SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [ ] Preliminary Information Statement
   [X] Definitive Information Statement

2. Name of Registrant as specified in its charter

   PEPSI-COLA PRODUCTS PHILIPPINES, INC.

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

4. SEC Identification Number: **160968**

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

6. Address of principal office: Postal Code:

   Km. 29 National Road, Tunasan, Muntinlupa City **1773**

7. Registrant's telephone number, including area code: **(632) 888-73774**

8. Date, time and place of the meeting of security holders: **29 June 2021, 9:00 a.m., via remote communications**

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **08 June 2021**

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

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

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

    Yes ___ No **X**

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

    Not Applicable

EXPLANATION ON THE AGENDA ITEMS

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

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

3. **Approval of the Minutes of the Annual Stockholders' Meeting held on 20 August 2020**. The minutes are available on the Company's website and attached as **Annex C** to the Information Statement made available to the stockholders. A resolution approving the minutes will be presented to the stockholders for approval.

4. **Report of the President and Chief Executive Officer**. The Chairman will deliver his message to the stockholders, then the President and Chief Executive Officer will report on the Company's performance for 2020.

5. **Presentation of the Audited Financial Statements for the Year Ended 31 December 2020.** The Annual Report, containing the Audited Financial Statements as of 31 December 2020, is attached as **Annex D** to the Information Statement. A resolution for the approval of the Audited Financial Statements as of 31 December 2020 will be presented to the stockholders.

6. **Ratification of Acts of the Board of Directors and Management for 2020**. A resolution ratifying all the acts of the Company's Board, Board committees, and officers, since the Annual Stockholders' meeting on 20 August 2020 until the 2021 Annual Stockholders' Meeting, will be presented to the stockholders for their approval.

7. **Proposed Amendments to the Third and Fourth Articles of the Amended Articles of Incorporation to Reflect the New Principal Office and the Perpetual Corporate Term of the Company**. The proposed amendment to the Third Article of the Company's Amended Articles of Incorporation to reflect the change in the Company's principal office address, from Km. 29 National Road, Brgy. Tunasan, Muntinlupa City to the 26th Floor, Filinvest Axis Tower Two Building, Northgate Cyberzone, Filinvest City, Alabang, Muntinlupa City, will be presented to the stockholders. The proposed amendment to the Fourth Article of the Company's Amended Articles of Incorporation to reflect the change in the Company's corporate term, from fifty (50) years to a perpetual corporate term as provided under the Revised Corporation Code and Securities and Exchange Commission ("SEC") Memorandum Circular ("MC") No. 22, Series of 2020, will be presented to the stockholders.

8. **Election of Directors for 2021 to 2022.** The nominees for election to the Company's Board of Directors for the year 2021 to 2022 will be presented to the stockholders, and the Nomination and Governance Committee will confirm that it has ascertained their qualification for election to the Board of Directors. The nominees are as follows:

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

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

9. **Appointment of External Auditor for 2021 to 2022**. The re-appointment of R.G. Manabat & Co. (KPMG Philippines) as the external auditor for the year 2021 to 2022 will be endorsed to

the stockholders for ratification. A resolution for the appointment of the external auditor will be presented to the stockholders for approval.

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

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

A. GENERAL INFORMATION

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

Date: 29 June 2021
Time: 9:00 a.m.

The Annual Stockholders' Meeting of Pepsi-Cola Products Philippines, Inc. (the "Company") shall be conducted via remote communications, and accessible through https://www.pepsiphilippines.com/AnnualStockholdersMeeting2021 by stockholders who will register to participate in the meeting following the procedures set out in Part C, Item 18 and Annex A of this Information Statement.

Notices of the meeting were published on newspapers of general circulation on 25 May 2021 and 26 May 2021. Notices of the meeting and copies of this Information Statement may be accessed by the stockholders beginning 08 June 2021 at the Company's website, https://pepsiphilippines.com/investor-relations-disclosures.

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

Nevertheless, should you be unable to attend the meeting but would like to be represented thereat, please submit your proxies to the Corporate Secretary, care of Pepsi-Cola Products Philippines, Inc., Km. 29 National Road, Tunasan, Muntinlupa City or by email to corporatesecretary@pcppi.com.ph. A proxy form is attached to the Notice and Agenda attached to this Information Statement. For stockholders that are partnerships, corporations or associations, please submit, together with your proxy, a sworn certification of your resolutions evidencing authority of your designated proxy and signatories. The deadline for submission of proxies and certifications is on 26 June 2021, 5:00 p.m.

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

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

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

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

3. In case of merger or consolidation; and

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

At the Annual Stockholders' Meeting of the Company, the amendment to the Fourth Article of the Company's Amended Articles of Incorporation to reflect a perpetual corporate term, as approved by the Board of Directors on 26 November 2020, will be proposed for approval of the stockholders of the Company.

A stockholder dissenting to the amendment to the Fourth Article of the Company's Amended Articles of Incorporation to reflect a perpetual corporate term may exercise his appraisal right in the manner provided in Section 81 of the Revised Corporation Code, and as outlined below:

(a) The stockholder must have voted against the proposed corporate action in order to avail himself of the appraisal right.

(b) The dissenting stockholder shall make a written demand on the Company for payment of the fair value of his shares within thirty (30) days after the date on which the vote was taken. The failure of the stockholder to make the demand within such period shall be deemed a waiver of his appraisal right.

(c) If the proposed corporate action is implemented or effected, the Company shall pay to such dissenting stockholder, upon surrender of the certificates(s) of stock representing his shares, the fair value thereof as of the day before the Annual Stockholders' Meeting, excluding any appreciation or depreciation in anticipation of such corporate action, provided the Company has unrestricted retained earnings. If the fair value of the shares cannot be agreed upon, the provisions of Section 81 of the Revised Corporation Code shall be complied with. Notwithstanding the foregoing, no payment shall be made unless the Company has unrestricted retained earnings to cover such payment.

(d) Upon payment of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the Company.

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

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

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

B. CONTROL AND COMPENSATION INFORMATION

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

The total number of shares of the Company outstanding and entitled to vote in the Annual Stockholders' Meeting is Three Billion Six Hundred Ninety-Three Million Seven Hundred Seventy-Two Thousand Two Hundred Seventy-Nine (3,693,772,279) common shares.[1] As of 12 May 2021, the total number of common shares of the Company owned by foreign stockholders is Three Billion Six Hundred Sixty-Eight Million Five Hundred One Thousand Two Hundred Eighty-One (3,668,501,281) common shares, or approximately 99.32% of the Company's total outstanding capital stock.

The record date for purposes of determining the stockholders entitled to notice of and to vote at the Company's Annual Stockholders' Meeting is 9:00 a.m. on 29 May 2021. Each stockholder shall be entitled to one (1) vote for each common share of stock held as of the record date.[2]

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

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[1] This material information on the current stockholders is presented in compliance with Section 49 of the Revised Corporation Code.

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

[3] This material information on the current stockholders' voting rights is presented in compliance with Section 49 of the Revised

On 05 April 2021, the Board of Directors of the Company approved and authorized voting through remote communication or *in absentia* at the Annual Stockholders' Meeting in accordance with Sections 23 and 57 of the Revised Corporation Code. Stockholders participating via remote communication or those who intend to vote *in absentia* may vote electronically following the procedures set out in Part C, Items 17 and 18, and Annex A of this Information Statement. A stockholder voting electronically *in absentia* shall be deemed present for purposes of quorum.[4]

Security Ownership of Record and Beneficial Owners of at Least 5% of Securities as of 12 May 2021

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and relationship with record owner	Citizenship	Number of Shares Held	Percentage
Common shares	Lotte Corporation[5] Lotte World Tower 300 Olympic-ro, Songpa-gu Seoul, 05551 South Korea Relationship – stockholder	Lotte Corporation	Korean	Direct 1,436,315,932 Indirect 123,074,500[6] Total 1,559,390,432[7]	Direct 38.88% Indirect 3.34% Total 42.22%
Common shares	Lotte Chilsung Beverage Co. Ltd.[8] 4th & 5th Fl., Lotte Castle Gold, 269 Olympic-ro, Songpa-gu, Seoul, South Korea Relationship – stockholder	Lotte Corporation	Korean	1,135,689,701[9]	30.75%
Common shares	Quaker Global Investments B.V.[10] Zonnebaan 35, 3542 EB Utrecht The Netherlands	PepsiCo, Inc.[11]	Dutch	923,443,071	25.00%

Corporation Code.

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

[5] Lotte Corporation is a corporation duly organized and existing under and by virtue of the laws of Korea with principal office at Lotte World Tower, 300 Olympic-ro, Songpa-gu, Seoul, 05551, South Korea. Based on the beneficial ownership declaration attached to the Company's General Information Sheet filed on 15 April 2021, Lotte Corporation's Chief Executive Officer, Yongdok Song, is named as the beneficial owner, under category I of the beneficial ownership declaration form (provided under SEC Memorandum Circular No. 15, Series of 2020) indirectly holding 73.58% of the outstanding capital stock of the Company, held through its affiliate, Lotte Chilsung.

[6] These shares are indirectly held through the PCD Nominee Corporation (Non-Filipino).

[7] On 23 October 2020, Lotte Corporation executed a Deed of Assignment in favor of Lotte Chilsung Beverage Co. Ltd. ("Lotte Chilsung") covering 1,559,390,432 of the Company's shares (representing 42.22% of the Company's total issued and outstanding shares). However, the transfer to Lotte Chilsung's name can only be recorded in the books of the Company once the necessary documentary requirements have been presented.

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

[9] This number does not include *(a)* the 1,559,390,432 shares transferred by Lotte Corporation to Lotte Chilsung through a Deed of Assignment dated 23 October 2020, and *(b)* the 25,577,805 shares tendered to Lotte Chilsung during the tender offer conducted from 16 September 2020 to 10 November 2020, as these shares have not been transferred in the name of Lotte Chilsung in the books of the Company pending the submission of the necessary documentary requirements.

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

[11] Based on the beneficial ownership declaration attached to the Company's General Information Sheet filed on 15 April 2021, PepsiCo, Inc.'s Chief Executive Officer, Ramon Laguarta, is named as the beneficial owner, under category I of the beneficial ownership declaration form (provided under SEC Memorandum Circular No. 15, Series of 2020) indirectly holding 25.00% of the outstanding capital stock of the Company (through Quaker Global Investments B.V.).

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and relationship with record owner	Citizenship	Number of Shares Held	Percentage
	Relationship – stockholder				
Common shares	PCD Nominee Corporation (Non-Filipino)[12] 37th Floor, The Enterprise Center Ayala Avenue, Makati City Relationship – please refer to footnote	Please refer to footnote	Non-Filipino	158,951,170[13]	4.3%
Common shares	PCD Nominee Corporation (Filipino)[14] 37th Floor, The Enterprise Center Ayala Avenue, Makati City Relationship – please refer to footnote	Please refer to footnote	Filipino	7,609,223	0.21%

Security Ownership of Management as of 12 May 2021

Title of Class	Name and Address of Owner	Amount & Nature of Beneficial Ownership	Citizenship	Percent of Class
Common shares	Oscar S. Reyes Chairman of the Board and Independent Director Room 2504, 25/F, 139 Corporate Center Valero St., Salcedo Village, Makati City	300,001*	Filipino	0.01%
Common shares	Frederick D. Ong Director, President and CEO c/o Km. 29, National Road Tunasan, Muntinlupa City	1*	Filipino	0.00%
Common shares	Yongsang You Director c/o Km. 29, National Road Tunasan, Muntinlupa City	1*	Korean	0.00%
Common shares	Younggoo Lee Director c/o 5 Fl. Castle Plaza, Lotte Castle Gold 7-18, Shinchun-Dong, Songpa-Gu Seoul, Korea 138-727	1*	Korean	0.00%
Common shares	Tae Hyeon Kim Director c/o 15/F World Tower BD, 558 Songpa-daero, Songpa-Gu Seoul, Korea 05510	1*	Korean	0.00%
Common shares	Jay Buckley Director	1*	Australian	0.00%

[12] PCD Nominee Corporation is the registered owner of shares beneficially owned by participants in the Philippine Central Depository, Inc. ("PCD"), a private company organized to implement an automated book entry system of handling securities transactions in the Philippines. While PCD Nominee Corporation is the registered owner of the shares in the Corporation's books, the beneficial ownership of such shares pertains to PCD participants (brokers) and/or their non-Filipino clients, whether individuals or corporations, in whose names these shares are recorded in their respective books. Under PCD procedures, when an issuer of a PCD-eligible issue will hold a stockholders' meeting, PCD will execute a pro-forma proxy in favor of the participants for the total number of shares in their respective principal securities account, as well as for the total number of shares in their client securities account. For shares held in the principal securities account, the participant is appointed as proxy with full voting rights and powers as registered owner of such shares. For shares held in the client securities account, the participant is appointed as proxy with the obligation to constitute a sub-proxy in favor of its clients with full voting and other rights for the number of shares beneficially owned by them.

[13] Of this number, 123,074,500 shares of the Company are held indirectly by Lotte Corporation. Without Lotte Corporation's shareholdings, PCD Nominee Corporation (Non-Filipino) has 35,876,670 shares, representing 0.97% of the Company's total issued and outstanding shares.

[14] Same as footnote 12 above except that the beneficial ownership of shares registered in the name of PCD Nominee Corporation pertains to PCD participants (brokers) and/or their Filipino clients, whether individuals or corporations, in whose names these shares are recorded in their respective books.

Title of Class	Name and Address of Owner	Amount & Nature of Beneficial Ownership	Citizenship	Percent of Class
	c/o Suites 1703-8, Tower Two 1 Matheson Street, Causeway Bay, HK			
Common shares	Parinya Kitjatanapan Director c/o 622 Emporium Tower 17/F Sukhumvit Road, Klongton Klongtoey, Bangkok, Thailand	1*	Thai	0.00%
Common shares	Yuan Wang Director 7380 W Sand Lake Rd #230, Orlando, FL 32819 USA	1*	American	0.00%
Common shares	Rafael M. Alunan III Independent Director No.63 9th Street New Manila, Quezon City	1*	Filipino	0.00%
Common shares	Jin Man Kim EVP, Strategic Supply Chain & Operations c/o Km. 29, National Road Tunasan, Muntinlupa City	0	Korean	0.00%
Common shares	Vishal Malik** Senior Vice-President and Chief Financial Officer / Chief Audit Executive c/o Km. 29 National Road Tunasan, Muntinlupa City	0	Indian	0.00%
Common shares	Francis S. Moral Senior Vice-President, National Sales c/o Km. 29 National Road Tunasan, Muntinlupa City	0	Filipino	0.00%
Common shares	Ma. Vivian A. Cheong Senior Vice-President, Human Resources c/o Km. 29 National Road Tunasan, Muntinlupa City	0	Filipino	0.00%
Common shares	Dong Geol Yoon** Senior Vice-President / Chief Strategy Officer c/o Km. 29 National Road Tunasan, Muntinlupa City	0	Korean	0.00%
Common shares	Carina Lenore S. Bayon Vice President for Legal and Government Affairs/ Compliance Officer / Data Protection Officer c/o Km. 29 National Road Tunasan, Muntinlupa City	0	Filipino	0.00%
Common shares	Kristine Ninotschka L. Evangelista Corporate Secretary c/o 30/F 88 Corporate Center Sedeño corner Valero Streets Salcedo Village, Makati City	0	Filipino	0.00%
Common shares	Julia Patricia C. Herrera-Lim Assistant Corporate Secretary c/o 30/F 88 Corporate Center Sedeño corner Valero Streets Salcedo Village, Makati City	0	Filipino	0.00%

* Each of the Directors is the registered owner of at least one qualifying share.

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

The aggregate shareholdings of Directors and key officers as of 12 May 2021 are 300,009 shares which is approximately 0.000081% of the Company's outstanding capital stock.

Changes in Control

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

Certain Relationships and Related Transactions

Please refer to Note 23 (Related Party Transactions) to the Audited Financial Statements for the year ending 31 December 2020 [attached as Exhibit II of Annex D or the SEC Form 17-A (Annual Report)] for details on related party transactions.

Except for the transactions discussed in Note 23 (Related Party Transactions) to the Audited Financial Statements for the year ending 31 December 2020, there were no other material related party transactions during the last three financial years, nor are there any material transactions currently proposed between the Company and its stockholders, directors, key management personnel, or other parties over which the Company has the ability to exercise control or significant influence in making financial and operating decisions.

Item 5. **Directors and Executive Officers**

Term of office

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

Directors

As of 21 May 2021, the following are the names, ages, and citizenship of the incumbent Directors, including Independent Directors, of the Company, as well as the year they were first elected:

Name	**Age**	**Citizenship**	**Year First Elected**
Frederick D. Ong	55	Filipino	2020
Yongsang You	52	Korean	2015
Younggoo Lee	58	Korean	2017
Parinya Kitjatanapan	56	Thai	2020
Tae Hyeon Kim	55	Korean	2018
Jay Buckley	43	Australian	2019
Yuan Wang*	40	American	2021
Rafael M. Alunan III (Independent Director)	73	Filipino	2007
Oscar S. Reyes (Independent Director)	74	Filipino	2007

** Replaced Mr. Samir Moussa, who resigned effective 28 February 2021.*

Executive Officers

As of 21 May 2021, the following are the names, ages, positions, and citizenship of the incumbent executive officers of the Company, as well as the year they assumed their respective positions:

Name	**Age**	**Citizenship**	**Position**	**Year Position was Assumed**
Frederick D. Ong	55	Filipino	President and Chief Executive Officer	2020
Jin Man Kim	52	Korean	Executive Vice President, Strategic Supply Chain & Operations	2019
Vishal Malik*	52	Indian	Senior Vice-President and Chief Financial Officer/	2020

Name	Age	Citizenship	Position	Year Position was Assumed
			Chief Audit Executive	
Francis S. Moral	44	Filipino	Senior Vice-President, National Sales	2021
Ma. Vivian A. Cheong	53	Filipino	Senior Vice-President, Human Resources	2016
Dong Geol Yoon*	43	Korean	Senior Vice-President and Chief Strategy Officer	2021
Carina Lenore S. Bayon	51	Filipino	Vice President for Legal and Government Affairs/ Compliance Officer/ Data Protection Officer	2020
Kristine Ninotschka L. Evangelista	47	Filipino	Corporate Secretary	2018
Julia Patricia C. Herrera-Lim	28	Filipino	Assistant Corporate Secretary	2019

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

Background Information and Business Experience

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

Directors:

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

YONGSANG YOU
Mr. You is a non-Executive Director of the Company. He was the Company’s Chief Executive Officer from 2015 until his resignation from this post on 16 February 2020, and the Company’s Managing Director from 16 February 2020 until his resignation from this post on 19 June 2020. Previously, Mr. You held a number of positions in Lotte Chilsung, which included being the General Manager and Head of the Overseas Business Division, General Manager of Sales Headquarters and Business Management, and Head of Strategic Planning Department and Purchasing Department. Mr. You holds a Bachelor of Arts degree in Business Administration from Seongsil University.

YOUNGGOO LEE
Mr. Lee is a non-Executive Director of the Company. He is currently the Head of the Food Business Unit of Lotte Group. Since joining the Lotte group in 1987, Mr. Lee has held numerous positions in various Lotte companies including Lotte Aluminum Co., Ltd., Lotte Confectionery Co., Ltd., and Lotte Corporate Headquarters. Prior to his current post, Mr. Lee was the Chief Executive Officer of Lotte Chilsung Beverage. Mr. Lee holds an Industrial Engineering degree from Seongsil University.

TAE HYEON KIM
Mr. Kim is a non-Executive Director of the Company. He is currently the Chief Executive Officer of Lotte-Nestle in Korea. From the time he joined the Lotte group in 1992, he has occupied various positions in Lotte Chilsung, such as Director of the Global Business Division of Lotte Chilsung, Director of the Purchasing Department, Manager of the Audit & Strategy and Senior Assistance of the Corporate Audit & Strategy departments. He also previously worked in the Lotte Corporate Headquarters as Manager of the Corporate Audit & Strategy department.

JAY BUCKLEY
Mr. Buckley is a non-Executive Director of the Company. He is currently Senior Vice-President and Chief Legal Counsel for PepsiCo's APAC SECTOR, comprising its foods and beverages businesses across China, Asia Pacific, and Australia and New Zealand. He joined PepsiCo in May 2011 as General Counsel for PepsiCo's food and beverages business in Australia and New Zealand. Prior to PepsiCo, Mr. Buckley was with Goodman Fielder, Sydney, Australia, where he was Head Legal Counsel for Baking and Procurement from June 2009 to April 2011. Prior to Goodman Fielder, he was an Associate with Latham & Watkins, London, United Kingdom, from April 2007 to May 2009, and an Associate at Linklaters, London, United Kingdom from March 2006 to April 2007. From June 2002 to March 2006, Mr. Buckley was a Senior Associate with Corrs Chambers Westgarth, Sydney, Australia, and from July 2001 to June 2002, he was a Solicitor in Andersen Legal, Australia. Mr. Buckley holds a Bachelor of Arts/Bachelor of Laws (Honours) and a Graduate Diploma of Legal Practice from New South Wales, Australia, and was admitted as a Solicitor of the Supreme Court of New South Wales, Australia in December 2001.

PARINYA KITJATANAPAN
Mr. Kitjatanapan is a non-Executive Director of the Company. He has 30 years of financial and commercial management experience in the FMCG industry in China, Middle East, and Southeast Asia. He joined PepsiCo, Inc. in 1988 as the Chief Financial Officer for PepsiCo’s Thailand Beverage business and subsequently became General Manager for the country. In 2010, Mr. Kitjatanapan joined PepsiCo China’s China team as General Manager, South Cluster, based in Guangzhou. Then in 2012, he relocated to Shanghai to serve as Franchise Vice-President. He moved back to Thailand in 2014 to assume Vice-President and General Manager of the Thailand Power of One business. In 2019, Mr. Kitjatanapan was promoted to Senior Vice-President of Sales & Franchise COE for the AMENA (Asia Middle East North Africa) sector. In 2019, he became Chief Commercial Officer for the Asia Pacific sector.

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

RAFAEL M. ALUNAN III
Mr. Alunan is an Independent Director, and is the incumbent Vice Chairman of the Board of Directors, and Chairman of the Audit Committee of the Company. He has had extensive experience in the private and public sectors. Currently, he sits on the Boards of the Metro Global Holdings, Inc. and APC Group, Inc. as Independent Director. He served as Secretary of Tourism during the term of President Corazon C. Aquino, and as Secretary of Interior and Local Government during the term of President Fidel V. Ramos. Mr. Alunan is an Eminent Fellow of the Development Academy of the Philippines; Mason Fellow of Harvard Kennedy School of Government; and Fellow of the Institute of Corporate Governance and Institute for Solidarity in Asia. He serves as senior adviser to Kaltimex Energy Philippines and United Defense Manufacturing Corp. He previously sat on various boards of the Lopez Group and Sun Life of Canada, Inc.; and Coca-Cola Amatil (Australia). He chairs the Philippine Council for Foreign Relations and the Harvard Kennedy School of Government Alumni Association of the Philippines, Inc. Mr. Alunan also serves as President of the Philippine Taekwondo Foundation. Mr. Alunan obtained his double degree in Business Administration and History-Political Science from the De La Salle University,

attended the MBA-Senior Executive Program of the Ateneo de Manila University, and obtained a Master's degree in Public Administration and an Executive Education Certificate from Harvard Kennedy School of Government.

OSCAR S. REYES

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

Executive Officers:

FREDERICK D. ONG

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

JIN MAN KIM

Mr. Kim is the Executive Vice-President - Strategic Supply Chain and Operations of the Company. Mr. Kim has been with Lotte for the last 26 years. Since 1993, Mr. Kim has held various positions within Lotte Chilsung's Production Management Division and Quality Management Team. Most recently, he was the Vice-President and Head of Lotte Chilsung's Ansung plant. Mr. Kim holds a B.S. in Agricultural Chemistry from Chonbuk National University.

VISHAL MALIK

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

FRANCIS S. MORAL

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

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

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

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

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

JULIA PATRICIA C. HERRERA-LIM
Ms. Herrera-Lim was elected as the Assistant Corporate Secretary of the Company in December 2019. She is currently an Associate at C&G Law. She holds a Bachelor of Science degree, major in Business Administration, and a Juris Doctor degree from the University of the Philippines.

Resignation of Directors

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

Significant Employees and Family Relationships

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

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

Except for the transactions discussed in Note 23 (Related Party Transactions) to the Audited Financial Statements (attached as Exhibit II of the Annual Report (SEC Form 17-A)), there were no other material related party transactions during the last three (3) financial years, nor are there any material transactions currently proposed between the Company and its stockholders, directors, key management personnel, or other parties over which the Company has the ability to exercise control or significant influence in making financial and operating decisions.[15]

Involvement in Certain Legal Proceedings

None of the aforementioned Directors or Executive Officers is or has been involved in any criminal or bankruptcy proceeding, or is or has been subject to any judgment of a competent court barring or otherwise limiting his involvement in any type of business, or has been found to have violated any securities laws during the past five (5) years and up to the latest date, except as disclosed in Item 3 of the Annual Report (SEC Form 17-A) for the year 2020 (attached as Annex D) on Legal Proceedings.

Nomination for Election as Members of the Board of Directors

The following have been nominated for election as members of the Board of Directors for the ensuing year (2021 to 2022):

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

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

Name	Age	Citizenship	Year Position was Assumed
Frederick D. Ong	55	Filipino	2020
Yongsang You	52	Korean	2015
Yun Gie Park	51	Korean	-
Hyo Jin Song	44	Korean	-
Jay Buckley	43	Australian	2019
Parinya Kitjatanapan	56	Thai	2020
Yuan Wang	40	American	2021
Rafael M. Alunan III (Independent Director)	73	Filipino	2007
Oscar S. Reyes (Independent Director)	75	Filipino	2007

Messrs. Ong, You, Buckley, Kitjatanapan, Alunan and Reyes, as well as Ms. Wang, are incumbent members of the Board of Directors. The background information and business experience are set out in pages 10 through 12 of this Information Statement.

The background information and business experience of the Mr. Park and Ms. Song for the last five (5) years are as follows:

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

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

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

Mr. Albert John Q. Ayro and Ms. Roxana Rebecca B. Ulpindo nominated Messrs. Reyes and Alunan as Independent Directors. Mr. Ayro and Ms. Ulpindo are not related to Messrs. Reyes or Alunan.

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

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

Mr. Alunan is the incumbent Chairman of the Audit Committee of the Company. The incumbent members of the Audit Committee are as follows: Messrs. Reyes, You, and Ms. Wang.

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

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

Both Messrs. Reyes and Alunan have served on the Company's Board of Directors since 2008 and have been consistently re-elected by the stockholders until present. Under SEC MC 4-2017, a company's independent director shall serve for a maximum cumulative term of nine years,[16] which cumulative term is reckoned from 2012,[17] after which the independent director shall be perpetually barred from re-election as such in the company.[18] Should Messrs. Reyes and Alunan be re-elected at the Annual Stockholders' Meeting, they will have served on the Company's Board of Directors for nine years from 2012 and should ordinarily be barred from re-election.

However, SEC MC 4-2017 provides that "[i]n the instance that a company wants to retain an independent director who has served for nine (9) years, the Board should provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting."[19] The Company hopes to retain Messrs. Reyes and Alunan as its independent directors, if they are re-elected at the Annual Stockholders' Meeting. In this regard, the Company presents the following justifications for the re-election of Messrs. Reyes and Alunan as independent directors to the Company's Board of Directors:

[16] SEC MC 4-2017, item 1.
[17] SEC MC 4-2017, item 4.
[18] SEC MC 4-2017, item 2.
[19] SEC MC 4-2017, item 3.

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

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

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

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

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

The By-Laws provide that the Nomination Committee[20] shall pre-screen and shortlist all candidates nominated to become a member of the Board of Directors in accordance with the qualifications and disqualifications provided for in the Amended Articles of Incorporation, the Amended By-Laws, the 2020 Manual on Corporate Governance, applicable laws, regulations including Rule 38 of the Securities Regulation Code, and resolutions and rules passed or adopted by said committee, the stockholders and the Board of Directors. On 04 June 2021, the Nomination and Governance Committee approved the final list of nominees for the Board of Directors which included all of the abovenamed individuals.

Appraisals and performance report for the board and the criteria and procedure for assessment[21]

Under the Company's Manual on Corporate Governance and Charter of the Board of Directors, the Company directors should observe the following norms of conduct: *(a)* conduct fair business transactions with the Company and ensure that his/her personal interest does not conflict with the interests of the Company, including complying with the Company's policy requiring directors and officers to disclose or report to the Company any dealings in the Company's shares within three (3) business days from and after the transaction, and abstaining from taking part in the deliberations of any transaction affecting the Company if the director has a material interest therein; *(b)* devote time and attention necessary to properly and effectively discharge his/her duties and responsibilities, and notify the Board where he/she is an incumbent director before accepting a directorship in another company; *(c)* act judiciously; *(d)* exercise independent judgment; *(e)* have a working knowledge of the statutory and regulatory requirements affecting the Company, including its Articles of Incorporation and By-Laws, the rules and regulations of the SEC, and where applicable, the requirements of other regulatory agencies; *(f)* observe confidentiality; and (g) attend and actively participate, review meeting materials and if called for, ask the necessary questions or seek clarifications and explanations in all meetings of the Board, of the Board committees in which he/she is a member, and of the stockholders in person or,

[20] The By-Laws are being amended to refer to the "Nomination and Governance Committee" instead of the "Nomination Committee".

[21] This discussion on the Appraisals and performance report for the board and the criteria and procedure for assessment is presented in compliance with Section 49 of the Revised Corporation Code.

if allowed by regulations, through teleconferencing/videoconferencing/telepresence conducted in accordance with the rules and regulations of the SEC.

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

The Board of Directors held its annual corporate governance training and conducted its self-assessment on 26 August 2020 supported by an external facilitator.

The attendance record of the directors for the year 2020 to 2021 is as follows:

Member of the Board of Directors	Percentage of Meetings[22] Attended
Frederick D. Ong	100%
Yongsang You	100%
Younggoo Lee	25%
Tae Hyeon Kim	50%
Jay Buckley	100%
Parinya Kitjatanapan	100%
Yuan Wang*	100%
Rafael M. Alunan III	100%
Oscar S. Reyes	100%

** Replaced Mr. Samir Moussa, who resigned effective 28 February 2021.*

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

The aggregate compensation paid or accrued (in Philippine Peso) in the calendar years ended 31 December 2020, 2019, and 2018, and estimated to be paid for the ensuing calendar year ending 31 December 2021, to the following Executive Officers and Directors is set out in the table below:

Name	Year	Salary	Bonus	Others
Aggregate for CEO and four (4) most highly compensated below-named executive officers	CY 2018	64,117,461	5,315,443	947,681
	CY 2019	57,968,836	5,740,803	469,356
	CY 2020	54,216,126	2,791,166	163,971
	CY 2021 (Estimate)	43,763,879	4,981,974	573,626
All other directors and officers as a group unnamed	CY 2018	21,820,673	1,796,718	4,287,783
	CY 2019	57,896,253	5,746,511	8,712,336
	CY 2020	36,360,398	3,629,063	36,757,938
	CY 2021 (Estimate)	44,678,910	5,324,938	8,713,284

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

- Yongsang You – Chief Executive Officer (resigned effective 16 February 2020)
- Frederick D. Ong – President and Chief Executive Officer (appointed effective 16 February 2020)
- Jin Man Kim – Executive Vice-President - Strategic Supply Chain & Operations
- Domingo F. Almazan – Senior Vice-President, National Sales (resigned effective 01 April 2021)
- Ma. Vivian A. Cheong – Senior Vice-President, Human Resources

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

At the Annual Stockholders' Meeting held on 24 May 2019, the stockholders approved and ratified the payment of annual fees for the members of the Board of Directors in the amount of PhP500,000.00 and

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

a per diem allowance per board or committee meeting of PhP200,000.00 for the Chairman of the Board and PhP100,000.00 for the other members of the Board. The seven (7) Directors representing Lotte Corporation, Lotte Chilsung Beverage Co. Ltd., and Quaker Global Investments B.V. have waived the per diem allowance as well as the annual directors' fee.

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

Item 7. **Independent Public Accountants**

The auditing firm of R.G. Manabat & Co. (KPMG Philippines) is being recommended for re-appointment as external auditor for the ensuing year (*i.e.*, 2021 to 2022).

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

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

	2020	2019	2018
Statutory audit fees	₱4.8 million	₱4.8 million	₱4.65 Million
Tax advice fees	0.4 million	0.4 million	2.65 Million
Total	₱ 5.2million	₱ 5.2million	₱7.3 Million

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

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

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

Item 8. **Compensation Plans**

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

Item 9. **Financial and Other Information**

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

1. Audited financial statements showing the financial position of the Company for the calendar years ended 31 December 2020 and 31 December 2019, and its financial performance and cash flows for each of the three (3) quarters in the period ended 31 December 2020, attached as Exhibit I of the Annual Report (SEC Form 17-A);

2. Interim financial statements showing the financial position of the Company for the period ended 31 March 2021, attached as Exhibit I of the Quarterly Report (SEC Form 17-Q);

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

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

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

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

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

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

Item 12. **Restatement of Accounts**

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

C. OTHER MATTERS

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

The Minutes of the Annual Stockholders' Meeting held on 20 August 2020, which will be submitted for approval of the stockholders, record the following matters:

1. Approval by the stockholders of the Minutes of the previous Annual Stockholders' Meeting held on 24 May 2019 [Stockholders' Resolution No. 2020/2021-001];

2. Report of the President & Chief Executive Officer on the results of operations of the Company for the year ended 31 December 2019;

3. Presentation of the Audited Financial Statements of the Company for the year ended 31 December 2019 and acceptance and approval thereof by the stockholders [Stockholders' Resolution No. 2020/2021-002];

4. Ratification by the stockholders of all acts and resolutions of the Board of Directors, and all acts of the Management, as well as all contracts and transactions entered into by the Company, for the year 2019 [Stockholders' Resolution No. 2020/2021-003];

5. Presentation of the Proposed Amendments to the Amended Articles of Incorporation and approval thereof by the stockholders [Stockholders' Resolution No. 2020/2021-004];

6. Presentation of the Proposed Amendments to the Amended By-Laws and approval thereof by the stockholders [Stockholders' Resolution No. 2020/2021-005];

7. Election of the Company's Directors, including Independent Directors, for the year 2020 to 2021 [Stockholders' Resolution No. 2020/2021-006], namely:

Frederick D. Ong
Yongsang You
Younggoo Lee
Tae Hyeon Kim
Jay Buckley
Samir Moussa
Parinya Kitjatanapan
Rafael M. Alunan III (Independent Director)
Oscar S. Reyes (Independent Director)

8. Re-appointment of R.G. Manabat & Co. as the Company's External Auditor for 2020 [Stockholders' Resolution No. 2020/2021-007].

The Minutes of the Annual Stockholders' Meeting held on 20 August 2020, a copy of which is attached as Annex C hereto, also provide (i) a description of the voting and vote tabulation used in the meeting, (ii) a description of the opportunity given to stockholders to ask questions and a description of the nature of the questions asked in the meeting, (iii) matters discussed and resolutions reached and the record of the voting results for each agenda item, and (iv) a list of directors and stockholders who attended the meeting. These information are restated below in compliance with Section 49 of the Revised Corporation Code.

Voting and tabulation procedures used in the Annual Stockholders' Meeting held on 20 August 2020

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

During the meeting, voting was done through remote communication, or *in absentia*, or by proxy. There were no objections to the resolutions passed and approved by the stockholders. In the election of the members of the Board of Directors, a motion was heard to have all votes cast in favor of all the nine (9) nominees and to have all nine (9) nominees declared elected as directors for the year 2020 to 2021, which motion was duly seconded with no objections.

Questions asked and answers given during the Annual Stockholders' Meeting held on 20 August 2020

Ms. Ivy Valdez asked how the COVID-19 pandemic had affected the Company's operations in the past five (5) months and what measures were being implemented by the Company to address its effects on its operations. Mr. Ong responded that, fortunately, the Company's products were considered essential goods by the Department of Trade and Industry and it had been able to continue its operations despite the lockdown by strictly following government safety protocols, and despite many of its employees having been barred from intercity or inter-province travel at the start of the Enhanced Community Quarantine period. Mr. Ong said that sales and distribution were hit hardest in March and April, but have since seen improvements. In response to the pandemic, Management came up with measures to ensure that the business, its employees, and its stakeholders could cope with the adverse effects of the pandemic, with health and safety as the Company's number one priority. He shared that the Company prioritized equipping its employees physically, financially, and psychologically to soften the blow of the pandemic and the lockdown on their lives. For those who went to work, their needs were provided for by the Company, from providing face mask and shields, additional hand washing bays, alcohol/hand sanitizers, and PPEs, arranging transportation services, board, and lodging, granting special meal allowances, and providing education programs and constant reminders to adhere to social distancing to ensure that employees are well informed and equipped to adapt.

Mr. Alex Cruz Catindig recognized that the Company had bounced back from the effects of the Sugar Tax at the end of 2019 but he expressed concern over the effects of the COVID-19 pandemic. He asked about the Company's current financial position, whether there were any gaps, and if there were, how such gaps could be addressed this year. Mr. Ong explained that the momentum from the turnaround in 2019, post Sugar Tax implementation, was carried through the first two (2) months of 2020 with double digit growth versus last year, led by brands Pepsi, Mountain Dew, and Sting. However, quarantine restrictions in response to the COVID-19 pandemic in mid-March limited consumer movement and consumption, especially for on-premise outlets. When the government eased its quarantine restrictions in the second quarter, the Company saw improvement in its volume starting May 2020, with July 2020 volume close to the July 2019 level. Mr. Ong said that recovery was done by quickly adjusting to the changes in consumer preference as the product mix moved towards multi-serve home consumption packages. The Company also implemented measures to optimize operating expenses and CAPEX investments in line with the new business reality. Mr. Ong said that refocusing and reprioritizing the Company's spending and investments will help the Company throughout 2020, and that it is cautiously optimistic and expects growth to return in the second half of 2020 to finish the year with strong momentum going into 2021.

Mr. Roderick V. Osial asked about the Company's plans in light of the pandemic. In particular, he asked how the Company is helping its stakeholders and what the growth platform of the Company is moving forward. Mr. Ong said that part of the Company's response to the pandemic was to address the immediate needs of the surrounding communities and heavily-affected sectors.

The Company donated hydration drinks and PPEs to frontliners and lent tents to local government units for their check points. The Company's Business Units also donated to their respective communities. For its partners, the Company made sure that its products and services were readily available despite the quarantine restrictions so that consumers continue to have access to its products. Mr. Ong reported that, five (5) months into the community quarantine, the Company has fully adapted to the new normal and the Company is starting to tread the path of recovery. Mr. Ong concluded by saying that the Company leadership and Management have come up with business goals that will set a good foundation for the Company to pull through the pandemic. The plan is to focus on portfolio management, people development, process optimization, and enhanced efficiency and productivity while remaining compliant with government regulations.

The matters discussed and resolutions reached and the record of the voting results for each agenda item in the Annual Stockholders' Meeting held on 20 August 2020

Item discussed	For	Against	Abstain	Total No. of Shares Represented
i. Approval by the stockholders of the Minutes of the previous Annual Stockholders' Meeting held on 24 May 2019 [Stockholders' Resolution No. 2020/2021-001];	3,498,590,400	0	0	99.99%
ii. Presentation of the Audited Financial Statements of the Company for the year ended 31 December 2019 and acceptance and approval thereof by the stockholders [Stockholders' Resolution No. 2020/2021-002];	3,498,590,400	0	0	99.99%
iii. Ratification by the stockholders of all acts and resolutions of the Board of Directors, and all acts of the Management, as well as all contracts and transactions entered into by the Company, for the year 2019 [Stockholders' Resolution No. 2020/2021-003];	3,498,590,400	0	0	99.99%
iv. Presentation of the Proposed Amendments to the Amended Articles of Incorporation and approval thereof by the stockholders [Stockholders' Resolution No. 2020/2021-004];	3,498,590,400	0	0	99.99%
v. Presentation of the Proposed Amendments to the Amended By-Laws and approval	3,492,709,434	5,880,966	0	99.82%

thereof by the stockholders [Stockholders' Resolution No. 2020/2021-005];				
vi. Election of the Company's Directors, including Independent Directors, for the year 2020 to 2021 [Stockholders' Resolution No. 2020/2021-006];				
1. Frederick D. Ong	3,498,590,400	0	0	99.99%
2. Yongsang You	3,492,709,434	5,880,966	0	99.82%
3. Younggoo Lee	3,492,709,434	5,880,966	0	99.82%
4. Tae Hyeon Kim	3,492,709,434	5,880,966	0	99.82%
5. Jay Buckley	3,492,709,434	5,880,966	0	99.82%
6. Samir Moussa	3,492,709,434	5,880,966	0	99.82%
7. Parinya Kitjatanapan	3,492,709,434	5,880,966	0	99.82%
8. Oscar S. Reyes	3,498,590,400	0	0	99.99%
9. Rafael M. Alunan III	3,498,590,400	0	0	99.99%
vii. Re-appointment of R.G. Manabat & Co. as the Company's External Auditor for 2020 [Stockholders' Resolution No. 2020/2021-07].	3,498,590,400	0	0	99.99%

List of directors, officers, and stockholders who attended the Annual Stockholders' Meeting held on 20 August 2020

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

b. Officers
- Jin Man Kim – Senior Vice-President for Operations Strategic Supply Chain and Operations
- Domingo Almazan – Senior Vice-President for National Sales
- Ma. Vivian Cheong – Senior Vice-President for Human Resources and Corporate Affairs & Communications
- Young Duk Kang – Senior Vice-President, Chief Strategy Officer, Compliance Officer, and Data Protection Officer
- Aristedes Alindogan – Vice-President and Senior General Manager for Luzon 2
- Lyndon Cuadra – Vice-President and Senior General Manager for Visayas
- Kristine Ninotschka L. Evangelista – Corporate Secretary

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

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

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

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

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

1. On 26 November 2020, the Board of Directors approved the amendment of the Fourth Article of the Company's Amended Articles of Incorporation to reflect a perpetual corporate term pursuant to the Revised Corporation Code as implemented by SEC MC No. 22, Series of 2020.

2. On 05 April 2021, the Board of Directors approved the amendment of the Third Article of the Company's Amended Articles of Incorporation to reflect the change in the Company's principal office address, from Km. 29 National Road, Brgy. Tunasan, Muntinlupa City to the 26th Floor, Filinvest Axis Tower Two Building, Northgate Cyberzone, Filinvest City, Alabang, Muntinlupa City.

Item 16. **Other Proposed Action**

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

1. Presentation and approval of the Audited Financial Statements of the Company for the year ended 31 December 2020;

2. Ratification of all acts and resolutions of the Board of Directors and Management for the previous year, as well as all contracts and transactions entered into by the Company, for the year 2020;

3. Election of the members of the Board of Directors, including the Independent Directors, for the year 2021 to 2022; and

4. Re-appointment of R.G. Manabat & Co. (KPMG Philippines) as the Company's External Auditor for the year 2021 to 2022.

Item 17. **Voting Procedures**

Voting requirements

(a) Matters for stockholders' Approval

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

Following the approval by the Board of Directors of the conduct of the Annual Stockholders' Meeting to be held on 29 June 2021 by remote communications, stockholders who participate and vote through remote communications or who vote *in absentia* are deemed present for purposes of quorum. This is discussed further in Item 18 and Annex A of this Information Statement.

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

(b) Election of directors

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

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

Manner of voting

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

Method of counting votes

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

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

As disclosed by the Company on 05 April 2021, in its regular meeting held on the same date, the Board of Directors approved the conduct of the Annual Stockholders' Meeting via remote communications, to allow stockholders of record to participate and exercise their right to vote through remote communication, or *in absentia*, or by proxy; thus, dispensing with physical attendance in the meeting. This is to prevent the transmission of the COVID-19 virus, and for the safety and health of the stockholders.

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

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

SIGNATURE PAGE

Pursuant to the requirements of the Securities Regulation Code, the Issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

FREDERICK D. ONG
President and Chief Executive Officer

PROXY

I, ____________________________, a stockholder of PEPSI-COLA PRODUCTS PHILIPPINES, INC. (the "Company"), holding ________________ of the Company's shares, hereby name, constitute, and appoint ____ or in his/her absence, the Chairman of the Meeting, as attorney-in-fact and proxy, to represent and vote all shares registered in my name at the annual meeting of the stockholders of the Company to be held on Tuesday, 29 June 2021, and any adjournment(s) thereof.

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

1. Approval of the Minutes of the Annual Stockholders' Meeting held on 20 August 2020	□ Yes □ No □ Abstain
2. Approval of the Audited Financial Statements for the year ended 31 December 2020	□ Yes □ No □ Abstain
3. Ratification of the acts of the Board of Directors and Management for 2020	□ Yes □ No □ Abstain
4. Approval of amendments to the Third Article of the Company's Amended Articles of Incorporation to reflect the new principal office of the Company	□ Yes □ No □ Abstain
5. Approval of amendments to the Fourth Article of the Company's Amended Articles of Incorporation to reflect a perpetual term	□ Yes □ No □ Abstain
6. Election of Directors for the year 2021 to 2022 Indicate in the space before each name how many votes you are casting in favor of that nominee. Your total number of votes can be computed as follow: number of shares held x 9. If the cumulative number of votes indicated exceed this computation, your votes will be proportionately reduced.	Indicate number of votes per nominee: □ _______________ Frederick D. Ong □ _______________ Yongsang You □ _______________ Yun Gie Park □ _______________ Hyo Jin Song □ _______________ Jay Buckley □ _______________ Parinya Kitjatanapan □ _______________ Yuan Wang □ _______________ Oscar S. Reyes (Independent) □ _______________ Rafael M. Alunan III (Independent)
7. Appointment of R.G. Manabat & Co. as external auditor of the Company for the year 2021 to 2022	□ Yes □ No □ Abstain

IN WITNESS WHEREOF, I have signed this ___ day of _________ 2021, at _____________________________.

________________________________ PRINTED NAME OF STOCKHOLDER

________________________________ SIGNATURE OF STOCKHOLDER/ AUTHORIZED SIGNATORY

This proxy should be received by the Corporate Secretary, care of Pepsi-Cola Products Philippines, Inc., Km. 29 National Road, Tunasan, Muntinlupa City or at corporatesecretary@pcppi.com.ph **on or before 26 June 2021, 5:00 p.m**. For corporate stockholders, please attach to this proxy form the secretary's certificate on the authority of the signatory to appoint the proxy and sign this form. This proxy, when properly executed, will be voted in the manner as directed herein by the stockholder. If no direction is made, this proxy will be voted for the election of all nominees and for the approval of the matters stated above and for such other matters as may properly come before the meeting as recommended by the Chairman. A stockholder giving a proxy has the power to revoke it at any time before the right granted is exercised. A proxy is also considered revoked if the stockholder registers to vote digitally as provided in the instructions attached to the meeting notice. Notarization of the proxy is not required.

ANNEX A

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

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

A stockholder may only attend the meeting remotely by connecting to https://www.pepsiphilippines.com/AnnualStockholdersMeeting2021, at the date and time indicated in the Notice and Agenda. Stockholders who will not be attending, participating, and voting via remote communications may choose to vote *in absentia* or by proxy.

Registration Procedures

A stockholder (or his or her proxy) who intends to participate via remote communications, vote *in absentia*, or vote by proxy (by appointing the Chairman of the meeting as his or her proxy), must register in accordance with the procedures below from 08 June to 24 June 2021, 5:00 p.m.

To register, the stockholder must send an email to corporatesecretary@pcppi.com.ph, indicating "**PCPPI 2021 Annual Stockholders' Meeting Registration**" as the subject of the email.

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

I. For individual stockholders with stock certificates –

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

II. For stockholders under Broker accounts –

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

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

3. A scanned copy of the front and back portions of the stockholder's valid government issued ID, preferably with residential address (in .jpeg/.jpg or .png format). The file size should be no larger than 1MB;
4. A valid and active e-mail address;
5. A valid and active contact number;

6. Indicate if the stockholder will *(a)* attend, participate, and vote via remote communications, or *(b)* vote *in absentia*.

III. For corporate stockholders –

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

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

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

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

In all cases I, II and III above, if the stockholder will be attending by proxy, the signed proxy must be received by the Corporate Secretary before 26 June 2021, 5:00 p.m. The original signed proxy may be sent to the Corporate Secretary c/o Pepsi-Cola Products Philippines, Inc., at Km. 29 National Road, Brgy. Tunasan, Muntinlupa, or a scanned copy of the signed proxy may be sent by email to corporatesecretary@pcppi.com.ph.

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

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

Validation

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

A. Attendance, Participation and Voting Via Remote Communications

Attendance and Participation

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

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

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

Voting

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

The voting must comply with the following instructions:

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

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

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

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

B. Voting *in Absentia*

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

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

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

Voting

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

The voting must comply with the following instructions:

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

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

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

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

C. Voting By Proxy (Chairman)

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

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

Voting

The voting should comply with the following instructions:

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

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

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

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

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

The stockholders may send the original signed proxy to the Corporate Secretary c/o Pepsi-Cola Products Philippines, Inc., at Km. 29 National Road, Brgy. Tunasan, Muntinlupa, or a scanned copy of the executed proxy through email to corporatesecretary@pcppi.com.ph. The deadline for the submission of proxies is on 26 June 2021, 5:00 p.m.

Counting and Tabulation of Votes

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

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

ANNEX B

MANAGEMENT REPORT

MANAGEMENT REPORT

I. GENERAL NATURE AND SCOPE OF THE BUSINESS

Overview

Pepsi-Cola Products Philippines, Inc. (the "Company") was registered with the Philippine Securities and Exchange Commission ("SEC") on 8 March 1989, primarily to engage in manufacturing, sales and distribution of carbonated soft-drinks and non-carbonated beverages, and confectionery products to retail, wholesale, restaurants and bar trades. The registered office address and principal place of business of the Company is Km. 29, National Road, Tunasan, Muntinlupa City. On 30 May 2014, the SEC approved the amendment to the Company's Article of Incorporation, particularly on its primary purpose to also engage in the manufacturing, sale and distribution of snacks, food and food products.

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

Philippine Beverage Industry

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

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

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

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

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

Customers/Distribution Methods of the Products

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

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

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

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

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

Principal Suppliers

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

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

Legal Proceedings

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

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

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

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

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

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

Market Information

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

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

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

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

Stockholders

The Company has approximately 803 holders of common shares as of 12 May 2021, with the PCD Nominee Corporation (Filipino) and PCD Nominee Corporation (Non-Filipino) considered as two (2) holders, based on the number of accounts registered with the Company's stock transfer agent, Stock Transfer Service, Inc. ("STSI").

The following are the top 20 holders of common shares based on the report furnished by the Stock Transfer Agent as of 12 May 2021.

NO.	Name	Number of Shares Held	Percentage of Ownership
1	LOTTE CORPORATION	1,436,315,932	38.88%[1]
2	LOTTE CHILSUNG BEVERAGE CO. LTD.	1,135,689,701	30.75%[2]
3	QUAKER GLOBAL INVESTMENTS B.V.	923,443,071	25.00%
4	PCD NOMINEE CORP. (NON-FILIPINO)	158,951,170	04.30%
5	BONHOEFFER FUND LP	12,122,300	00.33%
6	PCD NOMINEE CORP. (FILIPINO)	7,609,223	00.21%
7	BPI SECURITIES CORPORATION-FILIPINO	2,424,583	00.07%
8	MARIO TAN OR LYDIA TAN OR MORRIS TAN	1,100,000	00.03%
9	ABACUS SECURITIES CORPORATION	978,200	00.03%
10	AIZAWA SECURITIES CO LTD	602,000	00.02%
11	MAYBANK ATR KIM ENG SECURITIES INC.	507,000	00.01%
12	MANDARIN SECURITIES CORPORATION FAO DONATA P. YU	497,900	00.01%
13	JOSEPH MARTIN H. BORROMEO	450,000	00.01%
14	WAT WAI HOONG JOSEPH AND PHO LINL LIN	388,000	00.01%
15	AB CAPITAL SECURITIES, INC.	381,000	00.01%
16	MICHAEL T. WEE	320,700	00.01%
17	OSCAR S. REYES	300,001	00.01%
18	YAN, LUCIO W.	300,000	00.01%
19	MAYBANK ATR KIM ENG SECURITIES, INC.	285,000	00.01%
20	SINCERE SECURITIES CORPORATION	275,000	00.01%

Cash Dividends

For the last three calendar years, the Board of Directors approved the following declarations of cash dividends: no dividends in the calendar year ended 31 December 2020, PhP162.5 million in calendar year ended 31 December 2019, PhP163 million in calendar year ended 31 December 2018. Details of the declarations are as follows:

Date of Declaration	*Dividend Per Share*	**Payable to Stockholders of Record as of**	**Date of Payment**
16 April 2018	0.044	30 April 2018	25 May 2018
20 June 2019	0.044	16 July 2019	9 August 2019

Dividend Policy

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

[1] This percentage refers to the shares held in Lotte Corporation's name as recorded in the books of the Company. In the General Information Sheet of the Company filed on 15 April 2021, Lotte Corporation is disclosed as the beneficial owner of 42.22% of the Company's issued and outstanding shares, with 123,074,500 shares or around 3.33% held through PCD Nominee Corp (Non-Filipino).

[2] In a SEC Form 23-B filed on 23 November 2020, Lotte Chilsung reported its acquisition of 1,559,390,432 shares or around 42.22% of the Company's issued and outstanding shares from Lotte Corporation. This transfer is yet to be recorded in the Company's books pending presentation of documentary requirements to the stock transfer agent.

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

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

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

III. FINANCIAL STATEMENTS

Please refer to the Audited Financial Statements of the Company for the calendar year ended 31 December 2020, which is attached as Exhibit I to the Annual Report (SEC Form 17-A), which is attached to the Information Statement (SEC Form 20-IS) as Annex D.

Please refer to the Condensed Interim Financial Statements of the Company for the quarter ended 31 March 2021, which is attached to the Information Statement (SEC Form 20-IS) as Annex E.

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

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

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

A. For the calendar year ended 31 December 2019

Results of Operations

31 December 2020 versus 31 December 2019

The COVID-19 pandemic continues to impact the results in the 4th Quarter ("Q4") of 2020. After improving to a single digit decline in Net Sales in 3rd Quarter ("Q3") with the easing of quarantine restrictions, the pandemic coupled with back-to-back typhoons in Q4 resulted in Net Sales decline of 13%. Despite these challenges, the company posted Operating Income of PhP23 million for the quarter as it focused on driving more favorable mix and controlled spending.

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

31 December 2019 versus 31 December 2018

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

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

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

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

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

31 December 2018 versus 31 December 2017

Q4 posted Gross Sales of PhP10.4 billion, a 14% growth versus the same period last year on account of the excise-driven price increase at the beginning of 2018.

Gross margin improved versus previous quarter by 81bps mainly from productivity improvements, delivering Gross Profit of PhP1.6 billion.

Excluding one-off charges related to the implementation of Tax Reform for Acceleration and Inclusion ("TRAIN") and which were booked in Q4 2017, Operating Expenses for the quarter is largely in line with prior year even with inflationary pressures during the period.

Year-To-Date, Gross Sales reached PhP38.4 billion, increasing 7% from the prior year.

The Company spent PhP2 billion in capital expenditure in 2018 for operating necessities and for future growth.

Financial Condition and Liquidity

The Company's operations are cash intensive. This capability to generate cash is one of its greatest strengths. With its liquidity, the Company has substantial financial flexibility in varying operating policy in response to market demands, in meeting capital expenditures through internally generated funds and in providing the Company with a strong financial condition that gives it ready access to financing alternatives (refer to Note 27 to the 31 December 2020 Audited Financial Statements for a detailed discussion on the Company's revolving credit facilities as of 31 December 2020).

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

Decrease in current assets from PhP8,749 million as of 31 December 2019 to PhP8,228 million as of 31 December 2020 were due to increases in receivable – net PhP860 million, prepaid expenses and other current assets of PhP36 million, and due from related parties of PhP45 million and increases in inventory of PhP281 million, prepaid expenses and other current assets of PhP338 million and asset held for sale PhP126 million and decrease in inventories of PhP1,124 million, and due from related parties of PhP15 million.

Decrease in noncurrent assets from PhP17,475 million as of 31 December 2019 to PhP17,071 million as of 31 December 2020 due to decreases in bottles and cases of PhP356 million, right of use assets PhP122 million, and other noncurrent assets of PhP7 million, and an increase in deferred tax assets of PhP33 million, property, plant and equipment of PhP23 million, investment in associates of PhP18 million, and intangible assets PhP7 million.

Decrease in current liabilities from PhP11,478 million as of 31 December 2019 to PhP9,729 million as of 31 December 2020 due to decreases in short-term debt of PhP900 million, accounts payable & accrued expenses of PhP622 million and long-term debt current portion of PhP227 million.

Increase in noncurrent liabilities from PhP5,604 million as of 31 December 2019 to PhP7,057 million as of 31 December 2020 due to increase in long-term debt of PhP1.752 billion, and other noncurrent liabilities of PhP47 million and decrease in deferred tax liabilities of PhP346 million.

Total assets decreased from PhP26,224 million as of 1 December 2019 to PhP25,299 million as of 31 December 2020 mainly due to general decreases in assets as discussed above. Total liabilities decreased from PhP17,082 million as of 31 December 2019 to PhP16,786 million as of 31 December 2020 mainly due to general decreases in payables as stated above.

Total equity decreased from PhP9,143 million to PhP8,514 million on account of total comprehensive loss of PhP629 million in 2020.

Events That May Trigger Direct or Contingent Obligations

The Company is not aware of any event that resulted in a direct or contingent financial obligation as of 31 December 2020 that is material to the Company, including any default or acceleration of an obligation.

Off-Balance Sheet Transactions

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

Key Performance Indicators

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

		2020	**2019**
Current ratio	Current assets over current liabilities	0.8:1	0.8:1
Solvency ratio	Profit plus depreciation and amortization over total liabilities	0.1:1	0.2:1
Bank debt-to-equity ratio	Bank debt over total equity	0.9:1	0.8:1
Asset-to-equity ratio	Total assets over equity	3.0:1	2.9:1
Operating margin	Operating profit over net sales	-1.5%	2.6%
Net profit margin	Net profit over net sales	1.6%	0.8%
Interest rate coverage ratio	Earnings before interest and taxes over interest expense	-0.9:1	2.01:1

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

Material Commitments for Capital Expenditures

The Company has ongoing definite corporate expansion projects approved by the Board of Directors. As a result of this expansion program, the Company spent for property, plant and equipment as well as bottles and shells amounting to PhP2,122 million, PhP2,475 million, and PhP1,976 million for the years ended 31 December 2020, 2019, and 2018, respectively. To this date, the Company continues to invest in major capital expenditures in order to complete the remaining expansion projects lined up in line with prior calendar year spending.

Factors that may Impact the Company's Operations/Seasonality Aspects

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

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

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

B. For the quarter ended 31 March 2021

Results of Operations

The Company recorded Net Sales of PhP7.6 billion in the first quarter of 2021, just 1.3% lower than the same period last year when notably the first two months were before the COVID-19 pandemic-related quarantine and the corresponding significant decline in consumption. Increased focus on net revenue realization via mix improvement and selective pricing actions cushioned the volume softness from continued implementation of quarantine measures across the country. Coupled with cost rationalizations, the Company delivered an Operating Profit to-date of PhP59 million, a turnaround from last year's loss, while Net Income stands at PhP36 million.

Financial Condition

The Company's financial condition remained solid. Cash flows from operating activities were used to fund capital expenditures needs and payoff a portion of the Company's bank debt. Consequently, the Company's bank debt increased by PhP826 million in comparison with 31 December 2020 balance.

There were no material changes (+/-5% or more) that were noted during the three-month interim period ended 31 March 2021.

Known Trends, Demands, or Uncertainties That May Affect Liquidity

The Company is not aware of any trend that may affect its liquidity. Refer to Note 11 to the Condensed Interim Financial Statements for the quarter ended 31 March 2021 for a discussion of the Company's liquidity risk and financial risk management.

Events That May Trigger Direct or Contingent Obligations

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

Off-Balance Sheet Transactions

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

Material Commitments for Capital Expenditures

The Company has ongoing definite corporate expansion projects approved by the Board. As a result of this expansion program, the Company spent for property, plant and equipment as well as bottles and cases amounting to PhP904 million and PhP1.42 billion for the three months ended 31 March 2021 and 2020, respectively. To this date, the Company continues to invest in major capital expenditures in order to complete the remaining expansion projects lined up in line with prior calendar year spending.

Trends or Uncertainties That May Impact Results of Operations

The Company's performance will continue to hinge on the overall performance of the Philippine economy, the natural seasonality of operations, and the competitive environment of the beverage market in the Philippines. Refer to Note 11 to the Condensed Interim Financial Statements for the quarter ended 31 March 2021 for a discussion of the Company's Financial Risk Management.

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

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

Seasonality Aspects That May Affect Financial Conditions or Results of Operations

Please refer to Note 4 to the Condensed Interim Financial Statements for the quarter ended 31 March 2021 for a discussion of the seasonality of the Company's operations.

Key Performance Indicators

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

		31 March 2021	31 December 2020
Current ratio	Current assets over current liabilities	0.8:1	0.8:1
Solvency ratio	Net income plus depreciation and amortization over total liabilities	0.04:1	0.1:1
Bank debt-to-equity ratio	Bank debt over total equity	0.98:1	0.88:1
Asset-to-equity ratio	Total assets over equity	3.0:1	3.0:1

		For the three months ended March 31	
		2021	2020
Gross sales		PhP8.7 billion	PhP8.8 billion
Gross profit margin	Gross profit over net sales	19.01%	16.4%
Operating margin	Operating income over net sales	0.78%	-2.3%
Net profit margin	Net profit over net sales	0.48%	-2/1%
Interest rate coverage ratio	Earnings before interest and taxes over interest expense	0.9:1	2.0:1

VI. CORPORATE GOVERNANCE

Manual of Corporate Governance

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

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

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

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

Board Committees

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

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

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

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

Compliance with the Manual

For purposes of evaluating compliance with the Manual, the Company has adopted the self-rating form prescribed by the SEC, or the Integrated Annual Corporate Governance Report (SEC Form I-ACGR). In line with this, and pursuant to the requirements of the SEC, the Company submitted its first Annual Corporate Governance Report ("ACGR") for 2012 on 28 June 2013, and has submitted the ACGR and the revised Integrated Annual Corporate Governance Report form, yearly thereafter until 2020. In 2021, after voluntarily delisting from the Philippine Stock Exchange, it submitted a Compliance Officer's Certification (SEC Form CG-2020) in lieu of an Integrated Annual Corporate Governance Report.

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

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

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

ANNEX C

MINUTES OF THE ANNUAL STOCKHOLDERS’ MEETING HELD ON 20 AUGUST 2020

FOR APPROVAL BY THE STOCKHOLDERS AT THE 2021 ANNUAL STOCKHOLDERS' MEETING

MINUTES OF THE 2020 ANNUAL STOCKHOLDERS' MEETING OF PEPSI-COLA PRODUCTS PHILIPPINES, INC.

Held virtually via https://www.pepsiphilippines.com/AnnualStockholdersMeeting2020
on 20 August 2020 at 9:00 a.m.
(Stockholders' Meeting No. 2020/2021-001)

STOCKHOLDERS PRESENT

Total No. of Issued and Outstanding Shares entitled to vote	3,693,772,279
Total No. of Shares of Stockholders Participating by Remote Communications	3,492,778,434
Total No. of Shares of Stockholders Voting *in absentia*	-
Total No. of Shares of Stockholders Present by Proxy	5,880,966
Total No. of Shares Present	**3,498,659,400**
Percentage of Shares of Stockholders Present	**94.72%**

STOCKHOLDERS PRESENT

Lotte Corporation
Lotte Chilsung Beverage Co. Ltd.
Quaker Global Investments B.V.
Deutsche Bank
Standard Chartered
Catherine Faith M. Bitalac
Alex C. Catindig
Veronica G. de Jesus
Roderick V. Osial
Ivy A. Valdez

DIRECTORS PRESENT

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

OFFICERS PRESENT

Jin Man Kim	*Executive Vice President for Strategic Supply Chain and Operations*
Domingo F. Almazan	*Senior Vice-President for National Sales and Distribution*
Ma. Vivian A. Cheong	*Senior Vice-President for Human Resources and Corporate Affairs & Communications*
Young Duk Kang	*Senior Vice-President, Chief Strategy Officer, Compliance Officer, and Data Protection Office*
Aristedes H. Alindogan	*Vice-President and Senior General Manager – Luzon 2*
Lyndon J. Cuadra	*Vice-President and Senior General Manager – Visayas*
Kristine L. Evangelista	*Corporate Secretary*

I. CALL TO ORDER

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

II. CERTIFICATION OF NOTICE AND OF QUORUM

The Corporate Secretary certified that on 6 July 2020, the notice and agenda for the annual stockholders' meeting, as well as the procedures on participation by remote communications and voting in absentia, were made available to the stockholders of record as of record date through the PSE EDGE platform and to the stockholders who registered to participate or vote upon the matters for approval in the meeting. The notice and agenda were also published on 28 July 2020 and 29 July 2020 in the business section of the Philippine Star and Business Mirror in both the print and online (OneNews.ph and BusinessMirror.com.ph) formats. The Corporate Secretary also certified that there was a quorum to conduct business, there being a total of 3,498,659,400 shares represented, constituting 94.72% of the total outstanding capital stock of the Company, or more than 50% of the Company's total outstanding capital stock.

As the meeting was called to order, the stock and transfer agent again certified that a total of 3,498,659,400 shares represented in person and by proxy, constituting 94.72% of the Company's total outstanding capital stock, was present at the meeting.

III. INSTRUCTION ON RULES OF CONDUCT AND VOTING PROCEDURES

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

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

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

The votes were tabulated by the Corporate Secretary, assisted by the stock transfer agent. The Corporate Secretary reported that, at the end of the proxy validation process on 17 August 2020 at 5:00 p.m., stockholders owning 3,498,590,400 shares equivalent to 99.99% of the total shares represented in the meeting and 94.72% of the total issued and outstanding stock of the Company had cast their votes on the items for consideration. The Corporate Secretary referred to this partial tabulation in reporting the voting results throughout the meeting. The remaining votes that were cast are now included and reflected in these minutes.

IV. APPROVAL OF THE MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING HELD ON 11 MAY 2018

The Chairman then proceeded with the approval of the minutes of the annual stockholders' meeting held on 24 May 2019.

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

The Corporate Secretary presented Stockholders' Resolution No. 2020/2021-001, which was displayed on the screen, and reported the approval by the stockholders based on the votes received:

Stockholders' Resolution No. 2020/2021-001

> RESOLVED, that the stockholders of Pepsi-Cola Products Philippines, Inc. (the "*Corporation*") approve, as they hereby approve, the minutes of the Corporation's Annual Stockholders' Meeting held on 24 May 2019.

As tabulated by the Corporate Secretary, the votes on the adoption of Stockholders' Resolution No. 2020/2021-001 are as follows:

Vote	Number of votes	Percentage of shares represented
For	3,498,590,400	99.99%
Against	0	-
Abstain	0	-
Total	3,498,590,400	99.99%

V. REPORT OF THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

The President and Chief Executive Officer, Mr. Frederick D. Ong, reported on the results of the operations of the Company for the calendar year ended 31 December 2019 and the efforts undertaken by Management for the year.

Mr. Ong began his report by stating that it is their inherent belief in PCPPI that they exist primarily to deliver responsibly on their commitment to create value for their stakeholders. Coming out of the Company's Win as One goal in 2019, and with thanks to the programs and initiatives implemented by his predecessor, Mr. Yongsang You, Mr. Ong was happy to report the Company's achievements for 2019.

Mr. Ong stated that 2019 was a solid year compared to a challenging 2018, with the Sugar Tax imposed on the industry. The Company saw positive financial outcomes with a 4% increase in gross sales from PhP38.4 billion in 2018 to PhP40.1 billion in 2019. This trickled down to the Company's gross profit which significantly improved by 19% from PhP5.7 billion in 2018 to PhP6.8 billion in 2019 due to the efficient management of manufacturing cost and maintenance of low level of sales and discounts. The Company delivered a net profit of almost PhP300 million last year, coming from a loss of almost PhP200 million in 2018. The Company invested PhP2.7 billion in capital expenditures ("*CAPEX*") in 2019 and delivered earnings before interest, taxes, depreciation, and amortization (EBITDA) of PhP3.6 billion last year, which is an upturn of PhP1.1 billion from PhP2.5 billion in 2018, thus maintaining the Company's liquidity.

Mr. Ong attributed the Company's financial wins to its key achievements in 2019. The Company introduced a new product line in the Gatorade portfolio, Gatorade Ion, and revitalized the marketing of Gatorade with the Gatorade Win as One Campaign. Further, the Company saw a growth in exclusive partnerships, with the notable addition of Penong's BBQ and Grill, one of the fast-expanding food chains south of the Philippines. The Company aims to build more exclusive partnerships with similar institutions in the years to come.

Mr. Ong also highlighted the Company's operational efficiencies. The Company steered the business towards greater optimization of work systems by establishing the Strategic Supply Chain and Operations (SSCO)– an alignment strategy across all functions that touched the supply chain process. Management also positioned the Company towards focused growth and ceased the local production of the snack plant in Cabuyao, Laguna to further center operations on its expanding beverage lines.

The Company also focused on sustainability in 2019 with the creation of the Sustainability Task Force, to reinforce, standardize, and continuously improve the Company's sustainability practices. The Company institutionalized its three Sustainability Pillars: Circular Economy, Water Stewardship, and Inclusive Business. This is consistent with PepsiCo's 2025 sustainability vision of 20% reduction in fuel and electricity usage, 25% reduction in water usage, and 35% reduction in virgin plastic content in plastic packaging. Mr. Ong informed stockholders that the Company invested PhP100.3 million in sustainability efforts, which includes the water recycling and reuse project, with Muntinlupa as the pilot plant. This initiative is set to be implemented across all plants to create a profound and integrated impact on the Company's way of consuming water. Despite restrictions on the access to traditional sources of groundwater to fuel operations, the Company was able to strengthen its water stewardship through purposeful water usage in its operations, integrated watershed management, and knowledge sharing on sanitation and prudent water use among internal and external stakeholders.

Mr. Ong reported that the Company created more than seven thousand (7,000) jobs for its partner Micro, Small & Medium Enterprises (MSMEs) through the Entrepreneurship Distribution System, and supported various advocacies such as education, diversity, and disaster resilience, which all directly benefitted the communities where the Company operates.

The Company was able to save PhP108 million from resource management, and reduce carbon footprint production by 450 MT across all plants. Because of these efforts, the Company bagged the prestigious Asia CEO Awards "Circle of Excellence" for the Luntian Yaman and Water for Peace in Marawi, and the Asia Responsible Enterprise Awards 2019 for the same program in Marawi.

Significantly, the Company celebrated its thirtieth (30^{th}) anniversary under the "Pepsi-Cola Products Philippines, Inc." name last year. The Company also celebrated the induction of its San Fernando Pampanga plant into the local government unit ("*LGU*") Hall of Fame for receiving the "Healthiest Workplace" Award three (3) years in a row. In addition, the Company won three (3) awards from 7-Eleven, namely, Innovation, Brand Activation Partnership, and Account Management. The Sta. Rosa business unit also gained recognition from Citimart for being the Most Improved Supplier and Excellence in Branding.

The "Great to Be Pepsi" mantra has been continuously echoed within the organization, and the Company's employees, referred to as Bravehearts, are exemplifying and living this mantra through their increased sense of volunteerism. Mr. Ong recognized the Bukluran Councils, which serve as the Company's empowerment arm, for delivering on the promise of taking care of the business, each other, and the Company's communities. Mr. Ong said that the Company places a premium on the welfare of the employees, who have been its main driving force from day one. The Company constantly aims for their growth through developmental programs, which begins from their on-boarding, to their skills enhancements as they become leaders. Through all of these, the Company has underscored the P.E.P.S.I values of Passion, Excellence, Professionalism, Service, and Integrity.

Mr. Ong acknowledged that 2020 has proven to be a very tumultuous year, not just for PCPPI and the industry, but for all sectors of society. Though these unprecedented events have affected PCPPI's business, Mr. Ong assured stockholders that the Company remains committed to delivering on its promise. In dealing with COVID-19, the Company's goal is to ensure minimal impact of the pandemic on its business, its people, and its operations by developing three main guiding principles: first is to help the employees cope safely during the enhanced community quarantine ("*ECQ*") or lockdown period, second is to support the Company's community and partners across the country, and third is to remain responsible in delivering its obligation in service to the Filipino people.

The Company made sure to provide a safer work environment for the employees, and introduced flexible work arrangements such as work from home, skeleton workforce, and telsell or phone sales, among others. The Company also timed the early release of salaries and pro-rated 13th month pay to ease the financial burden brought about by the imposed lockdowns. Those who went to work as part of the skeleton workforce were provided with free board and lodging, meal allowances, face masks, and personal protective equipment ("*PPEs*"). The Company also kept the employees' mental health in mind through a series of webinars and consultation sessions for them to understand the current situation and cope safely with it in the comforts of their homes and with their families.

PCPPI also donated more than 165,000 bottles or around 9,000 cases of assorted drinks to hospitals, quarantine facilities, and checkpoints to hydrate and uplift the spirits of the frontliners, and lent more than a hundred tents to LGUs for their checkpoints nationwide. The Company also made its services available to its customers, distributors, and suppliers through skeletal manning and many community partnerships, while still making sure that both its employees and consumers were safe and protected.

As a company that delivers essential goods, the Company was able to continue manufacturing, selling, and distributing products even during the ECQ period, within the government approved guidelines and protocols. The Company made sure that the stores and grocery shelves were filled with hydration products, and implemented new and safe ways to deliver goods right at the customers' doorsteps to meet their ever-changing demands through a local community partnership program.

To manage its level of liquidity, Mr. Ong reported that the Company drove down its cost by seven percent (7%) and rationalized its planned capital investments in 2020 by eighteen percent (18%). Despite these measures, the Company was able to fully support the needs of its customers and consumers, and keep stock levels intact. More importantly, despite other big businesses scaling down and closing, no one in PCPPI was let go and no employee lost his/her job during the COVID-19 pandemic.

Mr. Ong concluded his report by reassuring stockholders that PCPPI is steadfast in achieving its goals and poised to reach bigger milestones in the years ahead. As the new President and Chief Executive Officer, his first priority work was to put strategic agenda and growth targets in place, with firm emphasis on healthy financials, complete portfolio management, people development, stronger delivery on quality, productivity, and health and regulatory compliance. He then invited viewers to watch PCPPI's corporate video.

After the corporate video was shown, the Chairman stated that the President and Chief Executive Officer's report on the results of the Company's operations for calendar year ended 31 December 2019 was noted for the record.

VI. PRESENTATION OF AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

The Chairman proceeded to the next agenda item, which was the presentation and approval of the Company's audited financial statements for the calendar year ended 31 December 2019 ("*AFS*"). The Corporate Secretary reported that a copy of the AFS, which forms part of the Company's Annual and Sustainability Report, was attached to the Definitive Information Statement made available to the stockholders before the meeting.

The Corporate Secretary presented Stockholders' Resolution No. 2020/2021-002, which was displayed on the screen, and reported the approval by the stockholders based on the votes received:

Stockholders' Resolution No. 2020/2021-002

> RESOLVED, that the stockholders of Pepsi-Cola Products Philippines, Inc. (the "*Corporation*") note, accept and approve, as they hereby note, accept and approve, the Corporation's Audited Financial Statements for the calendar year ended 31 December 2019.

As tabulated by the Corporate Secretary, the votes on the adoption of Stockholders' Resolution No. 2020/2021-002 are as follows:

Vote	Number of votes	Percentage of shares represented
For	3,498,590,400	99.99%
Against	0	-
Abstain	0	-
Total	3,498,590,400	99.99%

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

The Chairman proceeded to the next agenda item, which was the ratification of the acts of the Board of Directors and Management from the last annual stockholders' meeting held on 24 May 2019 to date.

The acts and resolutions of the Board of Directors include those of its Committees exercising powers delegated by the Board. These acts and resolutions are reflected in the minutes of the meetings, and include the election of officers and members of the Board Committees, appointment of authorized representatives for various transactions, treasury matters, contracts, and other material matters duly and timely disclosed to the Securities and Exchange Commission and the Philippine Stock Exchange, as well as posted on the Company's website.

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

The Corporate Secretary presented Stockholders' Resolution No. 2020/2021-003, which was displayed on the screen, and reported the approval by the stockholders based on the votes received:

Stockholders' Resolution No. 2020/2021-003

> RESOLVED, that the stockholders of Pepsi-Cola Products Philippines, Inc. (the "*Corporation*") ratify and approve, as they hereby ratify and approve, all acts and resolutions of the Corporation's Board of Directors, including those of the Board Committees, all acts of the Management, as well as all contracts and transactions entered into by the Corporation from the last annual stockholders' meeting held on 24 May 2019 to date.

As tabulated by the Corporate Secretary, the votes on the adoption of Stockholders' Resolution No. 2019/2020-003 are as follows:

Vote	Number of votes	Percentage of shares represented
For	3,498,590,400	99.99%
Against	0	-
Abstain	0	-
Total	3,498,590,400	99.99%

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

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

The Corporate Secretary confirmed that the proposed amendments to the Company's Amended Articles of Incorporation were approved by the Board of Directors in its meeting held on 13 May 2020 and gave a brief overview of the proposed amendments, which are outlined and discussed in the Definitive Information Statement.

The Company's Amended Articles of Incorporation are being amended to align its provisions with the Charter of the Board of Directors and the charters of the Board committees adopted on 11 December 2019. The Charter of the Board of Directors and charters of the Board committees were drafted to be consistent with the recommendations under the Code of Corporate Governance for Publicly-Listed Companies to the fullest extent possible. There are two proposed amendments to the Amended Articles of Incorporation:

First, all references to the "Nomination Committee" are amended to refer to the "Nomination and Governance Committee," which has assumed governance functions and been renamed as such under the Nomination and Governance Committee Charter.

Second, the Nomination and Governance Committee was empowered to give recommendations on the recruitment, hiring, or change in the terms of employment of the six (6) highest-paid executives, officers, and/or directors.

The Corporate Secretary presented Stockholders' Resolution No. 2020/2021-004, which was displayed on the screen, and reported the approval by the stockholders based on the votes received:

<u>Stockholders' Resolution No. 2020/2021-004</u>

> RESOLVED, that the stockholders of Pepsi-Cola Products Philippines, Inc. (the "*<u>Corporation</u>*") approve as they hereby approve the following amendments to the Amended Articles of Incorporation:
>
> "TWELFTH: xxx xxx xxx
>
> (b) Each of the directors and members of the Executive, Audit, Nomination <u>and Governance</u>, Compensation <u>and Remuneration</u>, and other committees, x x x.
>
> xxx xxx xxx
>
> (e) For as long as the Appointments remain effective, x x x the affirmative vote of three-fourths or 75% of the directors shall be required for the validity of any of the following acts:
>
> (10) Recruitment, hiring, or otherwise changing terms of employment (including compensation, severance, or termination) for the six (6) highest-paid executives, officers and/or directors of the Corporation other than such terms as recommended by the Nomination <u>and Governance Committee and</u> Compensation and Remuneration Committee of the Corporation;
>
> xxx xxx xxx."

As tabulated by the Corporate Secretary, the votes on the adoption of Stockholders' Resolution No. 2020/2021-004 are as follows:

Vote	Number of votes	Percentage of shares represented
For	3,498,590,400	99.99%
Against	0	-
Abstain	0	-
Total	3,498,590,400	99.99%

IX. PRESENTATION OF THE PROPOSED AMENDMENTS TO THE AMENDED BY-LAWS

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

The Corporate Secretary gave a brief overview of the proposed amendments to the Company's Amended By-Laws, which were likewise approved by the Board of Directors in its meeting held on 13 May 2020. The proposed amendments to the Company's Amended By-Laws, which are also outlined and discussed in the Information Statement, are intended to align its provisions with the Charter of the Board of Directors and the charters of the Board committees adopted on 11 December 2019. There are seven (7) proposed amendments to the Amended By-Laws:

First, that the number of Independent Directors shall be increased from two (2) to a minimum of two (2) or such number that will constitute twenty-percent (20%) of the members of the Board, whichever is higher.

Second, that the Board's opinion shall be considered material in determining the qualifications of an Independent Director.

Third, that in the absence of the Chairman and Vice-Chairman, the President or the Chief Executive Officer shall have the duty to preside at the meetings of the Board of Directors and the stockholders.

Fourth, that the members of the Board shall be permitted to attend Board meetings through all authorized means of remote communications, such as - web conferencing, and other electronic means, aside from teleconferencing and video conferencing.

Fifth, that members of the Board committees shall be authorized to deem a committee meeting as duly convened by agreement, despite shorter notice, and that the members shall be allowed to consent to short notices or waive notices of any committee meeting.

Sixth, that all references to the "Nomination Committee" in the Company's By-Laws are amended to refer to the "Nomination and Governance Committee."

Seventh, that the composition, functions, and duties of Board committees and qualifications of committee members are amended to reflect the changes introduced in the charters of the Board committees. These changes are discussed in detail in the Definitive Information Statement.

The Corporate Secretary presented Stockholders' Resolution No. 2020/2021-005, which was displayed on the screen, and reported the approval by the stockholders based on the votes received:

Stockholders' Resolution No. 2020/2021-005

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

"Article III
DIRECTORS

SECTION 1. x x x. All Directors shall at all times possess all the qualifications and none of the disqualifications provided for in the Articles of Incorporation, these By-Laws, the Manual on Corporate Governance (the "Manual"), applicable laws, regulations, and resolutions and rules passed or adopted by the Nomination and Governance Committee.

xxx xxx xxx

SECTION 6. The Board of Directors may hold meetings, after due notice, by telephone call conference, video conference, web conference or such other allowable electronic means to the extent permitted by and under the rules and requirements established by applicable Philippine law, x x x.

SECTION 10. The Board of Directors shall create and appoint the following committees: an Executive Committee, an Audit Committee, a Nomination and Governance Committee, a Compensation and Remuneration Committee, and may create such other committees as it may deem necessary or convenient. The Executive Committee, the Audit Committee, the Nomination and Governance Committee, and the Compensation and Remuneration Committee shall resolve all matters brought before it (including the election of their respective Chairmen) by the unanimous vote of its Director-members. x x x.

10.1. xxx xxx xxx

The Executive Committee shall have and exercise all the powers of the Board of Directors during the intervals between Board meetings except for: x x x (6) such other matters as may be specifically excluded or limited by the Board or by the Revised Corporation Code. x x x.

10.2. The Audit Committee shall be composed of four (4) members of the Board, with at least two (2) members being independent. Each member must have relevant background, knowledge, skills and/or experience in the areas of accounting, auditing and finance and shall have adequate understanding of the Corporation's financial management systems and environment. At least one (1) member of the Audit Committee must have relevant thorough knowledge and experience on risk and risk management. The Chairman of the Audit Committee shall be an independent director, and shall not simultaneously be the Chairman of the Board or any other committee. The Audit Committee shall meet at least once every three (3) months and shall assist the Board in the performance of its oversight responsibility for: (a) the Corporation's financial reporting process, audit process, and monitoring of compliance with applicable laws, rules and regulations, including supervising the formulation of rules and procedures on financial reporting and internal control; (b) the Corporation's internal controls; (c) the Corporation's appointment, reappointment, removal, and payment of the fees of the External Auditor; (d) the Corporation's risk management process; and (e) the Corporation's transactions with Related Parties. The Audit Committee shall also perform all of its other duties and responsibilities provided in the Manual. The Audit Committee shall have an Audit Committee Charter as provided in the Manual. The Audit Committee shall keep minutes of each of its meetings, which shall be presented at the next succeeding meeting of the Board of Directors for ratification.

10.3. The Nomination and Governance Committee shall be composed of three (3) members, at least one (1) of whom shall be an independent director. The Board of Directors may also designate non-voting members as it may on a case-to-case basis require for purposes of advising the Committee. The Chairman of the Nomination and Governance Committee shall be an independent director, and shall not simultaneously be the Chairman of the Audit Committee. The Nomination and Governance Committee shall meet at such times and places it considers appropriate, provided that one (1) meeting shall be held after the close of the nomination period for the election of Directors and prior to the finalization of the Corporation's information statement. The Nomination and Governance Committee shall undertake the following duties and functions relating to corporate governance: (a) oversee the implementation of the corporate governance framework and periodically review said framework to ensure it remains appropriate in light of material changes to the Corporation's size, complexity and business strategy, as well as its business and regulatory environments; (b) oversee the periodic performance evaluation of the Board and its committees as well as Management, and conduct an annual self-evaluation of its performance; (c) ensure that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement; (d) recommend continuing education/training programs for directors, assignment of tasks/projects to the board committees, and succession plan for the directors and officers; (e) recommend corporate governance policies and ensure that these are reviewed and updated regularly, and consistently implemented in form and substance; and (f) propose and plan relevant trainings for the directors, as well as for the induction of new directors. It shall also undertake the following duties and responsibilities relating to the nomination and election of directors: (a) establish and adopt a formal and transparent Board nomination and election policy, aligned with the strategic direction of the Corporation, that shall include how the committee accepts nominations and assesses the qualifications of the nominated candidates, which policy shall also include an assessment of the effectiveness of the Board of Directors' processes and procedures in the nomination, election, and replacement of directors; (b) pre-screen and shortlist all candidates nominated to become a member of the Board of Directors in accordance with the qualifications and disqualifications provided for in the Articles of Incorporation, By-laws, the Manual on Corporate Governance, applicable laws, regulations, and resolutions and rules passed or adopted by it, the stockholders, the Board of Directors, including disqualifying nominees who, represent an interest adverse to or in direct conflict with those of the Corporation; (c) advise the Board and the stockholders, as applicable, whether the directors continue to be qualified or disqualified from continuing as members of the Board of Directors; (d) define the roles, duties, and responsibilities of the Chief Executive Officer and other members of senior management by integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance at all times. In carrying out its duties, it shall request the assistance of the Senior Vice-President for Human Resources and the Human Resources Department. The Nomination and Governance Committee shall keep minutes of each of its meetings, which shall be presented at the next succeeding meeting of the Board of Directors for ratification.

10.4. The Compensation and Remuneration Committee shall be composed of four (4) members, two (2) of whom shall be independent directors. The Board of Directors may also designate non-voting members as it may on a case-to-case basis require for purposes of advising the Committee. The Chairman of the Compensation and Remuneration Committee shall be an independent director, and shall not simultaneously be the Chairman of the Audit Committee. The Compensation and Remuneration Committee shall meet at least once a year, and shall x x x (b) designate the amount of remuneration, which shall be in a sufficient level to attract directors and officers who are needed to run the Corporation successfully, subject to approval of the Board; x x x (e) to the extent required by law or regulation, provide in the Corporation's annual reports, and information and proxy statements, a clear, concise, and understandable disclosure of all fixed and variable compensation that may be paid to its directors and top four (4) management officers for the previous fiscal year; x x x and (g) perform other duties and activities that the Committee or Board of Directors consider appropriate in the context of the Compensation and Remuneration Manual. x x x.

10.5. xxx xxx xxx

Each of the members of the Executive, Audit, Nomination and Governance, Compensation and Remuneration, and other committees shall receive written notice (whether by personal delivery, /\ facsimile or electronic mail) of all meetings of such committee, at least seven (7) days prior to the date of any such meeting. x x x. Notwithstanding that a meeting is called by shorter notice, it shall be deemed to have been duly convened if it is so agreed by the members present in the meeting. A member may consent to short notice and may waive notice of any meeting of the committee and any such waiver may apply retroactively.

SECTION 13. xxx xxx xxx

(10) Recruitment, hiring, or otherwise changing terms of employment (including compensation, severance, or termination) for the six (6) highest-paid executives, officers and/or directors of the Corporation other than such terms as recommended by the Nomination and Governance Committee and Compensation and Remuneration Committee of the Corporation;

xxx xxx xxx

Article III-A
INDEPENDENT DIRECTORS

SECTION 1. The Corporation shall, to the extent required by law or regulation, have at least two (2) independent directors or such number of independent directors as will constitute at least twenty percent (20%) of the members of the Board, whichever is the higher. All Directors, including Independent Directors, shall at all times possess all the qualifications and none of the disqualifications provided for in the Articles of Incorporation, these By-laws, the Manual, applicable laws, regulations, and resolutions and rules passed or adopted by the Nomination and Governance Committee.

SECTION 2. An independent director ("Independent Director") is a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which, in the opinion of the Board, could or could reasonably be perceived to, materially interfere with his exercise of independent judgment x x x.

xxx xxx xxx.

SECTION 3. In addition to the disqualifications provided for in the Articles of Incorporation, these By-Laws, the Manual, applicable laws, regulations, and resolutions and rules passed or adopted by the Nomination and Governance Committee, x x x:

xxx xxx xxx

SECTION 4. The nomination of Independent Directors shall be conducted by the Nomination and Governance Committee prior to a Stockholders' meeting. All nomination letters shall be signed by the nominating Stockholders together with the acceptance and conformity by the nominees. The Nomination and Governance Committee shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for Independent Directors. After the nomination, the Nomination and Governance Committee shall prepare a Final List of Candidates x x x. x x x.

Article IV
OFFICERS

xxx xxx xxx

SECTION 4. The President shall be a director of the Corporation. He/She may call special meetings of the Stockholders and the Board of Directors and shall perform all such other duties as are incident to his/her office or are properly required of him/her by the Board of Directors. The President or the Chief Executive Officer shall preside at the meetings of the Board of Directors and Stockholders, in the absence of the Chairman and Vice-Chairman.

xxx xxx xxx

SECTION 9. The Board shall appoint a Compliance Officer, who shall have the rank of at least Senior Vice-President, highest ranking officer or head of a department, or an equivalent position with adequate stature and authority in the Corporation. The Compliance Officer shall report directly to the Board and shall: (a) ensure proper onboarding of new Directors; (b) ensure the attendance of Board members and key Officers to relevant trainings; (c) monitor, review, evaluate and ensure the compliance by the Corporation, its Officers and Directors with the relevant laws, the Manual and the rules and regulations of regulatory agencies; (d) ensure the integrity and accuracy of all documentary submissions to regulators; (e) appear before the Commission upon summon on similar matters that need to be clarified by the same; (f) collaborate with other departments to properly address compliance issues, which may be subject to investigation; (g) determine violation/s of the Manual and recommend penalty for violation thereof for review and approval of the Board, as well as the adoption of measures to prevent a repetition of the violation; (h) identify, monitor, and control compliance risks; and (i) perform such other duties and responsibilities as may be provided by the Commission.

xxx xxx xxx"

As tabulated by the Corporate Secretary, the votes on the adoption of Stockholders' Resolution No. 2020/2021-005 are as follows:

Vote	Number of votes	Percentage of shares represented
For	3,492,709,434	99.82%
Against	5,880,966	0.17%
Abstain	0	-
Total	3,498,590,400	99.99%

X. ELECTION OF DIRECTORS

The Chairman proceeded to the next order of business, which was the election of the members of the Board of Directors for the year 2020 to 2021.

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

FREDERICK D. ONG
YONGSANG YOU
YOUNGGOO LEE
TAE HYEON KIM
JAY BUCKLEY
SAMIR MOUSSA
PARINYA KITJATANAPAN
OSCAR S. REYES (Independent Director)
RAFAEL M. ALUNAN III (Independent Director)

The Chairman confirmed that the Committee had reviewed the qualifications and business experience of all nine (9) nominees and ascertained that they possess all the qualifications and suffer none of the disqualifications for election to the Board of Directors. The Chairman also confirmed that the Committee has approved and certified their inclusion in the Final List of Candidates for election to the Board of Directors for the year 2020 to 2021.

The Chairman then requested the Corporate Secretary to report on the results of the voting for the election of the directors. The Corporate Secretary reported and certified that each of the nominees received enough votes for election to the Board (*i.e.*, a majority of the outstanding stock of the Company, or 1,846,886,140 votes.

The Corporate Secretary presented Stockholders' Resolution No. 2020/2021-006, which was displayed on the screen, and reported the approval by the stockholders based on the votes received:

Stockholders' Resolution No. 2020/2021-006

RESOLVED, that the stockholders of Pepsi-Cola Products Philippines, Inc. (the "*Corporation*") elect, as they hereby elect, the following nominees as members of the Board of Directors of the Corporation for the year 2020 to 2021:

1. FREDERICK D. ONG
2. YONGSANG YOU
3. YOUNGGOO LEE
4. TAE HYEON KIM
5. JAY BUCKLEY
6. SAMIR MOUSSA
7. PARINYA KITJATANAPAN
8. OSCAR S. REYES (Independent Director)
9. RAFAEL M. ALUNAN III (Independent Director)

XI. APPOINTMENT OF EXTERNAL AUDITORS

The Chairman proceeded to the appointment of the Company's external auditor for the year 2020 to 2021. He requested the incumbent Chairman of the Board's Audit Committee, Mr. Rafael M. Alunan III, to convey the recommendation of the Committee on the external auditor to be appointed for the year 2020.

Mr. Alunan reported that the Audit Committee reviewed the performance over the past year of the Company's present external auditor, R.G. Manabat & Co., a member firm of the KPMG network of independent firms affiliated, and is satisfied with its performance. Mr. Alunan confirmed that the Board is endorsing the re-appointment of R.G. Manabat & Co. as the Company's external auditor for the year 2020.

The Corporate Secretary presented Stockholders' Resolution No. 2020/2021-007, which was displayed on the screen, and reported the approval by the stockholders based on the votes received:

Stockholders' Resolution No. 2020/2021-007

RESOLVED, that the stockholders of Pepsi-Cola Products Philippines, Inc. (the "*Corporation*") approve, as they hereby approve, the appointment of R.G. Manabat & Co. as the Corporation's external auditor for the year 2020 to 2021.

As tabulated by the Corporate Secretary, the votes on the adoption of Stockholders' Resolution No. 2020/2021-007 are as follows:

Vote	Number of votes	Percentage of shares represented
For	3,498,590,400	99.99%
Against	0	-
Abstain	0	-
Total	3,498,590,400	99.99%

XII. OTHER MATTERS

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

Ms. Ivy Valdez asked how the COVID-19 pandemic has affected the Company's operations in the past five (5) months and what measures were being implemented by the Company to address its effects on its operations. Mr. Ong responded by acknowledging that, as with most industries, the pandemic has affected the Company in ways that it never could have imagined. Fortunately, its products are considered essential goods by the Department of Trade and Industry and it has been able to continue its operations despite the lockdown by strictly following government safety protocols, and despite many of its employees having been barred from intercity or inter-province travel at the start of the ECQ period.

Mr. Ong said that sales and distribution were hit hardest in March and April, but have since seen improvements month on month. In response to the pandemic, Management came up with measures to ensure that the business, its employees, and its stakeholders can cope with the adverse effects of the pandemic, with health and safety as PCPPI's number one priority. He shared that PCPPI prioritized equipping its employees physically, financially, and psychologically to soften the blow of the pandemic and the lockdown on their lives. For those who went to work, their needs were provided for by the Company, from providing face mask and shields, additional hand washing bays, alcohol/hand sanitizers, and PPEs, arranging transportation services, board, and lodging, granting special meal allowances, and providing education programs and constant reminders to adhere to social distancing to ensure that employees are well informed and equipped to adapt. The Company also heightened its communications with its employees and made sure that it served as a source of strength and security for them

The next question came from Mr. Alex Cruz Catindig. He recognized that the Company has bounced back from the effects of the Sugar Tax at the end of 2019 but expressed concern over the effects of COVID-19. He asked about the Company's current financial position, whether there were any gaps, and if there were, how such gaps could be addressed this year. Mr. Ong explained that the momentum from the turnaround in 2019, post Sugar Tax implementation, was carried through the first two (2) months of 2020 with double digit growth versus last year, led by brands Pepsi, Mountain Dew, and Sting. However, quarantine restrictions in response to the COVID-19 pandemic in mid-March limited consumer movement and consumption, especially for on-premise outlets.

When the government eased its quarantine restrictions in the second quarter, the Company saw sequential improvement in its volume month on month starting May 2020, with July 2020 volume close to the July 2019 level. Mr. Ong said that recovery was done by quickly adjusting to the changes in consumer preference as the product mix moved towards multi-serve home consumption packages. Recognizing the impact of this pandemic on beverage consumption and the overall economy, the Company also implemented measures to optimize operating expenses and CAPEX investments in line with the new business reality. Mr. Ong said that refocusing and reprioritizing the Company's spending and investments will help the Company throughout this year, and that it is cautiously optimistic and expects growth to return in the second half of 2020 to finish the year with strong momentum going into 2021.

The last question came from Mr. Roderick V. Osial, who asked about the Company's plans in light of the pandemic. In particular, he asked how PCPPI is helping its stakeholders and what the growth platform of the Company is moving forward. Mr. Ong said that part of PCPPI's response to the pandemic was to address the immediate needs of the surrounding communities and heavily-affected sectors.

The Company donated hydration drinks and PPEs to frontliners and lent tents to local government units for their check points. The Company's Business Units also donated to their respective communities. For its partners, the Company made sure that its products and services were readily available despite the quarantine restrictions so that consumers continue to have access to its products. Mr. Ong proudly reported that, five months into the community quarantine, PCPPI has fully adapted to the new normal and the Company is starting to tread the path of recovery.

Mr. Ong concluded by saying that PCPPI leadership and Management have come up with business goals that will set a good foundation for the Company to pull through the pandemic. The plan is to focus on portfolio management, people development, process optimization, and enhanced efficiency and productivity while remaining compliant with government regulations.

XIII. ADJOURNMENT

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

Kristine N.L. Evangelista
Corporate Secretary

Attest:

Oscar S. Reyes
Chairman

ANNEX D

ANNUAL REPORT (SEC FORM 17-A)

COVER SHEET

1	6	0	9	6	8

S.E.C. Identification No.

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

(Company's Full Name)

Km. 29 National Road, Tunasan, Muntinlupa City

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

Agustin S. Sarmiento

Contact Person

(632) 887-37-74

Company Telephone Number

1 2 Month **3 1** Day
Calendar Year

SEC Form 17-A

FORM TYPE

Last Friday of May

Month Date
Annual Meeting

Secondary License Type, If Applicable

M S R D

Dept. Requiring this Doc.

Amended Article Number/Section

Total Amount of Borrowings

801

Total No. of Stockholders

₱7.5billion

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

Remarks = pls. Use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the calendar year ended **31 December 2020**

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

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

5. Province, Country or other jurisdiction of incorporation or organization: **Philippines** 6. Industry Classification Code: (SEC Use Only)

7. Address of principal office: **Km. 29 National Road, Tunasan, Muntinlupa City** Postal Code: **1773**

8. Issuer's telephone number, including area code: **(632) 8887-37-74**

9. Former name, former address, and former fiscal year, if changed since last report: **not applicable**

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

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

11. Are any or all of these securities listed on a Stock Exchange?
Yes [ ] No [x]

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

12. Check whether the issue:

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

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

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

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

DOCUMENTS INCORPORATED BY REFERENCE

14. The following documents are incorporated in this report:

    (a) Statement of Management Responsibility attached as Exhibit I hereof;
    (b) 31 December 2020 Audited Financial Statements attached as Exhibit II hereof.

PART I – BUSINESS AND GENERAL INFORMATION

ITEM 1. BUSINESS

(1) Business Development

a. Form and Date of Organization

The Company was registered with the Philippine Securities and Exchange Commission ("SEC") on 08 March 1989, primarily to engage in manufacturing, sales and distribution of carbonated soft-drinks and non-carbonated beverages, and confectionery products to retail, wholesale, restaurants and bar trades. The registered office address and principal place of business of the Company is Km. 29, National Road, Tunasan, Muntinlupa City.

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

b. Bankruptcy, Receivership or Similar Proceedings

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

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

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

(2) Business of Issuer

a. Principal products

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

	Calendar Year ended		
Net Sales	31 December 2020	31 December 2019	31 December 2018
Carbonated soft drinks	₱23,368	₱26,215	₱25,092
Non-carbonated beverages	7,274	8,970	8,303
Snacks	3	31	200
Total	₱30,645	₱35,216	₱33,595

Segment result*			
Carbonated soft drinks	₱3,969	₱5,078	₱4,294
Non-carbonated beverages	1,236	1,735	1,415
Snacks	3	(76)	2
Total	₱5,208	₱6,737	₱5,711

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

b. Foreign sales

There was no foreign sales for the calendar year ended 31 December 2020 and it represent less than 0.05% of total net sales for the calendar years ended 31 December 2019 and 2018.

c. Distribution methods of the product

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

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

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

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

d. Publicly-announced new product

There is no publicly announced new product in 2020.

e. Competition

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

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

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

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

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

f. Sources and availability of raw materials

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

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

g. Customers

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

h. Transactions with and/or Dependence on Related Parties

Please refer to Item 13 of this report.

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

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

	Filing Date	Expiration
Pepsi Max	16 December 2013	16 December 2023
1996 Pepsi	26 August 1997	28 September 2023
Pepsi	6 March 2014	10 July 2024
Mirinda	22 May 2013	09 January 2024
Mountain Dew	03 April 2009	02 October 2029
Mountain Dew	05 June 2000	30 October 2024
7Up	26 February 2007	05 November 2027
Gatorade	27 November 1992	29 June 2025
Propel	23 August 2002	17 January 2025
Tropicana Twister	29 August 2017	07 December 2027
Tropicana	11 October 2002	08 June 2026
Sting Energy Drink	24 July 2013	19 December 2023
Sting	16 May 2014	17 March 2026
Lipton	27 March 2014	07 November 2024
Tropicana Coco Quench	12 January 2012	19 July 2022
Milkis**	21 September 2010	06 January 2021 (Renewal filed in Dec2020. Waiting for Philippine Trademark Approval)
Premier*	12 January 2016	07 July 2026
Cheetos	04 February 2002	25 June 2026
Lay's	06 June 2013	29 August 2023

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

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

Refer to Notes 23 and 24 to the 31 December 2020 Audited Financial Statements for details of transactions with PepsiCo, Pepsi Lipton and Lotte Corporation.

j. Government approvals of principal products

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

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

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

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

The Company's production facilities are subject to environmental regulation under a variety of national and local laws and regulations, which, in particular, control the emissions of air pollutants, water, noise and hazardous wastes. It is regulated by two major government agencies, namely, the Department of Environment and Natural Resources (DENR) and the Laguna Lake Development Authority (LLDA).

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

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

l. Research and development

The research and development costs amounted to ₱nil, ₱1,170,000, and ₱ nil for the calendar years ended 31 December 2020, 2019, and 2018 respectively.

m. Costs and effects of compliance with environmental laws

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

n. Employees

As of 31 December 2020, the Company has employed 3,238 regular employees. All of the regular and permanent production employees at the bottling plants and sales offices are represented by a union. Currently, the Company is a party to thirteen (13) collective bargaining agreements, with said agreements covering non-sales forces in some business units. Said collective bargaining agreements contain economic and non-economic provisions (*i.e.*, salary increase and performance incentive, sale commission, laundry allowance, per diem, bereavement assistance, union leave, calamity loan and assistance to employees' cooperative, among others), which generally have an effectivity and binding period of three (3) years, while the representation aspect thereof is effective and binding for five (5) years.

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

Significant emphasis is placed on training of personnel to increase their skill levels, ensure consistent application of procedures, and to instill an appreciation of corporate values. It operates "Pepsi University," a full-time training facility consisting of 3 main Training Halls, a Computer Lab, Conference Room and an Audio-Visual Room for this purpose.

PCPPI continues to champion its P.E.P.S.I. values and thrives to keep a highly-engaged and high performing work force.

It operates "Pepsi University," a full-time training facility consisting of four classrooms for this purpose. It has adopted a compensation policy which is believed to be competitive with industry standards in the Philippines. Salaries and benefits are reviewed periodically and improved to retain current employees and attract new employees. Employees' performance is reviewed annually and employees are rewarded based on the attainment of pre-defined objectives. Performance Review follows an annually cycle and employees are rewarded based on attainment of pre-defined and agreed objectives.

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

o. Major Risks

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

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

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

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

Company ensures that its exposure is kept to an acceptable level, by buying foreign currencies at spot rates where necessary to address short-term imbalances. The Company considered the exposure to foreign currency risk to be insignificant.

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

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

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

The Company is also subject to credit risk, liquidity risk and various market risks, including risks from changes in commodity prices, interest rates and currency exchange rates (refer to Note 25 of the 31 December 2020 Audited Financial Statements for discussion on Financial Risk Management).

The Company was not aware of any event that resulted in a direct or contingent financial obligation as of 31 December 2020 that was material to the Company, including any default or acceleration of an obligation. To the Company's knowledge, there are no material off-balance sheet transactions, arrangement, obligations (including contingent obligations) and other relationship of the Company with unconsolidated entities or other persons created during the reporting period.

ITEM 2. PROPERTIES

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

The Company leases certain parcels of land where its bottling plants and warehouses are located from third parties and NADECO Realty Corporation (NRC) for a period of one to 25 years and are renewable for another one to 25 years (refer to Note 23 to the 31 December 2020 Audited Financial Statements for further information on the leases). Lease payments pertaining to these leased properties amounted to ₱196.2 million, ₱173.9 million, and ₱202.4 million for the years ended 31 December 2020, 2018, and 2017, respectively.

The Company owns all its bottling facilities located in Muntinlupa City, Sto. Tomas, Rosario, Pampanga, Naga, Cebu, Iloilo, Bacolod, Tanauan, Davao, Cagayan de Oro and Zamboanga and snacks facilities in Cabuyao (which was discontinued its operation in September 2019), which are all in good condition. Other than the buildings and leasehold improvements, machinery and other equipment, and furniture and fixtures disclosed in Note 9 to the 31 December 2020 Audited Financial Statements, and the investments in shares of stocks disclosed in Note 7 to the 31 December 2020 Audited Financial Statements, the Company does not hold any other significant properties.

ITEM 3. LEGAL PROCEEDINGS

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

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

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

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

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

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

The matters voted upon at the Annual Stockholders' Meeting held on 20 August 2020 included the election of Directors. The following were elected as members of the Board of Directors for the ensuing year (2020-2021):

Frederick D. Ong
Yongsang You
Younggoo Lee
Tae Hyeon Kim
Jay Buckley
Samir Moussa*
Parinya Kitjatanapan
Rafael M. Alunan III (Independent Director)
Oscar S. Reyes (Independent Director)

All of the above were incumbent Directors at the time of their election at the Annual Stockholders' Meeting. The Company has complied with the guidelines on the nomination and election of Independent Directors set forth in Rule 38 of the Amended Implementing Rules and Regulations of the Securities Regulation Code.

** Resigned effective 28 February 2021 and was replaced by Ms. Yuan Wang.*

PART II – OPERATIONAL AND FINANCIAL INFORMATION

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

Market Information

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

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

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

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

Stockholders

The Company has approximately 801 holders of common shares as of 05 April 2021 with the PCD Nominee Corporation (Filipino) and (Non-Filipino) considered as two (2) holders, based on the number of accounts registered with the Company's stock transfer agent, Stock and Transfer Service, Inc. (the "Stock Transfer Agent").

The following are the top 20 holders of common shares based on the report furnished by the Stock Transfer Agent as of 5 April 2021.

NO.	Name	Number of Shares Held	Percentage of Ownership
1	LOTTE CORPORATION	1,436,315,932	38.88%[1]
2	LOTTE CHILSUNG BEVERAGE CO. LTD.	1,135,689,701	30.75%[2]
3	QUAKER GLOBAL INVESTMENTS B.V.	923,443,071	25.00%
4	PCD NOMINEE CORP. (NON-FILIPINO)	158,951,170	04.30%
5	BONHOEFFER FUND LP	12,122,300	00.33%
6	PCD NOMINEE CORP. (FILIPINO)	7,617,223	00.21%
7	BPI SECURITIES CORPORATION-FILIPINO	2,424,583	00.07%
8	MARIO TAN OR LYDIA TAN OR MORRIS TAN	1,100,000	00.03%
9	ABACUS SECURITIES CORPORATION	978,200	00.03%
10	AIZAWA SECURITIES CO LTD	602,000	00.02%
11	MAYBANK ATR KIM ENG SECURITIES INC.	507,000	00.01%
12	MANDARIN SECURITIES CORPORATION FAO DONATA P. YU	497,900	00.01%
13	JOSEPH MARTIN H. BORROMEO	450,000	00.01%
14	WAT WAI HOONG JOSEPH AND PHO LINL LIN	388,000	00.01%
15	AB CAPITAL SECURITIES, INC.	381,000	00.01%
16	MICHAEL T. WEE	320,700	00.01%
17	OSCAR S. REYES	300,001	00.01%
18	YAN, LUCIO W.	300,000	00.01%
19	MAYBANK ATR KIM ENG SECURITIES, INC.	285,000	00.01%
20	SINCERE SECURITIES CORPORATION	275,000	00.01%

[1] This percentage refers to the shares held in Lotte Corporation's name as recorded in the books of the Company. In the List of Top 20 Stockholders report of Stock and Transfer Service, Inc. as of 05 April 2021, Lotte Corporation is disclosed as the beneficial owner of 42.22% of the Company's issued and outstanding shares, with 123,074,500 shares or around 3.33% held through PCD Nominee Corp (Non-Filipino).

[2] In a SEC Form 23-B filed on 23 November 2020, Lotte Chilsung reported its acquisition of 1,559,390,432 shares or around 42.22% of the Company's issued and outstanding shares from Lotte Corporation. This transfer is yet to be recorded in the Company's books pending presentation of documentary requirements to the stock transfer agent.

Cash Dividends

For the last three calendar years, the Board of Directors approved the following declarations of cash dividends: ₱nil million in the calendar year ended 31 December 2020, ₱162.5 million in the calendar year ended 31 December 2019, and ₱163 million in calendar year ended 31 December 2018. Details of the declarations are as follows:

Date of Declaration	Dividend Per Share	Payable to Stockholders of Record as of	Date of Payment
16 April 2018	0.044	30 April 2018	25 May 2018
20 June 2019	0.044	16 July 2019	09 August 2019

Dividend Policy

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

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

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

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

PART III – FINANCIAL INFORMATION

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

RESULTS OF OPERATIONS

31 December 2020 versus 31 December 2019

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

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

31 December 2019 versus 31 December 2018

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

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

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

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

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

31 December 2018 versus 31 December 2017

Q4 posted Gross Sales of ₱10.4 billion, a 14% growth versus the same period last year on account of the excise-driven price increase at the beginning of 2018.

Gross margin improved versus previous quarter by 81bps mainly from productivity improvements, delivering Gross Profit of ₱1.6 billion.

Excluding one-off charges related to the implementation of Tax Reform for Acceleration and Inclusion ("TRAIN") and which were booked in Q4 2017, Operating Expenses for the quarter is largely in line with prior year even with inflationary pressures during the period.

Year-To-Date, Gross Sales reached ₱38.4 billion, increasing 7% from prior year.

The company spent ₱2 billion in capital expenditure in 2018 for operating necessities and for future growth.

FINANCIAL CONDITION AND LIQUIDITY

The Company's operations are cash intensive. This capability to generate cash is one of its greatest strengths. With its liquidity, the Company has substantial financial flexibility in varying operating policy in response to market demands, in meeting capital expenditures through internally generated funds and in providing the Company with a strong financial condition that gives it ready access to financing alternatives (refer to Note 27 to the 31 December 2020 Audited Financial Statements for a detailed discussion on the Company's revolving credit facilities as of 31 December 2020).

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

Decrease in current assets from ₱8,749 million as of 31 December 2019 to ₱8,228 million as of 31 December 2020 were due to decreases in receivable – net of ₱860, prepaid expenses and other current assets of ₱36 million, and due from related parties of ₱45 million and increases in inventories of ₱294 million, cash of ₱126 million.

Decrease in noncurrent assets from ₱17,475 million as of 31 December 2019 to ₱17,071 million as of 31 December 2020 due to decreases in bottles and cases of ₱356 million, right of use assets ₱122 million, and other noncurrent assets of ₱7 million, and an increases in deferred tax assets of ₱33 million, property, plant and equipment of ₱23 million, investment in associates of ₱18 million, and intangible assets ₱ 7 million

Decrease in current liabilities from ₱11,478 million as of 31 December 2019 to ₱9,729 million as of 31 December 2020 due to decreases in short-term debt of ₱900 million, accounts payable & accrued expenses of ₱622 million and long-term debt current portion of ₱227 million.

Increase in noncurrent liabilities from ₱5,604 million as of 31 December 2019 to ₱7,057 million as of 31 December 2020 due to increase in long-term debt of ₱1.752 billion, and other noncurrent liabilities of ₱47 million and decrease in deferred tax liabilities of ₱346 million.

Total assets decreased from ₱26,224 million as of 1 December 32019 to ₱25,299 million as of 31 December 2020 mainly due to general decreases in assets as discussed above. Total liabilities decreased from ₱17,082 million as of 31 December 2019 to ₱16,786 million as of 31 December 2020 mainly due to general decreases in payables as stated above.

Total equity decreased from ₱9,143 million to ₱8,514 million on account of total comprehensive loss of ₱629 million in 2020.

KEY PERFORMANCE INDICATORS

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

		2020	2019
Current ratio	Current assets over current liabilities	0.8:1	0.8:1
Solvency ratio	Profit plus depreciation and amortization over total liabilities	0.1:1	0.2:1
Bank debt-to-equity ratio	Bank debt over total equity	0.9:1	0.8:1
Asset-to-equity ratio	Total assets over equity	3.0:1	2.9:1
Operating margin	Operating profit over net sales	--1.5%	2.6%
Net profit margin	Net profit over net sales	1.6%	0.8%
Interest rate coverage ratio	Earnings before interest and taxes over interest expense	-0.9:1	2.0:1

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

MATERIAL COMMITMENTS FOR CAPITAL EXPENDITURES

The Company has ongoing definite corporate expansion projects approved by the Board of Directors. As a result of this expansion program, the Company spent for property, plant and equipment as well as bottles and shells amounting to ₱2,122 million, ₱2,475 million, and ₱1,976 million for the years ended 31 December 2020, 2019, and 2018, respectively. To this date, the Company continues to invest in major capital expenditures in order to complete the remaining expansion projects lined up in line with prior calendar year spending.

FACTORS THAT MAY IMPACT COMPANY'S OPERATIONS / SEASONALITY ASPECTS

Refer to Part 1 Item (2) (o) on discussion of Major Risks.

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

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

ITEM 7. FINANCIAL STATEMENTS

Please see Exhibit II hereof for the 31 December 2020 Audited Financial Statements.

ITEM 8. INFORMATION ON INDEPENDENT ACCOUNTANT

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

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

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

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

	2020	2019	2018
Statutory audit fees	₱4.8 million	₱4.8 million	₱4.65 million
Tax advice fees	0.4 million	0.4 million	2.65 million
Total	₱ 5.2million	₱5,2 million	₱7.3 million

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

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

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

PART III – CONTROL AND COMPENSATION INFORMATION

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS

Term of office

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

Directors

As of 05 April 2021, the following are the names, ages, and citizenship of the incumbent Directors, including Independent Directors, of the Company, as well as the year they were first elected:

Name	Age	Citizenship	Year First Elected
Frederick D. Ong	55	Filipino	2020
Yongsang You	52	Korean	2015
Younggoo Lee	58	Korean	2017
Parinya Kitjatanapan	56	Thai	2020
Tae Hyeon Kim	55	Korean	2018
Jay Buckley	43	Australian	2019
Yuan Wang*	40	American	2021
Rafael M. Alunan III (Independent Director)	73	Filipino	2007
Oscar S. Reyes (Independent Director)	74	Filipino	2007

** Replaced Mr. Samir Moussa, who resigned effective 28 February 2021.*

Executive Officers

As of 05 April 2021, the following are the names, ages, positions, and citizenship of the incumbent executive officers of the Company, as well as the year they assumed their respective positions:

Name	Age	Citizenship	Position	Year Position was Assumed
Frederick D. Ong	55	Filipino	President and Chief Executive Officer	2020
Jin Man Kim	52	Korean	Executive Vice President, Strategic Supply Chain & Operations	2019
Vishal Malik*	52	Indian	Senior Vice-President and Chief Financial Officer/ Chief Audit Executive	2020
Francis S. Moral	44	Filipino	Senior Vice-President, National Sales	2021
Ma. Vivian A. Cheong	53	Filipino	Senior Vice-President, Human Resources	2016
Dong Geol Yoon*	43	Korean	Senior Vice-President and Chief Strategy Officer	2021
Carina Lenore S. Bayon	51	Filipino	Vice President for Legal and Government Affairs/ Compliance Officer/ Data Protection Officer	2020
Kristine Ninotschka L. Evangelista	47	Filipino	Corporate Secretary	2018
Julia Patricia C. Herrera-Lim	28	Filipino	Assistant Corporate Secretary	2019

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

Background Information and Business Experience

Directors:

FREDERICK D. ONG

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

YONGSANG YOU

Mr. You is a non-Executive Director of the Company. He was the Company's Chief Executive Officer from 2015 until his resignation from this post on 16 February 2020, and the Company's Managing Director from 16 February 2020 until his resignation from this post on 19 June 2020. Previously, Mr. You held a number of positions in Lotte Chilsung, which included being the General Manager and Head of the Overseas Business Division, General Manager of Sales Headquarters and Business Management, and Head of

Strategic Planning Department and Purchasing Department. Mr. You holds a Bachelor of Arts degree in Business Administration from Seongsil University.

YOUNGGOO LEE

Mr. Lee is a non-Executive Director of the Company. He is currently the Head of the Food Business Unit of Lotte Group. Since joining the Lotte group in 1987, Mr. Lee has held numerous positions in various Lotte companies including Lotte Aluminum Co., Ltd., Lotte Confectionery Co., Ltd., and Lotte Corporate Headquarters. Prior to his current post, Mr. Lee was the Chief Executive Officer of Lotte Chilsung Beverage. Mr. Lee holds an Industrial Engineering degree from Seongsil University.

TAE HYEON KIM

Mr. Kim is a non-Executive Director of the Company. He is currently the Chief Executive Officer of Lotte-Nestle in Korea. From the time he joined the Lotte group in 1992, he has occupied various positions in Lotte Chilsung, such as Director of the Global Business Division of Lotte Chilsung, Director of the Purchasing Department, Manager of the Audit & Strategy and Senior Assistance of the Corporate Audit & Strategy departments. He also previously worked in the Lotte Corporate Headquarters as Manager of the Corporate Audit & Strategy department.

JAY BUCKLEY

Mr. Buckley is a non-Executive Director of the Company. He is currently Senior Vice-President and Chief Legal Counsel for PepsiCo's APAC SECTOR, comprising its foods and beverages businesses across China, Asia Pacific, and Australia and New Zealand. He joined PepsiCo in May 2011 as General Counsel for PepsiCo's food and beverages business in Australia and New Zealand. Prior to PepsiCo, Mr. Buckley was with Goodman Fielder, Sydney, Australia, where he was Head Legal Counsel for Baking and Procurement from June 2009 to April 2011. Prior to Goodman Fielder, he was an Associate with Latham & Watkins, London, United Kingdom, from April 2007 to May 2009, and an Associate at Linklaters, London, United Kingdom from March 2006 to April 2007. From June 2002 to March 2006, Mr. Buckley was a Senior Associate with Corrs Chambers Westgarth, Sydney, Australia, and from July 2001 to June 2002, he was a Solicitor in Andersen Legal, Australia. Mr. Buckley holds a Bachelor of Arts/Bachelor of Laws (Honours) and a Graduate Diploma of Legal Practice from New South Wales, Australia, and was admitted as a Solicitor of the Supreme Court of New South Wales, Australia in December 2001.

PARINYA KITJATANAPAN

Mr. Kitjatanapan is a non-Executive Director of the Company. He has 30 years of financial and commercial management experience in the FMCG industry in China, Middle East, and Southeast Asia. He joined PepsiCo, Inc. in 1988 as the Chief Financial Officer for PepsiCo's Thailand Beverage business and subsequently became General Manager for the country. In 2010, Mr. Kitjatanapan joined PepsiCo China's China team as General Manager, South Cluster, based in Guangzhou. Then in 2012, he relocated to Shanghai to serve as Franchise Vice-President. He moved back to Thailand in 2014 to assume Vice-President and General Manager of the Thailand Power of One business. In 2019, Mr. Kitjatanapan was promoted to Senior Vice-President of Sales & Franchise COE for the AMENA (Asia Middle East North Africa) sector. In 2019, he became Chief Commercial Officer for the Asia Pacific sector.

YUAN WANG

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

RAFAEL M. ALUNAN III

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

OSCAR S. REYES

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

Executive Officers:

FREDERICK D. ONG

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

JIN MAN KIM
Mr. Kim is the Executive Vice-President - Strategic Supply Chain and Operations of the Company. Mr. Kim has been with Lotte for the last 26 years. Since 1993, Mr. Kim has held various positions within Lotte Chilsung's Production Management Division and Quality Management Team. Most recently, he was the Vice-President and Head of Lotte Chilsung's Ansung plant. Mr. Kim holds a B.S. in Agricultural Chemistry from Chonbuk National University.

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

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

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

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

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

KRISTINE NINOTSCHKA L. EVANGELISTA
Ms. Evangelista is the Corporate Secretary of the Company. A partner at Gatmaytan Yap Patacsil Gutierrez & Protacio, also known as C&G Law, she was elected as Corporate Secretary of the Company

in August 2018. She started her legal career in 1999 as an associate at SyCip Salazar Hernandez & Gatmaitan. In 2008, she joined Holcim Philippines as Senior Legal Counsel, and served as its General Counsel and Corporate Secretary from 2014 until 2017. She holds a Bachelor of Science degree, major in Legal Management, and a Juris Doctor degree from the Ateneo de Manila University.

JULIA PATRICIA C. HERRERA-LIM

Ms. Herrera-Lim was elected as the Assistant Corporate Secretary of the Company in December 2019. She is currently an Associate at C&G Law. She holds a Bachelor of Science degree, major in Business Administration, and a Juris Doctor degree from the University of the Philippines.

Resignation of Directors

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

Significant Employees and Family Relationships

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

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

Involvement in Certain Legal Proceedings

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

ITEM 11. EXECUTIVE COMPENSATION

Compensation of Directors and Executive Officers

The aggregate compensation paid or accrued (in Philippine Peso) in the calendar years ended 31 December 2020, 2019 and 2018 and estimated to be paid for the ensuing calendar year 31 December 2021 to the following Executive Officers is set out in the table below:

Name	Year	Salary	Bonus	Others
Aggregate for CEO and four (4) most highly compensated below-named executive officers	CY 2018 CY 2019 CY 2020 CY 2021 (Estimate)	64,117,461 57,968,836 54,216,126 43,763,879	5,315,443 5,740,803 2,791,166 4,981,974	947,681 469,356 163,971 573,626
All other directors and officers as a group unnamed	CY 2018 CY 2019 CY 2020 CY 2021 (Estimate)	21,820,673 57,896,253 36,360,398 44,678,910	1,796,718 5,746,511 3,629,063 5,324,938	4,287,783 8,712,336 36,757,938 8,713,284

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

- Yongsang You – Chief Executive Officer (resigned effective 16 February 2020)
- Frederick D. Ong – President and Chief Executive Officer (appointed effective 16 February 2020)

- Jin Man Kim – Executive Vice-President - Strategic Supply Chain & Operations
- Domingo F. Almazan – Senior Vice-President, National Sales
- Ma. Vivian A. Cheong – Senior Vice-President, Human Resources

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

At the Annual Stockholders' Meeting held on 24 May 2019, the stockholders approved and ratified the payment of annual fees for the members of the Board of Directors in the amount of PhP500,000.00 and a per diem allowance per board or committee meeting of Php120,000.00 for the Chairman of the Board and PhP100,000.00 for the other members of the Board. The seven (7) Directors representing the Lotte Corporation and Quaker Global Investments B.V. have waived the per diem allowance as well as the annual directors' fee.

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

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Security Ownership of Record and Beneficial Owners of at Least 5% of Our Securities as of 5 April 2021

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and relationship with record owner	Citizenship	Number of Shares Held	Percentage
Common shares	Lotte Corporation[3] Lotte World Tower, 300 Olympic-ro Songpa-gu, Seoul, 05551 South Korea Relationship – Stockholder	Lotte Corporation	Korean	1,559,390,432	42.22%
Common shares	Lotte Chilsung Beverage Co. Ltd. 4th & 5th Fl., Lotte Castle Gold, 269 Olympic-ro, Songpa-gu, Seoul, 05551 South Korea Relationship – stockholder	Lotte Corporation[4]	Korean	[•]	[•]
Common shares	Quaker Global Investments B.V.[5] Zonnebaan 35, 3542 EB Utrecht	PepsiCo, Inc.[6]	Dutch	923,443,071	25.00%

[3] Lotte Corporation is a corporation duly organized and existing under and by virtue of the laws of Korea with principal office at Lotte World Tower, 300 Olympic-ro, Songpa-gu, Seoul, 05551, South Korea. Based on the beneficial ownership declaration attached to the Company's General Information Sheet filed on 5 March 2021, Lotte Corporation's Chief Executive Officer, Kak Gyu Hwang, is named as the beneficial owner, under category I of the beneficial ownership declaration form (provided under SEC Memorandum Circular No. 15, Series of 2020) directly holding 42.22% of the outstanding capital stock of the Company, through shares held in its own name and through PCD Nominee Corporation (Non-Filipino).

[4] Lotte Chilsung Beverage Co. Ltd. ("Lotte Chilsung") is a corporation duly organized and existing under and by virtue of the laws of Korea with principal office at 4th & 5th Fl., Lotte Castle Gold, 269 Olympic-ro, Songpa-gu, Seoul, 05551 South Korea. Based on the SEC Form 19-1 (Tender Offer Report) filed by Lotte Chilsung on 11 December 2020, Lotte Chilsung is a subsidiary of Lotte Corporation, which owns 26.54% of the total issued and outstanding capital stock of Lotte Chilsung. As explained in note 3, the beneficial owner of Lotte Corporation is disclosed as its Chief Executive Officer, Kak Gyu Hwang.

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

[6] Based on the beneficial ownership declaration attached to the Company's General Information Sheet filed on 5 March 2021, PepsiCo, Inc.'s Chief Executive Officer, Ramon Laguarta, is named as the beneficial owner, under category I of the beneficial

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and relationship with record owner	Citizenship	Number of Shares Held	Percentage
	The Netherlands Relationship – Stockholder				
Common shares	PCD Nominee Corporation (Non-Filipino)[7] 37th Floor, The Enterprise Center Ayala Avenue, Makati City Relationship – please refer to footnote	Please refer to footnote	Non-Filipino	771,461,453	20.89%
Common shares	PCD Nominee Corporation (Filipino)[8] 37th Floor, The Enterprise Center Ayala Avenue, Makati City Relationship – please refer to footnote	Please refer to footnote	Filipino	434,043,975	11.75%

Security Ownership of Management as of 5 April 2021

Title of Class	Name and Address of Owner	Amount & Nature of Beneficial Ownership	Citizenship	Percent of Class
Common shares	Oscar S. Reyes Chairman of the Board and Independent Director Room 2504, 25/F, 139 Corporate Center Valero St., Salcedo Village, Makati City	300,001*	Filipino	0.01%
Common shares	Frederick D. Ong Director, President and CEO c/o Km. 29, National Road Tunasan, Muntinlupa City	1*	Filipino	0.00%
Common shares	Yongsang You Director c/o Km. 29, National Road Tunasan, Muntinlupa City	1*	Korean	0.00%
Common shares	Younggoo Lee Director	1*	Korean	0.00%

declaration form (provided under SEC Memorandum Circular No. 15, Series of 2020) indirectly holding 25% of the outstanding capital stock of the Company (through Quaker Global Investments B.V.).

[7] PCD Nominee Corporation is the registered owner of shares beneficially owned by participants in the Philippine Central Depository, Inc. ("PCD"), a private company organized to implement an automated book entry system of handling securities transactions in the Philippines. While PCD Nominee Corporation is the registered owner of the shares in the Company's books, the beneficial ownership of such shares pertains to PCD participants (brokers) and/or their non-Filipino clients, whether individuals or corporations, in whose names these shares are recorded in their respective books. Under PCD procedures, when an issuer of a PCD-eligible issue will hold a stockholders' meeting, PCD will execute a pro-forma proxy in favor of the participants for the total number of shares in their respective principal securities account, as well as for the total number of shares in their client securities account. For shares held in the principal securities account, the participant is appointed as proxy with full voting rights and powers as registered owner of such shares. For shares held in the client securities account, the participant is appointed as proxy with the obligation to constitute a sub-proxy in favor of its clients with full voting and other rights for the number of shares beneficially owned by them.

[8] Same as footnote 10 above except that the beneficial ownership of shares registered in the name of PCD Nominee Corporation pertains to PCD participants (brokers) and/or their Filipino clients, whether individuals or corporations, in whose names these shares are recorded in their respective books.

Title of Class	Name and Address of Owner	Amount & Nature of Beneficial Ownership	Citizenship	Percent of Class
	c/o 5 Fl. Castle Plaza, Lotte Castle Gold 7-18, Shinchun-Dong, Songpa-Gu Seoul, Korea 138-727			
Common shares	Tae Hyeon Kim Director c/o 15/F World Tower BD, 558 Songpa-daero, Songpa-Gu Seoul, Korea 05510	1*	Korean	0.00%
Common shares	Jay Buckley Director c/o Suites 1703-8, Tower Two 1 Matheson Street, Causeway Bay, HK	1*	Australian	0.00%
Common shares	Parinya Kitjatanapan Director c/o 622 Emporium Tower 17/F Sukhumvit Road, Klongton Klongtoey, Bangkok, Thailand	1*	Thai	0.00%
Common shares	Yuan Wang Director 7380 W Sand Lake Rd #230, Orlando, FL 32819 USA	1*	American	0.00%
Common shares	Rafael M. Alunan III Independent Director No.63 9th Street New Manila, Quezon City	1*	Filipino	0.00%
Common shares	Jin Man Kim EVP, Strategic Supply Chain & Operations c/o Km. 29, National Road Tunasan, Muntinlupa City	0	Korean	0.00%
Common shares	Vishal Malik** Senior Vice-President and Chief Financial Officer / Chief Audit Executive c/o Km. 29 National Road Tunasan, Muntinlupa City	0	Indian	0.00%
Common shares	Francis S. Moral Senior Vice-President, National Sales c/o Km. 29 National Road Tunasan, Muntinlupa City	0	Filipino	0.00%
Common shares	Ma. Vivian A. Cheong Senior Vice-President, Human Resources c/o Km. 29 National Road Tunasan, Muntinlupa City	0	Filipino	0.00%
Common shares	Dong Geol Yoon** Senior Vice-President / Chief Strategy Officer c/o Km. 29 National Road Tunasan, Muntinlupa City	0	Korean	0.00%
Common shares	Carina Lenore S. Bayon Vice President for Legal and Government Affairs/ Compliance Officer / Data Protection Officer c/o Km. 29 National Road Tunasan, Muntinlupa City	0	Filipino	0.00%
Common shares	Kristine Ninotschka L. Evangelista Corporate Secretary c/o 30/F 88 Corporate Center Sedeño corner Valero Streets Salcedo Village, Makati City	0	Filipino	0.00%

Title of Class	Name and Address of Owner	Amount & Nature of Beneficial Ownership	Citizenship	Percent of Class
Common shares	Julia Patricia C. Herrera-Lim Assistant Corporate Secretary c/o 30/F 88 Corporate Center Sedeño corner Valero Streets Salcedo Village, Makati City	0	Filipino	0.00%

* Each of the Directors is the registered owner of at least one qualifying share.

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

The aggregate shareholdings of Directors and key officers as of 5 April 2021 are 300,009 shares which is approximately 0.000081% of the Company's outstanding capital stock.

Changes in Control

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

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Refer to Note 22 to the 31 December 2020 Audited Financial Statements for details on related party transactions.

PART IV – <u>EXHIBITS AND SCHEDULES</u>

The following are the reports on SEC Form 17-C, as amended, which were filed during the period of 1 January 2020 to 5 April 2021.

a. SEC Form 17-C dated 10 January 2020

At the Special Meeting of the Board of Directors held on 10 January 2020, the Board approved the following matters effective 19 January 2020: (i) acceptance of the resignation of the Company's Vice-President for Snacks Manufacturing, Mr. Byoung Yul Hwang; and (ii) acceptance of the resignation of the Company's Senior Vice-President for Operations, Mr. Allan A. Frias II.

b. SEC Form 17-C dated 14 January 2020

On 14 January 2020, the Company filed a Notification Form with the Philippine Competition Commission ("PCC"), for and as the acquired entity in the recent tender offer made by Lotte Chilsung to the shareholders of the Company on 11 December 2019.

c. SEC Form 17-C dated 15 January 2020

The Company forwarded to Lotte Chilsung the PSE's request for clarification of the news article entitled "Lotte Group to keep Pepsi listed on PSE" posted in Manila Standard.net on 15 January 2020. The Company relayed Lotte Chilsung's response that "the Tender Offer Period shall be extended by the number of business days corresponding to those which were declared as non-working holidays."

d. SEC Form 17-C dated 23 January 2020

On 23 January 2020, the Company's Legal Department received a letter from Lotte Chilsung advising the Company, the PSE, and the Securities and Exchange Commission ("SEC") that "the [SEC] granted the Request for Exemptive Relief filed by Lotte Chilsung on 18 December 2019, subject to the following conditions: (i) the Tender Offer will remain open until ten (10) days from the disclosure of the PCC decision on the transaction; (ii) [Lotte Chilsung], through PCPPI, shall disclose to the PSE and SEC the decision of the PCC immediately upon receipt thereof; and (iii) Lotte Chilsung shall permit the securities tendered to be withdrawn at any time during the period such tender period remains open."

Lotte Chilsung advised the Company that "the Company shall re-open the Tender Offer Period. Accordingly, an Amended Tender Offer Report to reflect the developments on the transaction, including, among others, the re-opening of the Tender Offer Period, will be filed in due course."

e. **SEC Form 17-C dated 04 February 2020**

On 4 February 2020, the Company received a letter from Lotte Chilsung, advising the Company and the PCC that the SEC "directed [Lotte Chilsung] to: (i) cease the conduct of the tender offer pending resolution of certain issues raised relating to the Tender Offer; and (ii) allow the shareholders who tender their shares to withdraw the same. In accordance with this directive, [Lotte Chilsung] and its tender offer agent, First Metro Securities Brokerage Corporation, ha[ve] suspended the conduct of the tender offer and refrained from accepting any shares from being tendered effective[] 4 February 2020. Furthermore, shareholders who have tendered their shares and who wish to withdraw the same are requested to coordinate with the tender offer agent on the matter."

f. **SEC Form 17-C dated 10 February 2020**

At the special meeting of the Board of Directors held on 10 February 2020, the Board approved the following matters all effective on 16 February 2020: (i) acceptance of the resignation of Mr. Byoung Tak Hur as a member of the Company's Board of Directors; (ii) acceptance of the resignation of Mr. Yongsang You as the Company's Chief Executive Officer, who will remain a member of the Board of Directors; (iii) acceptance of the resignation of Ms. Wei Wei Yao as a member of the Company's Board of Directors; (iv) election of Mr. Frederick Dy Ong as a member of the Company's Board of Directors, and as the Company's President and Chief Executive Officer; and (v) election of Mr. Parinya Kitjatanapan as a member of the Company's Board of Directors.

g. **SEC Form 17-C dated 16 March 2020**

In compliance with the SEC Notice to Publicly-Listed Companies dated 12 March 2020, the Company informed the investing public that, as of 16 March 2020: (i) the Company had no known or confirmed COVID-19 cases; (ii) less than five (5) people in PCPPI Metro Manila – NCR region have had international travels in the last fourteen (14) days, and most have completed self-quarantine; (iii) on 12 March 2020, the Company initiated the formation of the Contingency, Crisis and Risk Management Committee ("CCRM") to work on the Business Continuity plan of the Company; (iv) an advisory on various work arrangements has been disseminated; (v) these efforts are coupled with continuous advisories on social distancing, personal hygiene through basics of hand washing and sanitation, office disinfection, and full disclosure and non-reporting for work for employees who are unwell or cared for, or in contact with persons under investigation (PUI), persons under monitoring (PUM), and those confirmed to have COVID-19; (vi) given the need for continuous production, Certificates of Employment were issued to the Company's employees and employees of contractors to show proof that they are part of the skeletal workforce of the Company to allow for unhampered commute through various checkpoints in the Metro Manila; (vii) there is a thirty (30)-day supply of raw materials, with sufficient supply of finished goods in the market. Delivery of these goods will continue with food and other basic commodities being considered by the government as part of "essential travel". The Company provides needed safety and health guidance to delivery and trucking personnel, both those hired by the Company and the Company's trucking service providers; and (viii) donations of Company products, particularly water, was underway.

h. **SEC Form 17-C dated 24 March 2020**

At the Special Meeting of the Board of Directors held on 24 March 2020, the Board approved the Exclusive Bottling Appointment and the designation of authorized signatories for the execution thereof.

i. SEC Form 17-C dated 30 March 2020

At the special meeting of the Board of Directors held on 30 March 2020, the Board approved the following matters: (i) acceptance of the resignation of Mr. Khaled Mahmoud Mahmoud Metwalli as the Company's Senior Vice-President, Chief Financial Officer, and Chief Audit Executive, effective 01 April 2020; (ii) election of Mr. Vishal Malik as the Company's Senior Vice-President, Chief Financial Officer, and Chief Audit Executive, effective 01 April 2020 (subject to the issuance of the relevant permits); (iii) acceptance of the resignation of Atty. Lope R. Manuel, Jr. as the Company's Vice-President for Legal and Government Affairs, Compliance Officer, and Data Protection Officer, effective 16 April 2020; (iv) election of Mr. Young Duk Kang, the Company's Senior Vice-President and Chief Strategy Officer, as the Company's Compliance Officer and Data Protection Officer, effective 16 April 2020.

j. SEC Form 17-C dated 30 March 2020

On 27 March 2020, the Company received the decision of the PCC that the proposed acquisition by Lotte Chilsung of shares in the Company will not likely result in a substantial lessening of competition; and that it has resolve[d] to take no further action with respect to the proposed Transaction.

k. SEC Form 17-C dated 06 April 2020

On 6 April 2020, the Company's Legal Department received a letter from Lotte Chilsung advising the Company, that:

"In response to the request for clarification on the re-opening of the Tender Offer after the approval by the [PCC] of the transaction, please be advised that Lotte Chilsung intends to complete the transaction as provided under the terms and conditions of the tender offer and will re-open the tender offer for a period of ten (10) business days, unless the [SEC] orders otherwise. However, please take note, that the SEC has not lifted its suspension of the tender offer in connection with the issues it raised on the fairness opinion for the transaction. For reference, kindly refer to our letter dated 4 February 2020 and the PSE EDGE disclosures made by [the Company] on 5 February 2020. We submitted a response to the SEC last 14 February 2020 and are awaiting the SEC's decision on the matter. Accordingly, the tender offer can only be re-opened after the SEC resolves the issue and lifts the suspension. We also note that the tender offer may be subject to conditions, if any, that the SEC may impose. We shall inform you immediately once we receive feedback from the SEC on the foregoing."

l. SEC Form 17-C dated 10 April 2020

At the special meeting of the Board of Directors held on 10 April 2020, the Board approved the postponement of the ASM for the year 2020 from the date scheduled under the Company's Amended By-Laws (the last Friday of May, i.e., 29 May 2020) to 20 August 2020.

In view of the Company's availment of the grant of extension of time within which to submit its 2019 Annual and Sustainability Report (SEC Form 17-A) and its Audited Financial Statements for the year ended 31 December 2019 (2019 AFS) (i.e., on 30 June 2020), the postponement of the ASM for the year 2020 to 20 August 2020 will allow the Company sufficient time to obtain the SEC's approval of the Information Statement (SEC Form 20-IS) which includes the SEC Form 17-A and the 2019 AFS, and distribute physical copies of the approved SEC Form 20-IS to its stockholders.

m. SEC Form 17-C dated 17 April 2020

On 17 April 2020, the Company received a letter from Lotte Chilsung advising the Company and the PCC that, in a letter dated 06 April 2020 and received by Lotte Chilsung on 13 April 2020, the SEC issued a ruling in connection with the fairness opinion issued by Punongbayan & Araullo ("*P&A*") for the tender offer.

Lotte Chilsung's letter summarized the SEC's letter as follows:

(a) "independence of P&A as financial advisor to render the fairness opinion for the tender offer and concluded that there is 'no reason to believe that P&A acted contrary to rules 19.2.6.1 and 19.2.6.2.7.6' of the Securities Regulation Code implementing rules and regulations ("SRC Rules");

(b) "Directed Lotte Chilsung to include in the Valuation and Fairness Opinion Report, the rationale for selection of two companies as "comparables" and rationale for non-selection of other competitor companies identified in [the Company's] 2018 SEC Form 17-A filing and (b) the results of other valuation procedure using either an asset-based or earnings/income-based valuation methodology, upon which, the report should be filed no later than five (5) business days from receipt of copy of SEC's letter.

(c) "Upon filing an Amended Tender Offer Report (attached thereto the foresaid Valuation and Fairness Opinion Report) with Commission, immediately re-open and resume the mandatory tender offer and conduct the same for the next ten The SEC affirmed the (10) days."

In its letter, Lotte Chilsung said that it "would like to assure [the Company's] shareholders of its intention to complete the transaction as provided under the terms and conditions of the tender offer" and advised that "Lotte Chilsung shall comply with the foregoing directives of the SEC. However, in view of the timetable it will take to comply, [Lotte Chilsung] intend[s] to request for an extension from the SEC to allow [Lotte Chilsung] to file the Amended Tender Offer Report at a later time. [Lotte Chilsung] shall inform [the Company and the PCC] immediately with respect to developments in connection with the foregoing including the indicative timetable for the re-opening of the tender offer."

n. SEC Form 17-C dated 22 April 2020

On 22 April 2020, the Company received a letter from Lotte Chilsung advising the Company and the PCC that the SEC "granted the request for extension to comply with its directives in connection with the fairness opinion issued by [P&A]", which Lotte Chilsung enumerated in its 17 April 2020 letter to the Company.

Lotte Chilsung also advised that it "will file the Amended Tender Offer Report with updated Valuation and Fairness Opinion within 30 calendar days from its receipt of the SEC letter on 13 April 2020 (or until 13 May 2020). Upon filing of the Amended Tender Offer Report, Lotte Chilsung will immediately reopen and resume the mandatory tender offer and conduct the same for the next ten (10) business days."

o. SEC Form 17-C dated 13 May 2020

At the regular meeting of the Board of Directors held on 13 May 2020, the Board of Directors approved the following matters:

(a) Appointment of Atty. Ma. Rosamelle E. Cruz-Añonuevo as the Officer-In-Charge of the Company's Legal and Government Affairs Department, effective 13 May 2020.

(b) Retirement of Mr. Roberto E. Tongcua as the Company's Vice-President and Senior General Manager for Mindanao, effective 13 May 2020.

(c) Approval of the Company's SEC Form I-ACGR (Integrated Annual Corporate Governance Report) and the filing thereof with the SEC and the disclosure to the PSE.

(d) Approval of the proposed amendments to the Company's Amended Articles of Incorporation and endorsement to stockholders for approval. The amendments were made to align the provisions of the Company's Amended Articles of Incorporation with the Board Charter and Board Committee Charters adopted on 11 December 2019.

(e) Approval of the proposed amendments to the Company's Amended By-Laws and endorsement to stockholders for approval. The amendments were made to align the provisions of the Company's Amended By-Laws with the Board Charter and Board Committee Charters adopted on 11 December 2019.

(f) Approval of the Company's 2020 Manual on Corporate Governance, and the filing thereof with the SEC and disclosure to the PSE. The 2020 Manual on Corporate Governance incorporates provisions of the Board Charter and Board Committee Charters adopted on 11 December 2019 into the previous 2019 Revised Manual on Corporate Governance.

p. SEC Form 17-C dated 13 May 2020

On 13 May 2020, the Company received a letter from Lotte Chilsung advising the Company and the PCC of the following matters:

(a) "On May 8, 2020, [Lotte Chilsung] submitted a copy of the draft updated Valuation and Fairness Opinion for comment of the [SEC];
(b) "As of May 13, 2020, the draft updated Valuation and Fairness Opinion remains under review of the SEC;
(c) "In view of the on-going review by the SEC, [Lotte Chilsung] filed today with the SEC a request for extension to comply with the requirement to file the Amended Tender Offer Report with updated Valuation and Fairness Opinion and allow Lotte Chilsung to submit the same no later than three (3) calendar days from the date the SEC issues its clearance to finalize the updated Valuation and Fairness Opinion."

q. SEC Form 17-C dated 17 June 2020

On 17 June 2020, the Company received the following information from Lotte Chilsung on the results of the tender offer it conducted to acquire shares of the Company from the Company's shareholders upon request of the PSE received on 17 June 2020:

Number of shares tendered and accepted:	1,132,950,431
Percentage to total issued and outstanding shares:	30.7%
Resulting percentage of public ownership after acceptance:	2.1%

Given the resulting percentage of public ownership falling below the minimum public ownership requirement of ten percent (10%), the PSE was expected to suspend trading of the Company's shares following the PSE Listing and Disclosure Rules.[9] Quaker Global Investments B.V., the wholly-owned subsidiary of PepsiCo, Inc., did not participate in the tender offer. The Company remains the exclusive bottler in the Philippines of PepsiCo's beverage brands Pepsi, Mountain Dew, 7-Up, Mirinda, Mug, Gatorade, Tropicana, Sting, and Aquafina.

As stated in the report, the Company disclosed in due course its plans with regard to its compliance with the minimum public ownership requirement.

r. SEC Form 17-C dated 19 June 2020

On 19 June 2020, the Company received the SEC Form 19-1A (Tender Offer Report) filed by Lotte Chilsung with the SEC (the "Final Tender Offer Report").

A total of 1,132,950,431 of the Company's shares were tendered by the Company's shareholders and accepted by Lotte Chilsung during the tender offer period. This represents approximately 30.7% of the Company's total issued and outstanding shares. As a result, the percentage of public ownership of the Company is now approximately 2.1%.

[9] The PSE suspended the trading of the Company's shares on 18 June 2020.

A certification issued by First Metro Securities Brokerage Corporation certifying the results of the tender offer was attached as Exhibit L of the Final Tender Offer Report. The information contained in the Final Tender Offer Report and its attachments confirmed the initial report disclosed by the Company on 17 June 2020 based on the information provided by Lotte Chilsung.

Quaker Global Investments B.V., the wholly-owned subsidiary of PepsiCo, Inc., did not participate in the tender offer. The Company remains the exclusive bottler in the Philippines of PepsiCo's beverage brands Pepsi, Mountain Dew, 7-Up, Mirinda, Mug, Gatorade, Tropicana, Sting, and Aquafina.

As stated in the report, the Company disclosed in due course its plans with regard to its compliance with the minimum public ownership requirement.

s. **SEC Form 17-C dated 19 June 2020**

At the regular meeting of the Board of Directors held on 19 June 2020, the Board of Directors approved the following matters:

(a) Confirmation of the schedule of the Annual Stockholders' Meeting for 2020 ("2020 ASM") to be 20 August 2020, Thursday, at 9 o'clock in the morning, approving the agenda of the 2020 ASM, and fixing the record date of stockholders entitled to notice of and to vote at said 2020 ASM on 20 July 2020;
(b) Approval of the conduct of the 2020 ASM and the participation by stockholders to be done via remote communications, and of the voting by the stockholders to be done in absentia or by proxy, and delegating the approval and finalization of the requirements and internal procedures to Management;
(c) Approval of the Company's Audited Financial Statements for the fiscal year ended 31 December 2019 and authorization for its issuance and filing with the Bureau of Internal Revenue and the SEC;
(d) Approval of the Company's SEC Form 17-A (Annual Report) and Sustainability Report for the fiscal year ended 31 December 2019 and authorization for its filing with the SEC and disclosure to the PSE; and
(e) Approval of the Company's SEC Form 20-IS (Information Statement) for the 2020 ASM and its filing with the SEC and disclosure to the PSE.

t. **SEC Form 17-C dated 5 August 2020**

On 05 August 2020, the Company received a letter from the PSE imposing fines for delayed disclosure of penalties imposed on the Company by regulatory agencies in prior years. The Company has duly addressed the relevant concerns with, and paid the penalties to, the regulatory agencies; and disclosed the penalties previously to the PSE and the SEC.

u. **SEC Form 17-C dated 20 August 2020**

Matters approved by the Stockholders during the Annual Stockholders' Meeting held on 20 August 2020

(a) Approval of the Minutes of the Annual Stockholders' Meeting on 24 May 2019

(b) Approval of the Audited Financial Statements for the year ended 31 December 2019

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

(d) Approval of the Amendments to the Company's Amended Articles of Incorporation

(e) Approval of the Amendments to the Company's Amended By-Laws

(f) Election of the members of the Board of Directors for the year 2020 to 2021:

Frederick D. Ong
Yongsang You
Younggoo Lee
Tae Hyeon Kim
Jay Buckley
Samir Moussa
Parinya Kitjatanapan
Oscar S. Reyes (Independent Director)
Rafael M. Alunan III (Independent Director)

(g) Appointment of R.G. Manabat & Co. as the Company's External Auditor for the year 2020 to 2021.

Matters approved during the Organizational Meeting of the Board of Directors held on 20 August 2020

(a) Election of the members of the Board Committees for the year 2020 to 2021

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

(b) Election of Officers for the year 2020 to 2021:

Chairman of the Board of Directors	Oscar S. Reyes
Vice-Chairman of the Board of Directors	Rafael M. Alunan III
President and Chief Executive Officer	Frederick D. Ong
Executive Vice President, Strategic Supply Chain & Operations	Jin Man Kim
Senior Vice-President, Chief Financial Officer/ Chief Audit Executive	Vishal Malik
Senior Vice-President, National Sales	Domingo F. Almazan
Senior Vice-President, Human Resources	Ma. Vivian A. Cheong
Senior Vice-President, Chief Strategy Officer/ Compliance Officer/ Data Protection Officer	Young Duk Kang
Vice President and Senior General Manager (Luzon 2)	Aristedes H. Alindogan
Vice President and Senior General Manager (Visayas)	Lyndon Ferdinand J. Cuadra
Associate Vice President, Tax and Reporting/ Chief Risk Officer	Agustin S. Sarmiento
Officer in Charge, Legal and Government Affairs	Ma. Rosamelle Cruz-Añonuevo
Corporate Secretary	Kristine Ninotschka Evangelista
Assistant Corporate Secretary	Julia Patricia C. Herrera-Lim

v. SEC Form 17-C dated 1 September 2020

At the Special Meeting of the Board of Directors held on 1 September 2020, the Board of Directors approved the following matters effective 1 September 2020: (i) acceptance of the resignation of Mr. Young Duk Kang as the Company's Compliance Officer and Data Protection Officer; (ii) re-appointment of Atty. Rosamelle E. Cruz-Añonuevo as Director for Legal; and (iii) appointment of Atty. Carina Lenore S. Bayon as the

Company's Vice-President for Legal and Government Affairs, Compliance Officer, and Data Protection Officer.

w. SEC Form 17-C dated 9 September 2020

At the special meeting of the Board of Directors held on 09 September 2020, the Board of Directors authorized the Company (i) to voluntary delist its shares that are listed in the Main Board of the Philippine Stock Exchange in accordance with all applicable rules, and (ii) to petition the SEC in accordance with applicable rules for the voluntary revocation of the registration of its securities and permit to sell securities.

Previously, on 18 June 2020, the Company disclosed that its public ownership level was at 2.1% or below the 10% PSE Rule on Minimum Public Ownership after conclusion of the tender offer conducted by Lotte Chilsung to acquire shares of the Company from the Company's shareholders. Under the PSE Rule on Minimum Public Ownership, the Company has until 18 December 2020 to comply with the 10% minimum public float requirement or otherwise be subject to involuntary delisting.

After due evaluation and study of the options available to the Company, the Board of Directors approved and authorized the voluntary delisting of the Company's shares from the PSE. Considering the level of its public ownership and the prevailing market conditions, it will not be able to comply with the minimum public ownership requirement by 18 December 2020.

x. SEC Form 17-C dated 22 October 2020

As at 22 October 2020, the Company had received written assent forms signifying votes in favor of the delisting from stockholders holding or representing 3,492,887,434 shares of 94.56% of the Company's outstanding capital stock. Therefore, by written assent, the delisting of the Company's shares from the Main Board of the PSE was deemed approved by the stockholders.

y. SEC Form 17-C dated 24 November 2020

On 24 November 2020, the Company received the SEC Form 23-B (Statement of Changes in Beneficial Ownership of Lotte Corporation and the SEC Form 23-B (Statement of Changes in Beneficial Ownership) of Lotte Chilsung, reporting the disposal of 1,559,390,432 of the Company's shares, and the acquisition of 1,559,390,432 of the Company's shares, respectively.

The Company also received a copy of the cover letter of Lotte Chilsung addressed to the SEC and PSE dated 06 November 2020, and reportedly filed on 23 November 2020, informing the SEC and the PSE that "Lotte Corporation [] has entered into an In-Kind Contribution Agreement, pursuant to which, all rights and obligations pertaining to [Lotte Corporation's] total of 1,559,390,432 shares of stock in [the Company] shall be transferred to its affiliate, [Lotte Chilsung]".

The cover letter also provided that "[Lotte Corporation] executed on 23 October 2020, a Deed of Assignment in favor of [Lotte Chilsung] covering 1,559,390,432 [of the Company's] shares representing 42.22% of the [the Company's] total issued and outstanding shares (the "Subject Shares"). The transfer does not signify or cause a change in ultimate ownership as the Subject Shares are and will continue to be ultimately owned and controlled by the Lotte Group".

At the time of this report, the transfer of 1,559,390,432 of the Company's shares had not yet been recorded in the Company's books, as the requisite documents to effect the transfers, including but not limited to the stock certificate, the deed covering the transfer, and the Certificate Authorizing Registration issued by the Bureau of Internal Revenue, have not yet been submitted to the Company's stock transfer agent.

z. SEC Form 17-C dated 01 December 2020

On 01 December 2020, the Company received a copy of the Amended SEC Form 19-1A (Final Tender Offer Report) filed by Lotte Chilsung with the SEC and PSE (the "Amended Final Tender Offer Report").

The Amended Final Tender Offer Report disclosed that "[o]n 23 October 2020, Lotte Corporation executed a Deed of Assignment in favor of [Lotte Chilsung] covering 1,559,390,432 of the Company's shares representing 42.22% of the Company's total issued and outstanding shares. The transfer does not signify or cause a change in ultimate ownership as the shares are and will continue to be ultimately owned and controlled by Lotte Group."

"Following the close of the Tender Offer Period on [10 November 2020], a total of Twenty Seven Million Sixty Six Thousand Eight Hundred Five (27,066,805) common shares of [the Company] were tendered pursuant to the Tender Offer, accepted and thereafter purchased by [Lotte Chilsung] via an off exchange transaction outside the facilities of the PSE on [24 November 2020]. The shares were purchased at the Tender Offer Price with a total transaction value of PhP52,780,269.75."

"Following the completion of the Tender Offer, [Lotte Chilsung] currently owns and holds 2,719,407,668 common shares of [the Company]."

The Company also received on 01 December 2020 the SEC Form 23-B (Statement of Changes in Beneficial Ownership) of the Lotte Corporation and the SEC Form 23-B (Statement of Changes in Beneficial Ownership) of Lotte Chilsung reporting the acquisition by Lotte Chilsung of a total of Twenty Seven Million Sixty Six Thousand Eight Hundred Five (27,066,805) common shares of the Company as reported in Amended Final Tender Offer Report.

The above reported transfers of the Company's shares have not yet been recorded in the Company's books, as the requisite documents to effect the transfers, including but not limited to the Certificate Authorizing Registration issued by the Bureau of Internal Revenue, have not yet been submitted to the Company's stock transfer agent.

aa. SEC Form 17-C dated 17 December 2020

On 17 December 2020, the Company received a letter from the PSE informing the Company that the PSE has approved the Petition for Voluntary Delisting filed on 15 September 2020, and that the PSE had accordingly ordered the delisting of the Company's shares from the Official Registry of the PSE. The delisting shall be effective as of the end of business on 18 December 2020.

bb. SEC Form 17-C dated 23 December 2020

At the special meeting of the Board of Directors held on 23 December 2020, the Board of Directors approved the following matters effective 01 February 2021: (i) acceptance of the resignation of Mr. Young Duk Kang as the Company's Senior Vice President and Chief Strategy Officer (subject to the issuance of relevant permits to his successor, Mr. Dong Geol Yoon); (ii) appointment of Mr. Dong Geol Yoon as the Company's Senior Vice President and Chief Strategy Officer (subject to the issuance of relevant permits).

cc. SEC Form 17-C dated 09 February 2021

At the special meeting of the Board of Directors held on 09 February 2021, the Board of Directors approved the following matters: (i) acceptance of the resignation of Mr. Samir Moussa as a member of the Company's Board of Directors and a member of the Board of Directors' Audit Committee and appointment of Ms. Yuan Wang as a member of the Company's Board of Directors and a member of the Board of Directors' Audit Committee, effective 28 February 2021; (ii) acceptance of the resignation of Mr. Young Duk Kang as the Company's Senior Vice President and Chief Strategy Officer and acceptance of Mr. Dong Geol Yoon as the Company's Senior Vice President and Chief Strategy Officer, effective 01 March 2021, or upon the issuance of relevant permits to Mr. Yoon, whichever is later, superseding the resolution approved on 23 December 2020 (as discussed above).

dd. SEC Form 17-C dated 16 February 2021

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

ee. SEC Form 17-C dated 5 March 2021

On 05 March 2021, the Company received a Notice of Finality issued by the Regional Director of the Department of Labor and Employment (MIMAROPA Region) rendering the Compliance Order dated 10 November 2020 (the "Compliance Order") final and executory. The Compliance Order provided that failure to submit proof of compliance with Occupational Safety and Health Standards within the period provided will make the Company jointly and severally liable with its General Manager, Mr. Jose C. Laurena, Jr., for a penalty. On 22 December 2020 and within the 10-day period from receipt of the Compliance Order, the Company partially complied with the Compliance Order by submitting copies of the requested documents, as well as an appeal to extend the submission of the certification for the training of the first aider because there were no training sessions conducted during the pandemic. However, despite the said compliance and appeal, the said Notice of Finality was still issued.

ff. SEC Form 17-C dated 05 April 2021

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

PART V – SIGNATORIES

The following are the authorized signatories of the Company:

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

2. Agustin S. Sarmiento in his capacity as Associate Vice-President - Tax & Reporting and Chief Risk Officer of the Company. Said position is the Company's equivalent position for comptroller and principal accounting officer.

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

Signature page follows

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation Code and Section 177 of the Revised Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of MAKATI CITY on 16 APR 2021.

By:

FREDERICK D. ONG
President and Chief Executive Officer

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

KRISTINE NINOTSCHKA L. EVANGELISTA
Corporate Secretary

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

SUBSCRIBED AND SWORN TO before me in the City of MAKATI CITY on 16 APR 2021 by:

Name	Competent Evidence of Identity	Valid Until/Place Issued
Frederick Dy Ong	Passport No. P1281411B	March 29, 2029 / PE Kuala Lumpur
Agustin S. Sarmiento	Unified Multi-Purpose ID No. 0033-2456012-6	
Kristine Ninotschka L. Evangelista	Passport No. P5177855A	November 28, 2022 / DFA Cagayan de Oro

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

Doc. No. 91;
Page No. 20;
Book No. I;
Series of 2021.

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

ATTY. ED WARREN L. BALAUAG
Commission No. M-303
Notary Public for Makati City
Until December 31, 2021
19/F Tower 1 The Enterprise Center
6766 Ayala Avenue, Makati City 1200
Roll No. 73281/06-19-19
IBP No. 145237; 01/08/21; PPLM
PTR No. 8557932; 01/18/21; Makati City

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	6	0	9	6	8

COMPANY NAME

PEPSI-COLA PRODUCTS
PHILIPPINES, INC.

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

Km. 29, National Road
Tunasan, Muntinlupa City

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

COMPANY INFORMATION

Company's email Address	Company's Telephone Number/s	Mobile Number
	(632) 887-37-74	

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

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Agustin S. Sarmiento		8887-3774	

CONTACT PERSON's ADDRESS

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

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

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

FINANCIAL STATEMENTS
December 31, 2020, 2019 and 2018

With Independent Auditors' Report

PCPPI
Pepsi-Cola Products Philippines, Inc.
Pepsi-Cola Products Philippines, Inc.
Km. 29, National Rd. Bo. Tunasan, Muntinlupa City, Philippines 1773
Tel: (+63-2) 888-PEPSI (73774) • www.pepsiphilippines.com

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The Management of **Pepsi-Cola Products Philippines, Inc.** (the "Company") is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free form material misstatement, whether due to fraud or error.

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

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

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

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

OSCAR S. REYES
Chairman of the Board

FREDERICK D. ONG
President and Chief Executive Officer

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

Signed this 5th day of April 2021

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

SUBSCRIBED AND SWORN TO before me in the City of MAKATI CITY on 16 APR 2021 by:

Name	Competent Evidence of Identity	Valid Until
Oscar S. Reyes	Passport No. P5302920A	Dec 10, 2022 / Manila
Frederick D. Ong	Passport No. P1281411B	March 29, 2029 / PE Kuala Lumpur
Agustin S. Sarmiento	Unified Multi-Purpose ID No. 0033-2456012-6	

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

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

ATTY. ED WARREN L. BALAUAG
Commission No. M-30
Notary Public for Makati City
Until December 31, 2021
19/F Tower 1 The Enterprise Center
6766 Ayala Avenue, Makati City 1200
Roll No. 73281/06-19-19
IBP No. 145237; 01/08/21; PPLM
PTR No. 8557932; 01/18/21; Makati City

Doc. No. 390
Page No. 79
Book No. 1
Series of 2021.

KPMG

R.G. Manabat & Co.
The KPMG Center, 9/F
6787 Ayala Avenue, Makati City
Philippines 1226
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS

The Stockholders and Board of Directors
Pepsi-Cola Products Philippines, Inc.
Km. 29, National Road
Tunasan, Muntinlupa City

Opinion

We have audited the financial statements of Pepsi-Cola Products Philippines, Inc. (the "Company"), which comprise the statements of financial position as at December 31, 2020 and 2019, and the statements of profit or loss and other comprehensive income (loss), statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2020, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2020, in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until November 21, 2023
SEC Accreditation No. 0003-SEC, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements (2019 financial statements are covered by SEC Accreditation No. 0004-FR-5)
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)

Key Audit Matters

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

Revenue Recognition

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

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

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

Provisioning

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

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

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

KPMG

Other Information

Management is responsible for the other information. The other information comprises the information included in the Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2020, but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2020 are expected to be made available to us after the date of this auditors' report.

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

R.G. MANABAT & CO.

VERNILO G. YU
Partner
CPA License No. 108798
SEC Accreditation No. 1815-A, Group A, valid until August 20, 2023
Tax Identification No. 225-454-652
BIR Accreditation No. 08-001987-35-2018
Issued September 20, 2018; valid until September 19, 2021
PTR No. MKT 8533924
Issued January 4, 2021 at Makati City

April 15, 2021
Makati City, Metro Manila

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date APR 30 2021 FSTS

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

	Note	December 31 2020	December 31 2019
ASSETS			
Current Assets			
Cash	*4, 27*	**P837,501**	P711,895
Receivables - net	*5, 24, 27*	**1,963,945**	2,823,843
Inventories	*6*	**4,209,423**	3,915,506
Due from related parties	*23, 27*	**507,984**	552,990
Prepaid expenses and other current assets		**582,926**	618,693
		8,101,779	8,622,927
Assets held for sale	*26*	**126,428**	126,428
Total Current Assets		**8,228,207**	8,749,355
Noncurrent Assets			
Investments in associates	*7*	**653,208**	635,384
Bottles and cases - net	*8*	**4,313,269**	4,669,755
Property, plant and equipment - net	*9*	**11,185,178**	11,162,438
Right-of-use assets	*3, 28*	**301,136**	422,948
Intangible assets	*10*	**271,098**	264,053
Deferred tax assets	*13*	**135,130**	102,354
Other noncurrent assets		**212,067**	218,519
Total Noncurrent Assets		**17,071,086**	17,475,451
		P25,299,293	P26,224,806
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	*11, 14, 24, 27, 28*	**P8,111,686**	P8,733,614
Short-term debt	*12, 27*	**350,000**	1,250,000
Current portion of long-term debt	*12, 27*	**1,267,157**	1,494,541
Total Current Liabilities		**9,728,843**	11,478,155
Noncurrent Liabilities			
Long-term debt - net of current portion	*12, 27*	**5,895,343**	4,142,877
Deferred tax liabilities	*13*	**214,143**	560,378
Other noncurrent liabilities	*14, 27, 28*	**947,427**	900,886
Total Noncurrent Liabilities		**7,056,913**	5,604,141
Total Liabilities		**16,785,756**	17,082,296
Equity			
Share capital	*15*	**1,751,435**	1,751,435
Remeasurement losses on net defined benefit liability	*14*	**(468,146)**	(338,224)
Retained earnings	*12, 16*	**7,230,248**	7,729,299
Total Equity		**8,513,537**	9,142,510
		P25,299,293	P26,224,806

See Notes to the Financial Statements.

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (LOSS)

(Amounts in Thousands, Except Earnings Per Share Data)

		Years Ended December 31		
	Note	2020	2019	2018
Continuing Operations				
GROSS SALES	*25*	**P34,602,664**	P40,080,245	P38,175,672
LESS SALES DISCOUNTS, RETURNS AND ALLOWANCES	*25*	**3,960,556**	4,896,482	4,781,433
NET SALES		**30,642,108**	35,183,763	33,394,239
COST OF GOODS SOLD	*17*	**25,437,108**	28,370,170	27,685,013
GROSS PROFIT		**5,205,000**	6,813,593	5,709,226
OPERATING EXPENSES				
Selling and distribution	*18*	**4,336,047**	4,085,669	3,942,304
General and administrative	*19*	**978,124**	1,210,612	1,171,703
Marketing	*24*	**356,020**	491,441	628,335
		5,670,191	5,787,722	5,742,342
OPERATING PROFIT (LOSS)		**(465,191)**	1,025,871	(33,116)
FINANCE AND OTHER INCOME (EXPENSES)				
Equity in net earnings of associates	*7*	**17,823**	22,728	16,579
Interest income	*4, 23*	**6,129**	5,266	5,354
Interest expense	*12, 28*	**(385,998)**	(407,736)	(275,329)
Other income - net		**105,518**	71,573	134,512
		(256,528)	(308,169)	(118,884)
PROFIT (LOSS) BEFORE TAX		**(721,719)**	717,702	(152,000)
INCOME TAX EXPENSE (BENEFIT)	*13*	**(222,302)**	208,238	(29,837)
PROFIT (LOSS) FROM CONTINUING OPERATIONS		**(499,417)**	509,464	(122,163)
Discontinued Operations				
LOSS FROM DISCONTINUED OPERATIONS NET OF TAX	*26*	**366**	(210,738)	(77,377)
PROFIT (LOSS) FOR THE YEAR		**(499,051)**	298,726	(199,540)
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will not be reclassified to profit or loss				
Remeasurement gains (losses) on defined benefit liability - net of deferred tax	*13, 14*	**(129,922)**	(143,145)	75,675
TOTAL COMPREHENSIVE INCOME (LOSS)		**(P628,973)**	P155,581	(P123,865)
Basic/Diluted Earnings Per Share	*22*	**(P0.14)**	P0.08	(P0.05)

See Notes to the Financial Statements.

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

Years Ended December 31

	Note	Share Capital: Capital Stock (see Note 15)	Share Capital: Additional Paid-in Capital (see Note 15)	Share Capital: Total	Remeasurement Gains (Losses) on Net Defined Benefit Liability (see Note 14)	Retained Earnings (see Note 16)	Total Equity
Balance as at December 31, 2017		P554,066	P1,197,369	P1,751,435	(P270,754)	P7,964,775	P9,445,456
Total Comprehensive Income (Loss)							
Loss for the year		-	-	-	-	(199,540)	(199,540)
Other comprehensive gain - net		-	-	-	75,675	-	75,675
Total Comprehensive Income (Loss)		-	-	-	75,675	(199,540)	(123,865)
Transaction with equity holders of the Company directly recorded in equity							
Cash dividends during the year	16	-	-	-	-	(162,526)	(162,526)
Balance as at December 31, 2018		P554,066	P1,197,369	P1,751,435	(P195,079)	P7,602,709	P9,159,065

Years Ended December 31

	Note	Share Capital: Capital Stock (see Note 15)	Share Capital: Additional Paid-in Capital (see Note 15)	Share Capital: Total	Remeasurement Gains (Losses) on Net Defined Benefit Liability (see Note 14)	Retained Earnings (see Note 16)	Total Equity
Balance as at January 1, 2019,		P554,066	P1,197,369	P1,751,435	(P195,079)	P7,602,709	P9,159,065
Impact of adoption of PFRS 16	*3*	-	-	-	-	(9,610)	(9,610)
Balance as at January 1, 2019,		554,066	1,197,369	1,751,435	(195,079)	7,593,099	9,149,455
Total Comprehensive Income							
Profit for the year		-	-	-	-	298,726	298,726
Other comprehensive loss - net		-	-	-	(143,145)	-	(143,145)
Total Comprehensive Income		-	-	-	(143,145)	298,726	155,581
Transaction with equity holders of the Company directly recorded in equity							
Cash dividends during the year	*16*	-	-	-	-	(162,526)	(162,526)
Balance as at December 31, 2019		P554,066	P1,197,369	P1,751,435	(P338,224)	P7,729,299	P9,142,510

Forward

Years Ended December 31

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

See Notes to the Financial Statements.

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

	Note	2020	2019	2018
		Years Ended December 31		
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit (loss) before tax from continuing operations		**(P721,719)**	P717,702	(P152,000)
Income (loss) before tax from discontinued operations		**523**	(301,054)	(110,538)
Profit (loss) before tax		**(721,196)**	416,648	(262,538)
Adjustments for:				
Depreciation and amortization	*8, 9, 20, 28*	**2,667,499**	2,804,723	2,632,271
Interest expense	*12, 28*	**385,998**	407,736	275,329
Impairment losses on receivables, inventories, bottles and cases, and machinery and equipment	*5, 6, 8, 9*	**167,916**	292,060	61,559
Retirement cost	*14, 21*	**125,181**	115,753	123,879
Equity in net earnings of associates	*7*	**(17,824)**	(22,728)	(16,579)
Interest income	*4, 23*	**(6,129)**	(5,266)	(5,354)
Loss (gain) on disposal of property and equipment	*9*	**(619)**	(8,439)	14,566
Operating profit before working capital changes		**2,600,826**	4,000,487	2,823,133
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Receivables		**822,593**	(332,973)	(174,718)
Due from related parties		**46,006**	14,319	12,865
Inventories		**(430,081)**	1,079,692	(2,593,478)
Prepaid expenses and other current assets		**(3,901)**	(337,050)	2,656
Increase (decrease) in accounts payable and accrued expenses		**(635,406)**	(901,317)	1,010,496
Cash generated from operations		**2,399,037**	3,523,158	1,080,954
Interest received		**6,129**	5,243	5,278
Income taxes paid		**(61,517)**	(197,804)	(166,737)
Contribution to plan assets	*14*	**(72,000)**	(99,000)	(124,000)
Retirement benefits paid directly to employees	*14*	**(32,400)**	(50,721)	(36,036)
Net cash provided by operating activities		**2,239,249**	3,180,876	759,459

Forward

	Note	Years Ended December 31 2020	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of property and equipment		**P619**	P8,514	P2,667
Additions to:				
Property, plant and equipment	*9*	**(1,118,265)**	(867,771)	(1,205,087)
Bottles and cases	*8*	**(1,003,727)**	(1,607,614)	(771,168)
Intangibles	*10*	**(42,129)**	(264,053)	-
Decrease (increase) in other noncurrent assets		**6,452**	(14,108)	75,996
Net cash used in investing activities		**(2,157,040)**	(2,745,032)	(1,897,592)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from:	*12*			
Short-term debt		**16,150,000**	11,100,000	16,250,000
Long-term debt		**3,000,000**	1,000,000	4,300,000
Repayments of:	*12*			
Short-term debt		**(17,060,000)**	(10,850,000)	(18,350,000)
Long-term debt		**(1,500,000)**	(787,500)	(600,000)
Cash dividends paid	*16*	**-**	(162,526)	(162,526)
Debt issuance cost	*12*	**22,500**	7,500	30,250
Interest paid	*9, 12*	**(362,370)**	(347,988)	(279,345)
Payments of lease liability		**(216,733)**	(232,033)	-
Net cash provided by (used in) financing activities		**43,397**	(272,547)	1,188,379
NET INCREASE IN CASH		**125,606**	163,297	50,246
CASH AT BEGINNING OF YEAR		**711,895**	548,598	498,352
CASH AT END OF YEAR	*4*	**P837,501**	P711,895	P548,598

See Notes to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

(Amounts in Thousands, Except Per Share Data and When Otherwise Indicated)

1. Reporting Entity

Pepsi-Cola Products Philippines, Inc. (the "Company") was incorporated as a stock corporation in the Philippines on March 8, 1989, primarily to engage in manufacturing, sales and distribution of carbonated soft-drinks (CSD), non-carbonated beverages (NCB) and confectionery products to retail, wholesale, restaurants and bar trades. The registered office address and principal place of business of the Company is at Km. 29, National Road, Tunasan, Muntinlupa City.

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

As at December 31, 2020, Lotte Corporation, Lotte Chilsung Beverage Co., Ltd and Quaker Global investments B.V are the largest shareholders of the Company with 42.22%, 30.67% and 25.00% shareholdings, respectively. Lotte Chilsung Beverage Co., Ltd. and Lotte Corporation were organized under the laws of South Korea. Quaker Global Investments B.V. was organized under the laws of the Netherlands.

2. Basis of Preparation

Statement of Compliance

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

The accompanying financial statements as at December 31, 2020 and 2019 and for each of the three years period ended December 31, 2020 were approved and authorized for issue by the Company's BOD on April 5, 2021. The BOD has the power to amend the financial statements after issuance.

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

Basis of Measurement

The financial statements have been prepared on the historical cost basis of accounting, except for the following items, which are measured on an alternative basis on each reporting date.

Items	Measurement bases
Right-of-use asset	Present value of minimum lease payments plus initial direct costs, advance lease payments and obligations to refurbish leased assets less incentives received, if any
Lease liability	Present value of minimum lease payments
Retirement benefits liability	Present value of the defined benefit obligation (DBO) less fair value of plan assets.

Functional and Presentation Currency

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

Use of Judgments and Estimates

In preparation of these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Judgments

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

- Note 24 - Determination of whether the Company is acting as a Principal or an Agent
- Note 27 - Classifying financial instruments
- Note 28 - Determination of whether an arrangement contains a lease
- Note 28 - Commitments, Contingencies and Losses

Assumptions and Estimation Uncertainties

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

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

3. Significant Accounting Policies

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

<u>Adoption of New Standard, Interpretation and Amendments to Standards</u>

The Company has adopted the following new standard, interpretation and amendments to standards starting January 1, 2020 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption did not have any significant impact on the Company's financial statements.

- *Amendments to References to Conceptual Framework in PFRS Standards* sets out amendments to PFRS Standards, their accompanying documents and PFRS practice statements to reflect the issuance of the revised Conceptual Framework for Financial Reporting in 2018 (2018 Conceptual Framework). The 2018 Conceptual Framework includes:

    - a new chapter on measurement;
    - guidance on reporting financial performance;
    - improved definitions of an asset and a liability, and guidance supporting these definitions; and
    - clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

    Some Standards, their accompanying documents and PFRS practice statements contain references to, or quotations from, the International Accounting Standards Committee (IASC)'s Framework for the Preparation and Presentation of Financial Statements adopted by the International Accounting Standards Board (IASB) in 2001 or the Conceptual Framework for Financial Reporting issued in 2010. The amendments update some of those references and quotations so that they refer to the 2018 Conceptual Framework, and makes other amendments to clarify which version of the Conceptual Framework is referred to in particular documents

- *Definition of a Business (Amendments to PFRS 3 Business Combinations).* The amendments narrowed and clarified the definition of a business. They also permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business. The amendments:

    - confirmed that a business must include inputs and a process, and clarified that:

        - the process must be substantive; and
        - the inputs and process must together significantly contribute to creating outputs;

    - narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and

    - added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets

- *Definition of Material (Amendments to PAS 1 Presentation of Financial Statements and PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors).* The amendments refine the definition of material. The amended definition of material states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify the definition of material and its application by:

  (a) raising the threshold at which information becomes material by replacing the term 'could influence' with 'could reasonably be expected to influence';

  (b) including the concept of 'obscuring information' alongside the concept of 'omitting' and 'misstating' information in the definition;

  (c) clarifying that the users to which the definition refers are the primary users of general purpose financial statements referred to in the Conceptual Framework;

  (d) clarifying the explanatory paragraphs accompanying the definition; and

  (e) aligning the wording of the definition of material across PFRS Standards and other publications.

  The amendments are expected to help entities make better materiality judgements without substantively changing existing requirements.

- *Interest Rate Benchmark Reform (Amendments to PFRS 9 Financial Instruments, PAS 39 Financial Instruments: Recognition and Measurement and PFRS 7 Financial Instruments: Disclosures).* The amendments provide temporary exceptions to all hedging relationships directly affected by interest rate benchmark reform - the market-wide reform of an interest rate benchmark, including the replacement of an interest rate benchmark with an alternative benchmark rate such as that resulting from the recommendations set out in the Financial Stability Board's July 2014 report 'Reforming Major Interest Rate Benchmarks'. The exceptions relate to the following requirements:

  - The highly probable requirement. When determining whether a forecast transaction is highly probable, an entity shall assume that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of the reform.

  - Prospective assessments. When performing prospective assessments, a company shall assume that the interest rate benchmark on which the hedged item, hedged risk and/or hedging instrument are based is not altered as a result of the interest rate benchmark reform.

  - PAS 39 retrospective assessment. An entity is not required to undertake the PAS 39 retrospective assessment for hedging relationships directly affected by the reform. However, the entity must comply with all other PAS 39 hedge accounting requirements, including the prospective assessment.

  - Separately identifiable risk components. For hedges of a non-contractually specified benchmark component of interest rate risk, an entity shall apply the separately identifiable requirement only at the inception of such hedging relationships.

An entity shall cease applying the exceptions when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows or the hedging relationship is discontinued. End of application does not apply to the test for separately identifiable risk components.

Specific disclosure requirements apply to hedging relationships affected by the amendments including information about the significant interest rate benchmarks, extent of risk exposure directly affected by the reform, how the entity manages the process to transition to alternative benchmark rates, significant assumptions and judgements made in applying the exceptions, and the nominal amount of the hedging instruments in those hedging relationships.

- *Extension of the Temporary Exemption from Applying PFRS 9 (Amendments to PFRS 4 Insurance Contracts).* The amendments extend the expiry date for the temporary exemption from PFRS 9 to annual periods beginning on or after January 1, 2025. The extension maintains the alignment between the expiry date of the temporary exemption and the effective date of PFRS 17 which was deferred to annual periods on or after January 1, 2025.

Financial Instruments

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

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

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

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

As at December 31, 2020 and 2019, the Company does not have any financial assets and financial liabilities at FVTPL and FVOCI.

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

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

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

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

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

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

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

III. *Derecognition of Financial Instruments*

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

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

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

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

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

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

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

Fair Value Measurement

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

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

Inventories

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

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

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

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

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

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

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

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

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

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

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

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

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

	Number of Years
Machinery and other equipment	3 - 25
Buildings and leasehold improvements	15 - 40 or term of the lease, whichever is shorter
Furniture and fixtures	10

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

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

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

Intangible Assets

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

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

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

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

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

Impairment

Financial Assets

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

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

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

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

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

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

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

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

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

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

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

Non-financial Assets
The carrying amounts of the Company's non-financial assets, such as investments in associates, bottles and cases, property, plant and equipment and other noncurrent assets, are reviewed at each reporting date to determine whether there is any indication that an asset may be impaired, or whether there is any indication that an impairment loss previously recognized for an asset in prior periods may no longer exist or may have decreased. If any such indication exists and when the carrying amount of an asset exceeds its estimated recoverable amount, the asset or cash-generating unit (CGU) to which the asset belongs is written-down to its recoverable amount. Recoverable amounts are estimated for individual assets or investments or, if it is not possible, for the CGU to which the asset belongs.

The recoverable amount of a non-financial asset is the greater of the asset's fair value less costs of disposal and its value in use. Fair value less costs of disposal is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, less the costs of disposal. Value in use is the present value of the future cash flows expected to be delivered from an asset or CGU. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash flows largely independent of those from other assets, the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is recognized in profit or loss in the year in which it arises. A previously recognized impairment loss is reversed only if there has been a change in estimates used to determine the recoverable amount of an asset, however, not to an amount higher than the carrying amount that would have been determined (net of any accumulated depreciation and amortization for property, plant and equipment and bottles and cases) had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized in profit or loss. After such reversal, the depreciation and amortization expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Provisions

A provision is a liability of uncertain timing or amount. It is recognized when the Company has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Provisions are revisited at each reporting date and adjusted to reflect the current best estimate. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessment of the time value of money, and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense under "Finance and other income (expenses)" account in statements of profit or loss and other comprehensive income (loss) (see Note 28).

Share Capital

Capital stock is recognized as issued when the stock is paid for or subscribed under a binding subscription agreement and is measured at par value. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

The amount of contribution in excess of par value is accounted for as "Additional paid-in capital." Additional paid-in capital also arises from additional capital contributions from the shareholders.

Retained Earnings and Dividend Distribution

Retained earnings represent the cumulative balance of periodic profit (loss), dividend distributions, prior period adjustments and effects of changes in accounting policy and capital adjustments.

Dividends on common shares are recognized as a liability and deducted from equity when approved by the BOD of the Company. Dividends for the year that are approved after the reporting date are dealt with as a non-adjusting event after the reporting date.

Other Comprehensive Income

Other comprehensive income are items of income and expenses that are not recognized in profit or loss for the year in accordance with PFRSs.

Revenue Recognition

Sale of Goods

Revenue is recognized as or when performance obligations are satisfied by transferring control of goods to the customer. Control is transferred at the time of delivery of the products to the customers, and under normal credit terms. Revenue is recognized to the extent that it is highly probable that a significant reversal will not occur. Therefore, sale of goods is measured at transaction price or the amount to which the Company expects to be entitled in exchange for transferring goods to customer, net of expected discounts, allowances, and certain payments to customers including but not limited to listing/slotting fees and display allowances for which no distinct goods or service is received.

Other Income

Other income is recognized in profit or loss when earned.

Cost and Expense Recognition

Expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are generally recognized when the expenses are incurred.

Cost of Goods Sold

Cost of goods sold includes direct material costs, labor and manufacturing expenses. This is recognized when the goods are delivered or when the expenses are incurred.

Selling, Distribution and Marketing Expenses

Selling, distribution and marketing expenses consist of costs associated with the development and execution of marketing promotion activities and all expenses connected with selling, servicing and distributing the Company's products. Selling, distribution and marketing expenses are generally recognized when the service is rendered or the expense is incurred.

General and Administrative Expenses

Expenses incurred in the general administration of the day-to-day operation of the Company are generally recognized when the service is rendered or the expense is incurred.

Employee Benefits

Short-term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined Benefit Plan

The Company has a funded, noncontributory, final salary defined benefit plan covering substantially all of its employees.

The Company's net obligation in respect of the defined benefit plan is calculated by estimating the amount of the future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of plan assets. The Company presents the amount of expected contribution to the plan assets in the next fiscal year as a current liability, while the remaining amount of the net defined benefit liability is presented as noncurrent.

The calculation of the DBO is performed on a periodic basis by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the DBO at the beginning of the annual period to the opening net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The Company's plan assets that are held by entities (trustees) that are legally separate and independent from the Company and exist solely to pay or fund the defined benefit plan, are not available to the Company's own creditors (even in bankruptcy), and cannot be returned to the Company, unless the remaining assets of the fund are sufficient to meet all the DBO of the plan or the Company.

Discontinued Operations
A discontinued operation is a component of the Company's business, the operations and cash flows can be clearly distinguished from the rest of the Company's operations which:

- represent a separate major line of business or geographic area of operations
- is part of a single-coordinated plant to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of the disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented if the operation as if the operation had been discontinued from the start of the comparative year.

Finance Income and Finance Expense
Finance income comprises interest income on bank deposit, net foreign currency gains on asset and liabilities and dividend income. Interest income is recognized in profit or loss as it accrues, using the effective interest method and is presented net of final tax. Dividend income, if any, is recognized in profit or loss on the date that the Company's right to receive payment is established.

Finance expense comprises interest expense on borrowings and net foreign currency loss on financial assets and liabilities. All finance expense are recognized in profit or loss as they accrue.

Leases

Company as a Lessee

The Company assessed whether a contract is, or contains, a lease, at inception of a contract. The Company recognized a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognized the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. The Company recognized depreciation of right-of-use asset and interest on lease liabilities in the statement of profit or loss and separates the total amount of cash paid into a principal portion and interest in the statement of cash flows.

Right-of-Use Asset

Measurement of right-of-use asset at commencement of the lease includes:

- Lease liability
- Initial direct costs
- Advance lease payments
- Obligations to refurbish leased assets less lease incentives received

Right-of-use assets are tested for impairment in accordance with PAS 36, *Impairments*.

The EUL of the right-of-use assets are the shorter of the lease term and the useful life of the underlying assets

Lease Liability

Measurement of lease liability at commencement of the lease is the present value of the total of the lease payments as described in the contract (including payments connected to the reasonably certain exercise of extension or termination options), discounted at the interest rate implicit in the lease contract (if readily determinable) or the lessee's incremental borrowing rate.

Lease payments that depend upon a rate or index are measured at commencement based on the rate or index in effect at that time, and are remeasured if or when the payments linked to the index or rates.

Variable lease payments that do not depend upon an index or rate (e.g. a percentage of sales or based on usage) are not included in the initial measurement of the right-of-use asset.

The lease liability determined at initial measurement should not exceed the fair value of the underlying asset. An excess of the lease liability value over the fair value of the underlying asset is an indicator that the discount rate being used is too low and must be reassessed.

The difference between the future value (undiscounted) of the total of lease payments and the lease liability represents the financial cost which is to be spread over the period of the lease in form of an annuity calculation.

The Company recognized the following in the statement of profit or loss:

- Depreciation calculated on the value of the asset;
- Interest expense which is part of the annuity calculation; and
- any amount of variable lease payments excluding amount that depend upon an index or rate.

Short-term Leases and Lease of Low-value Assets
The Company has elected not to recognize right-of-use assets and lease liabilities of low-value assets and short-term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Operating Leases
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rental income and expense from operating leases are recognized in profit or loss on a straight-line basis over the term of the lease.

Finance Leases
Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of fair value of the leased property and the present value of the minimum lease payments at the inception of the lease. Lease payments are apportioned between the finance cost and reduction of the outstanding lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance cost is recognized in profit or loss.

Capitalized leased assets are depreciated over the shorter of the EUL of the assets and the respective lease terms, unless it is with reasonable certainty that the Company will obtain ownership by the end of the lease term, in which case the asset is depreciated over its EUL.

Borrowing Costs
Interest and other finance costs incurred on borrowings used to finance property development are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset. The capitalization of borrowing costs: (a) commences when the activities to prepare the assets are in progress and expenditures and borrowing costs are being incurred; (b) is suspended during extended periods in which active development, improvement and construction of the assets are interrupted; and (c) ceases when substantially all the activities necessary to prepare the assets are completed. These costs are amortized using the straight-line method over the EUL of the related property, plant and equipment to which it is capitalized. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method. Other borrowing costs are generally expensed in the period in which these are incurred.

Foreign Currency Transactions
Transactions in foreign currencies are recorded in Philippine peso based on the prevailing exchange rates at the dates of the transactions. Foreign currency denominated monetary assets and liabilities are translated in Philippine peso using the exchange rates prevailing at the reporting date. Exchange gains or losses arising from translation of foreign currency denominated items at rates different from those at which they were previously recorded are recognized in profit or loss.

Nonmonetary items in foreign currencies that are measured in terms of historical cost are translated using the exchange rate at the date of transaction.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity or in other comprehensive income, in which case it is recognized in equity or in other comprehensive income, respectively.

Current Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

Deferred Tax

Deferred tax assets and liabilities are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes and the carryforward tax benefits of unused net operating loss carryover (NOLCO), if any, and unused tax credits from excess minimum corporate income tax (MCIT) over the regular corporate income tax. Deferred tax is not recognized for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for carryforward tax benefits of unused NOLCO, unused tax credits from excess MCIT and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans of the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recognized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open years based on its assessment of many factors, including interpretation of tax laws and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

Value-added Tax (VAT)
Revenue, expenses and assets are recognized net of the amount of VAT except:

- where the VAT incurred on purchase of assets or services are not recoverable from the taxation authority, in which case, the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of VAT included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of "Prepaid expenses and other current assets" or "Accounts payable and accrued expenses" accounts in the statements of financial position.

<u>Earnings Per Share (EPS)</u>
Basic EPS is computed by dividing the profit applicable to common stock by the weighted average number of common shares outstanding during the period, with retroactive adjustments for any stock dividends declared.

Diluted EPS is calculated by dividing the profit attributable to common equity holders by the weighted average number of common shares outstanding during the year, adjusted for the effects of any potentially dilutive common shares.

<u>Contingencies</u>
Contingent liabilities are not recognized in the financial statements. These are disclosed in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When the realization of income is virtually certain, the related asset is not a contingent asset and its recognition is appropriate.

When losses are expected to be reimbursed by another party, the reimbursement should be recognized when and only when, it is virtually certain that the reimbursement will be received. The reimbursement shall be treated as a separate asset. The expense relating to a provision is presented net of the amount recognized for the reimbursement.

Segment Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Company's Chief Executive Officer to make decisions about the resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Events After the Reporting Date

Post year-end events that provide additional information about the Company's financial position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

Amendments to Standards Issued but Not Yet Adopted

A number of amendments to standards are effective for annual periods beginning after January 1, 2020. However, the Company has not applied the following new or amended standards in preparing these financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Company's financial statements.

The Company will adopt the following new standards and amendments to standards that are relevant to the Company in the respective effective dates:

Effective June 1, 2020

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

  - the revised consideration is substantially the same or less than the original consideration;
  - the reduction in lease payments relates to payments due on or before June 30, 2021; and
  - no other substantive changes have been made to the terms of the lease.

  Lessees applying the practical expedient are required to disclose that fact, whether they have applied the practical expedient to all eligible rent concessions and, if not, the nature of the contracts to which they have applied the practical expedient; and the amount recognized in profit or loss for the reporting period arising from application of the practical expedient. No practical expedient is provided for lessors

  The amendment is effective for annual reporting periods beginning on or after June 1, 2020. Earlier application is permitted. A lessee applies the amendments retrospectively, recognizing the cumulative effect of the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate.

Effective January 1, 2021

- *Interest Rate Benchmark Reform - Phase 2 (Amendments to PFRS 9 Financial Instruments, PAS 39 Financial Instruments: Recognition and Measurement, PFRS 7 Financial Instruments: Disclosures, PFRS 4 Insurance Contracts and PFRS 16 Leases).* To ensure that financial statements best reflect the economic effects of interest rate benchmark reforms, the Phase 2 amendments were issued and focus on the accounting once a new benchmark rate is in place. The reliefs allow companies not to recognize significant modification gains or losses on financial instruments and mitigate the risk of discontinuations of existing hedging relationships because of changes required by reforms. The amendments address issues that might affect financial reporting during the reform in the following key areas:

  - *Practical Expedient for Particular Changes to Contractual Cash Flows.* As a practical expedient, a company will account for a change in the basis for determining the contractual cash flows that is required by the reform by updating the effective interest rate of the financial instrument. If there are other changes to the basis for determining the contractual cash flows, then a company first applies the practical expedient to the changes required by the reform and then applies other applicable requirements of PFRS 9 to other changes. A similar practical expedient applies to insurers applying PAS 39 and lessees for lease modifications required by a reform.

  - *Relief from Specific Hedge Accounting Requirements.* The amendments enable and require companies to continue hedge accounting in circumstances when changes to hedged items and hedging instruments arise as a result of changes required by the reform. A company is required to amend the formal designation of hedging relationships to reflect the changes required by the reform. Reliefs are also provided for amounts accumulated in the cash flow hedge reserve, the separately identifiable requirement, groups of items designated as hedged items and retrospective effectiveness assessment under PAS 39.

  - *Disclosure Requirements.* To enable users of financial statements to understand the effect of reforms on a company's financial instruments and risk management strategy, additional disclosures are required on how transition to alternative benchmark rates are being managed, quantitative information about financial instruments indexed to rates yet to transition due to benchmark reform at the end of the reporting period, and the extent to which changes to the risk management strategy have occurred due to the risks identified in the transition.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2021. Earlier application is permitted. The amendments retrospectively, but restatement of comparative information is not required. Reinstatement of a discontinued hedging relationship is required if the hedging relationship was discontinued solely because of changes required by the reform, and that discontinued hedging relationship meets all qualifying criteria for hedge accounting at the date of initial application.

  The amendments are still subject to the approval by the FRSC.

Effective January 1, 2022

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

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

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

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

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

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

- *Annual Improvements to PFRS Standards 2018-2020.* This cycle of improvements contains amendments to four standards:

  - *Subsidiary as a First-time Adopter (Amendment to PFRS 1 First-time Adoption of Philippine Financial Reporting Standards).* The amendment simplifies the application of PFRS 1 for a subsidiary that becomes a first-time adopter of PFRS later than its parent. The subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to PFRS.

- *Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Amendment to PFRS 9 Financial Instruments).* The amendment clarifies that for the purpose of performing the '10 per cent' test for derecognition of financial liabilities, the fees paid net of fees received included in the discounted cash flows include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

- *Lease Incentives (Amendment to Illustrative Examples accompanying PFRS 16 Leases).* The amendment deletes from the Illustrative Example 13 the reimbursement relating to leasehold improvements to remove the potential for confusion because the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in PFRS 16.

- *Taxation in Fair Value Measurements (Amendment to PAS 41 Agriculture).* The amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in PAS 41 with those in PFRS 13 Fair Value Measurement.

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

Effective January 1, 2023

- *Classification of Liabilities as Current or Non-current (Amendments to PAS 1 Presentation of Financial Statements).* To promote consistency in application and clarify the requirements on determining whether a liability is current or non-current, the amendments:

  - removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;

  - clarified that a right to defer settlement exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date; and

  - clarified that settlement of a liability includes transferring a company's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or non-current.

The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted.

4. Cash

Cash consists of:

	Note	**2020**	2019
Cash in banks	*27*	**P408,985**	P379,379
Cash on hand		**428,516**	332,516
		P837,501	P711,895

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

Interest income earned from cash in banks amounted to P2.3 million, P1.5 million, and P0.9 million in 2020, 2019 and 2018, respectively.

The Company's exposures to credit risk and interest rate risk are disclosed in Note 27 to the financial statements.

5. Receivables

Receivables consist of:

	Note	2020	2019
Trade receivables - third parties	*27*	**P1,346,188**	P2,138,970
Others	*24, 27*	**893,056**	934,303
		2,239,244	3,073,273
Less allowance for impairment losses and others		**275,299**	249,430
	27	**P1,963,945**	P2,823,843

Trade receivables are all current, noninterest-bearing and are generally on a 15 to 60 days' term. Other receivables consist mainly of receivables from employees, freight and marketing related reimbursements (see Note 24), which are normally collected in cash.

Impairment
The Company maintains an allowance for impairment losses at a level considered adequate to provide for ECL. The Company performs regular review of the age and status of these accounts, designed to identify accounts with expected credit losses and provides these with the appropriate allowance for impairment losses. The review is accomplished using lifetime ECL, with the impairment losses being determined for each risk grouping identified by the Company. The amount and timing of recorded expenses for any period would differ if the Company made different judgments. An increase in the allowance for impairment losses would increase the recorded operating expenses and decrease current asset.

The movements in the allowance for impairment losses on receivables are as follows:

		2020			2019		
	Note	Trade	Others	Total	Trade	Others	Total
Balance at beginning of year		**P158,270**	**P91,160**	**P249,430**	P150,392	P71,541	P221,933
Impairment losses recognized during the year	*18*	**51,011**	**(7,570)**	**43,441**	27,158	24,408	51,566
Write-offs during the year		**(11,473)**	**(6,099)**	**(17,572)**	(19,280)	(4,789)	(24,069)
Balance at end of year		**P197,808**	**P77,491**	**P275,299**	P158,270	P91,160	P249,430

Impairment losses recognized during the period are included as part of "Selling and distribution expenses" account in the statements of profit or loss and other comprehensive income (loss).

The Company's exposure to credit risk related to receivables is disclosed in Note 27 to the financial statements.

6. Inventories

Inventories consist of:

	2020	2019
Raw and packaging materials	**P2,853,527**	P2,363,006
Finished goods	**920,612**	1,213,208
Spare parts and supplies	**422,664**	334,840
Work in process	**12,620**	4,452
	P4,209,423	P3,915,506

Raw and packaging materials, finished goods, and work in process included in "Cost of goods sold" account in the statements of profit and loss and other comprehensive income (loss) amounted to P10.6 billion in 2020, P13.9 billion in 2019 and P14.1 billion in 2018 (see Note 17).

In determining the NRV of inventories, the Company considers inventory obsolescence based on specific identification and as determined by management for inventories estimated to be unsaleable in the future. The Company adjusts the cost of inventories to NRV at a level considered adequate to reflect any market decline in the value of the recorded inventories. The Company reviews, on a continuous basis, the product movement, changes in consumer demands and introduction of new products to identify inventories which are to be written-down to NRV. The amount and timing of recorded expense for any period would differ if different judgments were made or different estimates were utilized. The increase in inventory obsolescence and market decline would increase the recorded cost of goods sold and decrease current assets.

The cost of inventories stated at NRV are as follows:

	2020	2019
Raw and packaging materials	**P3,135,342**	P2,607,051
Finished goods	**1,035,827**	1,282,868
Spare parts and supplies	**453,445**	304,747
	P4,624,614	P4,194,666

Net write-down of inventories to NRV amounted to P136.1 million, P44.4 million and P38.0 million for the years ended December 31, 2020, 2019 and 2018, respectively. The write-down of inventories to NRV which is directly related to production is included as part of "Cost of goods sold" account, otherwise it is recognized as part of "Operating expenses" account in the statements of profit and loss and other comprehensive income (loss).

7. Investments in Associates

Investments in associates consist of investments in other companies, which are incorporated under Philippine Laws, as follows:

	Percentage (%) of Ownership		Amount	
	2020	2019	**2020**	2019
Acquisition cost:				
Nadeco Realty Corporation (NRC)	**40%**	40%	**P231,490**	P231,490
Nadeco Holdings Corporation (NHC)	**40%**	40%	**132**	132
			231,622	231,622
Accumulated equity in net earnings:				
Balance at beginning of year			**403,762**	381,034
Equity in net earnings for the year			**17,824**	22,728
Balance at end of year			**421,586**	403,762
			P653,208	P635,384

The financial statements of the associates are prepared for the same reporting period as the Company's financial statements. The financial statements used for the purpose of applying equity method are the most recent management accounts of the associates as at December 31, 2020 and 2019.

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

As at December 31, 2020 and 2019, the undistributed earnings of the associates included in the Company's retained earnings amounting to P421.6 million and P403.8 million respectively, is not available for distribution to stockholders unless declared by the associates. Equity in net earnings from investments in associates amounted to P17.8 million, P22.7 million and P16.6 million for the years ended December 31, 2020, 2019 and 2018, respectively.

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

	As at and For the Year Ended December 31, 2020					
	Current Assets	**Noncurrent Assets**	**Current Liabilities**	**Noncurrent Liabilities**	**Revenues**	**Profit/Total Comprehensive Income**
NRC	**P3,795**	**P1,275,075**	**P786,831**	**P138,201**	**P31,775**	**P15,534**
NHC (consolidated)	**4,389**	**1,275,075**	**796,424**	**138,201**	**31,775**	**12,426**

	As at and For the Year Ended December 31, 2019					
	Current Assets	Noncurrent Assets	Current Liabilities	Noncurrent Liabilities	Revenues	Profit/Total Comprehensive Income
NRC	P3,059	P1,275,075	P522,286	P137,406	P31,652	P15,854
NHC (consolidated)	2,140	1,275,075	517,986	137,406	31,652	16,029

The associates do not have contingent liabilities incurred jointly with other investors. Also, the Company is not severally liable for all or part of the liabilities of the associates.

8. Bottles and Cases

Bottles and cases consist of:

	Note	2020	2019
Deposit values of returnable bottles and cases on hand and in trade - net of allowance for unusable containers of P15.4 million and P1.9 million December 31, 2020 and 2019, respectively.		**P421,923**	P727,733
Excess of cost over deposit values of returnable bottles and cases - net of accumulated amortization*			
Gross Carrying Amount*			
Balance at beginning of year		**13,060,560**	11,452,946
Additions		**1,273,406**	1,607,614
Balance at end of year		**14,333,966**	13,060,560
Accumulated Amortization*			
Balance at beginning of year		**9,145,789**	7,765,925
Amortization for the year	*17, 18*	**1,376,471**	1,398,304
Other movements		**4,783**	(18,440)
Balance at end of year		**10,527,043**	9,145,789
Carrying Amount at end of year		**3,806,923**	3,914,771
Bottles and cases in-transit		**84,423**	27,251
		P4,313,269	P4,669,755

*This includes pallets with net book value of P284.1 million and P281.3 million as at December 31, 2020 and 2019, respectively.

Amortization
Amortization was charged to:

	Note	2020	2019	2018
Cost of goods sold	*17*	**P1,130,045**	P1,283,508	P1,291,021
Selling and distribution	*18*	**246,426**	114,796	51,981
		P1,376,471	P1,398,304	P1,343,002

The Company annually reviews the EUL of returnable bottles and cases based on the period over which the assets are expected to be available for use, principally determined by their historical breakage and trippage. It is possible that future financial performance could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the EUL of bottles and cases would increase the recorded amortization expense and decrease noncurrent assets.

Purchase Commitments
The Company has outstanding purchase commitments for the bottles and cases amounting to P320.5 million and P470.1 million as at December 31, 2020 and 2019, respectively.

Impairment
The Company provides an allowance for unusable containers at circulation that failed to meet the Company's quality standards and excess bottles as determined by management based on the containers profile and optimal float analyses conducted.

The movements in the allowance for unusable containers are as follows:

	Note	2020	2019
Balance at beginning of year		**(P1,895)**	P6,558
Impairment (reversal of impairment) losses during the year	*18*	**5,553**	(2,727)
Reversal of write-off (write-off) during the year		**11,832**	(5,726)
Balance at end of year		**P15,490**	(P1,895)

The Company assesses at each reporting date whether there is an indication that the bottles and cases may be impaired. Determining the amount of the assets, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Company to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Company to conclude that these assets are impaired. Any resulting impairment loss could have material impact on the financial position and financial performance of the Company. The preparation of the estimated future cash flows involves estimations and assumptions. While the Company believes that its assumptions are appropriate and reasonable, significant changes in these assumptions may materially affect the Company's assessment of the recoverable amounts and may lead to future additional impairment charges. An increase in the allowance for unusable containers would increase the recorded operating expenses and decrease noncurrent assets.

Allowance for impairment losses for bottles and cases relates to excess bottles, as well as those that failed to meet the prescribed quality standards prescribed, such as chipped, faded logos and broken bottles and cases.

9. Property, Plant and Equipment

The movements in this account are as follows:

	Machinery and Other Equipment	Buildings and Leasehold Improvements	Furniture and Fixtures	Construction In-Progress	Total
Gross Carrying Amount					
December 31, 2018	P18,224,873	P3,868,259	P60,349	P1,246,966	P23,400,447
Additions	160,968	-	244	706,559	867,771
Disposals/write-offs/adjustments	(256,751)	(24,653)	(209)	-	(281,613)
Asset held for sale	(398,374)	-	-	-	(398,374)
Transfers/reclassifications	253,463	146,987	(5,613)	(356,281)	38,556
December 31, 2019	17,984,179	3,990,593	54,771	1,597,244	23,626,787
Additions	109,462	260,382	4,852	743,559	1,118,255
Disposals/write-offs/adjustments	(5,159)	-	-	-	(5,159)
Transfers/reclassifications	432,035	351,483	4,563	(788,081)	-
December 31, 2020	**18,520,517**	**4,602,458**	**64,186**	**1,552,722**	**24,739,883**
Accumulated Depreciation and Amortization					
December 31, 2018	10,491,310	1,050,839	39,076	-	11,581,227
Depreciation and amortization	1,063,471	126,276	3,493	-	1,213,240
Disposals/write-offs/adjustments	(256,751)	(24,653)	(134)	-	(281,538)
Asset held for sale	(73,726)	-	-	-	(73,726)
Transfers/reclassifications	-	27,022	(1,876)	-	25,146
December 31, 2019	11,244,304	1,179,484	40,561	-	12,464,349
Depreciation and amortization	861,102	228,383	6,030	-	1,095,515
Disposals/write-offs/adjustments	(5,159)	-	-	-	(5,159)
Transfers/reclassifications	15	(15)	-	-	-
December 31, 2020	**12,100,262**	**1,407,852**	**46,591**	**-**	**13,554,705**
Carrying Amount					
December 31, 2019	P6,739,875	P2,811,109	P14,210	P1,597,244	P11,162,438
December 31, 2020	**P6,420,255**	**P3,194,606**	**P17,595**	**P1,552,722**	**P11,185,178**

Depreciation and Amortization

Depreciation and amortization were charged to:

	Note	2020	2019	2018
Cost of goods sold	*17*	**P845,513**	P857,051	P838,787
Selling and distribution	*18*	**223,876**	294,886	396,286
General and administrative	*19*	**26,126**	61,303	54,196
		P1,095,515	P1,213,240	P1,289,269

The Company annually reviews the EUL of property, plant and equipment based on the period over which the assets are expected to be available for use and updates those expectations if actual results differ from previous estimates due to physical wear and tear and technical or commercial obsolescence. It is possible that future financial performance could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the EUL of property, plant and equipment would increase the recorded depreciation and amortization expenses and decrease noncurrent assets.

The Company has ongoing corporate expansion projects or programs approved by the BOD. As a result of this expansion program, the Company spent for property, plant and equipment, intangible assets, as well as bottles and cases (see Note 8), amounting to P2.2 billion, P2.7 billion and P2.0 billion for the years ended December 31, 2020, 2019 and 2018, respectively.

Borrowing Cost
In 2020 and 2019, the Company has not capitalized any borrowing cost.

Impairment
The Company assesses at each reporting date whether there is an indication that its property, plant and equipment may be impaired. Determining the amount of the assets, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Company to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Company to conclude that these assets are impaired. Any resulting impairment loss could have material impact on the financial position and financial performance of the Company. The preparation of the estimated future cash flows involves estimations and assumptions. While the Company believes that its assumptions are appropriate and reasonable, an increase in impairment losses would decrease profit or loss and consequently, decrease equity. No impairment indicators exists on the Company's property, plant and equipment as at December 31, 2020 and 2019.

Disposal
Gain on disposal of property and equipment amounted to P0.6 million, P8.4 million in 2020 and 2019 while loss on disposal of property and equipment amounted to P14.6 million in 2018 respectively.

10. Intangible Assets

Intangible assets pertain to software and licenses that were acquired by the Company in 2019 which is not yet available for use as at December 31, 2019. The movement in this account consists of the following:

	2020	2019
Cost		
Balance at beginning of year	**P264,053**	P -
Additions the year	**42,129**	264,053
Balance at end of year	**306,182**	264,053
Accumulated Amortization		
Balance at beginning of year	-	-
Amortization during the year	**35,084**	-
Balance at end of year	**35,084**	-
Net Carrying Amount	**P271,098**	P264,053

11. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of:

	Note	2020	2019
Trade payables	*23*	**P4,527,673**	P5,217,307
Non-trade payables		**1,505,987**	740,898
Accrued contract services		**657,571**	678,813
Accrued advertising and marketing		**534,159**	710,249
Current portion of lease liability	*28*	**338,676**	338,676
Accrued personnel cost	*14*	**221,460**	326,130
Accrued utilities		**88,703**	75,490
Accrued rent		**67,469**	76,474
Accrued financing charges		**13,895**	32,149
Other accrued expenses		**156,093**	537,428
		P8,111,686	P8,733,614

The Company's trade payables mostly pertain to raw material purchases made by the Company and includes refundable customer deposits.

Accrued contract services pertain to accrued freight charges, tolling fees and other services.

Non-trade payables mainly consist of withholding taxes, payables to other government agencies and other items that are individually immaterial or insignificant.

Accrued personnel cost includes current portion of defined benefit liability, salaries and other employee benefits.

The Company's other accrued expenses consist of various accruals for operating expenses that are individually immaterial.

The Company's exposure to liquidity risk related to accounts payable and accrued expenses is disclosed in Note 27 to the financial statements.

12. Short-term and Long-term Debt

a. *Short-term Debt*

   As at December 31, 2020, this account represents unsecured, interest-bearing short-term loans from local banks, with various maturity dates up to February 16, 2021 These short-term loans were acquired to finance the Company's working capital requirements. Interest rates on the said loans ranged from 2.25% to 3.75% in 2020 and 3.25% to 3.90% in 2019.

   Total proceeds from these short-term loans amounted to P16.15 billion and P11.10 billion in 2020 and 2019, respectively, while total payments totaled to P17.05 billion and P10.85 billion in 2020 and 2019, respectively. As at December 31, 2020 and 2019, the balance of short-term debt amounted to P350.00 million and P1.25 billion, respectively.

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

	2020	2019
Two (2) 7 year P500 million term loan from Metropolitan Bank & Trust & Co. (MBTC)	**P -**	P100,000
Two (2) 7 year P1 billion term loan each from Bank of the Philippine Islands (BPI)	**50,000**	450,000
7 year P800 million term loan from BPI	**800,000**	800,000
5 year P500 million term loan from Shinhan Bank	**375,000**	500,000
Three (3) 5 year P2.5 billion term loan from MBTC	**1,875,000**	2,500,000
5 year P1 billion term loan from BPI	**1,000,000**	1,000,000
3 year P500 million term loan from Industrial Bank of Korea (IBK)	**62,500**	312,500
3 year P2 billion term loan from BDO	**2,000,000**	-
13 months P1 billion term loan from KEB HANA	**1,000,000**	-
	P7,162,500	P5,662,500
Current	**P1,267,157**	P1,494,541
Noncurrent	**5,895,343**	4,142,877
	P7,162,500	P5,637,418

Term Loan from MBTC
In March 2013, the Company entered into a loan agreement with MBTC amounting to P1 billion, to partially finance the Company's capital expenditure for its CSD and NCB business. The loan is unsecured and with a term of seven (7) years, payable in twenty (20) successive quarterly principal repayments to commence at the end of the 9th quarter from the initial drawdown date and with a fixed interest rate based on PDST-F at drawdown date plus certain spread. PDST-F rate is the average of the best sixty percent (60%) of the live bids of participating fixing banks in the secondary market for the 5-year Philippine peso-denominated Treasury bills and bonds.

In March 2018, the Company entered into a P2.5 billion loan agreement with MBTC to refinance its short-term debt and partially finance its capital expenditures. The loan is unsecured and a term five (5) years payable in twelve (12) successive quarterly principal repayments to commence at the end of the 9th quarter from the drawdown date.

Under the terms of the long-term loan agreement with MBTC, the Company may, at its option, prepay the loan in full or in part without penalty, together with interest due. Prepayment shall be applied against the scheduled installment payments in the inverse order of their maturity. The Company shall give a notice of such prepayment not less than thirty (30) days prior to such proposed date of prepayment.

The loan agreement also provides for certain covenants, the more significant of which are as follows:

- Debt-to-equity ratio shall not exceed 2:1 based on the financial statements;
- Current ratio of at least 0.40:1 based on the financial statements; or
- The Company shall not declare or pay any cash dividends or redeem or repurchase any outstanding share or make any capital or asset distribution to its stockholders without prior written consent of the lender.

Term Loan from BPI
On October 16, 2013 and March 31, 2014, the Company entered into a loan agreement with BPI to refinance the Company's short-term debt totaling to P2 billion. The loans are unsecured and with a term of seven (7) years, payable in twenty (20) successive quarterly principal repayments to commence at the end of the 8th quarter from the initial drawdown date and with a fixed interest rate which shall be determined using the base rate plus a certain spread per annum on the drawdown date.

On December 28, 2018, the Company entered into a P800 million loan agreement with BPI to refinance or partially refinance its short-term bank loans. The loan is unsecured and with a term of seven (7) years, payable in twenty (20) equal quarterly principal repayments to commence at the end of the 9th quarter from the drawdown date.

On December 27, 2019, the company entered into a loan agreement with BPI to refinance the Company's short-term bank loans. The loan is unsecured and a term five (5) years payable in twelve (12) equal quarterly installments to commence at the end of the 9th quarter of the borrowing date.

Under the terms of the long-term loan agreement with BPI, the Company may, at its option, prepay the loan in full or in part without penalty, together with interest due. Prepayment shall be applied against the scheduled installment payments in the inverse order of their maturity. The Company shall give a notice of such prepayment not less than thirty (30) days prior to such proposed date of prepayment.

The loan agreement also provides for certain covenants, the more significant of which are as follows:

- Debt-to-equity ratio shall not exceed 2:1 based on the financial statements;
- Current ratio of at least 0.40:1 based on the financial statements;
- Debt service coverage ratio of 1:1 based on the financial statements; or
- The Company shall not declare or pay any cash dividends or redeem or repurchase any outstanding share or make any capital or asset distribution to its stockholders without prior written consent of the lender.

Term Loan from Shinhan Bank
On March 23, 2018, the Company entered into a loan agreement with Shinhan Bank amounting to P500 million, to be used by the Company exclusively to refinance its short-term loans. The loan is unsecured and with a term of five (5) years, payable in twelve (12) successive quarterly principal repayments to commence at the end of the 9th quarter from the drawdown date and with a fixed interest rate.

Term Loan from IBK
On March 16, 2018, the Company entered into a loan agreement with IBK amounting to P500 million, to be used by the Company exclusively for financing its capital working loan. The loan is unsecured and with a term of three (3) years, payable in ten (10) successive quarterly principal repayments to commence at the end of the 5th quarter from the drawdown date and with a fixed interest rate.

Term Loan from BDO
On December 22, 2020, the Company entered into a loan agreement with BDO amounting to P2 Billion, to be used by the Company to refinance its short-term loans. The loan is unsecured and with a term of three (3) years, payable upon maturity from the drawdown date and with interest rates repriceable quarterly in arrears.

Under the terms of the long-term loan agreement with BDO, the Company may, at its option, prepay the loan in full or in part without penalty, together with interest due. Prepayment shall be applied against the scheduled installment payments in the inverse order of their maturity. The Company shall give a notice of such prepayment not less than thirty (30) days prior to such proposed date of prepayment.

The loan agreement also provides for certain covenants, the more significant of which are as follows:

- Debt-to-equity ratio shall not exceed 3:1 based on the financial statements;
- Debt service coverage ratio of 1:1 based on the financial statements;

Term Loan from KEB HANA
On December 23, 2020, the Company entered into a loan agreement with IBK amounting to P1 Billion, to be used by the Company for financing its working capital. The loan is unsecured and with a term of thirteen months, payable upon maturity from the drawdown date and with interest rates repriceable quarterly in arrears.

As at December 31, 2020 and 2019, the Company is compliant with all of the financial covenants of its loan agreements.

Interest expense on the above loans recognized in the statements of profit or loss and other comprehensive income (loss) amounted to P345.2 million, P354.0 million, and P269.3 million for the years ended December 31, 2020, 2019, and 2018, respectively. Amortization of debt issuance cost amounted to P27.6 million in 2020, P10.1 million in 2019 and P6.9 million in 2018.

Information about the Company's exposures to interest rate risk and liquidity risk are disclosed in Note 27 to the financial statements.

Repayment Schedule
As of December 31, 2020, the annual maturities of long-term debt are as follows:

Year	Gross Amount	Amortization of Debt Issuance Cost	Net
2021	P1,272,500	P15,862	P1,256,638
2022	2,493,333	13,604	2,479,729
2023	2,743,333	7,273	2,736,060
2024	493,334	934	492,399
2025	160,000	186	159,814
	P7,162,500	P37,859	P7,124,640

Reconciliation of Opening and Closing Balances of Total Bank Debt

	Bank Debt	Accrued Interest	Total
Balance, December 31, 2019	P6,907,418	P32,149	P6,939,567
Proceeds - short term	16,150,000	-	16,150,000
Proceeds - long term	3,000,000	-	3,000,000
Interest expense	27,582	316,535	344,117
Payment of:			
Principal - short term	(17,050,000)	-	(17,050,000)
Principal - long term	(1,500,000)	-	(1,500,000)
Interest	-	(334,789)	(334,789)
Debt issuance cost	(22,500)	-	(22,500)
Balance, December 31, 2020	**P7,512,500**	**P13,895**	**P7,526,395**

13. Income Taxes

The components of the income tax expense are as follows:

	2020	2019	2018
Current tax expense	**P101,185**	P188,943	P133,256
Deferred tax expense (benefit) from origination and reversal of temporary differences and others	**(323,330)**	(71,021)	(196,254)
	(P222,145)	P117,922	(P62,998)

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

2020	Balance at December 31, 2019	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance at December 31, 2020 Net	Balance at December 31, 2020 Deferred Tax Assets	Balance at December 31, 2020 Deferred Tax Liabilities
Net defined benefit liability	P255,531	P6,234	P55,681	P317,446	P317,446	P -
Allowance for impairment losses on bottles and cases, inventories and others	222,772	18,111	-	240,883	240,883	-
Bottles and cases	(743,550)	(134,467)	-	(878,017)	-	(878,017)
Property, plant and equipment - net	(192,777)	52,051	-	(140,726)	-	(140,726)
NOLCO	-	280,216	-	280,216	280,216	-
MCIT	-	101,185	-	101,185	101,185	-
Tax assets (liabilities) before set off	(458,024)	323,330	55,681	(79,013)	939,730	(1,018,743)
Set off of taxes	-	-	-	-	(804,600)	804,600
Net tax assets (liabilities)	(P458,024)	P323,330	P55,681	(P79,013)	P135,130	(P214,143)

2019	Balance at December 31, 2018	Impact of Adoption PFRS 16	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance at December 31, 2019 Net	Balance at December 31, 2019 Deferred Tax Assets	Balance at December 31, 2019 Deferred Tax Liabilities
Net defined benefit liability	P207,605	P -	(P13,422)	P61,348	P255,531	P255,531	P -
Allowance for impairment losses on bottles and cases, inventories and others	197,126	(9,610)	35,256	-	222,772	302,837	(80,065)
Bottles and cases	(757,022)	-	13,472	-	(743,550)	-	(743,550)
Property, plant and equipment - net	(238,101)	-	45,324	-	(192,777)	-	(192,777)
MCIT	9,609	-	(9,609)	-	-	-	-
Tax assets (liabilities) before set off	(580,783)	(9,610)	71,021	61,348	(458,024)	558,368	(1,016,392)
Set off of taxes	-	-	-	-	-	(456,014)	456,014
Net tax assets (liabilities)	(P580,783)	(P9,610)	P71,021	P61,348	(P458,024)	P102,354	(P560,378)

Deferred tax expense relating to remeasurements of net defined benefit liability recognized in other comprehensive income amounted to P55.6 million, P61.3 million, and P32.4 million in 2020, 2019 and 2018, respectively.

In 2020, the Company has incurred NOLCO and MCIT amounting to P934 million and P101 million, respectively in which the Company would be able to recover until 2023 and 2025 respectively.

The Company reviews the carrying amounts of deferred tax assets at each reporting date and reduces the deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Company also reviews the expected timing and tax rates upon reversal of temporary differences and adjusts the impact of deferred tax accordingly. The Company's assessment on the recognition of deferred tax assets is based on the forecasted taxable income of the subsequent reporting periods. This forecast is based on the Company's past results and future expectations on revenues and expenses.

The Company has no unrecognized deferred tax assets as at December 31, 2020 and 2019.

The reconciliation of the income tax expense computed at the statutory income tax rate to the income tax expense shown in the statements of profit or loss and other comprehensive income (loss) is as follows:

	2020	2019	2018
Profit (loss) before tax	**(P721,309)**	P416,648	(P262,538)
Tax rate at 30%	**(P216,393)**	P124,994	(P78,761)
Addition to (reductions in) income tax resulting from the tax effects of:			
Nondeductible expenses and others	**285**	178	21,196
Equity in net earnings of associates	**(5,347)**	(6,818)	(4,974)
Interest income subjected to final tax	**(690)**	(432)	(459)
	(P222,145)	P117,922	(P62,998)

Income tax expense (benefit) is distributed in the statement of profit or loss as follows:

	Note	**2020**	2019	2018
Continuing operations		**(P222,302)**	P208,238	(P29,837)
Discontinued operations	*26*	**157**	(90,316)	(33,161)
		(P222,145)	P117,922	(P62,998)

On March 26, 2021, the President of the Philippines has approved the Corporate Recovery and Tax Incentives for Enterprises or the CREATE Act. Below are the salient features of the Act that are relevant to the Company:

a. Corporate income tax rate is reduced from 30% to 20% for domestic corporations with net taxable income not exceeding P5million and with total assets not exceeding P100 million. All other domestic corporations and resident foreign corporations will be subject to 25% income tax. Said reductions are effective July 1, 2020.
b. Income tax rate for nonresident foreign corporation is reduced from 30% to 25%, effective January 1, 2021.

c. Minimum corporate income tax (MCIT) rate is reduced from 2% to 1% effective July 1, 2020 to June 30, 2023.
d. The imposition of improperly accumulated earnings tax has been repealed.
e. Definition of reorganization for purposes of applying the tax free exchange provision under Section 40(C)(2) is expanded. Prior BIR ruling or confirmation shall not be required for purposes of availing the tax exemption of the exchange.

On 08 April 2021, the Bureau of Internal Revenue issued the following implementing revenue regulations that are effective immediately upon publication:

- BIR RR No. 2-2021, Amending Certain Provisions of Revenue Regulations No. 2-98, As Amended, to Implement the Amendments Introduced by Republic Act No. 11534, or the "Corporate Recovery and Tax Incentives for Enterprises Act" (CREATE), to the National Revenue Code of 1997, as Amended, Relative to the Final Tax on Certain Passive Income
- BIR RR No. 3-2021, Rules and Regulations Implementing Section 3 of Republic Act (RA). No. 11534, Otherwise Known as the "Corporate Recovery and Tax Incentives for Enterprises Act" or "CREATE", Amending Section 20 of the National Internal Revenue Code of 1997, As Amended
- BIR RR No. 4-2021, Implementing the Provisions on Value-Added Tax (VAT) and Percentage Tax Under Republic Act (RA) No. 11534, Otherwise Known as the "Corporate Recovery and Tax Incentives for Enterprises Act" (CREATE) Which Further Amended the National Revenue Code of 1997, as Amended, as Implemented by Revenue Regulations (RR) No. 16-2005 (Consolidated Value-Added Tax Regulations of 2005), As Amended
- BIR RR No. 5-2021, Implementing the New Income Tax Rates on the Regular Income of Corporations, on Certain Passive Incomes, Including Additional Allowable Deductions from Gross Income of Persons Engaged in Business or Practice of Profession Pursuant to Republic Act (RA) No. 11534 or the "Corporate Recovery and Tax Incentives for Enterprises Act" (CREATE), Which Further Amended the National Revenue Code (NIRC) of 1997

The enactment of the CREATE Law is a non-adjusting subsequent event thus, the current and deferred income taxes as of 31 December 2020 are measured using the applicable income tax rates as of 31 December 2020.

The corporate income tax of the Company will be lowered from 30% to 25% for large corporations, on which the Company would qualify, effective 01 July 2020.

Presented below is the impact of the changes in tax rates on current and deferred tax assets and liabilities assuming the reduced rates had been used.

	As at December 31, 2020	Effect of Changes in Tax Rates	Amounts Based on the Reduced Tax Rates
Statement of Comprehensive Income			
Current tax expense	P101,185	(P18,485)	P82,700
Deferred tax benefit	(323,330)	(68,513)	(391,843)
Net loss for the year	(499,051)	86,998	(412,053)
Statement of Financial Position			
Prepaid expenses and other current assets	582,926	18,485	601,411
Deferred tax asset	135,130	(43,824)	91,306
Deferred tax liability	(214,143)	47,921	(166,222)
Remeasurement losses on net defined benefit liability	(468,146)	(64,766)	(532,912)

14. Defined Benefit Plan

The Company has a funded, noncontributory, final salary defined benefit plan covering substantially all of its regular and full time employees. The Company has a Retirement Committee, which is composed mainly of the Company's employees, that sets the policies for the plan and has appointed two Philippine banks as trustees to manage the retirement fund pursuant to the plan. Annual cost is determined by a qualified actuary using the projected unit credit method. The latest actuarial valuation was made on December 31, 2020.

Under the existing regulatory framework, Republic Act 7641, *"The Retirement Pay Law,"* a company is required to provide retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided, however, that the employee's retirement benefits under collective bargaining and other agreement shall not be less than those provided for under the law. The law does not require minimum funding of the plan.

The determination of the Company's net defined benefit liability and retirement cost is dependent on the selection of certain assumptions used by the actuary in calculating such amounts. Remeasurements of the net defined benefit liability are recognized in other comprehensive income and comprise actuarial gains and losses on the net defined benefit liability, return on plan assets and any change in the effect of asset ceiling, excluding amounts included in the net interest on the net defined benefit liability.

The following table shows reconciliation from the opening balances to the closing balances for net defined benefit liability and its components:

	DBO		Fair Value of Plan Assets		Net Defined Benefit Liability	
	2020	2019	2020	2019	2020	2019
Balance at January 1	P977,202	P795,058	(P114,660)	(P103,040)	P862,542	P892,018
Included in profit or loss						
Current service cost	85,879	64,585	-	-	85,879	64,565
Interest expense	48,164	61,970	-	-	48,164	61,970
Interest income	-	-	(8,862)	(10,802)	(8,862)	(10,802)
	134,043	126,555	(8,862)	(10,802)	125,181	115,753
Remeasurements loss (gain):						
Actuarial loss (gain):						
- financial assumptions	169,984	214,103	-	-	169,984	214,103
- demographic assumptions	-	(11,472)	-	-	-	(11,472)
- experience adjustment	20,872	(3,217)	-	-	20,872	(3,217)
Return on plan assets excluding interest income	-	-	(5,252)	5,078	(5,252)	5,078
	190,856	199,414	(6,262)	5,078	185,604	204,492
Others						
Contributions paid	-	-	(72,000)	(99,000)	(72,000)	(99,000)
Benefits paid directly by the Company	(32,400)	(50,721)	-	-	(32,400)	(50,721)
Benefits paid	(72,962)	(93,104)	72,962	93,104	-	-
	(105,362)	(143,825)	962	(5,896)	(104,400)	(149,721)
Balance at December 31	P1,196,739	P977,202	(P127,812)	(P114,660)	P1,068,927	P862,542

The current portion of defined benefit liability (included under "Accounts payable and accrued expenses" account in the statements of financial position) amounted to P99.0 million as at December 31, 2020 and 2019, respectively, while the noncurrent portion (included under "Other noncurrent liabilities" account in the statements of financial position) amounted to P969.9 million and P763.5 million as at December 31, 2020 and 2019, respectively.

Retirement cost is allocated between "Cost of goods sold" account in the statements of profit or loss and other comprehensive income (loss), which amounted to P8.6 million, P8.1 million and P7.8 million for the years ended December 31, 2020, 2019 and 2018, respectively, and "Operating expenses" account in the statements of profit or loss and other comprehensive income (loss), which amounted to P116.6 million P107.6 million and P116.0 million for the years ended December 31, 2020, 2019 and 2018, respectively (see Notes 17, 18, 19 and 21).

As at December 31, 2020 and 2019, the present value of DBO amounting to P1,196.7 million and P977.2 million, respectively, pertains to active members.

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

	2020	2019
Discount rate	**3.75%**	5.00%
Rate of future salary increase	**5.00%**	5.00%

Plan assets at December 31 comprised:

	2020	2019
Cash and cash equivalents	**P8,436**	P1,381
Debt securities:		
Investment in government securities	**109,573**	101,355
Investment in debt securities	**6,608**	8,316
	116,181	109,671
Investment in equity securities*		
Food and drink	**2,865**	3,113
Holding Company	**330**	330
Real estate	**-**	83
	3,195	3,526
Others	**8,436**	82
Total	**P127,812**	P114,660

*Includes investment in NHC amounting to P330 thousand

Debt and equity instruments have quoted prices in active markets. All government bonds and securities are issued by the Philippine government, which are rated "BBB+" by Standard and Poor's Financial Services.

Other financial assets held by the Plan are primarily receivables and payables.

Maturity analysis of the benefit payments:

During the Year Ending December 31	Expected Benefit Payments
2021	P23,871
2022	46,460
2023	54,708
2024	61,936
2025	55,933
2026 through December 31, 2030	452,967

Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected DBO by the amounts shown below:

2020		**Sensitivity Analysis**	**Effect on DBO**
Discount rate	**4.75%**	**1.00% increase**	**-11.61%**
Discount rate	**2.75%**	**1.00% decrease**	**13.98%**
Rate of salary increase	**6.00%**	**1.00% increase**	**13.65%**
Rate of salary increase	**4.00%**	**1.00% decrease**	**-11.59%**

2019		Sensitivity Analysis	Effect on DBO
Discount rate	6.00%	1.00% increase	-10.78%
Discount rate	4.00%	1.00% decrease	12.88%
Rate of salary increase	6.00%	1.00% increase	12.75%
Rate of salary increase	4.00%	1.00% decrease	-10.88%

As at December 31, 2020 and 2019, the weighted-average duration of the DBO is 13.33 years and 12.37 years, respectively.

These defined benefit plans expose the Company to actuarial risks, such as longevity risk, interest rate risk, and market (investment) risk.

The Retirement Committee reviews the level of funding required for the retirement fund. Such a review includes the asset-liability matching (ALM) strategy and investment risk management policy. The Company's ALM objective is to match maturities of the plan assets to the retirement benefit obligation as they fall due. The Company monitors how the duration and expected yield of the investments are matching the expected cash outflows arising from the retirement benefit obligations.

The Company's expected contribution to the plan for the year 2021 is P99 million. Any future contribution to the plan is determined taking into account the cash flow and financial condition as at the date of intended contribution, as well as other factors as the Company may consider relevant.

The Company's funding policy is to contribute to the Plan's fund as required under actuarial principles to maintain the fund balance in sound condition. In addition, the Company reserves the right to discontinue, suspend or change the rate and amount of the contributions to the fund at any time due to the business necessity or economic conditions.

15. Share Capital

Capital stock consists of:

	Years Ended December 31					
	2020		2019		2018	
	Shares	Amount	Shares	Amount	Shares	Amount
Authorized - P0.15 par value per share	**5,000,000,000**	**P750,000**	5,000,000,000	P750,000	5,000,000,000	P750,000
Issued, fully paid and outstanding balance at beginning/end of year	**3,693,772,279**	**P554,066**	3,693,772,279	P554,066	3,693,772,279	P554,066

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

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

The Company has approximately 205 and 598 holders of common equity securities as at December 31, 2020 and 2019, respectively, based on the number of accounts registered with the Stock Transfer Agent. The PCD Nominee Corporation (Filipino) and (Non-Filipino) were considered as two holders.

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

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

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

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

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

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

Capital Management

The Company's objectives when managing capital are to increase the value of shareholders' investment and maintain reasonable growth by applying free cash flow to selective investments that would further the Company's product and geographic diversification. The Company sets strategies with the objective of establishing a versatile and resourceful financial management and capital structure.

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

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

There were no changes in the Company's approach to capital management during the year. The Company is subject to debt covenants relating to its long-term debt (see Note 12).

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

	2020	2019
(a) Debt*	**P7,512,500**	P6,887,418
(b) Total equity	**P8,513,537**	P9,142,510
Debt to equity ratio (a/b)	**0.88:1**	0.75:1

* Pertains to bank debts

16. Retained Earnings

On May 4, 2017, the Company's BOD approved the declaration of cash dividends with the record date of May 18, 2017, and a payment date of June 14, 2017, amounting to P254.9 million or P0.07 per share for the year ended December 31, 2017.

On April 16, 2018, the Company's BOD approved the declaration of cash dividends with the record date of April 30, 2018, and a payment date of May 25, 2018, amounting to P162.5 million or P0.044 per share for the year ended December 31, 2018.

On June 20, 2019, the Company's BOD approved the declaration of cash dividends amounting to P162.5 million or P0.044 per share to all stockholders on record as of July 16, 2019 and was paid on August 9, 2019.

As at December 31, 2020, the Company has retained earnings of P6,826,926 (as adjusted per Revised Securities Regulation Code Rule 68), and share capital of P1,751,435. The Company has a dividend policy to declare dividends to stockholders of record, which are paid out of its unrestricted retained earnings. Any future dividends it pays will be at the discretion of the BOD after taking into account the following: the Company's earnings; cash flows; financial position; loan covenants; capital and operating progress (see Note 9); and other factors as the BOD may consider relevant. Subject to the foregoing, the policy is to pay up to 50% of the annual profit as dividends. In addition, the Company must obtain prior written consent from its lenders before it can declare or pay any cash dividends or redeem or repurchase any outstanding share or make any capital or asset distribution to its stockholders (see Note 12). The Company obtained the consents from its lenders prior to declaring dividends in 2020, 2019 and 2018.

17. Cost of Goods Sold

Cost of goods sold consists of:

	Note	2020	2019	2018
Materials and supplies used, and taxes	*6, 24*	**P20,432,589**	P21,941,889	P21,810,942
Depreciation and amortization	*8, 9, 20, 28*	**1,979,583**	2,150,298	2,101,920
Delivery and freight		**1,207,340**	2,111,284	1,694,766
Personnel expenses	*14, 21*	**578,347**	610,970	533,085
Rental and utilities	*28*	**23,572**	494,992	624,207
Others		**1,215,677**	1,060,737	920,093
		P25,437,108	P28,370,170	P27,685,013

The "Others" account includes repairs and maintenance, outside services and other various items of manufacturing overhead which are individually insignificant.

18. Selling and Distribution

Selling and distribution expenses consist of:

	Note	2020	2019	2018
Distribution		**P1,142,154**	P1,014,554	P1,030,088
Delivery and freight		**1,235,115**	1,022,811	917,702
Personnel expenses	*14, 21*	**645,714**	661,187	682,715
Depreciation and amortization	*8, 9, 20, 28*	**537,286**	564,712	447,308
Rental and utilities	*28*	**197,107**	160,285	194,867
Sales commission		**151,840**	159,994	171,708
Taxes		**139,620**	159,696	209,993
Others	*5, 8*	**287,211**	342,430	287,923
		P4,336,047	P4,085,669	P3,942,304

The "Others" account includes impairment losses on receivables and unusable containers, and various individually insignificant items.

19. General and Administrative

General and administrative expenses consist of:

	Note	2020	2019	2018
Personnel expenses	*14, 21*	**P547,405**	P679,561	P693,988
Outside services		**42,819**	220,314	185,097
Rental and utilities	*28*	**81,886**	108,992	103,409
Depreciation	*9, 20*	**55,867**	61,303	54,196
Others		**250,147**	140,442	135,013
		P978,124	P1,210,612	P1,171,703

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

20. Depreciation and Amortization

Depreciation and amortization are distributed as follows:

	Note	2020	2019	2018
Cost of goods sold	*17*	**P1,979,583**	P2,177,940	P2,129,808
Selling and distribution	*18*	**537,286**	565,480	448,267
General and administrative	*19*	**55,867**	61,303	54,196
		P2,572,736	P2,804,723	P2,632,271

21. Personnel Expenses

Personnel expenses consist of:

	Note	2020	2019	2018
Salaries and wages		**P1,646,285**	P1,859,290	P1,825,028
Retirement cost	*14*	**125,181**	115,753	123,879
		P1,771,466	P1,975,043	P1,948,907

The above amounts are distributed as follows:

	Note	2020	2019	2018
Cost of goods sold	*17*	**P578,347**	P617,195	P541,278
Selling and distribution	*18*	**645,714**	671,358	701,071
General and administrative	*19*	**547,405**	686,490	706,558
		P1,771,466	P1,975,043	P1,948,907

22. Basic/Diluted Earnings Per Share

Basic EPS is computed as follows:

	2020	2019	2018
Profit (loss) for the year attributable to equity holders of the Company (a)	**(P499,051)**	P298,726	(P199,540)
Number of issued shares at beginning and end of year	**3,693,772,279**	3,693,772,279	3,693,772,279
Number weighted average number of shares outstanding (b)	**3,693,772,279**	3,693,772,279	3,693,772,279
Basic/diluted EPS (a/b)	**(P0.14)**	P0.08	(P0.05)

As at December 31, 2020, 2019 and 2018, the Company has no dilutive equity instruments.

23. Related Party Transactions

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

Related party transactions are shown under the appropriate accounts in the financial statements as follows:

Category	Nature of Transaction	Note	Year	Amount of Transactions for the Period	Outstanding Balance of Due from (to) Related Parties	Receivables (Accounts Payable and Accrued expenses)	Terms	Conditions
Stockholder*	Purchases	23a	2020	P3,277	P -	P -		
			2019	7,745	-	-		
			2018	61,500	-	-		
Associates	Advances	23b, 23c	2020	-	507,984	-	Collectible on demand	Unsecured; no impairment
			2019	-	552,990	-	Collectible on demand	Unsecured; no impaiment
			2018	-	567,309	-	Collectible on demand	Unsecured; no impaiment
	Various	23b	2020	15,165	-	-		
			2019	15,165	-	-		
			2018	25,070	-	-		
Affiliates	Purchases	24a	2020	5,340,168	-	(1,449,683)	42 days non interest bearing	
			2019	5,838,209	-	(1,719,687)	42 days non interest bearing	
			2018	3,593,022	-	(1,286,095)	42 days non interest bearing	
	Coopable Marketing	24b, 24e	2020	357,752	-	439,089		Unsecured; no impairment
			2019	477,000	-	512,772		Unsecured; no impairment
			2018	666,062	-	218,440		Unsecured; no impairment
Key Management Personnel	Short-term employee benefit	23d	2020	116,866	-	-		
			2019	130,644	-	-		
			2018	133,630	-	-		
	Post-employment benefits	23d	2020	2,540	-	-		
			2019	2,540	-	-		
			2018	2,736	-	-		
			2020		P507,984	(P1,010,594)		
			2019		P552,990	(P1,206,915)		
			2018		P567,309	(P1,067,655)		

*Entity with significant influence over the Company

The above outstanding balances of due from related parties are unsecured and expected to be settled in cash. No impairment losses have been recognized in 2020 and 2019 in respect of amounts of due from related parties as these are considered to be collectible.

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

a. The Company purchased finished goods from Lotte Chilsung Beverage Co., Ltd. a major stockholder. Total purchases for the years ended December 31, 2020, 2019 and 2018 amounted to P3.28 million, P7.7 million, and P61.5 million, respectively.

b. The Company leases parcels of land where some of its bottling plants are located. Rental expenses recognized under "Cost of goods sold" and "Operating expenses" accounts in the statements of profit or loss and other comprehensive income (loss) amounted to P28.9 million for the year ended December 31, 2018. Amortization expense for the right-of-use asset for the leased parcels of lands where recognized under "Cost of goods sold" and "Operating expenses" accounts in the statements of profit or loss and other comprehensive income (loss) amounted P15.2 million for the years ended December 31, 2020 and 2019. The Company has advances to NRC amounting to P38.0 million as at December 31, 2020, which bear interest at a fixed rate of 10% per annum and which are unsecured and collectible on demand. The related interest income amounting to P3.8 million each for the years ended December 31, 2020, 2019 and 2018 is recognized as part of "Other income - net" under "Finance and other income (expenses)" account in the statements of profit or loss and other comprehensive income (loss). The Company also has outstanding net receivables from NRC amounting to P464.24 million and P511.2 million as at December 31, 2020 and 2019, respectively, which are unsecured and collectible on demand. The advances and receivables are included under "Due from related parties" account in the statements of financial position.

c. The Company has outstanding working capital advances to NHC, an associate, amounting to P3.8 million as at December 31, 2020, and which are unsecured and collectible on demand. The advances are included under "Due from related parties" account in the statements of financial position

d. In addition to their salaries, the Company also provides non-cash benefits to key management personnel and contributes to a defined benefit plan on their behalf. There are no agreements between the Company and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits for which they may be entitled under the Company's retirement plan.

Transactions with the Defined Benefit Plan
The Company's retirement fund is being held in trust by trustee banks.

As at December 31, 2020 and 2019, the fair value of the retirement fund amounted to P127.8 million and P114.7 million, respectively. The retirement fund consists of government and debt securities, equities and other items such as cash and cash equivalents, receivables and payables, which accounted for 90%, 7%, 2%, and 1% of plan assets, respectively in 2020 and 91%, 5%, 3%, and 1% of plan assets, respectively, in 2019 (see Note 14). The retirement plan has no investments in the Company or any receivables from the Company.

The Company made contributions to the retirement fund amounting to P72.0 million and P99.0 million in 2020 and 2019, respectively.

24. Significant Agreements

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

a. The Company has Exclusive Bottling Agreements with PepsiCo, Inc. (PepsiCo), the ultimate parent of Quaker Global Investments B.V., a shareholder, up to year 2029 and Pepsi Lipton International Limited (Pepsi Lipton), a joint venture of PepsiCo and Unilever N.V., up to year 2029. Under the agreements, the Company is authorized to bottle, sell and distribute PepsiCo and Pepsi Lipton beverage products in the Philippines. In addition, PepsiCo and Pepsi Lipton shall supply the Company with the main raw materials (concentrates) in the production of these beverage products and share in the funding of certain marketing programs. The agreements may be renewed by mutual agreement between the parties. Under the agreements, PepsiCo and Pepsi Lipton have the right to terminate the contracts under certain conditions, including failure to comply with terms and conditions of the agreement subject to written notice and rectification period, change of ownership control of the Company, change of ownership control of an entity which controls the Company, discontinuance of bottling beverages for 30 consecutive days, occurrence of certain events leading to the Company's insolvency or bankruptcy, change in management and control of the business, among others. Purchases made from PepsiCo is made mainly thru Concentrate Manufacturing (Singapore) PTE Ltd. (CMSPL). Total net purchases from CMSPL amounted to P5.3 billion and P5.8 billion for the years ended December 31, 2020 and 2019. The Company's outstanding payable to CMSPL (included under "Accounts payable and accrued expenses" account in the statements of financial position) as at December 31, 2020 and 2019 amounted to P1.4 billion and P1.7 billion, respectively. Total purchases from Pepsi Lipton amounted to P82.5 million, P56.4 million and P201.7 million for the years ended December 31, 2020, 2019 and 2018, respectively. The Company's outstanding payable to Pepsi Lipton (included under "Accounts payable and accrued expenses" account in the statements of financial position) amounted to nil and P24.7 million as at December 31, 2020 and 2019, respectively.

b. The Company has cooperative advertising and marketing programs with PepsiCo and Pepsi Lipton thru CMSPL that sets forth the agreed advertising and marketing activities and participation arrangement during the years covered by the bottling agreements. In certain instances, the Company pays for the said expenses and claims reimbursements from PepsiCo thru CMSPL. The Company incurred marketing expenses amounting to P357.8 million, P477.0 million and P628.3 million for the years ended December 31, 2020, 2019, and 2018, respectively. The Company's outstanding receivable from CMSPL included under "Receivables" account in the statements of financial position, which are unsecured and are payable on demand, amounted to P439.1 million and P512.8 million as at December 31, 2020 and 2019, respectively.

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

25. Segment Information

As discussed in Note 1 to the financial statements, the Company is engaged in the manufacture, sales and distribution of CSD, NCB and Snacks. The Company's main products under its CSD category include brands Pepsi-Cola, 7Up, Mountain Dew, Mirinda, and Mug. The NCB brand category includes Gatorade, Tropicana/Twister, Lipton, Sting energy drink, Propel fitness water, Milkis, Let's be coffee and Premier and Aquafina drinking water, while Snacks category includes Cheetos and Lays. The Company operates under three (3) reportable operating segments, the CSD, NCB and Snacks categories. These categories are managed separately because they require different technology and marketing strategy. Analysis of financial information by operating segment is as follows (in millions):

	Year Ended December 31, 2020			
	Discontinued	Continuing Operations		
(Amounts in Millions)	Snacks	CSD	NCB	Total
Net Sales				
External sales	P3	P26,496	P8,107	P34,603
Sales returns and discounts	-	3,128	833	3,961
Net Sales	3	P23,368	P7,274	P30,642
Result				
Segment result*	P3	P3,969	P1,236	P5,205
Unallocated expenses	(2)			(5,670)
Interest and financing expenses	-			(386)
Equity in net earnings of associates	-			18
Interest income	-			6
Other income - net	-			106
Income tax benefit (expense)	-			222
Profit (loss)	P1			(P499)
Other Information**				Company Total
Segment assets				P24,299
Investment in associates				653
Deferred tax assets - net				135
Other noncurrent assets				212
Combined Total Assets				P25,299
Segment liabilities				P9,059
Loans payable				7,513
Deferred tax liabilities - net				214
Combined Total Liabilities				P16,786
Capital expenditures				P2,164
Depreciation and amortization of bottles and cases and property, plant and equipment				2,667
Noncash items other than depreciation and amortization				167

(Amounts in Millions)	Year Ended December 31, 2019 Discontinued Snacks	Continuing Operations CSD	NCB	Total
Net Sales				
External sales	P66	P29,858	P10,223	P40,081
Sales returns and discounts	35	3,643	1,253	4,896
Net Sales	P31	P26,215	P8,970	P35,185
Result				
Segment result*	(P76)	P5,078	P1,735	P6,813
Unallocated expenses	(32)			(5,788)
Interest and financing expenses	-			(408)
Equity in net earnings of associates	-			23
Interest income	-			5
Other expense - net	(193)			72
Income tax benefit (expense)	90			(208)
Profit	(P211)			P509
Other Information**				Company Total
Segment assets				P25,268
Investment in associates				635
Deferred tax assets - net				102
Other noncurrent assets				220
Combined Total Assets				P26,225
Segment liabilities				P9,635
Loans payable				6,887
Deferred tax liabilities - net				560
Combined Total Liabilities				P17,082
Capital expenditures				P2,743
Depreciation and amortization of bottles and cases and property, plant and equipment				2,805
Noncash items other than depreciation and amortization				268

(Amounts in Millions)	Year Ended December 31, 2018 Discontinued Snacks	Continuing Operations CSD	NCB	Total
Net Sales				
External sales	P262	P28,670	P9,506	P38,176
Sales returns and discounts	62	3,578	1,203	4,781
Net Sales	P200	P25,092	P8,303	P33,395
Result				
Segment result*	P2	P4,294	P1,415	P5,709
Unallocated expenses	(112)			(5,743)
Interest and financing expenses	-			(275)
Equity in net earnings of associates	-			17
Interest income	-			5
Other income - net	-			136
Income tax expense	33			29
Profit (Loss)	(P77)			(P122)
Other Information**				Total Company
Segment assets				P25,240
Investment in associates				613
Deferred tax assets - net				116
Other noncurrent assets				204
Combined Total Assets				P26,173
Segment liabilities				P9,886
Loans payable				6,422
Deferred tax liabilities - net				697
Income tax payable				9
Combined Total Liabilities				P17,014
Capital expenditures				P1,976
Depreciation and amortization of bottles and cases and property, plant and equipment				2,632
Noncash items other than depreciation and amortization				62

The Company derived operations within the Philippines. The Company does not present geographic information required by PFRS 8, *Operating Segments.*

Major Customer
The Company does not have any single external customer from which sales revenue generated amounted to 10% or more of the net sales.

Determining whether the Company is acting as a principal or as an agent depends on certain facts and circumstances and requires judgment by management. Features that, individually or in combination, indicate that the Company is acting as a principal include:

- the Company has the primary responsibility for providing the goods or rendering services;
- the Company has inventory risk; and
- the Company has discretion in establishing prices.

The Company is acting as an agent when it does not obtain control of the goods or right to the services. The Company assessed its revenue arrangements and concluded that it is acting as principal in all arrangements.

26. Discontinued Operations

In September 2019, the Company's BOD approved the closure of its snacks production line and to initiate negotiations for the discontinuation of the locally-made Cheetos with PepsiCo, to focus on and strengthen the Company's core business lines. Consequently, the Company has classified the assets related to the disposal group as asset held for sale with a net carrying amount of P491.4 million.

Total write-down to net realizable amount of the disposal group amounting to P197 million.

In December 2019, the Company has identified certain assets within the disposal group that would still be used for the Company's current operation which was reclassified as part of "Property, plant & equipment" with a net carrying amount of P167.0 million.

As at December 31, 2020 and 2019, the carrying amount of the asset held for sale amounted to P126.4 million.

Results of discontinued operations for 2020, 2019 and 2018 are as follows:

	2020	2019	2018
Net Sales	**P2,888**	P31,960	P200,180
Cost and expenses	**2,513**	140,136	310,751
Results from operating activities	**375**	(108,176)	(110,571)
Other income (expenses)	**148**	(192,878)	33
Profit or loss before tax	**523**	(301,054)	(110,538)
Income tax benefit (expense)	**(157)**	90,316	33,161
Profit or loss from discontinued operations	**P366**	(P210,738)	(P77,377)
Basic/Diluted loss per share	**P0.00**	(P0.06)	(P0.02)

Cashflows from (absorbed by) operating activities amounted to P0.3 million, P53.4 million, and (P36.3 million), in the years ended December 31, 2020, 2019, and 2018, respectively. Cashflows used in investing activities amounted to P12.0 million and P163.4 million in the years ended December 31, 2018 and 2017, respectively. There was no allocated cash flows from investing activities for the period ended, December 31, 2020.

27. Financial Risk Management and Financial Instruments

Classifying Financial Instruments

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

Financial Risk Management

Overview

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

- Credit Risk
- Liquidity Risk
- Market Risk

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

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

Risk Management Framework

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

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

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

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

Credit Risk

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

Exposure to Credit Risk

The carrying amounts of the financial assets represent the Company's maximum credit exposure before effect of any collateral and any master netting agreements. The maximum exposure to credit risk as at December 31 is as follows:

	Note	**2020**	2019
Cash in banks	*4*	**P408,985**	P379,379
Receivables - net	*5*	**1,963,945**	2,823,843
Due from related parties	*23*	**507,984**	552,990
Total credit exposure		**P2,880,914**	P3,756,212

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

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

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

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

Collaterals are required from customers for credit limit applications that exceed certain thresholds. The Company has policies for acceptable collateral securities that may be presented upon submission of credit applications. Collaterals include bank guarantees, time deposits, surety bonds, real estate and/or chattel mortgages. The aggregate fair market value of these collateral securities amounted to P265.5 million and P225.6 million as at December 31, 2020 and 2019, respectively. Total amount of receivables that have collateral amounted to P194.8 million as at December 31, 2020 and 2019.

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

As at December 31, the aging analysis per class of financial assets is as follows:

December 31, 2020

	Neither Past Due nor Impaired	Past Due but not Impaired 1 to 30 Days	31 to 60 Days	More than 60 Days	Impaired	Total
Cash in banks	P408,985	P -	P -	P -	P -	P408,985
Receivables:						
Trade	484,923	371,358	162,644	129,456	197,808	1,346,189
Others	524,778	183,521	(78,513)	185,778	77,491	893,055
Due from related parties	507,984	-	-	-	-	507,984
	1,926,670	554,879	84,131	315,234	275,299	3,156,213
Less allowance for impairment losses	-	-	-	-	275,299	275,299
	P1,926,670	P554,879	P84,131	P315,234	P -	P2,880,914

December 31, 2019

	Neither Past Due nor Impaired	Past Due but not Impaired 1 to 30 Days	31 to 60 Days	More than 60 Days	Impaired	Total
Cash in banks	P379,379	P -	P -	P -	P -	P379,379
Receivables:						
Trade	1,230,369	559,641	76,420	114,270	158,270	2,138,970
Others	649,897	57,681	(28,913)	164,478	91,160	934,303
Due from related parties	552,990	-	-	-	-	552,990
	2,812,635	617,322	47,507	P278,748	249,430	4,005,642
Less allowance for impairment losses	-	-	-	-	249,430	249,430
	P2,812,635	P617,322	P47,507	P278,748	P -	3,756,212

As at December 31, 2020 and 2019, there was an allowance for impairment loss of P275.3 million and P249.4 million, respectively, relating to trade and other receivables.

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

The Company's exposure to credit risk arises from default of the counterparty. There is no significant concentration of credit risk within the Company.

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

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

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

ECL Assessment

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

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

The following table provides information about the exposure to credit risk for trade and other receivables as at December 31, 2020 and 2019:

2020

	Gross Carrying Amount	**Impairment Loss Allowance**	**Credit-impaired**
Current (not past due)	**P1,009,701**	**P -**	No
1 - 30 days past due	**554,879**	**-**	No
31 - 60 days past due	**84,131**	**-**	No
More than 60 days past due	**590,533**	**275,299**	Yes
Balance at December 31, 2020	**P2,239,244**	**P275,299**	

2019

	Gross Carrying Amount	Impairment Loss Allowance	Credit-impaired
Current (not past due)	P1,880,266	P -	No
1 - 30 days past due	617,322	-	No
31 - 60 days past due	47,507	-	No
More than 60 days past due	528,178	249,430	Yes
Balance at December 31, 2019	P3,073,273	P249,430	

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

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

Cash in Banks
The Company held cash in banks amounting to P436.1 million and P379.4 million as at December 31, 2020 and 2019, respectively. The cash in banks is deposited in local banks, which is rated as high grade.

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

Due from Related Parties
The Company has due from related parties amounting to P508.0 million and P553.0 million as at December 31, 2020 and 2019, respectively. Due from related parties consists of receivables from counterparties that have a very remote likelihood of default because there is no known significant financial difficulty of the counterparties and no probability that the counterparties will enter bankruptcy based from the available financial information.

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

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

In addition, the Company maintains the following credit facilities:

- Total commitment as at December 31, 2020 and 2019 under the line of credit is P15.2 billion and P16.85 billion, respectively, of which the Company had drawn P6.9 billion and P6.7 billion, respectively, under letters of credit, short-term loans and term loans. All facilities under the omnibus lines and term loans bear negotiated interest at floating rates consisting of a margin over current Philippine treasury rates; and

- P1.4 billion and P1.5 billion domestic bills purchased line, which are available as at December 31, 2020 and 2019, respectively.

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

	As at December 31, 2020			
	Carrying Amount	Contractual Cash Flow	One Year or Less	More than One Year
Financial Liabilities				
Short-term debt	P350,000	P351,750	P351,750	P -
Accounts payable and accrued expenses *	7,316,871	7,316,871	7,316,871	-
Long-term debt	7,124,640	7,865,797	1,618,865	6,246,933
	P14,791,511	P15,534,418	P9,287,486	P6,246,933

**Excluding statutory payables, accrual for operating leases and defined benefit liability amounting to P772.02 million*

	As at December 31, 2019			
	Carrying Amount	Contractual Cash Flow	One Year or Less	More than One Year
Financial Liabilities				
Short-term debt	P1,250,000	P1,258,757	P1,258,757	P -
Accounts payable and accrued expenses *	8,223,694	8,223,694	8,223,694	-
Long-term debt	5,637,418	6,334,117	1,766,522	4,567,595
	P15,111,112	P15,816,568	P11,248,973	P4,567,595

**Excluding statutory payables, accrual for operating leases and defined benefit liability amounting to P509.2 million*

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

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

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

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

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

The Company minimizes its exposure to risks in changes in commodity prices by entering into contracts with suppliers with duration ranging from six months to one year; with fixed volume commitment for the contract duration; and with stipulation for price adjustments depending on market prices. The Company has outstanding purchase commitment amounting to P8.1 billion and P9.7 billion as at December 31, 2020 and 2019, respectively. Because of these purchase commitments, the Company considers the exposure to commodity price risk to be insignificant.

Exposure to Interest Rate Risk
The Company's exposure to interest rates pertains to its cash in banks, short-term debt, long-term debt and finance lease obligation. As at December 31, 2020, these financial instruments bear fixed interest rates and accordingly, the Company is not significantly exposed to interest rate risk. In 2020, the Company has acquired term-loans from banks totaling to P3.0 billion, whose interest rates are repriced every quarter, which is the Company's exposure to interest rate risk as at December 31, 2020

Sensitivity Analysis
An increase in the interest rate by 50 basis points would decrease net income and equity by P10.25 million as at December 31, 2020. A 50 basis points decrease in the interest rates would have had the equal but opposite effect on the net income and equity, on the basis that all other variables remain constant.

Exposure to Foreign Currency Risk
The Company is exposed to foreign currency risk on purchases that are denominated in currencies other than the Philippine peso, mostly in United States dollar. In respect of monetary assets and liabilities held in currencies other than the Philippine peso, the Company ensures that its exposure is kept to an acceptable level, by buying foreign currencies at spot rates where necessary to address short-term imbalances. The Company considered the exposure to foreign currency risk to be insignificant. Further, the Company does not hold any investment in foreign securities as at December 31, 2020 and 2019.

<u>Fair Values</u>
As at December 31, 2020 and 2019, the carrying amounts of the financial assets and liabilities, which include cash, receivables, due from related parties, short-term debt and accounts payable and accrued expenses, reasonably approximate fair values due to the short-term nature of these financial instruments.

The table below shows the carrying amounts and fair values of financial assets and liabilities, including their level of the fair value hierarchy. The table below does not include the fair value information for financial assets and liabilities not measured at fair value if the carrying amounts are the reasonable approximation of their fair values.

2020	Valuation Technique	Significant Unobservable Inputs	Carrying Amount	Level 1	Level 2	Level 3	Total
Type Long-term debt	Discounted cash flows	Not applicable	P7,124,640	P -	P7,267,342	P -	P7,267,342

2019	Valuation Technique	Significant Unobservable Inputs	Carrying Amount	Level 1	Level 2	Level 3	Total
Type Long-term debt	Discounted cash flows	Not applicable	P5,637,418	P -	P5,566,795	P -	P5,566,795

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

28. Commitments, Contingencies and Losses

a. Leases

The Company leases certain warehouses, facilities and automobiles for a period of one to twenty-five years, renewable for another one to twenty-five years. The Company has determined that all significant risks and rewards of ownership of these properties remain with the lessors and the lease do not provide for an option to purchase or transfer ownership of the property at the end of the lease.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. The right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Company's accounting policies.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

Information about leases for which the Company is a lessee is presented below in accordance with PFRS 16.

i. Right-of-Use Assets

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

	2020	2019
Balance at beginning of year	**P422,948**	P484,468
Additions to right-of-use assets	**38,618**	131,658
Amortization	**(160,395)**	(193,178)
Balance at end of year	**P301,136**	P422,948

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

	Note	2019
Cost of goods sold	*17*	P31,036
Selling and distribution	*18*	129,359
		P160,395

ii. Lease Liabilities

	2020	2019
Balance at beginning of year	**P476,021**	P522,657
Additions to lease liabilities	**38,618**	131,657
Interest expense	**40,771**	53,740
Payments made	**(216,734)**	(232,033)
Balance at end of year	**P338,676**	P476,021

Lease liabilities are presented under "accounts payable and accrued expense" account amounting to P338.7 million.

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

	2020	2019	2018
Less than one year	**P198,542**	P349,172	P169,471
Between one and five years	**168,061**	178,566	394,218
More than five years	**46,424**	57,891	28,364
	P412,027	P585,629	P592,053

b. The Company is currently involved in various tax, legal and administrative proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside legal counsels handling the Company's defense relating to these matters and is based upon an analysis of potential results. The Company received a Final Demand on Disputed Assessment from the Bureau of Internal Revenue for tax assessments relating to various taxes covering the taxable year June 30, 2010 and taxable period from July 1 to December 31, 2010 totaling P1.5 billion. Consequently, the Company filed a petition for review before the Court of Tax Appeals. As at the reporting date, these proceedings are still ongoing. The Company does not believe that these proceedings will have material adverse effect on its financial statements based on the assessment of the management's legal counsels. It is possible, however, that future financial performance could be affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings.

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REPORT OF INDEPENDENT AUDITORS

The Stockholders and Board of Directors
Pepsi-Cola Products Philippines, Inc.
Km. 29, National Road
Tunasan, Muntinlupa City

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of Pepsi Cola Products Philippines, Inc. (the "Company") as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020, included in this Form 17-A, and have issued our report thereon dated April 15, 2021.

Our audits were made for the purpose of forming an opinion on the basic financial statements of the Company taken as a whole. The supplementary information included in the following accompanying additional components is the responsibility of the Company's management. Such additional components include: Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration; Map of the Group of Companies Within which the Company Belongs; Supplementary Schedules of Annex 68-E; and Schedule of Financial Soundness Indicators. This supplementary information is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

R.G. MANABAT & CO.

ERNILO G. YU
Partner
CPA License No. 108798
SEC Accreditation No. 1815-A, Group A, valid until August 20, 2023
Tax Identification No. 225-454-652
BIR Accreditation No. 08-001987-35-2018
Issued September 20, 2018; valid until September 19, 2021
PTR No. MKT 8533924
Issued January 4, 2021 at Makati City

April 15, 2021
Makati City, Metro Manila

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until November 21, 2023
SEC Accreditation No. 0003-SEC, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements (2019 financial statements are covered by SEC Accreditation No. 0004-FR-5)
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)

PEPSI-COLA PRODUCTS PHILIPPINES, INC.
SCHEDULE OF RECONCILATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
FOR THE YEAR ENDED DECEMBER 31, 2020
(Amounts in Thousands)

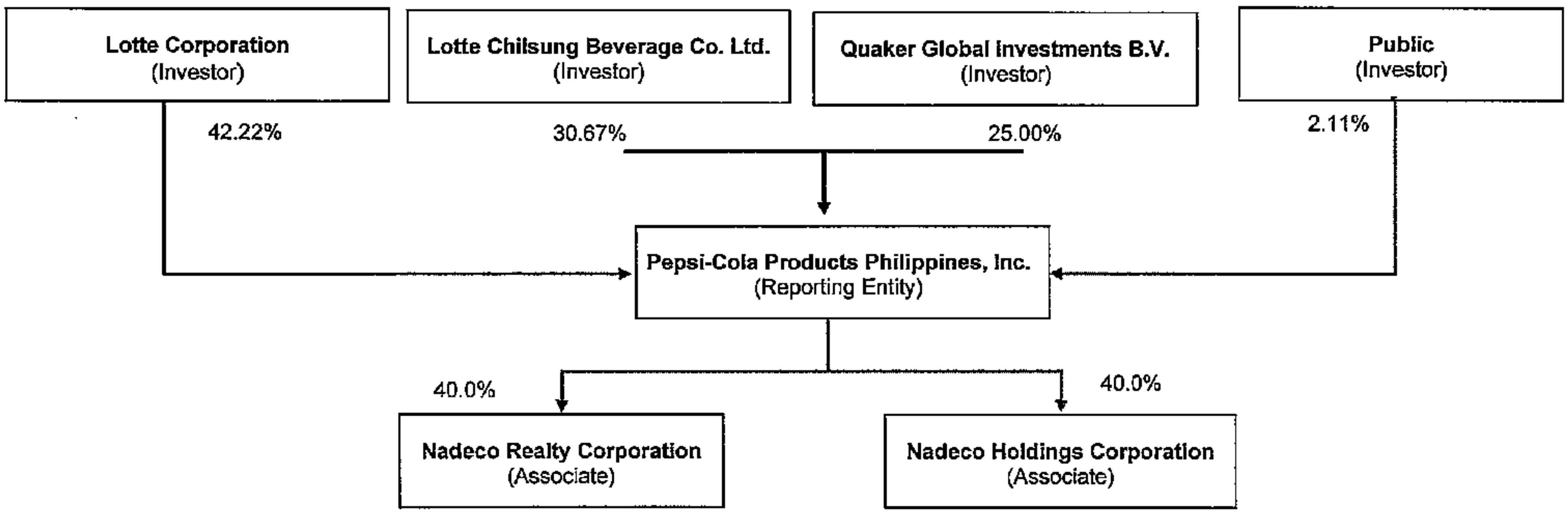
Unappropriated Retained Earnings, beginning		**P7,729,299**
Adjustments:		
Less: Equity in income of associates	P403,762	
Add: Deferred tax expense	602,977	
Unappropriated Retained Earnings, as adjusted, beginning	-	**7,929,514**
Net Income based on the face of AFS	(499,051)	
Less: Non-actual/unrealized income net of tax		
Equity in net income of associates	17,824	
Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents)		
Unrealized actuarial gain		
Deferred tax benefit	261,383	
Fair value adjustments (M2M gains)		
Fair value adjustments of Investment Property resulting to gain		
Adjustment due to deviation from PFRS/GAAP - gain		
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS		
Sub-total	(778,258)	
Add: Non-actual losses		
Deferred tax expense	(323,330)	
Depreciation on revaluation increment (after tax)		
Adjustment due to deviation from PFRS/GAAP - loss		
Loss on fair value adjustment of investment property (after tax)		
Net Income Actual/Realized		**(1,101,588)**
Dividends declared and paid during the year		
Unappropriated Retained Earnings, as adjusted, ending		**P6,826,926**

** The Company must obtain prior written consent from its lenders before it can declare or pay any cash dividends or redeem or repurchase any outstanding share or make any capital or asset distribution to its stockholders.*

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

Map of Group of Companies Within which the Company Belongs

As at December 31, 2020



PEPSI-COLA PRODUCTS PHILIPPINES, INC.

SCHEDULE A. FINANCIALS ASSETS

Name of Issuing entity and association of each issue (i)	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet (ii)	Valued based on market quotation at balance sheet date (iii)	Income received and accrued

NOT APPLICABLE

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

SCHEDULE B. AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN AFFILIATES).

Name and Designation of debtor (i)	Balance at beginning of period	Additions	Amounts collected (ii)	Amounts written off (iii)	Current	Not Current	Balance at end of period
Nadeco Realty Corp.	P545,389,564	P -	P -	P -	P500,505,957	P -	P500,505,957
Nadeco Holdings Corp.	7,600,578	-	-	-	7,478,026	-	7,478,026
Employees	11,879,474	-	-	-	32,151,661	-	32,151,661
Totals	**P564,869,616**	**P -**	**P -**	**P -**	**P540,135,644**	**P -**	**P540,135,644**

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

SCHEDULE C. AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF SEPARATE FINANCIAL STATEMENTS

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected (i)	Amounts written off (ii)	Current	Not Current	Balance at end of period

NOT APPLICABLE

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

SCHEDULE D. INTANGIBLE ASSETS - OTHER ASSETS

Description (i)	Beginning balance	Additions at cost (ii)	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions) (iii)	Ending balance
Intangible Assets	P264,052,563	P42,129,790	P35,084,024	P -	P -	P271,098,329
Totals	**P264,052,563**	**P42,129,790**	**P35,084,024**	**P -**	**P -**	**P271,098,329**

PEPSI-COLA PRODUCTS PHILIPPINES, INC.
SCHEDULE E. LONG TERM DEBT

Title of Issue and type of obligation (i)	Lender	Outstanding Balance	Amount shown under caption "Current portion of long-term debt" in related balance sheet (ii)	Amount shown under caption "Long-Term Debt" in related balance sheet (iii)	Interest Rates	Number of Periodic Installments	Final Maturity
Long-term debt	Metropolitan Bank Trust & Co.	P1,875,000,000	P829,937,621	P1,045,062,379	5.05% and 5.71%	12	March 2023
Long-term debt	Bank of the Philippine Islands	50,000,000	49,989,667	10,333	4.55% and 4.74%	20	March 2021
Long-term debt	Bank of the Philippine Islands	800,000,000	158,785,606	641,214,394	6.71%	20	December 2025
Long-term debt	Bank of the Philippine Islands	1,000,000,000	-	1,000,000,000	4.75%	12	December 2024
Long-term debt	Industrial Bank of Korea	62,500,000	62,452,302	47,698	4.50%	10	March 2021
Long-term debt	Shinhan Bank	375,000,000	165,991,829	209,008,171	4.60%	12	March 2023
Long-term debt	Banco de Oro	2,000,000,000	-	2,000,000,000	3.90%	1	December 2023
Long-term debt	KEB Hana Bank	1,000,000,000	-	1,000,000,000	3.20%	1	December 2022
Totals		**P7,162,500,000**	**P1,267,157,025**	**P5,895,342,975**			

*Note: All loan rates are fixed except for two loans at 6.71% and 4.75% which are quarterly floating rate with option to fix the rate

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

SCHEDULE F. INDEBTEDNESS TO RELATED PARTIES (LONG TERM LOANS FROM RELATED PARTIES)

Name of Related Parties (i)	Balance at beginning of period	Balance at end of period (ii)

NOT APPLICABLE

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

SCHEDULE G. GUARANTEES OF SECURITIES OF OTHER ISSUERS

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding (i)	Amount owned by person for which statement is filed	Nature of guarantee (ii)

NOT APPLICABLE

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

SCHEDULE H. CAPITAL STOCK

Title of Issue (2)	Number of Shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by affiliates (3)	Directors, officers and employees	Others
Common Shares	5,000,000,000	3,693,772,279	-	2,482,833,603	200,009	1,210,738,667
Totals	**5,000,000,000**	**3,693,772,279**	-	**2,482,833,603**	**200,009**	**1,210,738,667**

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

Ratio	Formula (Amounts in Thousands)	Years Ended December 31 2020	2019
Current ratio	Total current assets over total current liabilities Total current assets P8,228,207 Divided by: Total current liabilities 9,728,843 **Current ratio 0.8**	**0.8:1**	0.8:1
Solvency ratio	Profit plus depreciation and amortization over total liabilities Net Profit (P499,417) Add: Depreciation and amortization 2,667,499 Total 2,168,082 Divide: Total liabilities 16,785,756 **Solvency ratio 0.1**	**0.1:1**	0.2:1
Bank debt-to-equity ratio	Total bank debt over total equity Short-term debt P350,000 Current portion of long-term debt 1,267,157 Long-term debt - net of current portion 5,895,343 Bank debt 7,512,500 Total equity 8,513,537 **Bank to debt equity 0.9**	**0.9:1**	0.8:1
Debt-to-equity ratio	Total liability over total equity Total Debt P16,785,756 Total Equity 8,513,537 **Debt to equity ratio 1.97**	**1.97:1**	1.9:1
Asset-to-equity ratio	Total assets over total equity Total assets P25,299,293 Total equity 8,513,537 **Asset to equity ratio 3.0**	**3.0:1**	2.9:1

Interest rate coverage ratio	Profit before interest and taxes over interest expense Profit before tax (P721,719) Interest expense 385,998 Profit before interest and tax (335,712) Divided by: Interest expense 385,998 **Interest rate coverage ratio -0.9**	**-0.9:1**	2.0:1
Operating profit margin	Operating profit over net sales Operating profit (P465,191) Divided by: Net sales 30,642,108 **Operating profit margin -1.5%**	**-1.5%**	2.6%
Net profit margin	Profit over net sales Net profit (P499,417) Divided by: Net sales 30,642,108 **Net profit margin -1.6%**	**-1.6%**	0.8%

ANNEX E

QUARTERLY REPORT (SEC FORM 17-Q)

COVER SHEET

					1	6	0	9	6	8

S.E.C. Identification No.

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

(Company's Full Name)

Km. 29 National Road, Tunasan, Muntinlupa City

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

Contact Person:

(632) 887-37-74
Company Telephone Number

0	3	3	1

Month Day
Calendar Year

SEC Form 17-Q
FORM TYPE

Last Friday of May
Month Date
Annual Meeting

Secondary License Type, If Applicable

M	S	R	D

Dept. Requiring this Doc.

Amended Article Number/Section

801
Total No. of Stockholders

Total Amount of Borrowings

Php8.3Billion
Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

Remarks = pls. Use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **March 31, 2021**

2. Commission identification number **0000160968** 3. BIR Tax Identification No **000-168-541**

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

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

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

7. Address of issuer's principal office and Postal Code:
Km. 29 National Road, Tunasan, Muntinlupa City 1773

8. Issuer's telephone number, including area code: **(632) 887-37-74**

9. Former name, former address and former fiscal year, if changed since last report: **not applicable**

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares of Stock	

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

Yes [ ] No [X]

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

12. Indicate by check mark whether the registrant:

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

Yes [X] No [ ]

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

Yes [X] No [ ]

Part 1 – Financial Information

Item 1. Financial Statements.

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

	Note	**March 31 2021 (Unaudited)**	December 31 2020 (Audited)
ASSETS			
Current Assets			
Cash	*11*	**P614,331**	P837,501
Receivables - net	*9, 11*	**2,009,387**	1,963,945
Inventories – net		**4,082,731**	4,209,423
Due from related parties	*8, 11*	**495,843**	507,984
Prepaid expenses and other current assets		**665,705**	582,926
		7,867,997	8,101,779
Assets held for sale		**126,428**	126,428
Total Current Assets		**7,994,425**	8,228,207
Noncurrent Assets			
Investments in associates		**655,950**	635,208
Bottles and cases - net		**4,516,303**	4,313,269
Property, plant and equipment - net	*6*	**11,303,509**	11,185,178
Intangible assets		**269,849**	271,098
Right-of-use asset		**358,110**	301,136
Deferred tax assets – net		**155,976**	135,130
Other noncurrent assets		**204,111**	212,067
Total Noncurrent Assets		**17,463,808**	17,071,086
		P25,458,233	25,299,293
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	*9, 11*	**P7,486,972**	P8,111,686
Short-term debt	*11*	**1,350,000**	350,000
Current portion of long-term debt		**759,423**	1,267,157
Total Current Liabilities		**9,596,395**	9,728,843
Noncurrent Liabilities			
Long-term debt - net of current portion	*11*	**6,229,395**	5,895,343
Deferred tax liabilities – net		**206,015**	214,143
Other noncurrent liabilities	*3*	**910,042**	947,427
Total Noncurrent Liabilities		**7,345,452**	7,056,913
Total Liabilities		**16,941,847**	16,785,756

Forward

	Note	March 31 2021 (Unaudited)	December 31 2020 (Audited)
Equity			
Share capital	7	**P1,751,435**	P1,751,435
Remeasurement losses on net defined benefit liability		**(501,585)**	(468,146)
Retained earnings		**7,266,536**	7,230,248
Total Equity		**8,516,386**	8,513,537
		P25,587,505	P25,299,293

See Notes to the Condensed Interim Financial Information.

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

CONDENSED INTERIM STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(Amounts in Thousands, Except Per Share Data)

		For The Three Months Ended March 31	
	Note	**2021** (Unaudited)	2020
GROSS SALES	*10*	**P8,667,091**	P8,785,451
Less sales returns and discounts	*10*	**1,068,056**	1,084,336
NET SALES	*10*	**7,599,035**	7,701,115
COST OF GOODS SOLD		**6,154,539**	6,436,753
GROSS PROFIT		**1,444,496**	1,264,362
OPERATING EXPENSES		**1,385,119**	1,442,081
PROFIT (LOSS) FROM OPERATIONS		**59,377**	(177,719)
NET FINANCE AND OTHER INCOME (EXPENSES) – Net		**(70,302)**	(69,890)
PROFIT (LOSS) BEFORE TAX		**(10,925)**	(247,609)
INCOME TAX BENEFIT		**(47,213)**	(85,221)
PROFIT (LOSS) / TOTAL COMPREHENSIVE INCOME (LOSS)		**P36,288**	(P162,388)
Basic/Diluted Earnings (Loss) Per Share	*5*	**P0.01**	(P0.04)

See Notes to the Condensed Interim Financial Information.

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

For The Three Months Ended March 31
(Unaudited)

		Share Capital					
	Note	Capital Stock (see Note 7)	Additional Paid-In Capital	Total	Remeasurement Losses on Net Defined Benefit Liability	Retained Earnings	Total Equity
As at January 1, 2021		P554,066	P1,197,369	P1,751,435	(P468,146)	P7,230,248	P8,513,537
Total comprehensive income							
Profit		-	-	-	-	36,288	36,288
Other Movement							
Impact of change in tax rates on deferred taxes on remeasurements on net defined benefit liability		-	-	-	(33,439)	-	(33,439)
As at March 31, 2021		**P554,066**	**P1,197,369**	**P1,751,435**	**(P501,585)**	**P7,266,536**	**P8,516,386**
As at January 1, 2020, as previously reported		P554,066	P1,197,369	P1,751,435	(P338,224)	P7,729,299	P9,142,510
Total comprehensive Income							
Net loss		-	-	-	-	(162,388)	(162,388)
As at March 31, 2020		P554,066	P1,197,369	P1,751,435	(P338,224)	P7,566,911	P8,980,122

See Notes to the Condensed Interim Financial Information

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

		For The Three Months Ended March 31	
	Note	**2021**	2020
		(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(P10,925)**	(P247,609)
Adjustments for:			
Depreciation and amortization		**564,458**	685,995
Interest expense		**86,979**	82,726
Impairment losses (reversal of impairment losses) on receivables, inventories, bottles and cases, machinery and equipment and others		**46,427**	10,111
Retirement cost		**33,962**	29,582
Equity in net earnings of associates		**(2,742)**	(6,855)
Loss (gain) on sale of property and equipment		**(2,298)**	334
Interest income		**(1,030)**	(1,189)
Operating profit before working capital changes		**714,831**	553,095
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Receivables		**(60,475)**	384,696
Inventories		**89,083**	(427,487)
Due from related parties		**12,141**	65,324
Prepaid expenses and other current assets		**(97,976)**	(185,871)
Decrease in accounts payable and accrued expenses		**(628,939)**	1,198,208
Cash generated from operations		**28,665**	1,587,965
Interest received		**1,030**	6,332
Contribution to plan assets		**(18,000)**	-
Income taxes paid		**-**	(85,221)
Retirement benefits directly paid by the Company		**(2,637)**	-
Net cash provided by operating activities		**9,058**	1,509,076
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property and equipment		**15,852**	539
Additions to:			
Property, plant and equipment	*6*	**(382,107)**	(1,081,916)
Bottles and cases		**(522,551)**	(347,222)
Intangibles		**1,249**	-
Decrease in other noncurrent assets		**7,956**	10,628
Net cash used in investing activities		**(879,601)**	(1,417,971)

Forward

	Note	For The Three Months Ended March 31 2021	2020
		(Unaudited)	
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availments of:			
Short-term debt		**P2,100,000**	P437,500
Long-term debt		**250,000**	526
Payments of:			
Short-term debt		**(1,100,000)**	-
Long-term debt		**(402,500)**	(98,385)
Payments of lease liability		**(128,562)**	(87,377)
Interest paid		**(92,747)**	(86,765)
Debt issue cost		**21,182**	-
Net cash provided by financing activities		**647,373**	164,499
NET INCREASE (DECREASE) IN CASH		**(223,170)**	255,604
CASH AT BEGINNING OF PERIOD		**837,501**	711,895
CASH AT END OF PERIOD	*11*	**P614,331**	P967,499

See Notes to the Condensed Interim Financial Information.

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

1. Reporting Entity

Pepsi-Cola Products Philippines, Inc. (the "Company") was incorporated as a stock corporation in the Philippines on March 8, 1989, primarily to engage in manufacturing, sales and distribution at wholesale and (to the extent allowed by law) retail of carbonated soft-drinks (CSD), non-carbonated beverages (NCB), food and food products, snacks and confectionery products to retail, wholesale, restaurants and bar trades. The registered office address and principal place of business of the Company is at Km. 29, National Road, Tunasan, Muntinlupa City.

The Company's major stockholders are Lotte Corporation, Lotte Chilsung Beverage Co., Ltd and Quaker Global investments B.V are the largest shareholders of the Company with 42.22%, 30.67% and 25.00% shareholdings, respectively. Lotte Chilsung Beverage Co., Ltd. and Lotte Corporation were organized under the laws of South Korea. Quaker Global Investments B.V. was organized under the laws of the Netherlands.

2. Basis of Preparation

Statement of Compliance
These condensed interim financial information have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. These condensed interim financial information do not include all of the information required for a complete set of financial statements and should be read in conjunction with the annual financial statements of the Company as at December 31, 2020.

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

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

Use of Judgments and Estimates
The preparation of the condensed interim financial information requires management to make judgments, estimates and use assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.
The significant judgments and estimates made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the annual financial statements.

During the three months ended March 31, 2021, management reassessed its estimates in respect of the following:

Estimating Allowance for Impairment Losses on Receivables
As at March 31, 2021 and December 31, 2020, allowance for impairment losses on receivables amounted to P256.4 million and P275.3 million, respectively.

Estimating Net Realizable Value of Inventories
As at March 31, 2021 and December 31, 2020, inventories amounted to P4.4 billion and P4.2 billion, respectively.

3. Significant Accounting Policies

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

Changes in Accounting Policies
The following amendments to standards are effective for the three-month period ended March 31, 2021 and have been applied in preparing this condensed interim financial information. Except as otherwise indicated, the adoption of these amendments to standards did not have any significant impact on the Company's condensed interim financial information:

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

  - the revised consideration is substantially the same or less than the original consideration;
  - the reduction in lease payments relates to payments due on or before June 30, 2021; and
  - no other substantive changes have been made to the terms of the lease.

  Lessees applying the practical expedient are required to disclose that fact, whether they have applied the practical expedient to all eligible rent concessions and, if not, the nature of the contracts to which they have applied the practical expedient; and the amount recognized in profit or loss for the reporting period arising from application of the practical expedient. No practical expedient is provided for lessors

  The amendment is effective for annual reporting periods beginning on or after June 1, 2020. Earlier application is permitted. A lessee applies the amendments retrospectively, recognizing the cumulative effect of the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate.

- *Interest Rate Benchmark Reform - Phase 2 (Amendments to PFRS 9 Financial Instruments, PAS 39 Financial Instruments: Recognition and Measurement, PFRS 7 Financial Instruments: Disclosures, PFRS 4 Insurance Contracts and PFRS 16 Leases).* To ensure that financial statements best reflect the economic effects of interest rate benchmark reforms, the Phase 2 amendments were issued and focus on the accounting once a new benchmark rate is in place. The reliefs allow companies not to recognize significant modification gains or losses on financial instruments and mitigate the risk of discontinuations of existing hedging relationships because of changes required by reforms. The amendments address issues that might affect financial reporting during the reform in the following key areas:

  - *Practical Expedient for Particular Changes to Contractual Cash Flows.* As a practical expedient, a company will account for a change in the basis for determining the contractual cash flows that is required by the reform by updating the effective interest rate of the financial instrument. If there are other changes to the basis for determining the contractual cash flows, then a company first applies the practical expedient to the changes required by the reform and then applies other applicable requirements of PFRS 9 to other changes. A similar practical expedient applies to insurers applying PAS 39 and lessees for lease modifications required by a reform.

  - *Relief from Specific Hedge Accounting Requirements.* The amendments enable and require companies to continue hedge accounting in circumstances when changes to hedged items and hedging instruments arise as a result of changes required by the reform. A company is required to amend the formal designation of hedging relationships to reflect the changes required by the reform. Reliefs are also provided for amounts accumulated in the cash flow hedge reserve, the separately identifiable requirement, groups of items designated as hedged items and retrospective effectiveness assessment under PAS 39.

  - *Disclosure Requirements.* To enable users of financial statements to understand the effect of reforms on a company's financial instruments and risk management strategy, additional disclosures are required on how transition to alternative benchmark rates are being managed, quantitative information about financial instruments indexed to rates yet to transition due to benchmark reform at the end of the reporting period, and the extent to which changes to the risk management strategy have occurred due to the risks identified in the transition.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2021. Earlier application is permitted. The amendments retrospectively, but restatement of comparative information is not required. Reinstatement of a discontinued hedging relationship is required if the hedging relationship was discontinued solely because of changes required by the reform, and that discontinued hedging relationship meets all qualifying criteria for hedge accounting at the date of initial application.

  The amendments are still subject to the approval by the FRSC.

4. Seasonality of Operations

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

5. Basic/Diluted Earnings Per Share (EPS)

Basic EPS is computed as follows:

	For The Three Months Ended March 31	
	2021 (Unaudited)	2020
Profit (loss) (a)	**P36,288**	(P162,388)
Issued shares at the beginning of the year/weighted average number of shares outstanding (b)	**3,693,772,279**	3,693,772,279
Basic/Diluted EPS (a/b)	**P0.01**	(P0.04)

As at March 31, 2021 and 2020, the Company has no dilutive equity instruments.

6. Property, Plant and Equipment

The movements in this account are as follows:

	Machinery and Other Equipment	Buildings and Leasehold Improvements	Furniture and Fixtures	Construction In Progress	Total
Gross carrying amount					
December 31, 2020 (Audited)	P18,520,517	P4,602,458	P64,186	P1,552,722	P24,739,883
Additions	31,168	709	-	350,230	382,107
Disposals/write-offs/adjustments	(18,608)	-	-	-	(18,608)
Transfers/reclassifications	30,231	-	-	(30,231)	-
March 31, 2021 (Unaudited)	**18,563,308**	**4,603,167**	**64,186**	**1,872,721**	**25,103,382**
Accumulated depreciation and amortization					
December 31, 2020 (Audited)	12,100,262	1,407,852	46,591	-	13,554,705
Depreciation and amortization	209,462	41,443	1,065	-	251,970
Disposals/write-offs/adjustments	(6,802)	-	-	-	(6,802)
March 31, 2021 (Unaudited)	**12,302,922**	**1,449,295**	**47,656**		**13,799,873**
Carrying Amount					
December 31, 2020 (Audited)	P6,420,255	P3,194,606	P17,595	P1,552,722	P11,185,178
March 31, 2021 (Unaudited)	**P6,260,386**	**P3,153,872**	**P16,530**	**P1,872,721**	**P11,303,509**

7. Equity

Share Capital
This account consists of:

	March 31, 2021 (Unaudited)		December 31, 2020 (Audited)	
	Shares	**Amount**	Shares	Amount
Authorized - P0.15 par value per share	**5,000,000,000**	**P750,000**	5,000,000,000	P750,000
Issued, fully paid and outstanding balance at beginning/end of period	**3,693,772,279**	**P554,066**	3,693,772,279	P554,066

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

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

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

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

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

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

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

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

Capital Management

The Company's objectives when managing capital are to increase the value of shareholders' investment and maintain reasonable growth by applying free cash flow to selective investments that would further the Company's product and geographic diversification. The Company sets strategies with the objective of establishing a versatile and resourceful financial management and capital structure.

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

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

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

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

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
(a) Debt*	**P8,338,818**	P7,512,500
(b) Total equity	**P8,516,386**	P8,513,537
Bank debt to equity ratio (a/b)	**0.98:1**	0.88:1

**Pertains to bank debts*

8. Related Party Transactions

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

Related party transactions are shown under the appropriate accounts in the condensed interim financial information as at and for the period ended March 31, 2021 and 2020 are as follows:

Category	Nature of Transaction	*Note*	Year	Amount of Transactions for the Period	Outstanding Balance of Due from (to) Related Parties	Receivables (Accounts Payable and Accrued expenses)	Terms	Conditions
Stockholder	Purchases	*8a*	**2020**	**P260**	**P -**	**P -**		
			2020	-	-	-		
Associates	Advances	*8b, 8c*	**2021**	**-**	**496,843**	**-**	**Collectible on demand**	**Unsecured; no impairment**
			2020	-	507,984	-	Collectible on demand	Unsecured; no impairment
Affiliates	Purchases	*9a*	**2021**	**1,299,360**	**-**	**(867,815)**	**42 days non interest bearing**	
			2020	749,493	-	(1,449,683)	42 days non interest bearing	
	Coopeble Marketing	*9b, 9e*	**2021**	**32,359**	**-**	**108,237**		**Unsecured; no impairment**
			2020	130,441	-	439,089		Unsecured; no impairment
			2021		**P495,843**	**(P759,578)**		
			2020		P507,984	(P1,010,594)		

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

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

a. The Company purchased finished goods from Lotte Corporation, a major stockholder. Total purchases for the three-month periods ended March 31, 2021 and 2020 amounted to P0.3 million and nil, respectively.

b. The Company leases parcels of land where some of its bottling plants are located. Lease expenses recognized amounted to P7.2 million for the three-month periods ended March 31, 2021 and 2020, respectively. The Company has advances to Nadeco Realty Corporation (NRC) amounting to P38.0 million, which bear interest at a fixed rate of 10% per annum and which are unsecured and payable on demand. The related interest income amounted to P0.7 million each for the three-month periods ended March 31, 2021 and 2020. The Company also has outstanding net receivables from NRC amounting to P454.0 million and P464.2 million as at March 31, 2021 and December 31, 2020, respectively, which are unsecured and payable on demand. The advances and receivables are included under "Due from related parties" account in the condensed interim statements of financial position.

c. The Company has outstanding working capital advances to Nadeco Holdings Corporation, an associate, amounting to P3.8 million and P5.7 million and as at March 31, 2021 and December 31, 2020 and which are unsecured, noninterest-bearing and payable on demand. The advances are included under "Due from related parties" account in the condensed interim statements of financial position.

9. Significant Agreements

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

a. The Company has Exclusive Bottling Agreements with PepsiCo, Inc. ("PepsiCo"), the ultimate parent of Quaker Global Investments B.V, a shareholder, up to year 2029 and Pepsi Lipton International Limited ("Pepsi Lipton"), a joint venture of PepsiCo and Unilever N.V., up to year 2029. Under the agreements, the Company is authorized to bottle, sell and distribute PepsiCo and Pepsi Lipton beverage products in the Philippines. In addition, PepsiCo and Pepsi Lipton shall supply the Company with the main raw materials (concentrates) in the production of these beverage products and share in the funding of certain marketing programs. The agreements may be renewed by mutual agreement between the parties. Under the agreements, PepsiCo and Pepsi Lipton have the right to terminate the contracts under certain conditions, including failure to comply with terms and conditions of the agreement subject to written notice and rectification period, change of ownership control of the Company, change of ownership control of an entity which controls the Company, discontinuance of bottling beverages for 30 consecutive days, occurrence of certain events leading to the Company's insolvency or bankruptcy, change in management and control of the business, among others. Purchases made from PepsiCo is made mainly thru Concentrate Manufacturing (Singapore) PTE Ltd. (CMSPL). Total net purchases from CMSPL amounted to P1.3 billion and P736.9 for the three-month periods ended March 31, 2021 and 2020, respectively. The Company's outstanding payable to CMSPL (included under "Accounts payable and accrued expenses" account in the statements of financial position) amounted to P867.8 million and P1.4 billion as at March 31, 2021 and December 31, 2020, respectively. Total purchases from Pepsi Lipton amounted to nil for each of the three-month periods ended March 31, 2021 and 2020, respectively. The Company's outstanding payable to Pepsi Lipton (included under "Accounts payable and accrued expenses" account in the statements of financial position) amounted to nil and P24.7 million as at March 31, 2021 and December 31, 2020, respectively.

b. The Company has cooperative advertising and marketing programs with PepsiCo and Pepsi Lipton thru CMSPL that sets forth the agreed advertising and marketing activities and participation arrangement during the years covered by the bottling agreements. In certain instances, the Company pays for the said expenses and claims reimbursements from PepsiCo thru CMSPL. The Company incurred marketing expenses amounting to P32.4 million and P130.4 million for the three-month periods ended March 31, 2021 and 2020, respectively. The Company's outstanding receivable from CMSPL included under "Receivables" account in the condensed interim statements of financial position, which are unsecured and are payable on demand, amounted to P108.2 million and P439.1 million as at March 31, 2020 and December 31, 2020, respectively.

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

10. Segment Information

As discussed in Note 1 to the financial statements, the Company is engaged in the manufacture, sales and distribution of CSD, NCB and Snacks. The Company's main products under its CSD category include brands Pepsi-Cola, 7Up, Mountain Dew, Mirinda, and Mug. The NCB brand category includes Gatorade, Tropicana/Twister, Lipton, Sting energy drink, Aquafina, Premier and Milkis, while Snacks category includes Cheetos and Lays. The Company operates under three (3) reportable operating segments, the CSD, NCB and Snacks categories. These categories are managed separately because they require different technology and marketing strategy. Analysis of financial information by operating segment is as follows (in millions):

	For the Three Months Ended March 31, 2021		
(Amounts in millions)	**CSD**	**NCB**	**Total**
Net sales			
External sales	**P6,284**	**P2,383**	**P8,667**
Sales returns and discounts	**764**	**304**	**1,068**
Net sales	**P5,520**	**P2,079**	**P7,599**
Result			
Segment result*	**P1,039**	**P405**	**P1,444**
Unallocated expenses			**(1,385)**
Other income-net			**13**
Interest and financing expenses			**(87)**
Equity in net earnings of associates			**3**
Interest income			**1**
Income tax benefit			**47**
Profit			**P36**
Other information**			
Segment assets			**P24,084**
Investment in associates			**656**
Right of use asset			**358**
Deferred tax assets - net			**156**
Other noncurrent assets			**204**
Combined total assets			**P25,458**
Segment liabilities			**P8,397**
Loans payable			**8,339**
Deferred tax liabilities - net			**206**
Combined total liabilities			**P16,942**
Capital expenditures			**P905**
Depreciation and amortization of bottles and cases and property, plant and equipment			**564**
Noncash items other than depreciation and amortization			**46**

(Amounts in millions)	For the Three Months Ended March 31, 2020 CSD	NCB	Snacks	Total
Net sales				
External sales	P7,149	P1,633	P3	P8,785
Sales returns and discounts	834	250		1,084
Net sales	P6,315	P1,383	P3	P7,701
Result				
Segment result*	P1,035	P227	P3	P1,265
Equity in net earnings of associates				7
Interest income				1
Unallocated expenses				(1,433)
Income tax expense				85
Interest and financing expenses				(83)
Profit				(P162)
Other information**				
Segment assets				P24,886
Investment in associates				642
Right of use Asset				340
Deferred tax assets - net				102
Other noncurrent assets				208
Combined total assets				P26,178
Segment liabilities				P8,414
Loans payable				7,224
Income tax payable				-
Deferred tax liabilities - net				560
Combined total liabilities				P17,198
Capital expenditures				P1,429
Depreciation and amortization of bottles and cases and property, plant and equipment				686
Noncash items other than depreciation and amortization				10

There were no intersegment sales recognized between the two reportable segments.

The Company uses its assets and incurs liabilities to produce both carbonated soft drinks and non-carbonated beverages; hence, the assets and liabilities are not directly attributable to a segment and cannot be allocated into each segment on a reasonable basis.

Major Customer
The Company does not have any single external customer from which sales revenue generated amounted to 10% or more of the net sales.

11. Financial Instruments and Financial Risk Management

Classifying Financial Instruments

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

Financial Risk Management

Overview

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

- Credit Risk
- Liquidity Risk
- Market Risk

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

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

Risk Management Framework

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

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

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

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

Credit Risk

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

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

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Cash in banks	**P289,149**	P408,985
Receivables - net	**2,009,387**	1,963,945
Due from related parties	**495,843**	507,984
Total credit exposure	**P2,794,379**	P2,880,914

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

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

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

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

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

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

March 31, 2021

	Neither past due nor impaired	Past due 1 to 30 days	31 to 60 days	More than 60 days	Impaired	Total
Cash in banks	P289,149	P -	P -	P -	P -	P289,149
Receivables:						
Trade	790,585	306,278	132,329	113,163	185,281	1,527,636
Others	327,334	11,759	5,433	322,506	71,127	738,159
Due from related parties	259,417	82	-	236,344	-	495,843
	1,666,485	318,119	137,762	672,012	256,408	3,050,787
Less allowance for impairment losses	-	-	-	-	256,408	256,408
	P1,666,485	P318,119	P137,762	P672,012	P -	P2,794,379

December 31, 2020

	Neither Past Due nor Impaired	Past Due but not Impaired 1 to 30 Days	31 to 60 Days	More than 60 Days	Impaired	Total
Cash in banks	P408,985	P -	P -	P -	P -	P408,985
Receivables:						
Trade	484,923	371,358	162,644	129,456	197,808	1,346,189
Others	524,778	183,521	(78,513)	185,778	77,491	893,055
Due from related parties	507,984	-	-	-	-	507,984
	1,926,670	554,879	84,131	315,234	275,299	3,156,213
Less allowance for impairment losses	-	-	-	-	285,299	275,299
	P1,926,670	P554,879	P84,131	P315,234	P -	P2,880,914

As at March 31, 2021 and December 31, 2020, the Company has an allowance for impairment loss amounting to P256.4 million and P275.3 million, respectively, relating to its trade and other receivables.

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

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

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

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

Expected credit loss assessment

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

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

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

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

Cash in banks
The Company held cash in banks amounting to P289.1 million and P408.9 million as at March 31, 2021 and December 31, 2020, respectively. The cash in banks is deposited in local banks, which is rated as high grade.

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

Due from related parties
The Company has due from related parties amounting to P495.8 million and P507.9 million as at March 31, 2021 and December 31, 2020, respectively. Due from related parties consists of receivables from counterparties that have a very remote likelihood of default because there is no known significant financial difficulty of the counterparties and no probability that the counterparties will enter bankruptcy based from the available financial information.

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

Liquidity Risk

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

In addition, the Company has the following credit facilities:

- The total commitment as at March 31, 2021 and December 31, 2020 under the line of credit is P15.45 billion and P15.2 billion, of which the Company had drawn P8.3 billion and P6.9 billion, respectively, under letters of credit short-term loans and long term loans. All facilities under the omnibus line bear interest at floating rates consisting of a margin over current Philippine treasury rates except for the long term loan which have a fixed interest rate; and

- P1.6 billion and P1.4 billion domestic bills purchased line, which are available as at March 31, 2021 and December 31, 2020, respectively.

Exposure to Liquidity Risk

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

	As at March 31, 2021 (Unaudited)			
	Carrying Amount	**Contractual Cash Flow**	**One year or less**	**More than one year**
Financial liabilities:				
Short-term debt	**P1,350,000**	**P1,352,504**	**P1,352,504**	**P -**
Accounts payable and accrued expenses*	**7,022,104**	**7,022,104**	**7,022,104**	**-**
Long-term debt	**6,974,382**	**7,654,099**	**1,098,047**	**6,556,053**
	P15,346,486	**P16,028,708**	**P9,472,655**	**P6,556,053**

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

	As at December 31, 2020			
	Carrying Amount	Contractual Cash Flow	One Year or Less	More than One Year
Financial Liabilities				
Short-term debt	P350,000	P351,750	P351,750	P -
Accounts payable and accrued expenses *	7,316,871	7,316,871	7,316,871	-
Long-term debt	7,124,640	7,865,797	1,618,865	6,246,933
	P14,791,511	P15,534,418	P9,287,486	P6,246,933

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

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

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

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

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

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

The Company minimizes its exposure to risks in changes in commodity prices by entering into contracts with suppliers with duration ranging from six months to one year; with fixed volume commitment for the contract duration; and with stipulation for price adjustments depending on market prices. The Company has outstanding purchase commitment amounting to P4.1 billion and P8.1 billion as at March 31, 2021 and December 31, 2020, respectively. Because of these purchase commitments, the Company considers the exposure to commodity price risk to be insignificant.

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

Exposure to Foreign Currency Risk
The Company is exposed to foreign currency risk on purchases that are denominated in currencies other than the Philippine peso, mostly in United States (U.S.) dollar. In respect of monetary assets and liabilities held in currencies other than the Philippine peso, the Company ensures that its exposure is kept to an acceptable level, by buying foreign currencies at spot rates where necessary to address short-term imbalances. The Company considered the exposure to foreign currency risk to be insignificant. Further, the Company does not hold any investment in foreign securities as at March 31, 2021 and December 31, 2020.

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

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

Results of Operations

The company recorded Net Sales of P7.6 billion in the first quarter of 2021, just 1.3% lower than the same period last year when notably the first 2 months were before the Covid-19 quarantine and the corresponding significant decline in consumption. Increased focus on net revenue realization via mix improvement and selective pricing actions cushioned the volume softness from continued implementation of quarantine measures across the country. Coupled with cost rationalizations, the company delivered an Operating Profit to-date of P59 million, a turnaround from last year's loss, while Net income stands at P36 million

Financial Condition

The Company's financial condition remained solid. Cash flows from operating activities were used to fund capital expenditures needs and payoff a portion of the Company's bank debt. Consequently, our bank debt increased by P826 million in comparison with December 31, 2020 balance.

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

There were no material changes (+/-5% or more) that were noted during the three month interim period ended March 31, 2021

Known Trends, Demands, or Uncertainties That May Affect Liquidity

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

Events That May Trigger Direct or Contingent Obligations

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

Off-Balance Sheet Transactions

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

Material Commitments for Capital Expenditures

The Company has ongoing definite corporate expansion projects approved by the BOD. As a result of this expansion program, the Company spent for property, plant and equipment as well as bottles and cases amounting to P904 million and P1.42 billion for the three months ended March 31, 2021 and 2020, respectively. To this date, the Company continues to invest in major capital expenditures in order to complete the remaining expansion projects lined up in line with prior calendar year spending.

Trends or Uncertainties That May Impact Results of Operations

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

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

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

Seasonality Aspects That May Affect Financial Conditions or Results of Operations

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

Key Performance Indicators

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

		March 31, 2021	December 31, 2020
Current ratio	Current assets over current liabilities	0.8 : 1	0.8 : 1
Solvency ratio	Net income plus depreciation and amortization over total liabilities	0.04 : 1	0.1 : 1
Bank debt-to-equity ratio	Bank debt over total equity	0.98 : 1	0.88 : 1
Asset-to-equity ratio	Total assets over equity	3.0 : 1	3.0 : 1

		For the three months ended March 31	
		2021	2020
Gross sales		P8.7 billion	P8.8 billion
Gross profit margin	Gross profit over net sales	19.01%	16.4%
Operating margin	Operating income over net sales	0.78%	-2.3%
Net profit margin	Net profit over net sales	0.48%	-2.1%
Interest rate coverage ratio	Earnings before interest and taxes over interest expense	0.9 : 1	2.0:1

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer: Pepsi-Cola Products Philippines, Inc.

By:

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

Date: May 14, 2021