this, investments are made in reasonably diversified portfolio, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of the plan assets as at December 31, 2025 and 2024 consists of quoted equity securities, corporate bonds and other instruments, although the Group also invests in funds.

The expected maturity of undiscounted expected benefits payments within 10 years is as follows:

	<u>2025</u>	<u>2024</u>
Within one year	591,815,656	436,571,774
More than one year but less than five years	1,267,287,739	1,174,547,424
More than five years but less than 10 years	<u>213,976,427</u>	<u>171,429,750</u>
	<u>2,073,079,822</u>	<u>1,782,548,948</u>

The weighted average duration of the retirement benefit obligation at the end of the reporting period is twelve years.

22. CURRENT AND DEFERRED TAXES

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>
<i>Reported in profit or loss</i>			
Current tax expense:			
Regular corporate income tax (RCIT) at 30%, 25%, 19% and 17%	570,301,046	927,687,464	1,561,968,539
Final tax on interest income at 20% and 15%	27,762,104	25,343,556	35,352,149
Minimum corporate income tax (MCIT) at 2% and 1.5%	-	1,297,140	4,804,754
	<u>598,063,150</u>	<u>954,328,160</u>	<u>1,602,125,442</u>
Deferred tax expense –			
Relating to origination and reversal of other temporary differences	<u>922,014,889</u>	<u>678,639,213</u>	<u>395,248,159</u>
	<u>1,520,078,039</u>	<u>1,632,967,373</u>	<u>1,997,373,601</u>
<i>Reported in other comprehensive income or loss</i>			
Deferred tax expense (income):			
Relating to remeasurements of retirement benefit obligation	<u>(74,651,271)</u>	<u>47,616,451</u>	<u>(71,874,407)</u>

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A reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense is as follows:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Tax on pretax profit at 25%	1,381,335,631	2,029,598,439	2,735,312,701
Adjustments in claiming optional standard deduction (OSD)	(272,806,131)	(112,539,992)	(315,071,759)
Adjustment for income subjected to different tax rates	(6,970,158)	(6,373,121)	(8,852,683)
Tax effects of:			
Non-taxable income	(687,644,484)	(1,198,392,058)	(461,817,030)
Non-deductible expenses	1,038,702,922	945,244,373	41,508,461
Equity in net income of joint venture	(20,817,462)	(19,404,370)	(27,911,047)
Accelerated capital allowances and other short-term temporary differences	46,004,705	(7,374,487)	32,202,903
Unrecognized deferred tax asset on net operating loss carry-over (NOLCO)	<u>42,273,016</u>	<u>2,208,589</u>	<u>2,002,055</u>
	<u>1,520,078,039</u>	<u>1,632,967,373</u>	<u>1,997,373,601</u>

EMI and its Philippine subsidiaries are subject to the higher of RCIT at 25% of net taxable income or MCIT at 2% in 2025 and 2024, and 1.5% in 2023 of gross income, as defined under the Philippine tax regulations.

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

The deferred tax assets and liabilities as of December 31 relate to the following:

	<u>2025</u>	<u>2024</u>
Brand valuation*	(4,741,719,015)	(3,703,730,348)
Fair value adjustment*	(735,438,674)	(574,447,058)
Short-term temporary differences*	(716,786,826)	(449,843,404)
Lease liabilities	532,139,217	604,412,149
ROUA	(499,678,315)	(579,086,765)
NOLCO	144,302,343	88,227,067
Allowance for impairment	75,257,907	112,295,323
Retirement benefit asset*	(49,794,226)	(110,084,608)
Capitalized borrowing costs	<u>(33,642,671)</u>	<u>(35,511,708)</u>
Net deferred tax liabilities	<u>(6,025,360,260)</u>	<u>(4,647,769,352)</u>

*The amounts include foreign currency translation adjustments arising from foreign operating subsidiaries. These adjustments form part of the translation gain as presented under Other Comprehensive Income in the consolidated statements of comprehensive income.

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

	<u>2025</u>	<u>2024</u>
Deferred tax liabilities – net	(6,497,357,673)	(5,037,395,096)
Deferred tax assets – net	<u>471,997,413</u>	<u>389,625,744</u>
	<u>(6,025,360,260)</u>	<u>(4,647,769,352)</u>

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Movements in net deferred tax liabilities for the years ended December 31 are as follows:

	Consolidated Profit or Loss			Consolidated Other Comprehensive Income or Loss		
	2025	2024	2023	2025	2024	2023
Brand valuation	705,715,288	639,931,312	539,537,547	-	-	-
Short-term temporary differences	140,680,134	77,095,950	29,137,631	-	-	-
Fair value adjustment	109,456,152	99,253,084	83,682,052	-	-	-
ROUA	(79,408,450)	(48,810,327)	558,200,007	-	-	-
Lease liabilities	72,272,932	35,065,623	(552,405,507)	-	-	-
NOLCO	(58,508,685)	(64,611,144)	(23,615,923)	-	-	-
Allowance for impairment (asset)	37,037,416	(59,555,105)	(30,066,084)	-	-	-
Retirement benefit obligation (asset)	(3,360,861)	2,138,857	(207,441,573)	(74,651,271)	47,616,451	(71,874,407)
Capitalized borrowing costs	(1,869,037)	(1,869,037)	(1,869,039)	-	-	-
Unamortized past service costs	-	-	89,048	-	-	-
Deferred tax expense (income)	922,014,889	678,639,213	395,248,159	(74,651,271)	47,616,451	(71,874,407)

In 2025, 2024 and 2023, the Group opted to claim itemized deductions in computing its income tax due, except for EDI and PAI, which opted to claim OSD during the same taxable years.

On December 20, 2021, the Organization for Economic Co-operation and Development (“OECD”)/G20 Inclusive Framework on Base Erosion and Profit Shifting (“BEPS”) released the Model Pillar 2 Global Anti-Base Erosion (“GloBE”) rules (the “GloBE Rules”), introducing a global minimum tax rate of 15% for multinational enterprises (“MNEs”) with a turnover of at least €750.0 million. The Group is subject to the application of these rules for the year 2025. The Ultimate Parent Entity of the EMI Pillar 2 group is AGI, a company tax resident in the Philippines. As of December 31, 2025, the Pillar 2 rules have been implemented into the domestic legislation in four (the UK, Luxembourg, Spain and Singapore) of the 10 jurisdictions in which the Group operates or has Constituent Entities.

The potential impact of the tax in the jurisdictions in which the Pillar 2 group operates was assessed based on the most recent financial information available for the Constituent Entities in the group. Based on this assessment, no top-up tax is expected to be payable for the year ending December 31, 2025 (see Note 2.17).

The Group has applied the mandatory exception to recognizing and disclosing information about relevant deferred tax assets and liabilities related to Pillar 2 income taxes.

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23. RELATED PARTY TRANSACTIONS

The Group’s related parties include the ultimate parent company, stockholder, officers and employees, and other related parties under common ownership as described below and in the succeeding pages.

The summary of the Group’s transactions with its related parties in 2025, 2024 and 2023 and the related outstanding balances as of December 31, 2025 and 2024 are presented below.

Related Party Category	Notes	Amount of Transaction			Outstanding Balance Receivable (Payable)	
		2025	2024	2023	2025	2024
Ultimate Parent Company:						
Dividends	24.3	2,376,512,514	3,001,910,544	3,627,308,574	-	-
Lease of properties:	23.2(a)					
Rentals paid		27,825,000	27,825,000	26,500,000	-	(14,886,375)
Right-of-use assets		21,289,632	23,103,620	23,428,730	-	46,207,239
Lease liabilities		2,786,039	4,445,179	2,467,060	(26,815,842)	(51,854,803)
Related Parties Under Common Ownership:						
Purchase of raw materials and services	23.1	728,197,165	1,066,682,699	1,059,246,855	(171,575,854)	(61,615,067)
Purchase of finished goods	23.1	387,670,587	528,991,408	501,709,679	(79,052,641)	(119,602,369)
Sale of goods	23.3	145,419,210	121,293,414	120,700,996	177,958,260	157,017,552
Lease of properties:	23.2(b,c,d&e)					
Rentals paid		149,623,286	113,866,180	99,982,087	(7,995,382)	(7,454,269)
Right-of-use assets		80,684,972	75,156,583	74,574,703	443,208,065	520,408,505
Lease liabilities		25,739,198	19,365,123	8,044,065	449,275,935	(573,721,313)
Refundable security deposits		772,644	1,434,480	1,937,585	10,625,397	9,852,753
Management services earned	23.6	34,334,511	33,639,250	32,654,283	-	-
Stockholder –						
Advances paid	23.5	-	-	3,070,715	-	-
Officers and Employees:						
Advances granted (collected)	23.4	5,598,071	(326,667,438)	(323,102,705)	38,521,769	32,923,698
Employee share option	24.4	59,468,964	86,961,825	58,522,404	-	-
Key Management Personnel –						
Compensation	23.7	301,154,924	268,387,925	293,226,301	-	-

The outstanding balances from the above transactions with related parties are unsecured, noninterest-bearing and payable or collectible on demand, unless otherwise stated. No impairment loss was recognized, and none is deemed necessary, in 2025, 2024 and 2023 for the related party receivables.

23.1 Purchase of Goods and Services

The Group imports raw materials from Alcoholera dela Mancha Vinicola, S.L., a wholly owned subsidiary of BLC, which is considered a related party under joint control, and finished goods from Great American Foods, Inc. (“GAFI”), a related party under common ownership and the manufacturer of Piknik (see Note 8). The Group also engages the services of Andresons Global, Inc. (“AGL”), a related party under common ownership, in the importation of raw materials such as alcohol, flavorings and other items, and finished goods. These transactions are generally being paid directly to the suppliers within 30 to 90 days.

The related unpaid purchases as of December 31, 2025 and 2024 are shown as part of Trade payables under the Trade and Other Payables account in the consolidated statements of financial position (see Note 16).

23.2 Lease of Properties

The Group recognized ROUA and lease liabilities from lease agreements in accordance with PFRS 16, *Leases*, which will be amortized and paid, respectively, over the lease term in lieu of the annual rent expense. Amortization of ROUA and interest expense recognized from the lease liabilities are presented as part of Depreciation and amortization under Costs of Goods Sold account (see Note 19) and as part of Interest Expense account in the consolidated statements of comprehensive income, respectively.

The outstanding ROUA and lease liabilities from these lease agreements are presented as part of Property, Plant and Equipment account and Lease Liabilities account, respectively, in the consolidated statements of financial position (see Note 9).

The lease contracts were entered at standard terms of the lessors.

(a) AGI

AWGI leases the glass manufacturing plant located in Laguna from AGI for a period of 10 years. The amount of rental is mutually agreed upon by the parties at the start of each year, as provided in their lease contract. In 2024, 2021 and 2020, AWGI and AGI agreed to amend the terms in the lease agreement by increasing the amount of annual rent. This is accounted for as a lease modification, which resulted in the remeasurement of ROUA and lease liabilities during the same year.

Amortization of ROUA amounted to P21.3 million, P23.1 million and P23.4 million in 2025, 2024 and 2023, respectively. Interest expense recognized from the lease liabilities amounted to P2.8 million in 2025, P4.4 million in 2024, P2.5 million in 2023.

AWGI paid P27.8 million both in 2025 and 2024, and P26.5 million in 2023 and the outstanding payable arising from this lease agreement is presented as part of Lease Liabilities in the consolidated statements of financial position (see Note 9.3).

(b) Megaworld Corporation

EDI, PAI and AWGI entered into lease contracts with Megaworld Corporation (“Megaworld”), a related party under common ownership, for their head office spaces for a period of five years, subject to 5% increase in annual rent. In 2024, the lease contracts of PAI were terminated while the lease contracts of EDI and AWGI were transferred to MREIT, Inc., a wholly owned subsidiary of Megaworld and a related party under common ownership [see Note 23.2(c)].

Amortization of ROUA amounting to P12.7 million in 2024 is presented as part of Depreciation and amortization under the Costs of Goods Sold account (see Note 19). Interest expense from the lease liabilities amounted to P0.4 million, and P3.8 million in 2024 and 2023, respectively.

The refundable security deposits paid to the lessors are shown as part of Other Non-current Assets account in the 2024 consolidated statement of financial position (see Note 11.2).

AWGI, PAI and EDI also lease the parking spaces, and World Finest leases the building space of Megaworld, which are considered as low value assets based on the provision of PFRS 16. The related rent expense amounting to P31.0 million, P30.3 million, and P16.3 million in 2025, 2024, and 2023, respectively, is presented as part of Rentals under the General and Administrative Expenses account in the consolidated statements of comprehensive income. The outstanding liability arising from this as of December 31, 2025 and 2024 is presented as part of Accrued expenses under the Trade and Other Payables account in the consolidated statement of financial position (see Note 16).

(c) MREIT, Inc.

In relation to the lease contracts entered into by EDI and AWGI with Megaworld in Note 23.2(b), Megaworld transferred, assigned and conveyed the leased properties to MREIT, Inc., including all the former’s rights, interest, and obligations under the lease contracts, and extending the lease term to 10 years ending in 2034.

Amortization of right-of-use assets amounted to P45.8 million and P27.6 million in 2025 and 2024, respectively, are presented as part of Depreciation and amortization under Costs of Goods Sold in the consolidated statements of comprehensive income (see Note 19). Interest expense recognized from the lease liabilities amounted to P20.5 million and P12.3 million in 2025 and 2024, respectively.

EDI and AWGI paid rentals of P56.1 million and P47.2 million in 2025 and 2024, respectively.

(d) Empire East Land Holdings, Inc.

EDI entered into a lease contract with Empire East Land Holdings, Inc., a related party under common ownership, for its warehouse both for a period of four years. The lease contract is not subject to any escalation clause.

Amortization of ROUA amounted to P34.9 million in both 2025 and 2024, and P36.8 million in 2023, respectively. Interest expense from the lease liability amounted to P5.2 million, P6.7 million, and P4.2 million in 2025, 2024 and 2023, respectively.

EDI paid rentals of P38.2 million in 2025, P36.4 million in 2024 and P34.2 million in 2023.

(e) Torre Espacio Castellana, S.A.U.

GEG entered into a lease agreement with Torre Espacio Castellana, S.A.U., a related party under common ownership, covering office and parking spaces for a term ending in 2029. The lease includes an escalation clause based on the Consumer Price Index.

GEG recognized lease-related expenses amounting to P24.3 million in 2025, presented as part of Rentals within General and Administrative Expenses in the 2025 consolidated statement of comprehensive income. As of December 31, 2025, there were no outstanding liabilities in relation to this agreement.

23.3 Sale of Goods

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

23.4 Advances to Officers and Employees

In the normal course of business, the Group grants cash advances to certain officers and employees for business-related purposes (like COD purchases and company events), subject to liquidation when the intended purpose has been served; and advances relating to employee benefits (in accordance with its governing policies), subject to salary deductions. These advances are unsecured. The outstanding balance arising from these transactions is presented as Advances to officers and employees under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 6).

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

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Balance at beginning of year	32,923,698	359,591,136
Payments	(867,590,328)	(906,186,801)
Additions	873,188,399	579,519,363
Balance at end of year	<u>38,521,769</u>	<u>32,923,698</u>

23.5 Advances from a Related Party

There was an unsecured, non-interest-bearing cash advance granted by a related party for working capital amounting to P3.1 million as of December 31, 2022. This outstanding balance was fully paid in 2023. There were no advances of this nature from thereon.

23.6 Management Services

EDI has a management agreement with GAFI for the rendering of management and administration services presented as part of Other income under the Revenues and Other Income section of the consolidated statements of comprehensive income (see Note 18). There was no outstanding receivable arising from this transaction as of December 31, 2025 and 2024.

23.7 Key Management Personnel Compensation

The compensation of key management personnel for employee services is shown below.

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Short-term benefits	231,564,457	236,471,932	239,108,010
Share options	46,990,302	26,901,466	26,901,466
Post-employment defined benefits	22,600,165	5,014,527	27,216,825
	<u>301,154,924</u>	<u>268,387,925</u>	<u>293,226,301</u>

23.8 Retirement Plan

The Group's retirement funds for its post-employment defined benefit plan is administered and managed by a trustee bank. The fair value and the composition of the plan assets as of December 31, 2025 and 2024 are presented in Note 21.3. These plan assets do not include EMI Group's own financial instruments nor any financial instruments issued by its related parties. The retirement fund neither provides any guarantee or surety for any obligation of the Group nor its investments covered by any restrictions or liens.

24. EQUITY

24.1 Capital Stock

Capital stock in 2025 and 2024 consists of:

<i>(Amounts in PHP, except shares data)</i>	Note	<u>2025</u>		<u>2024</u>	
		Shares	Amount	Shares	Amount
Common shares – P1 par value					
Authorized – 20.0 billion shares					
Issued		16,242,391,176	16,242,391,176	16,242,391,176	16,242,391,176
Treasury shares:	24.2				
Balance at beginning of the year		(571,399,838)	(4,747,713,903)	(571,399,838)	(4,747,713,903)
Issuances during the year		2,200,000	15,930,640	-	-
Balance at end of the year		<u>(569,199,838)</u>	<u>(4,731,783,263)</u>	<u>(571,399,838)</u>	<u>(4,747,713,903)</u>
Issued and outstanding		<u>15,673,191,338</u>	<u>11,510,607,913</u>	<u>15,670,991,338</u>	<u>11,494,677,273</u>

The BOD of the PSE approved the listing of the common shares of the Parent Company on October 16, 2011.

On December 19, 2011, the Parent Company issued through initial public offering (“IPO”) an additional 22.0 million shares with an offer price of P4.5 per share. The Parent Company incurred P10.9 million IPO-related costs, P4.2 million of which was charged against APIC and the balance of P6.7 million was recognized as part of other operating expenses. Net proceeds from the IPO amounted to P90.8 million.

On December 27, 2012, the Parent Company issued an additional 6.0 million shares with an offer price of P5.5 per share through a private placement.

On June 19, August 27, and September 5, 2013, the Parent Company's BOD, stockholders, and SEC, respectively, approved the increase in authorized capital stock of EMI from P100.0 million divided into 100.0 million shares to P20.0 billion divided into 20.0 billion shares both with par value of P1.0 per share. On July 4, 2013, the Parent Company's BOD approved the issuance of 6.5 million shares at par value to two foreign investors. On August 28, 2013, AGI and other investors subscribed to an aggregate of 14.9 billion shares. Under the terms of AGI's subscription, the Parent Company acquired all of EDI shares held by AGI.

On September 17, 2013, AGI launched an offering of 1.8 billion EMI shares, which is approximately 12% of the total issued shares. The said offering was priced at P8.98 per share. On September 25, 2013, the settlement date, the amount of P11.2 billion out of the net proceeds was directly remitted to EMI as an additional subscription price from AGI under the terms of the amended agreement with AGI; such amount is recorded as APIC in EMI's books. Costs related to the issuances amounting to P176.3 million were deducted from APIC.

On September 25, 2013, AGI beneficially acquired EMI's two minority corporate stockholders, which held a combined 9.55% of the total issued shares. Thus, AGI beneficially owns 87.55% of EMI as of December 31, 2013.

On November 7, 2014, the Parent Company entered into a subscription agreement for the issuance of 1.1 billion common shares at an offer price of P11.0 per share through a private placement. The subscription price amounting to P12.3 billion was fully paid, and the shares were issued, on December 4, 2014 (see Note 15). This resulted to a decrease in AGI's ownership from 87.55% to 81.46% as of December 31, 2014. The excess of the subscription price over the par value amounting to P11.2 billion was added to APIC.

On November 28, 2017, the Parent Company issued 122.4 million common shares at P6.80 per share in consideration of the accrued interest on ELS amounting to P832.3 million (see Note 15). The excess of accrued interest over the par value amounting to P709.9 million was recorded as part of APIC.

On February 5, 2020, the Parent Company issued 253.3 million shares for Tranche 1 Conversion of the ELS (see Notes 15 and 24.2). Consequently, Conversion Options amounting to P47.7 million was transferred to APIC.

On December 3, 2021, Tranche 2 Conversion of the ELS amounting to P3,443.8 million was transferred into equity with the Tranche 2 Shares to be issued in 2026. Consequently, the ELS is reported as Deposit for Future Stock Subscription – Equity-Linked Securities under the Equity section of the consolidated statements of financial position (see Note 15).

On July 14, 2022, the Parent Company secondary listed its shares on the Main Board of the SGX-ST.

In 2025, the Parent Company reissued 2.2 million shares from treasury shares at a total treasury cost of P15.9 million in relation to the partial exercise of the same number of share options (see Notes 24.2 and 24.4).

As of December 31, 2025, and 2024 the quoted closing price per share at the PSE is P16.00 and P18.06, respectively, and there are 135 and 131 holders in 2025 and 2024, respectively, including nominee accounts, of the Parent Company's total issued and outstanding shares. The percentage shares of stock owned by the public is 20.46% and 20.10% as of December 31, 2025 and 2024, respectively.

24.2 Treasury Shares

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

The Parent Company had spent P6.1 billion, including trading charges, to purchase a total of 759.20 million shares under the buy-back program. Out of these, a total of 253.3 million shares had been issued to Arran for the Tranche 1 Conversion pursuant to the exercise of its right to convert under ELS (see Note 15).

On November 6 and December 11, 2025, the Parent Company's BOD approved the utilization of up to 1,200,000 and 12,800,000 treasury shares, respectively, for the implementation of EMI's employee share option plan ("ESOP"). Accordingly, a total of 14,000,000 treasury shares were authorized for utilization under the ESOP. As of December 31, 2025, the BOD had authorized a total of 2,200,000 treasury shares sold to ESOP grantees who partially exercised their vested options (see Note 24.4).

As of December 31, 2025 and 2024, there were 503,719,938 shares costing P4.3 billion and 505,919,938 shares costing P4.3 billion, respectively, that were reported under Treasury Shares account in the consolidated statements of changes in equity. These repurchased shares do not form part of the outstanding shares.

Under the Revised Corporation Code of the Philippines, a stock corporation can purchase or acquire its own shares provided that it has unrestricted retained earnings to cover the cost of the shares to be purchased or acquired. Nevertheless, the Parent Company has sufficient retained earnings available for dividend distribution (see Note 24.3).

As of December 31, 2025 and 2024, there are 65,479,900 shares held by a subsidiary at a total cost of P0.5 billion that are also reported as part of Treasury Shares.

24.3 Declaration of Dividends

The Parent Company's cash dividend declarations in the years reported are as follows:

Date of Declaration	Date of Stockholders' Record	Payable Date	Dividend per Share	Total
January 15, 2025	January 31, 2025	February 18, 2025	P0.1900	P 2,989,929,535
April 1, 2024	May 2, 2024	May 24, 2024	0.2400	3,776,753,097
March 30, 2023	May 2, 2023	May 25, 2023	0.2900	4,563,567,659

The amount of the Parent Company's retained earnings available for dividend distribution is restricted by the cost of the treasury shares that the Parent Company hold (see Note 24.2).

There were no unpaid dividends as of December 31, 2025 and 2024 (see Note 32).

24.4 Employee Share Option

On November 7, 2014, the Parent Company's BOD approved an ESOP for qualified employees of the Group. The ESOP was adopted by the shareholders on December 15, 2014 ("Plan Adoption Date"). On August 17, 2021, the BOD approved certain amendments to the plan.

The options shall generally vest on the 60th birthday or the date of retirement of the option holder, whichever is later, provided that the option holder had continuously served as an employee for eleven years after the option offer date or three years from retirement date for option holder who has continuously served for at least 20 years before the option offer date, and may be exercised within five years from vesting date, subject to the terms and conditions of the amended ESOP. The exercise price shall be at most a 15% discount from the volume weighted average closing price of the Parent Company's shares for nine months immediately preceding the date of grant.

On August 17, 2021, the BOD approved an Amended ESOP that further provided: If the option holder aged 50 years and above, the option shall vest whichever comes earlier of (i) after another 11 years of continuous service, or (ii) when he/she has continuous service of at least 20 years before the offer date, after three years from his/her retirement provided that his/her appointed protégé/disciple has remained as a key employee of the Group for three years from date of the holder's retirement.

On September 25, 2024, the BOD approved the extension of the Amended ESOP, to an additional period of three years, i.e. from December 15, 2024 to December 14, 2027, under the same terms and conditions.

Pursuant to this ESOP, on November 6, 2015, the Parent Company granted share options to certain key executives of EDI to subscribe to 118.0 million common shares of the Parent Company, at an exercise price of P7.00 per share.

On March 15, 2021 and August 25, 2021, share options were granted to certain qualified grantees to subscribe to 20.0 million and 55.0 million common shares of the Parent Company, at an exercise price of P10.10 and P10.65 per share, respectively.

On February 11, 2022, share options were granted to a qualified employee of EDI to subscribe to 5.0 million common shares of the Parent Company at an exercise price of P13.95 per share.

As of December 31, 2025, two grantees have partially exercised 2,200,000 shares out of their total vested share options. Correspondingly, the carrying value (i.e. the fair value at time of grant) of such share options amounting to P6.5 million was transferred to APIC in 2025.

As of December 31, 2025 and 2024, a total of 26.0 million shares and 16.0 million shares, respectively, had been cancelled due to resignations. Consequently, share options amounting to P14.5 million and P20.5 million were transferred to APIC in 2025 and 2024, respectively.

The fair value of the option granted was estimated using a variation of the Black-Scholes valuation model that takes into account factors specific to the ESOP.

The following principal assumptions were used in the valuation:

Average option life	11 - 22 years
Share price at grant date	P8.90 - P22.50
Exercise price at grant date	P7.00 - P13.95
Average fair value of option at grant date	P3.26 - P13.35
Average standard deviation of share price returns	11.49% - 16.42%
Average dividend yield	0.42% - 1.31%
Average risk-free investment rate	4.33% - 5.24%

The underlying expected volatility was determined by reference to historical prices of the Parent Company's shares over a period of one year.

Share option benefits expense, which is included as part of Salaries and employee benefits under the General and Administrative Expenses account, amounting to P59.5 million in 2025, P87.0 million in 2024, and P58.5 million in 2023 was recognized (see Note 21.2), while the corresponding credit to Share Options Outstanding account is presented as part of Equity Attributable to Owners of the Parent Company under the Equity section of the consolidated statements of financial position.

24.5 Appropriation of Retained Earnings

In 2021, the Group appropriated P1,200.0 million for the rehabilitation of furnace and other capital expenditures for the glass manufacturing plant.

On January 20, 2025, the Group reversed a portion of appropriated retained earnings amounting to P122.0 million. The remaining appropriation amounting to P1,078.0 million is extended up to December 31, 2027 to ensure the completion of the projects (see Note 32).

There are no additional appropriations in 2025, 2024 and 2023.

24.6 Subsidiaries with Non-controlling Interest ("NCI")

The composition of NCI account is as follows:

<i>(Amounts in PHP)</i>	Note	Percentage of Ownership of NCI	2025	2024
DBLC	1.1 (p)	50%	1,510,312,986	1,154,872,626
Boozylife	1.1 (d)	13%	(26,940,165)	(23,868,273)
			1,483,372,821	1,131,004,353

The summarized information of DBLC, which is considered to have a material non-controlling interest, before intragroup eliminations, is shown below.

<i>(Amounts in PHP)</i>	2025	2024
Current assets	6,028,126,138	4,806,222,896
Non-current assets	5,058,739,577	4,050,040,008
Total assets	11,086,865,715	8,856,262,904
Financial assets	3,301,073,807	2,546,094,556
Current liabilities	5,014,098,205	3,842,885,816
Non-current liabilities	1,339,725,072	1,117,970,126
Total liabilities	6,353,823,277	4,960,855,942
Financial liabilities	4,612,029,861	3,462,149,688
Revenues	4,911,172,794	4,827,295,920
Profit for the period attributable to:		
Owners of Parent Company	150,308,334	162,009,660
NCI	150,308,334	162,009,660
Profit for the year	300,616,668	324,019,320
Other comprehensive income attributable to:		
Owners of Parent Company	43,226,938	29,066,903
NCI	43,226,938	29,066,903
Other comprehensive income for the year	86,453,876	58,133,806
Total comprehensive income for the year	387,070,544	382,153,126

Management has assessed that the non-controlling interest relating to Boozylife is not material to the Group. Accordingly, the disclosure of summarized financial information is not presented.

No dividends were paid to minority shareholders in 2025 and 2024.

25. EARNINGS PER SHARE

Basic earnings per share were computed as follows:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Consolidated net profit attributable to owners of the parent company	3,858,028,043	6,322,070,571	8,705,726,613
Divided by the weighted average number of outstanding common shares	15,671,216,543	15,670,991,338	15,670,991,338
Basic earnings per share	0.25	0.40	0.56

Diluted earnings per share were computed as follows:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Consolidated net profit attributable to owners of the parent company with dilutive effect	3,858,028,043	6,322,070,571	8,705,726,613
Divided by the weighted average number of outstanding common shares and potential dilutive shares	16,316,016,543	16,327,991,338	16,327,991,338
Diluted earnings per share	0.24	0.39	0.53

In computing for the diluted earnings per share, the Group considered in the weighted average number of issued and outstanding common shares the potential dilutive common shares relating to employee shares options and convertible ELS. The Group granted share options to qualified grantees totaling 118.0 million, 75.0 million and 5.0 million common shares of the Group in 2015, 2021 and 2022, respectively, out of which a total of 26.0 million shares and 16.0 million shares were cancelled as of December 31, 2025 and 2024, respectively, due to resignations (see Note 24.4).

In 2025, 2024 and 2023, the ELS instrument has 475.0 million shares that have not yet been issued (see Note 15).

26. COMMITMENTS AND CONTINGENCIES

Except for those provisions recognized (see Note 17) and commitments disclosed above in the consolidated financial statements, there are other commitments and contingent liabilities that arise in the normal course of the Group's operations which are not reflected in the consolidated financial statements. Management is of the opinion that losses, if any, from these commitments and contingencies will not have material effects on the Group's consolidated financial statements.

27. RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

27.1 Market Risk

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

(a) Foreign Currency Risk

Most of the Group's transactions are carried out in Philippine pesos, Euros, U.K. pounds, and U.S. dollars, which are the entities' functional currencies. Exposures to currency exchange rates arise from the Group's foreign currency-denominated transactions at each entity level. The Group has no significant exposure to other foreign currency exchange rates at each entity level, except for U.S. dollars of EDI and foreign subsidiaries and Euros of foreign subsidiaries, since the other foreign currencies are not significant to the Group's consolidated financial statements. EDI has cash and cash equivalents in U.S. dollars as of December 31, 2025 and 2024 while the foreign subsidiaries have cash and cash equivalents, receivables and payables in U.S. dollars. The foreign subsidiaries have cash and cash equivalents, receivables and payables in Euros. To mitigate the Group's exposure to foreign currency risk, non-functional currency cash flows are monitored.

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

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Financial assets	665,545,369	900,610,804
Financial liabilities	(895,458,858)	(1,385,556,823)
	(229,913,489)	(484,946,019)

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

<i>(Amounts in PHP)</i>	Reasonably possible change in rate	Effect in Consolidated profit before tax	Effect in Consolidated equity
2025	5.16%	(11,863,536)	(8,897,652)
2024	4.70%	(22,792,463)	(17,094,347)

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

<i>(Amounts in PHP)</i>	2025	2024
Financial assets	152,181,266	249,644,950
Financial liabilities	(21,846,697,479)	(19,972,574,551)
	<u>(21,694,516,213)</u>	<u>(19,722,929,601)</u>

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

<i>(Amounts in PHP)</i>	Reasonably possible change in rate	Effect in Consolidated profit before tax	Effect in Consolidated equity
2025	9.43%	(2,045,792,879)	(1,534,344,659)
2024	22.57%	(4,451,465,211)	(3,338,598,908)

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

<i>(Amounts in PHP)</i>	2025	2024
Financial assets	375,628,907	314,852,956
Financial liabilities	(20,239,764,077)	(13,518,227,486)
	<u>(19,864,135,170)</u>	<u>(13,203,374,530)</u>

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

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<i>(Amounts in PHP)</i>	Reasonably possible change in rate	Effect in Consolidated profit before tax	Effect in Consolidated equity
2025	8.88%	(1,763,935,203)	(1,322,951,402)
2024	7.19%	(949,517,906)	(712,138,429)

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

(b) *Interest Rate Risk*

As at December 31, 2025 and 2024, the Group is exposed to changes in market rates through its cash in banks and short-term placements, which are generally subject to 30-day repricing intervals (see Note 5). Due to the short duration of short-term placements, management believes that interest rate sensitivity and its effect on the net results and equity are not significant. The Group's interest-bearing loans are subject to fixed interest rates and are therefore not subject to interest rate risk, except for certain loans that are based on EURIBOR and SONIA (see Note 14). EURIBOR was at a negative rate or a zero rate for several years and it has entered positive territory towards the second quarter of 2022 due to inflation.

The sensitivity of the Group's profit before tax on its loans arising from EURIBOR is analyzed based on a reasonably possible change in interest rates of +/-0.51% in 2025 and +/-1.81% in 2024. These changes in rates have been determined based on the average market volatility in interest rates, using standard deviation, in the previous 12 months, estimated at 68% level of confidence. The sensitivity analysis is based on the Group's financial instruments held at each reporting date, with effect estimated from the beginning of the year. All other variables held constant, if EURIBOR increased by 0.51% in 2025 and 1.81% in 2024, profit before tax would have decreased by P110.9 million and P342.3 million, respectively. Conversely, if the interest rates decreased by the same percentages, profit before tax in 2025 and 2024 would have been higher by the same amounts.

The sensitivity of the Group's profit before tax on its loans arising from SONIA is analyzed based on a reasonably possible change in interest rates of +/-0.91% in 2025 and +/-0.65% in 2024. These changes in rates have been determined based on the average market volatility in interest rates, using standard deviation, in the previous 12 months, estimated at 68% level of confidence. The sensitivity analysis is based on the Group's financial instruments held at each reporting date, with effect estimated from the beginning of the year. All other variables held constant, if SONIA increased by 0.91% and 0.65% in 2025 and 2024, profit before tax would have decreased by P184.1 million and P87.8 million, respectively. Conversely, if the interest rates decreased by the same percentages, profit before tax in 2025 and 2024 would have been higher by the same amounts.

(c) Other Price Risk

The Group was exposed to other price risk in respect of its financial instruments at FVTPL, which pertain to marketable equity securities and derivative instruments arising from foreign exchange margins trading spot and forward contracts. These financial instruments will continue to be measured at fair value based on quoted market prices and the index reference provided by certain foreign financial institution and through reference to quoted bid prices, respectively.

For equity securities listed in the Philippines, an average volatility of 40% and 36% has been observed in 2025 and 2024, respectively. If quoted price for these securities increased or decreased by that amount, profit before tax and equity would have changed by P238.5 million and P178.9 million, respectively, in 2025, P195.7 million and P146.7 million, respectively, in 2024.

The Group believes that the change in foreign exchange rate related to foreign exchange margins trading spot rate and forward contracts will not materially affect the consolidated financial statements. The Group has recognized fair value losses in 2025, 2024 and 2023 (see Note 7).

27.2 Credit Risk

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

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

In general, the Group's financial assets are not covered with any collateral or credit enhancement. Accordingly, the Group manages credit risk by setting limits on the amount of risk in relation to a particular customer including requiring payment of any outstanding receivable before a new credit is extended. Such risk is monitored on a regular basis and subject to an annual or more frequent review. Approval for credit limits are secured from the credit manager.

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

<i>(Amounts in PHP)</i>	Notes	2025	2024
Cash and cash equivalents	5	10,072,328,439	9,739,188,511
Trade and other receivables – net	6	18,708,237,821	18,060,200,624
Refundable security deposits	11.1, 11.2	59,761,995	52,653,036
		28,840,328,255	27,852,042,171

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

(a) Cash and Cash Equivalents

The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable banks with high quality external credit ratings. Cash and cash equivalents include cash in banks and short-term placements in the Philippines which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P1.0 million for every depositor per banking institution.

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

The Group applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all trade receivables and other receivables.

To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due (age buckets).

The expected loss rates for trade receivables are based on the payment profiles of sales over a period of 36 months before December 31, 2025 and 2024, and the corresponding historical credit losses experienced within such period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product and inflation rates to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at December 31 was determined based on months past due, as follows for trade receivables:

<i>(Amounts in PHP)</i>	1 – 30 Days	31 – 90 Days	Over 90 Days	Total
December 31, 2025				
Expected loss rate	0%	0%	100%	
Gross carrying amount	14,901,276,781	3,645,903,420	368,211,226	18,915,391,427
Loss allowance	-	-	368,211,226	368,211,226
December 31, 2024				
Expected loss rate	0%	0%	100%	
Gross carrying amount	13,955,489,099	3,935,724,662	379,801,045	18,271,014,806
Loss allowance	-	-	379,801,045	379,801,045
December 31, 2023				
Expected loss rate	0%	0%	100%	
Gross carrying amount	10,985,197,790	2,762,196,028	297,589,023	14,044,982,841
Loss allowance	-	-	297,589,023	297,589,023

In general, the Group's financial assets are not covered with any collateral or credit enhancement. Accordingly, the Group manages credit risk by setting limits on the amount of risk in relation to a particular customer including requiring payment of any outstanding receivable before a new credit is extended. Such risk is monitored on a regular basis and subject to an annual or more frequent review. Approval for credit limits are secured from the credit manager.

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

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery of the financial asset. Indicators that there is no reasonable expectation of recovery include the cessation of enforcement activity and where the value of any assets that the Group may get from the customers is less than the outstanding contractual amounts of the financial assets to be written-off. In 2025 and 2024, certain trade and other receivables were written-off amounting to P73.2 million and P9.8 million, respectively (see Note 6).

27.3 Liquidity Risk

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

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

The maturity profile of the Group's financial liabilities as at December 31, 2025 based on contractual undiscounted payments is as follows:

<i>(Amounts in PHP)</i>	Current		Non-current	
	Within 6 months	6 to 12 Months	1 to 5 Years	More than 5 Years
Interest-bearing loans	1,261,842,989	1,257,903,910	43,232,037,710	-
Trade and other payables	17,788,640,586	-	-	-
Lease liabilities	149,407,180	148,112,777	749,979,129	173,632,092
Put option liability	-	-	248,391,682	-
	19,199,890,755	1,406,016,687	44,230,408,521	173,632,092

This compares to the maturity profile of the Group's financial liabilities as of December 31, 2024 as follows:

<i>(Amounts in PHP)</i>	Current		Non-current	
	Within 6 months	6 to 12 Months	1 to 5 Years	More than 5 Years
Interest-bearing loans	1,108,244,958	1,105,528,522	36,667,959,803	-
Trade and other payables	16,289,528,800	-	-	-
Lease liabilities	138,266,183	138,266,183	640,409,187	349,627,196
	17,536,039,941	1,243,794,705	37,308,368,990	349,627,196

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

28. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

<i>(Amounts in PHP)</i>	Notes	2025		2024	
		Carrying Values	Fair Values	Carrying Values	Fair Values
Financial assets:					
Financial assets at amortized cost:					
Cash and cash equivalents	5	10,072,328,439	10,072,328,439	9,739,188,511	9,739,188,511
Trade and other receivables	6	18,708,237,821	18,708,237,821	18,060,200,624	18,060,200,624
Refundable security deposits	11.1, 11.2	59,761,995	59,761,995	52,653,036	52,653,036
		28,840,328,255	28,840,328,255	27,852,042,171	27,852,042,171
Financial assets at FVTPL	7.1	596,292,935	596,292,935	543,477,409	543,477,409
Financial liabilities:					
Financial liabilities at amortized cost:					
Interest-bearing loans	14	41,979,102,664	41,980,298,051	33,432,555,421	32,350,231,479
Trade and other payables	16	17,788,640,586	17,788,640,586	16,289,528,800	16,289,528,800
Lease liabilities	9.3	1,007,013,132	1,007,013,132	1,077,368,965	1,077,368,965
Put option liability		248,391,682	248,391,682	-	-
		61,023,148,064	61,024,343,451	50,799,453,186	49,717,129,244

See Note 2.5 for a description of the accounting policies for each category of financial instruments including the determination of fair values. A description of the Group's risk management objectives and policies for financial instruments is provided in Note 27.

28.2 Offsetting of Financial Assets and Financial Liabilities

Currently, the Group's financial assets and financial liabilities are settled on a gross basis because there is no relevant offsetting arrangement on them as of December 31, 2025 and 2024. In subsequent reporting periods, each party to the financial instruments (particularly those involving related parties) may decide to enter into an offsetting arrangement in the event of default of the other party.

29. FAIR VALUE MEASUREMENT AND DISCLOSURES

29.1 Fair Value Hierarchy

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

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

31. SUPPLEMENTAL INFORMATION ON CASH FLOWS

31.1 Reconciliation of Liabilities from Financing Activities

The Group presents below the reconciliation of the Group's liabilities arising from financing activities, which includes both cash and non-cash changes.

<i>(Amounts in PHP)</i>	Accrued Interest Payable (see Notes 14 and 16)	Interest - bearing Loans (see Note 14)	Lease Liabilities (see Note 9.3)	Total
Balance as of January 1, 2025	92,218,318	33,432,555,421	1,077,368,965	34,602,142,704
Cash flows from financing activities:				
Proceeds from additional loans obtained	-	6,846,008,059	-	6,846,008,059
Repayment of loans	-	(1,980,055,780)	-	(1,980,055,780)
Repayment of lease liabilities	-	-	(265,870,206)	(265,870,206)
Payment of interest expense	(1,637,709,969)	-	(110,831,122)	(1,748,541,091)
Non-cash financing activities:				
Translation adjustment	-	3,680,594,964	21,685,958	3,702,280,922
Additions to lease liabilities in exchange for increased right-of-use assets	-	-	184,155,711	184,155,711
Interest amortization on lease liabilities	-	-	110,831,122	110,831,122
Termination of lease	-	-	(10,327,296)	(10,327,296)
Accrual of interest	1,724,515,425	-	-	1,724,515,425
Balance as of December 31, 2025	179,023,774	41,979,102,664	1,007,013,132	43,165,139,570
Balance as of January 1, 2024	94,452,335	25,967,304,105	611,202,053	26,672,958,493
Cash flows from financing activities:				
Proceeds from additional loans obtained	-	7,925,241,802	-	7,925,241,802
Repayment of loans	-	(1,046,806,584)	-	(1,046,806,584)
Repayment of lease liabilities	-	-	(161,902,224)	(161,902,224)
Payment of interest expense	(1,654,686,867)	-	(38,032,802)	(1,692,719,669)
Non-cash financing activities:				
Translation adjustment	-	586,816,098	58,285,759	645,101,857
Additions to lease liabilities in exchange for increased right-of-use assets	-	-	642,302,062	642,302,062
Reclassification of onerous lease (see Note 17.1)	-	-	(57,033,148)	(57,033,148)
Interest amortization on lease liabilities	-	-	38,032,802	38,032,802
Termination of lease	-	-	(14,510,207)	(14,510,207)
Lease modification	-	-	(975,330)	(975,330)
Accrual of interest	1,652,452,850	-	-	1,652,452,850
Balance as of December 31, 2024	92,218,318	33,432,555,421	1,077,368,965	34,602,142,704
Balance as of January 1, 2023	22,041,965	23,801,187,435	594,378,028	24,417,607,428
Cash flows from financing activities:				
Proceeds from additional loans obtained	-	24,454,462,162	-	24,454,462,162
Repayment of loans	-	(23,111,368,380)	-	(23,111,368,380)
Repayment of lease liabilities	-	-	(216,495,315)	(216,495,315)
Payment of interest expense	(1,383,699,509)	-	(43,093,393)	(1,426,792,902)
Non-cash financing activities:				
Translation adjustment	-	823,022,888	(26,269,368)	796,753,520
Additions to lease liabilities in exchange for increased right-of-use assets	-	-	259,588,708	259,588,708
Interest amortization on lease liabilities	-	-	43,093,393	43,093,393
Accrual of interest	1,456,109,879	-	-	1,456,109,879
Balance as of December 31, 2023	94,452,335	25,967,304,105	611,202,053	26,672,958,493

31.2 Supplemental Information on Non-cash Activities

The following discusses the supplemental information on non-cash investing and non-cash financing activities as presented in the consolidated statements of cash flows for the years ended December 31, 2025, 2024 and 2023:

- Share option benefits expense amounting to P59.5 million in 2025, P87.0 million in 2024 and P58.5 million in 2023 was recognized with corresponding credits to Share Options account (see Notes 21.2 and 24.4).
- In 2025, 2024 and 2023, the Group recognized additional ROUA and lease liabilities amounting to P184.2 million, P642.3 million and P259.6 million, respectively.

In addition, the Group and its lessor have agreed for certain lease modifications pertaining to leased plant by increasing the monthly amount of rentals. Accordingly, the modification resulted in the remeasurement of both lease liabilities and right of-use assets amounting to P1.0 million in 2024. There were no similar transactions in 2025 and 2023 (see Note 9.2).

- In 2025, the Group recognized put option liability amounting to P206.1 million which forms part of the consideration in the acquisition of Los Danzantes [see Notes 1.2 and 3.1(h)]. There was no similar transaction in 2024.
- In 2023, the scheduled sale of Non-current assets classified as held for sale did not materialize due to change in business plans in the use of the assets. Consequently, the related assets amounting to P994.9 million are reclassified back as part of Property, Plant and Equipment, and adjusted for the amount of depreciation expense that would have been recognized had the asset not been classified as held for sale (see Notes 9.1 and 13).

32. EVENTS OCCURRING AFTER THE END OF REPORTING PERIOD

The significant events occurring after the end of reporting period are presented below.

- On January 6, 2026, the Parent Company's BOD approved the declaration of cash dividends of P0.1351 per share, aggregating to P2,126.3 million, out of the available retained earnings of the Parent Company as of December 31, 2025 payable on January 29, 2026 to stockholders of record as of January 20, 2026.
- In 2026, pursuant to the authority granted by the Parent Company's BOD to utilize 14,000,000 treasury shares for the implementation of its ESOP, the Parent Company executed several sale of treasury shares to ESOP grantees totaling 2,000,000 shares in January; 3,800,000 shares in February; 2,000,000 shares in March, and 500,000 shares in April. These transactions were undertaken in accordance with the parameters of the ESOP and the specific approval granted by the BOD.
- On March 25, 2026, the Group extended the appropriation of retained earnings for the remaining balance of P1,078.0 million until December 31, 2027 (see Note 24.5).
- On March 30, 2026, the new facility agreement was executed for the €300.0 million syndicated sustainability-linked term loan, as mandated and underwritten in December 2025. On April 27, 2026, a full draw-down was made to fully pay the existing loan (see Note 14(a)).

GRI Content Index

Statement of use	Emperador Inc. has reported in accordance with the GRI Standards for the period January 1, 2025 to December 31, 2025 .
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	N/A

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
General disclosures						
GRI 2: General Disclosures 2021	2-1 Organizational details	7, 12	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.			
	2-2 Entities included in the organization's sustainability reporting	7, 12, 18-20				
	2-3 Reporting period, frequency and contact point	7				
	2-4 Restatements of information	Located throughout the report				
	2-5 External assurance	External assurance not conducted in 2025 ASR.				
	2-6 Activities, value chain and other business relationships	12, 18-20				
	2-7 Employees	78				
	2-8 Workers who are not employees	78				
	2-9 Governance structure and composition	See Organizational Chart on Emperador Inc's website.				
	2-10 Nomination and selection of the highest governance body	See Board Committees on Emperador Inc's website.				
	2-11 Chair of the highest governance body	110-113				
	2-12 Role of the highest governance body in overseeing the management of impacts	101, 111				
	2-13 Delegation of responsibility for managing impacts	The Management will coordinate with the governing bodies to settle any unfavorable decisions that may cause disruptions in the operations or penalties. While in the process of the appeal, all necessary mitigating measures should be done at once and documented. Effectiveness of the mitigating measures will also be reviewed by the governing bodies.				
	2-14 Role of the highest governance body in sustainability reporting	101, 111				
	2-15 Conflicts of interest	See Code of Business Conduct and Ethics on Emperador Inc's Website				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
General disclosures						
GRI 2: General Disclosures 2021	2-16 Communication of critical concerns	104				
	2-17 Collective knowledge of the highest governance body	112-122				
	2-18 Evaluation of the performance of the highest governance body	See Board Committees on Emperador Inc's website				
	2-19 Remuneration policies	Payment based on individual performance and gender equality plan				
	2-20 Process to determine remuneration	Annual individual performance assessment and salary grading level according to responsibilities, knowledge and experiences				
	2-21 Annual total compensation ratio	None	2-21 a, b, c	Confidentiality constraints	No disclosure due to Data Privacy	
	2-22 Statement on sustainable development strategy	8-11, Sustainability Strategy				
	2-23 Policy commitments	104-105				
	2-24 Embedding policy commitments	104-105				
	2-25 Processes to remediate negative impacts	See Code of Business Conduct and Ethics on Emperador Inc's Website				
	2-26 Mechanisms for seeking advice and raising concerns	109				
	2-27 Compliance with laws and regulations	107-109				
	2-28 Membership associations	EDI: Philippine Chamber of Food Manufacturers Inc., The British Chamber of Commerce of the Philippines AWGI, Glass Manufacturers Association of the Philippines (GMAP) Program; Center for Alcohol Research and Development (CARD); Ethanol Producers Association of the Philippines (EPAP) GES: Board of Control of the Denomination of Origin "Jerez-Xeres-Sherry"; Board of Control of the Geographical Indication Brandy de Jerez; Spanish Spirits Federation; Spanish Wine Federation; Wineries Federation of the Jerez area (FEDEJEREZ); Interprofessional Organisation of Wine in Spain (Organización Interprofesional del Vino en España); Spanish Association for Quality (SQ) WMG; Scotch Whisky Association; The Wine and Spirit Trade Association; Drinkaware; Portman Group				
	2-29 Approach to stakeholder engagement	40-41				
	2-30 Collective bargaining agreements	89-90				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Materials Topics						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	42				
	3-2 List of material topics	37-39, 43				
Biodiversity						
GRI 3: Material Topics 2021	3-3 Management of material topics	None	3-3 a, b, c, d, e, f	Not applicable	Not a material topic	
GRI 101: Biodiversity 2024	101-1 Policies to halt and reverse biodiversity loss	None	101-1 a, b, c	Not applicable	Not a material topic	
	101-2 Management of biodiversity impacts		101-2 a, b, c, d, e, f			
	101-3 Access and benefit-sharing		101-3 a, b			
	101-4 Identification of biodiversity impacts		101-4 a			
	101-5 Locations with biodiversity impacts		101-5 a, b, c, d			
	101-6 Direct drivers of biodiversity loss		101-6 a, b, c, d, e, f			
	101-7 Changes to the state of biodiversity		101-7 a, b			
	101-8 Ecosystem services		101-8 a, b			
GRI 101: Biodiversity 2024	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	None	304-1 a	Not applicable	Not a material topic	
	304-2 Significant impacts of activities, products and services on biodiversity		304-2 a, b			
	304-3 Habitats protected or restored		304-3 a			
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations		304-4 a			
Economic performance						
GRI 3: Material Topics 2021	3-3 Management of material topics	99-100				
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	100				
	201-2 Financial implications and other risks and opportunities due to climate change	100-101				
	201-3 Defined benefit plan obligations and other retirement plans	None	201-3 a, b, c, d, e	Information unavailable/incomplete	Challenges in consolidating data	
	201-4 Financial assistance received from government	None	201-4 a, b, c	Information unavailable/incomplete	Challenges in consolidating data	

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Market presence						
GRI 3: Material Topics 2021	3-3 Management of material topics	103				
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	103				
	202-2 Proportion of senior management hired from the local community	None	202-2 a	Information unavailable/incomplete	Challenges in consolidating data	
Indirect economic impacts						
GRI 3: Material Topics 2021	3-3 Management of material topics	None	3-3 a, b, c, d, e, f	Not applicable	Not a material topic	
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported		203-1 a, b	Not applicable	Not a material topic	
	203-2 Significant indirect economic impacts		203-2 a, b	Not applicable	Not a material topic	
Procurement practices						
GRI 3: Material Topics 2021	3-3 Management of material topics	None	3-3 a, b, c, d, e, f	Not applicable	Not a material topic	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	None	204-1 a, b, c			
Anti-corruption						
GRI 3: Material Topics 2021	3-3 Management of material topics	107-109				
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Emperador Inc. has found no significant risks related to corruption for the reporting period.				
	205-2 Communication and training about anti-corruption policies and procedures	107				
	205-3 Confirmed incidents of corruption and actions taken	108-109				
Anti-competitive behavior						
GRI 3: Material Topics 2021	3-3 Management of material topics	106				
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	106				
Tax						
GRI 3: Material Topics 2021	3-3 Management of material topics	None	3-3 a, b, c, d, e, f	Not applicable	Not a material topic	
GRI 207: Tax 2019	207-1 Approach to tax		207-1 a			
	207-2 Tax governance, control, and risk management		207-2 a, b, c			
	207-3 Stakeholder engagement and management of concerns related to tax		207-3 a			
	207-4 Country-by-country reporting		207-4 a, b, c			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Materials						
GRI 3: Material Topics 2021	3-3 Management of material topics	72				
GRI 301: Materials 2016	301-1 Materials used by weight or volume	72				
	301-2 Recycled input materials used	73				
	301-3 Reclaimed products and their packaging materials	None	301-3 a, b	Information unavailable/incomplete	Challenges in consolidating data	
Energy						
GRI 3: Material Topics 2021	3-3 Management of material topics	65				
GRI 302: Energy 2016	302-1 Energy consumption within the organization	65				
	302-2 Energy consumption outside of the organization	66				
	302-3 Energy intensity	67				
	302-4 Reduction of energy consumption	68				
	302-5 Reductions in energy requirements of products and services	None	302-5 a, b, c	Information unavailable/incomplete	Challenges in consolidating data	
Water and effluents						
GRI 3: Material Topics 2021	3-3 Management of material topics	69–70				
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	69–70				
	303-2 Management of water discharge-related impacts	69–70				
	303-3 Water withdrawal	69				
	303-4 Water discharge	69				
	303-5 Water consumption	69				
Emissions						
GRI 3: Material Topics 2021	3-3 Management of material topics	57				
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	57				
	305-2 Energy indirect (Scope 2) GHG emissions	57				
	305-3 Other indirect (Scope 3) GHG emissions	57				
	305-4 GHG emissions intensity	57				
	305-5 Reduction of GHG emissions	57–58				
	305-6 Emissions of ozone-depleting substances (ODS)	EMI does not produce, import, and/or export ODS.				
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	None	305-7 a, b, c	Information unavailable/incomplete	Challenges in consolidating data	

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Waste						
GRI 3: Material Topics 2021	3-3 Management of material topics	61				
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	61, 64				
	306-2 Management of significant waste-related impacts	61, 64				
	306-3 Waste generated	61				
	306-4 Waste diverted from disposal	62				
	306-5 Waste directed to disposal	63				
Supplier environmental assessment						
GRI 3: Material Topics 2021	3-3 Management of material topics	106				
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	106				
	308-2 Negative environmental impacts in the supply chain and actions taken	106				
Employment						
GRI 3: Material Topics 2021	3-3 Management of material topics	76–77				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	79				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	80				
	401-3 Parental leave	81				
Labor management relations						
GRI 3: Material Topics 2021	3-3 Management of material topics	89–90				
GRI 403: Occupational Health and Safety 2018	402-1 Minimum notice periods regarding operational changes	89				
Occupational health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	86–88				
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	86–88				
	403-2 Hazard identification, risk assessment, and incident investigation	86–88				
	403-3 Occupational health services	86–88				
	403-4 Worker participation, consultation, and communication on occupational health and safety	86–88				
	403-5 Worker training on occupational health and safety	86–88				
	403-6 Promotion of worker health	86–88				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	86–88				
	403-8 Workers covered by an occupational health and safety management system	86–88				
	403-9 Work-related injuries	86				
	403-10 Work-related ill health	86				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Training and education						
GRI 3: Material Topics 2021	3-3 Management of material topics	81				
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	83-84				
	404-2 Programs for upgrading employee skills and transition assistance programs	85				
	404-3 Percentage of employees receiving regular performance and career development reviews	84				
Diversity and equal opportunity						
GRI 3: Material Topics 2021	3-3 Management of material topics	81				
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	82-83				
	405-2 Ratio of basic salary and remuneration of women to men					
	405-2 Ratio of basic salary and remuneration of women to men	None	405-2 a, b	Confidentiality constraints	Confidential information.	
Non-discrimination						
GRI 3: Material Topics 2021	3-3 Management of material topics	None	3-3 a, b, c, d, e, f	Not applicable	Not a material topic	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	None	406-1 a, b	Not applicable	Not a material topic	
Freedom of association and collective bargaining						
GRI 3: Material Topics 2021	3-3 Management of material topics	90				
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Emperor's operations abide by laws and regulations regarding employment and labor rights. None of its operations currently present a risk to the right to freedom of association and collective bargaining.				
Child labor						
GRI 3: Material Topics 2021	3-3 Management of material topics	91				
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	91				
Forced or compulsory labor						
GRI 3: Material Topics 2021	3-3 Management of material topics	91				
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	91				
Security practices						
GRI 3: Material Topics 2021	3-3 Management of material topics	92				
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	92				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Rights of Indigenous Peoples						
GRI 3: Material Topics 2021	3-3 Management of material topics	None	3-3 a, b, c, d, e, f	Not applicable	Not a material topic	
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	None	411-1 a, b	Not applicable	Not a material topic	
Local communities						
GRI 3: Material Topics 2021	3-3 Management of material topics	96-97				
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	96-97				
	413-2 Operations with significant actual and potential negative impacts on local communities	96-97				
Supplier social assessment						
GRI 3: Material Topics 2021	3-3 Management of material topics	96				
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	96				
	414-2 Negative social impacts in the supply chain and actions taken	96				
Public policy						
GRI 3: Material Topics 2021	3-3 Management of material topics	None	3-3 a, b, c, d, e, f	Not applicable	Not a material topic	
GRI 415: Public Policy 2016	415-1 Political contributions		415- a, b	Not applicable	Not a material topic	
Customer health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	94				
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	94				
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	94				
Marketing and labeling						
GRI 3: Material Topics 2021	3-3 Management of material topics	93				
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	93				

Annex

Materials used by the organization (in metric tonnes, MT)

[301-1]

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
	417-2 Incidents of non-compliance concerning product and service information and labeling	93				
	417-3 Incidents of non-compliance concerning marketing communications	93				
Customer privacy						
GRI 3: Material Topics 2021	3-3 Management of material topics	95				
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	95				

Disclosure	Unit	2023	2024	2025
Renewable Materials				
Cardboard and paper stickers	MT	8,979.32	5,002.47	5,328.42
Pallets	MT	3,709.94	2,387.27	2,324.69
Anti-skid sheets, separators	MT	41.35	56.37	111.89
Cork and cork wood covers	MT	3.82	4.98	7.84
Corrugated	MT	611.01	495.27	449.28
Wood	MT	3.79	33.26	10.96
Non-Renewable Materials				
Plastics	MT	389.92	*115.63	81.40
Cullet	MT	42,006.10	25,476.38	28,736.49
Glass bottles	MT	152,653.28	108,394.52	112,010.73
Caps and closures (plastic and aluminum)	MT	1,646.5	1,064.61	1,655.83
Labels (paper and plastic)	MT	1,208.83	769.51	502.27
Gift boxes	MT	10.41	1,015.50	380.30
Sleeves	MT	17.09	13.24	4.63
Strapping and netting	MT	10.63	8.49	6.84
Glue for labels and cases	MT	81.55	19.38	24.50
	MT		21.67	44.60
Metals	MT	483.48	720.17	243.20
Other chemicals	MT	212.18	11,527.01	9,762.45
Percentage of recycled input materials used (BF and WMG)	%	23.17	14.78	18.90



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