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Company Information

SEC Registration No.: 0000160968
Company Name: PEPSI-COLA PRODUCTS PHILIPPINES, INC.
Industry Classification: D15541
Company Type: Stock Corporation

Document Information

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COVER SHEET

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S.E.C. Identification No.

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

(Company's Full Name)

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

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

Agustin S. Sarmiento
Contact Person

8888-73774
Company Telephone Number

1	2		3	1	SEC Form 17-A	Last Friday of May
Month		**Day**			**FORM TYPE**	**Month Date**
Calendar Year						**Annual Meeting**

Secondary License Type, If Applicable

M	S	R	D

Dept. Requiring this Doc.

Amended Article Number/Section

Total Amount of Borrowings

777	₱9.1billion	
Total No. of Stockholders	**Domestic**	**Foreign**

To be accomplished by SEC Personnel concerned

File Number **LCU**

Document I.D. **Cashier**

Remarks = pls. Use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the calendar year ended **31 December 2025**

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

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

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

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

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

9. Former name, former address, and former fiscal year, if changed since last report:_ Postal Code:

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 2025 Audited Financial Statements attached as Exhibit II hereof.

PART I – BUSINESS AND GENERAL INFORMATION

ITEM 1. BUSINESS

(1) Business Development

a. Form and Date of Organization

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

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") and non-carbonated beverages ("NCB") that includes well-known brands Pepsi-Cola, 7Up, Mountain Dew, Mirinda, Mug, Gatorade,G-Active, Tropicana/Twister, Lipton, Sting, Milkis, Chum Churum Soonhari, Chum Churum Saero, Chungha, Let's Be, Hard Mountain Dew, Aquafina and Premier.

	Calendar Year ended		
Net Sales	31 December 2025	31 December 2024	31 December 2023
Carbonated soft drinks	₱26,845	₱26,758	₱26,079
Non-carbonated beverages	16,683	16,511	14,177
Total	₱43,528	₱43,269	₱40,256

	Calendar Year ended		
Segment result*	31 December 2025	31 December 2024	31 December 2023
Carbonated soft drinks	₱5,615	₱5,338	₱4,546
Non-carbonated beverages	3,490	3,294	2,471
Snacks	-	-	-
Total	₱9,105	₱8,632	₱7,017

*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 were no foreign sales for the calendar year ended 31 December 2025, 2024, and 2023.

c. Distribution methods of the product

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

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

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

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

d. Publicly-announced new product

The Company launched and publicly announced several new products in 2025:

- Lipton Soda Zero Sugar 290ml x 12
- Lipton Soda Zero Sugar 1.5L x 12
- Gatorade Blue Powder 1.26kg /6
- Gatorade Powder Powder14g /120
- Cantata Iced Coffee Caramel Macchiato 230ml Pouch x 50
- Cantata Iced Coffee Hazelnut 230ml Pouch x 50
- Cantata Iced Coffee Sweet Americano 230ml Pouch x 50
- Let's Be Sea Salt Latte 230ml PET x 20

e. Competition

The Company competes in the ready-to-drink, non-alcoholic and 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 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 structure and expanding the range and reach of the Company's portfolio. For the years to come, the Company will continue to expand its beverage offerings leveraging its wide manufacturing platform and extensive distribution reach to meet consumer demands.

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

f. Sources and availability of raw materials (purchasing)

Over half of total costs comprise purchases of raw materials. Largest purchases are sugar and beverage concentrates. The Company purchases sugar requirements domestically and imports from Thailand if needed and depending on the government import allocation. 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	10 February 2021	6 August 2031
Pepsi	10 July 2024	10 July 2034
Mirinda	15 March 2013	30 June 2026
Mountain Dew	03 April 2009	02 October 2029
Mountain Dew	14 September 2016	10 November 2026
7Up	26 February 2007	05 November 2027
Gatorade	27 November 1992	29 June 2035
Propel	15 January 2024	24 February 2034
Tropicana Twister	29 August 2017	07 December 2027
Tropicana	11 October 2002	08 June 2026
Sting	16 May 2014	17 March 2026
Lipton	09 May 2023	10 July 2033
Milkis**	21 September 2010	06 January 2031
Premier*	12 January 2016	07 July 2026
Chum Churum**	14 October 2023	17 December 2031
Chungha**	13 July 2023	13 July 2033
Saero**	13 July 2023	13 July 2033
Soonhari**	21 November 2022	21 November 2032

* 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 2025 Audited Financial Statements for details of transactions with PepsiCo, Pepsi Lipton and Lotte Corporation.

j. Government approvals of principal products

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

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

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

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

The Company's production facilities are subject to environmental regulation under a variety of national and local laws and regulations, which, in particular, control the emissions of air pollutants, water, noise solid, and hazardous wastes. It is regulated by two major government agencies, namely, the Department of Environment and Natural Resources (DENR) and the Laguna Lake Development Authority (LLDA). Local Government Units (LGU) also ensure compliance with RA 9003 or the Ecological Solid Waste Management Act and are actively taking part in reducing our waste and considering sustainability programs on circular economy and soon on waste neutrality. PCPPI is likewise required to comply with the requirements of RA 11898 or the Extended Producers Responsibility Act of 2022. The Obliged Enterprise (OE) or under the Extended Producers Responsibility (EPR) Act of 2022, or the RA 11898. This requires an Obliged Enterprise (OE) or Collective, Producers Responsibility Organization (PRO) to submit its application for registration of its EPR Program. Target weight of plastic packaging footprint to be recovered and diverted for reuse, recycling, treatment, or proper disposal to prevent them from leaking into the environment. The plastic waste diversion target shall be equivalent to 20% of the total plastic footprint of the Obliged Enterprise for the first year of implementation, increasing to 40% in 2024 and 50% in 2025. PCPPI tapped the Philippine Alliance for Recycling and Material Sustainability (PARMS), as our Producers Responsibility Organization (PRO) for the program on recovery and waste diversion.

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 to ensure that our plants comply with the existing environmental regulations. Each Plant has an accredited Pollution Control Officer (PCO), a technical person competent in pollution control and environmental management, performing the duties and responsibilities in a particular establishment and officially accredited by the Environmental Management Bureau (EMB) Regional Office to perform such responsibilities.

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 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.

m. Costs and effects of compliance with environmental laws

Compliance with all applicable environmental laws and regulations, such as the Environmental Impact Statement System, the Pollution Control Law, the Laguna Lake Development Authority Act of 1966, the Clean Air Act, Clean Water Act, Toxic and Hazardous and Nuclear Waste Act, and the Ecological Solid Waste Management Act has not had, and in the Company's opinion, is not expected to have a material effect on the capital expenditures, earnings or competitive position. Annually, it invests about P30 million in wastewater treatment and air pollution abatement, respectively, in its facilities. There are Corporate Social Responsibility (CSR) Programs being done by PCPPI around the country like adopting a river, tree planting, river clean up, adopting a school, and many others. This is also in compliance with the conditions stipulated in the issued Environmental Compliance Certificate (ECC). That is part of operating budget.

n. Employees

As of 31 December 2025, the Company employed 3,094 regular employees. All regular rank-and-file employees in the bottling plants are represented by a federation. Currently, the Company is a party to twelve (12) Collective Bargaining Agreements (CBAs), covering the non-sales workforce across its business units.

These CBAs contain both economic and non-economic provisions, including, among others, salary increases, lump-sum CBA grants, laundry allowances, per diems, bereavement assistance, union leave, and calamity and educational loan benefits. The economic and other non-representation provisions generally have a term of three (3) years, while the representation aspect is effective for five (5) years.

The Company maintains that its relationship with both unionized and non-unionized employees remains stable and constructive. Notably, the Company has not experienced any work stoppages due to labor or industrial disputes since 1999.

At PCPPI, employee training and engagement activities are integral to fostering a productive and supportive work environment. Mandatory annual training programs on Safety and Quality are conducted for all employees and relevant business partners. The Company likewise implements targeted training programs, including leadership development courses, to enhance employee capabilities. Employee engagement initiatives, particularly those focused on health and wellness, are conducted on a regular basis. In addition, PCPPI has undertaken sustainability initiatives in partnership with various organizations and local government units. These programs reflect the Company's commitment to continuous learning, employee well-being, and environmental stewardship.

PCPPI continues to uphold its ICARE values — Integrity, Innovation, Care and Respect, Empowerment, and Excellence — and strives to maintain a highly engaged and high-performing workforce. In support of this objective, the Company utilizes "Pepsi University" resources to further strengthen employee development.

Furthermore, PCPPI has adopted a compensation framework designed to remain competitive within industry standards in the Philippines. Salaries and benefits are reviewed periodically to support employee retention and talent acquisition. Employee performance is evaluated annually under a structured performance review cycle, with rewards and incentives aligned to the achievement of pre-defined and agreed objectives.

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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 26 of the 31 December 2025 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 2025 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 2025 Audited Financial Statements for further information on the leases). Lease payments pertaining to these leased properties amounted ₱96.6 million ₱320.7 million, and ₱322.6 million for the years ended 31 December 2025, 2024, and 2023, 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 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 2025 Audited Financial Statements, and the investments in shares of stocks disclosed in Note 7 to the 31 December 2025 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, 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) as well as claims for employee regularization, contractual disputes, and consumer cases brought against the Company involving allegations of defective products. Other significant cases are criminal cases for theft against employees and refunds against suppliers.

The Company had pending civil cases with the Regional Trial Court on the cancellation of assessments and refund of local business taxes in the City of Muntinlupa. In 2023 and 2022, the Company and the City of Muntinlupa entered into compromise agreements whereby the City agreed to refund a portion of the assessments through tax credits.

In 2023 the Company filed a civil case against a retail electricity supplier for a malicious breach of its supply contract with the Company, and seeks to recover damages arising from said breach.

For a discussion of the Company's pending tax matters, please refer to Note 27(b) to the Audited Financial Statements for the year ended 31 December 2025.

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 27 June 2025 included the election of Directors. The following were elected as members of the Board of Directors for the ensuing year (2025-2026):

Yun Gie Park
Phyo Phyu Noe
Hyo Jin Song
Joongmin Kim
Yang Soo Lee
Parinya Kitjatanapan
Vishal Malik
Oscar S. Reyes (Independent Director)
Rafael M. Alunan III (Independent Director)

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

PART II – OPERATIONAL AND FINANCIAL INFORMATION

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

Market Information

The Company's common shares were first listed with the Philippine Stock Exchange ("*PSE*") on 01 February 2008.

The 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

Based on the stockholder list as of 31 January 2026 of the Company's stock transfer agent, Stock and Transfer Service, Inc. (the "*Stock Transfer Agent*"), the Company has approximately 777 stockholders of common shares with the PCD Nominee Corporation (Filipino) and (Non-Filipino) considered as two (2) stockholders.

The following are the top 20 stockholders of common shares based on the report furnished by the Stock Transfer Agent as of 31 January 2026.

NO.	Name	Number of Shares Held	Percentage of Ownership
1	LOTTE CHILSUNG BEVERAGE CO. LTD	2,715,868,514	73.53%
2	QUAKER GLOBAL INVESTMENTS B.V.	923,443,072	25.00%
3	PCD NOMINEE CORP. (NON-FILIPINO)	36,659,636	00.99%
4	PCD NOMINEE CORP. (FILIPINO)	6,119,302	00.17%
5	CC&L Q 130/30 FUND II	438,000	00.01%
6	BDO SECURITIES CORPORATION FAO VARIOUS LOCAL INDIVIDUAL CLIENTS	397,821	00.01%
7	WAT WAI HOONG JOSEPH AND PHO LINL LIN	388,000	00.01%
8	AB CAPITAL SECURITIES INC.	381,000	00.01%
9	WEE MICHAEL T.	320,700	00.01%
10	REYES OSCAR S.	300,001	00.01%
11	BLANCAVER RENE B.	255,000	00.01%
12	MADARANG WINEFREDA O.	250,000	00.01%
13	MORGAN STANLEY SMITH BARNEY	221,000	00.01%
14	G.D. TAN & CO. INC	213,000	00.01%
15	CASTRO REY CHELIN PINERA	200,000	00.01%
16	DIANA TE &/OR MARIBETH UY	170,000	00.00%

NO.	Name	Number of Shares Held	Percentage of Ownership
17	VERDIDA IVAN N.	159,000	00.00%
18	PNB SECURITIES INC.	154,000	00.00%
19	BAUTISTA JOSE JR ESPLANA	152,000	00.00%
20	LUGTI VALERIANO A.	150,000	00.00%

Cash Dividends

The Board of Directors has not declared any cash dividends for the last three calendar years (i.e. calendar years ended 31 December 2025, 2024, and 2023). The last declaration of cash dividend was in the calendar year ended 31 December 2019 in the amount of ₽162.5 million. Details of the declarations are as follows:

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

Dividend Policy

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

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

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

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

PART III – FINANCIAL INFORMATION

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

RESULTS OF OPERATIONS

31 December 2025 versus 31 December 2024

In 2025 Pepsi Cola Products Philippines Inc (PCPPI) delivered P24.5MM of Net Income, a turnaround from a net loss of P446.2 million in 2024. Steady revenue growth, improved commodity prices, productivity benefits from a multi-year transformation program and disciplined cost management contributed to this profit turnaround.

Net Sales increased by 0.6% to ₱43.5 billion mainly from pricing actions and mix improvement while Cost of Goods Sold declined 0.6% driven by favorable commodity prices versus prior year increases and productivity initiatives in manufacturing and logististics. As a result, Gross Profit rose by 5.5% to ₱9.1 billion, with gross margin improving from 19.9% in 2024 to 20.9% in 2025 reflecting topline improvements from pricing and mix, favorable commodity prices and productivity initiatives in Cost of Goods Sold.

Operating Expenses grew by 1.3% broadly in line with Philippine prevailing inflation rate for the year, leading to PCPPI posting an Operating Profit of ₱720 million, more than double last year. Operating margin increased to 1.7% up from 0.8%, reflecting improvement in operating leverage.

₱24.5 million of Net Income posted in 2025, a turnaround from last year's ₱446.2 million net loss. 2024 expenses below Operating Profit included the rationalization of Manufacturing assets, a part of the multi-year transformation program, contributing to further growth in 2025 Net Income versus 2024.

31 December 2024 versus 31 December 2023

Full Year 2024 Net Sales grew 7.5% to ₱43.3 billion, increase mainly driven by a combination of volume growth, annualized impact of prior year's pricing initiatives and new pricing initiatives in 2024. Cost of Goods Sold increased ahead of volume mainly due to commodity inflation from sugar and concentrate partially tempered by volume leverage from fixed manufacturing expenses. Overall, Gross Profit Margin improved by 252bps versus same period last year as a result of favorable pricing, product mix and manufacturing expense leverage.

Operating Expenses also outpaced inflation as a result of investments in Marketing, Manpower and a multi-year Transformation Program geared towards long-term productivity and efficiency across functions.

With the above, 2024 Operating Profit stood at ₱352 million, a turnaround from an Operating Loss of ₱674 million last year. After other expenses, interest and taxes – 2024 Net Loss was at ₱446 million, a 64% decline in loss versus prior year.

31 December 2023 versus 31 December 2022

On a full year basis, Net Sales grew 5% to ₱40.3billion in 2023. Key drivers of topline growth are Mix improvement via shift to higher value products and Pricing, a combination of the annualized impact of last year's pricing initiatives and new pricing actions implemented during the year to counter inflationary pressures. Volume slowdown resulting from these pricing actions partially tempered topline growth.

Inflation continues to be a challenge in costs and expenses as reflected in the 6.4% increase versus prior year, of Cost of Goods Sold and Operating Expenses combined while Marketing Expenses reflect stepped up investments for future growth through GTM and portfolio enhancements.

Given the above factors, the company posted an Operating loss for the year of -₱674MM.

After Other Income and Expenses, Interest and Taxes, resulting Net Loss for the year was ₽1.2 billion. Included is a one-off expense for asset write-off in line with the rationalization of the company's manufacturing footprint for increased efficiency.

31 December 2022 versus 31 December 2021

The company posted full year Net Sales of ₽38.4 Billion, a 17% increase from 2021 driven by volume recovery post-pandemic lockdowns, focus on mix improvement and price increases across the portfolio to address inflationary pressures on cost of goods driven by global price hikes on fuel and fuel-related inputs and local Sugar prices. Given the timing of increases, Pricing only partially covered for inflation, thus resulting in Gross Profit growing only 6% year on year.

Inflation driven increase in Operating Expenses, mainly on freight cost due to fuel price increases and Selling and Administration expenses, contributed to lower Operating Profit at P191 million, 52% below last year. With this, full year Profit before tax stood at ₽10.1 Million, or a 96% decrease from last year.

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 26 to the 31 December 2025 Audited Financial Statements for a detailed discussion on the Company's revolving credit facilities as of 31 December 2025).

Credit sales over the past three years have remained at the level of 44% to 53% 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 ₽10,021 million as of 31 December 2024 to ₽8,129 million as of 31 December 2025 were due to decreases in inventories – net of ₽ 1,160 million, receivable – net of ₽377 million, and prepaid expenses and other current assets of ₽429 million and an increases in cash and cash equivalent of ₽56 million and due from related parties of ₽18 million.

Increases in noncurrent assets from ₽18,003 million as of 31 December 2024 to ₽19,043 million as of 31 December 2025 due to increases in property, plant and equipment of ₽770 million, bottles and cases of ₽268 million, deferred tax assets – net of ₽70 million, other noncurrent assets of ₽24 million, and investment in associates of ₽14 million and decrease in right of use assets of ₽60 million and intangible assets of ₽45 million.

Decrease in current liabilities from ₽15,690 million as of 31 December 2024 to ₽14,972 million as of 31 December 2025 due to decreases in short-term debt of ₽635 million, and accounts payable & accrued expenses of ₽330 million and an increase in current portion of long term debt of ₽246 million.

Decrease in noncurrent liabilities from ₽5,110 million as of 31 December 2024 to ₽4,924 million as of 31 December 2025 due to decrease in long-term debt of ₽105 million and in other noncurrent liabilities of ₽80 million.

Total assets decreased from ₱28,025 million as of 31 December 2024 to ₱27,172 million as of 31 December 2025 mainly due to general decreases in assets as discussed above. Total liabilities decreased from ₱20,800 million as of 31 December 2024 to ₱19,896 million as of 31 December 2025 mainly due to general decreases in payables as stated above.

Total equity increased from ₱7,225 to ₱7,276 million on account of total comprehensive income of ₱24 million and ₱51 million increased from remeasurement losses on net defined benefit liability in 2025.

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.

		2025	2024
Current ratio	Current assets over current liabilities	0.5:1	0.6:1
Solvency ratio	Profit plus depreciation and amortization over total liabilities	0.13:1	0.09:1
Bank debt-to-equity ratio	Bank debt over total equity	1.25:1	1.33:1
Asset-to-equity ratio	Total assets over equity	3.73:1	3.88:1
Operating margin	Operating profit over net sales	1.65%	0.81%
Net profit margin	Net profit over net sales	0.06%	-1.03%
Interest rate coverage ratio	Earnings before interest and taxes over interest expense	1.18:1	0.09:1

Current ratio increased slightly due to increases in assets. The changes in solvency, debt-to-equity and asset-to-equity ratios were mainly due to increases in net income, 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.

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 ₱3,236million, ₱3,314million, and ₱1,592million for the years ended 31 December 2025, 2024, and 2023, respectively. To this date, the Company continues to invest in major capital expenditures in order to complete the remaining expansion projects lined up in line with prior calendar year spending.

FACTORS THAT MAY IMPACT COMPANY'S OPERATIONS / SEASONALITY ASPECTS

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

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

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

ITEM 7. FINANCIAL STATEMENTS

Please see Exhibit II hereof for the 31 December 2025 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 2025.

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:

	2025	2024	2023
Statutory audit fees	₱ 5.40 million	₱5.15 million	₱5.15 million
Other Assurance Services	2.62 million	3.18 million	4.45 million
Other services	0.80 million	0.80 million	
Tax advice fees			
Total	₱ 8.82million	₱ 9.13 million	₱9.6 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 31 January 2026, 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
Phyo Phyu Noe	42	Burmese	2023
Yun Gie Park	56	Korean	2021
Yang Soo Lee	53	Korean	2024
Hyo Jin Song	49	Korean	2021
Joongmin Kim*	36	Korean	2025
Parinya Kitjatanapan	60	Thai	2020
Vishal Malik	57	Indian	2022
Rafael M. Alunan III (Independent Director)	77	Filipino	2007

* Mr. Kim was elected as Director to serve the unexpired term of Mr. Shin, effective 10 April 2025.

Executive Officers

As of 31 January 2026, 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
Phyo Phyu Noe	42	Burmese	President and Chief Executive Officer	2023
Rahul Jain	54	Australian	Chief Finance Officer	2025
Joongmin Kim	36	Korean	Chief Corporate Strategy Officer	2024
Youngho Kim	46	Korean	Chief Manufacturing Officer	2023
Lyndon Ferdinand J. Cuadra	58	Filipino	Chief Commercial Officer	2022
Byoungoh Jang	50	Korean	Chief Supply Chain Officer	2023
Carina Lenore S. Bayon	56	Filipino	Chief Environmental, Social, and Governance Officer, Chief Compliance Officer, Data Protection Officer, Chief Audit Executive, and Extended Producers’ Responsibility Act Compliance Officer	2023
Kristine Ninotschka L. Evangelista	52	Filipino	Corporate Secretary	2018
Kisha Carizze L. Bismanos	26	Filipino	Assistant Corporate Secretary	2025

Background Information and Business Experience

Directors:

PHYO PHYU NOE

Mr. Noe is the Company’s President and CEO. He joined the Company in 2023 after successfully turning around Pepsi Myanmar amid Myanmar’s political and economic turmoil. Before Pepsi Myanmar, he held two positions at Coca-Cola Myanmar: Director of Strategic Planning and Director of Commercial Operations. Previously Mr. Noe was an Investment Director at Delta Capital Myanmar, a Myanmar-focused PE fund. As part of the fund management team, he has experience sourcing, structuring/closing investment deals, managing portfolio companies and bringing in strategic partners for portfolio companies in Myanmar's consumer, telecom and IT sectors. Before Delta Capital, he was a Senior Consultant at Bain & Company. At Bain, he worked on strategy consulting cases in Southeast Asia for private equity, financial services and telecom clients. Prior to Bain, Mr. Noe worked as a Senior Trader at Kellogg Capital Markets in New York City. As part of Kellogg, he has extensive front office trading experience: structuring and trading a wide range of fixed income- and commodity- based structured products. He earned his MBA from Duke University, graduating with the highest honors as a Fuqua Scholar. He received his Bachelor of Arts in Political Science and Economics from Williams College in MA, USA. Mr. Noe completed the SEC-accredited training on Corporate Governance conducted by the Center for Global Best Practices held on 25 November 2025.

YUN GIE PARK

Mr. Park is a non-Executive Director of the Company. With over 30 years of experience in the beverage business, he currently serves as the Chief Executive Officer and President of Lotte Chilsung. As CEO of Lotte Chilsung, Mr. Park currently oversees all of the Lotte Group's alcoholic and non- alcoholic beverage businesses. Before assuming his current post in 2020, Mr. Park served Lotte Chilsung in various executive capacities including as the Chief Strategy Officer and Chief Marketing Officer. Mr. Park completed the SEC-accredited training on Corporate Governance conducted by the Center for Global Best Practices held on 25 November 2025.

YANG SOO LEE

Mr. Lee is a non-Executive Director of the Company. He is also currently serving as the Senior Vice President of Lotte Chilsung, where he spearheads the Global Business Division. He has more than 29 years of domestic and international sales strategy and planning experience in the fast-moving consumer goods (FMCG) industry. He joined Lotte Chilsung in 1995, and thus has accumulated diverse experience in domestic and international sales. In 2022, he assumed leadership of the Global Business Division. Mr. Lee completed the SEC-accredited training on Corporate Governance conducted by the Center for Global Best Practices held on 25 November 2025.

HYO JIN SONG

Ms. Song is a non-Executive Director of the Company. She is currently the Chief Financial Officer and Vice-President of Lotte Chilsung. She joined Lotte Chilsung in 2014 as Senior Director of Finance Team and was promoted as Vice-President in 2020. Prior to Lotte Chilsung, she was with Ernst and Young Korea and Seonjin Accounting Corporation in Korea. She is a Chartered Public Accountant in Korea and the US. Ms. Song completed the SEC-accredited training on Corporate Governance conducted by the Center for Global Best Practices held on 25 November 2025.

JOONGMIN KIM

Mr. Kim is a Director and the Company’s Chief Corporate Strategy Officer. He was elected as Director in April 2025. Prior to his appointment as the Company’s Chief Corporate Strategy Officer in 2024, Mr. Kim served as the Company’s Head of Strategic Planning since 2022. Mr. Kim completed the SEC-accredited training on Corporate Governance conducted by the Center for Global Best Practices held on 25 November 2025.

PARINYA KITJATANAPAN
Mr. Kitjatanapan is a non-Executive Director of the Company. He has 35 years of financial and commercial management experience in the FMCG industry across Asia Pacific, Middle East, and North Africa. He joined PepsiCo, Inc. in 1998 as the Chief Financial Officer for PepsiCo's Thailand Beverage business and subsequently became General Manager for the country. In 2010, Mr. Kitjatanapan joined PepsiCo China's team as General Manager, South Cluster, based in Guangzhou. Then in 2012, he relocated to Shanghai to serve as Greater China Beverage Franchise Vice-President. He moved back to Thailand in 2014 to assume Vice-President and General Manager of the Thailand Power of One business. In 2019, Mr. Kitjatanapan was promoted to Senior Vice-President of Sales & Franchise COE for the AMENA (Asia Middle East North Africa) sector. In 2020, he became the Chief Commercial Officer for the Asia Pacific sector. In 2023, he was appointed as Asia Beverages & GMD Business Unit General Manager. Mr. Kitjatanapan completed the SEC-accredited webinar The Next Level in ESG & Sustainability: Going Beyond Compliance and Reporting conducted by the Center for Global Best Practices held on 6 November 2025.

VISHAL MALIK
Mr. Malik is a non-Executive Director of the Company. Prior to his election as Director in June 2022, Mr. Malik served as the Company's Chief Finance Officer and Chief Audit Executive since his appointment in 2020. He is a Chartered Accountant from India and has been working with PepsiCo International since 1994. He spent six years with PepsiCo Beverages and Foods operations in India, following which he has been working as a Finance leader in Southeast Asia for the past 20+ years. In his previous roles, he served PepsiCo in the capacity of Chief Financial Officer for IndoChina, Thailand, Vietnam and other geographies including Indonesia, Malaysia and Singapore. Mr. Malik completed the SEC-accredited webinar Responsible AI for Good Governance conducted by the Center for Global Best Practices held on 30 October 2025.

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 APC Group, Inc. and Senior Adviser to Kaltimex Energy Philippines. He is the President of the Philippine Taekwondo Association and the Immediate Past President of the Rotary Club of Manila; past Chairman of the Harvard Kennedy School Alumni Association and the Philippine Council for Foreign Relations; and a Trustee of the Spirit of EDSA Foundation. Mr. Alunan is an Eminent Fellow of the Development Academy of the Philippines, and a Fellow of the Institute of Corporate Directors and Institute for Solidarity in Asia. He is a member of the Maritime League and the Fraternal Order of Eagles of the Philippines. He organized the One Philippines Party List; produced the documentary "Tagaligtas"; has a YouTube Channel "Thinking out loud with Raffy Alunan"; and co-authored the book "Silver Linings". He also serves as a contributing columnist for The Manila Times. He holds the rank of Colonel in the Armed Forces of the Philippines (PA Reserves). He commanded the 131st Infantry Division (Standby Reserve) and the 9th Infantry Division (Ready Reserve) of the Philippine Army. He is an adopted member of Philippine Military Academy Marangal Class of 1974, PC-Special Action Force, Special Forces Regiment (Airborne) and First Scout Ranger Regiment. Mr. Alunan completed the course 2025 Corporate Governance Seminar organized by the Institute of Corporate Directors held on 03 October 2025.

Executive Officers:

The background information and business experience of Messrs. Reyes, Alunan, Noe, and Ahn are provided above.

RAHUL JAIN
Mr. Jain is the Company's Chief Finance Officer. Prior to his appointment, Mr. Jain served as the Strategy & Transformation Lead, Vice President for PepsiCo Asia Pacific region. Mr. Jain has been with PepsiCo for almost 25 years, having worked with PepsiCo and Pepsi Foods since 2000. He has held several roles in PepsiCo involving sales, planning, finance and business transformation, including as Chief Financial Officer of PepsiCo Australia and New Zealand based in Sydney, and Commercial Finance Lead, Senior Director of PepsiCo Asia Middle East and North Africa region based in Dubai. Prior to joining PepsiCo, Mr. Jain

served as Finance Officer of Nestle India, Ltd., Delhi from 1996 to 1997. Mr. Jain is a chartered accountant and holds a Bachelor of Commerce degree from Sri Ram College of Commerce.

YOUNGHO KIM

Mr. Kim is the Company's Chief Manufacturing Officer. Prior to joining the Company, Mr. Kim served as Senior Manager, Production Support Team at Lotte Chilsung since 2020. He has been with Lotte Chilsung since 2006, having been assigned to several managerial roles in quality assurance and production at the Ansung, Opo, and Daejeon factories, as well as at the production headquarters.

CARINA LENORE S. BAYON

Atty. Bayon is the Company's Chief Environmental, Social, and Governance ("*ESG*") Officer. Atty. Bayon also serves as the Company's Compliance Officer, Data Protection Officer, Chief Audit Executive, and Extended Producers' Responsibility ("*EPR*") Act Compliance Officer. Prior to the creation of the Chief ESG Officer position, Atty. Bayon served as the Company's Chief Legal and Government Affairs, as well as Compliance Officer and Data Protection Officer. She was previously the Vice-President for Corporate Affairs of Nestle Philippines Inc. from 2018 to 2019. She also served as 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 attended the 11th Annual SEC – PSE Governance Forum held on 28 November 2024. Atty. Bayon completed the SEC-accredited training on Corporate Governance conducted by the Center for Global Best Practices held on 25 November 2025.

LYNDON FERDINAND J. CUADRA

Mr. Cuadra is the Company's Chief Commercial Officer. Prior to his appointment, Mr. Cuadra has been serving as the Company's Area Commercial Head for Visayas. Mr. Cuadra has been with the Company for over 25 years serving in various capacities including as manager for Sales, Finance, Supply and Services, and Credit and Collection. Mr. Cuadra completed the SEC-accredited webinar 2024 Year-End Tax Updates & Compliance conducted by the Center for Global Best Practices held on 19 December 2024.

BYOUNGOH JANG

Mr. Jang is the Company's Chief Supply Chain Officer. Prior to his appointment, he was Senior Manager/Supply-chain Management Team since 2020 at Lotte Chilsung. He has been with Lotte Chilsung for over 15 years, having served in different roles in supply chain management, new product development and quality assurance. Mr. Jang completed the SEC-accredited webinar 2024 Year-End Tax Updates & Compliance conducted by the Center for Global Best Practices held on 20 December 2024.

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. Ms. Evangelista completed the SEC-accredited training on Corporate Governance conducted by the Center for Global Best Practices held on 25 November 2025.

KISHA CARIZZE L. BISMANOS

Ms. Bismanos is the Assistant Corporate Secretary of the Company. She is currently an associate at C&G Law. She holds a Juris Doctor degree from San Beda University. Ms. Bismanos completed the SEC-accredited training on Corporate Governance conducted by the Center for Global Best Practices held on 25 November 2025.

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 relationships between or among the aforementioned Directors or Executive Officers up to the fourth civil degree.

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 2025, 2024, and 2023 and estimated to be paid for the ensuing calendar year 31 December 2026 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 2023 CY 2024 CY 2025 CY 2026 (Estimate)	39,092,067 44,734,390 47,307,444 44,562,407	2,335,485 1,244,428 8,099,798 2,524,799	- 491,627 - -
All other directors and officers as a group unnamed	CY 2023 CY 2024 CY 2025 CY 2026 (Estimate)	30,640,710 11,981,113 11,916,962 6,056,547	5,711,933 - - -	42,965,715 3,200,000 2,711,273 5,820,040

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:

- Phyo Phyu Noe – President and Chief Executive Officer
- Lyndon Ferdinand J. Cuadra – Chief Commercial Officer
- Youngho Kim – Chief Manufacturing Officer
- Byoungoh Jang - Chief Supply Chain Officer
- Carina Lenore S. Bayon – Chief Environmental, Social, and Governance Officer, Chief Compliance Officer, Data Protection Officer, Chief Audit Executive, and Extended Producers' Responsibility Act Compliance Officer

There are no special employment contracts between the Company and the above Executive Officers. At the Annual Stockholders' Meeting held on 24 May 2019, the stockholders approved and ratified the payment of annual fees for the members of the Board of Directors in the amount of PhP500,000.00 and a per diem allowance per board or committee meeting of 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 Lotte

Corporation, Lotte Chilsung Beverage Co. Ltd., and Quaker Global Investments B.V. have waived the per diem allowance as well as the annual directors' fee.

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

In 2025, the members of the Board were paid or accrued an aggregate amount of ₱2,000,000 for their attendance in Board and Committee meetings. The following are the amounts (in Philippine Peso) of per diems and directors' fees received by each director:

	Name of Director	Per Diems	Directors' Fees	Total
1.	Oscar S. Reyes	600,000	-	600,000
2.	Rafael M. Alunan	900,000	500,000	1,400,000
3.	Frederick D. Ong*	0	0	0
4.	Carina Leonore S Bayon**	0	0	0
5.	Phyo Phyu Noe	0	0	0
6.	Jun Beom Lim	0	0	0
7.	Yun Gie Park	0	0	0
8.	Hyo Jin Song	0	0	0
9.	Jin Pyo Ahn	0	0	0
10.	Parinya Kitjatanapan	0	0	0
11.	Vishal Malik*	0	0	0
	TOTAL	1,500,000	500,000	2,000,000

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 31 January 2026

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and relationship with record owner	Citizenship	Number of Shares Held	Percentage
Common shares	Lotte Chilsung Beverage Co. Ltd.[1] 1332-1, Seocho-Dong, Seocho-Gu, Seoul, Republic of Korea Relationship – Stockholder	Lotte Corporation[2]	Korean	2,715,868,514[3]	73.53%

[1] Lotte Chilsung Beverage Co. Ltd. ("*Lotte Chilsung*") is a corporation duly organized and existing under and by virtue of the laws of Korea with principal office at 1332-1, Seocho-Dong, Seocho-Gu, Seoul, Republic of Korea.

[2] Lotte Corporation is a corporation duly organized and existing under and by virtue of the laws of Korea with principal office at Lotte World Tower, 300 Olympic-ro, Songpa-gu, Seoul, 05551, South Korea. Based on the beneficial ownership declaration attached to the Company's General Information Sheet filed on 09 December 2025, Lotte Corporation's Chief Executive Officer, Dong Woo Lee, is named as the beneficial owner, under category I of the beneficial ownership declaration form (provided under SEC Memorandum Circular No. 15, Series of 2020) indirectly holding 73.58% of the outstanding capital stock of the Company, through shares held in the name of Lotte Chilsung.

[3] The transfer of shares tendered to Lotte Chilsung during the tender offer conducted by the latter in 2020 are yet to be recorded in the name of Lotte Chilsung in the books of the Company in their entirety pending the submission of the necessary documentary requirements.

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and relationship with record owner	Citizenship	Number of Shares Held	Percentage
Common shares	Quaker Global Investments B.V.[4] Stadsplateau 22 3521 AZ Utrecht, The Netherlands Relationship – Stockholder	PepsiCo, Inc.[5]	Dutch	923,443,072	25.00%

Security Ownership of Management as of 31 January 2026

Title of Class	Name and Address of Owner	Amount & Nature of Beneficial Ownership	Citizenship	Percent of Class
Common shares	Phyo Phyu Noe Director, President and CEO c/o 26th Floor, Filinvest Axis Tower Two Building, Northgate, Cyberzone, Filinvest City, Alabang, Muntinlupa City	1*	Burmese	0.00%
Common shares	Yun Gie Park Director c/o 26th Floor, Filinvest Axis Tower Two Building, Northgate, Cyberzone, Filinvest City, Alabang, Muntinlupa City	1*	Korean	0.00%
Common shares	Yang Soo Lee Director c/o 26th Floor, Filinvest Axis Tower Two Building, Northgate, Cyberzone, Filinvest City, Alabang, Muntinlupa City	1*	Korean	0.00%
Common shares	Hyo Jin Song Director c/o 26th Floor, Filinvest Axis Tower Two Building, Northgate, Cyberzone, Filinvest City, Alabang, Muntinlupa City	1*	Korean	0.00%
Common shares	Joongmin Kim Director, Chief Corporate Strategy Officer c/o 26th Floor, Filinvest Axis Tower Two Building, Northgate, Cyberzone,	1*	Korean	0.00%

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

[5] Based on the beneficial ownership declaration attached to the Company's General Information Sheet filed on 09 December 2025, PepsiCo, Inc.'s Chief Executive Officer, Ramon Laguarta, is named as the beneficial owner, under category I of the beneficial ownership declaration form (provided under SEC Memorandum Circular No. 15, Series of 2020) indirectly holding 25% of the outstanding capital stock of the Company (through QGI).

Title of Class	Name and Address of Owner	Amount & Nature of Beneficial Ownership	Citizenship	Percent of Class
	Filinvest City, Alabang, Muntinlupa City			
Common shares	Parinya Kitjatanapan Director c/o 622 Emporium Tower 17/F Sukhumvit Road, Klongton Klongtoey, Bangkok, Thailand	1*	Thai	0.00%
Common shares	Vishal Malik Director c/o 26th Floor, Filinvest Axis Tower Two Building, Northgate, Cyberzone, Filinvest City, Alabang, Muntinlupa City	1*	Indian	0.00%
Common shares	Rafael M. Alunan III Vice-Chairman and Independent Director c/o 26th Floor, Filinvest Axis Tower Two Building, Northgate, Cyberzone, Filinvest City, Alabang, Muntinlupa City	1*	Filipino	0.00%
Common shares	Rahul Jain Chief Financial Officer c/o 26th Floor, Filinvest Axis Tower Two Building, Northgate, Cyberzone, Filinvest City, Alabang, Muntinlupa City	0	Australian	0.00%
Common shares	Lyndon Ferdinand J. Cuadra Chief Commercial Officerc/o 26th Floor, Filinvest Axis Tower Two Building, Northgate, Cyberzone, Filinvest City, Alabang, Muntinlupa City	30,000	Filipino	0.00%
Common shares	Youngho Kim Chief Manufacturing Officer c/o 26th Floor, Filinvest Axis Tower Two Building, Northgate, Cyberzone, Filinvest City, Alabang, Muntinlupa City	0	Korean	0.00%
Common shares	Byoungoh Jang Chief Supply Chain Officer c/o 26th Floor, Filinvest Axis Tower Two Building, Northgate, Cyberzone, Filinvest City, Alabang, Muntinlupa City	0	Korean	0.00%
Common shares	Carina Lenore S. Bayon Chief Environmental, Social and Governance Officer, Compliance Officer, Chief Audit Executive, and EPR Act Compliance Officer, and Data Protection Officer c/o 26th Floor, Filinvest Axis Tower Two Building, Northgate, Cyberzone,	0	Filipino	0.00%

Title of Class	Name and Address of Owner	Amount & Nature of Beneficial Ownership	Citizenship	Percent of Class
	Filinvest City, Alabang, Muntinlupa City			
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	Kisha Carizze L. Bismanos 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 a registered owner of at least one qualifying share.

The aggregate shareholdings of Directors and Executive Officers as of 31 January 2026 are 30,008 shares, which is approximately 0.0000081% of the Company's outstanding capital stock.

Changes in Control

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

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Refer to Note 23 to 31 December 2025 Audited Financial Statements for details on related party transactions.

PART IV – EXHIBITS AND SCHEDULES

The following are the reports on SEC Form 17-C, as amended, which were filed during the period of 1 January 2025 to 31 January 2026.

a. SEC Form 17-C dated 12 February 2025

At the meeting of the Board of Directors held on 12 February 2025, the Board of Directors approved the following matters: *(i)* acceptance of the resignation of Mr. Jin Pyo Ahn as a Director of the Company; and *(ii)* election of Mr. Haemo Shin as a Director of the Company.

b. SEC Form 17-C dated 10 April 2025

At the meeting of the Board of Directors held on 10 April 2025, the Board of Directors approved the following matters: *(i)* acceptance of the resignation of Mr. Haemo Shin as a Director of the Company; *(ii)* election of Mr. Joongmin Kim as a Director of the Company; *(iii)* the approval of the Company's Audited Financial Statements for the fiscal year ended 31 December 2024 and authorization for its issuance and filing with the Bureau of Internal Revenue and the SEC; *(iv)* the Company's SEC Form 17-A (Annual Report) for the fiscal year ended 31 December 2024 and authorization for its filing with the SEC; *(v)* the approval of the Company's Annual Corporate Governance Report for the year 2024 and authorization for its filing with the

SEC*; (vi*) confirmation of the date of the 2025 ASM on 27 June 2025 (the last Friday of June in accordance with the Company's Amended By-Laws), approval of the agenda of the 2025 ASM, and confirmation of the record date for stockholders entitled to notice of and to vote at said 2025 ASM; *(vii)* confirmation of the conduct of the 2025 ASM by remote communications, to allow the stockholders to participate and vote by remote communications, in absentia, or by proxy in accordance with the Company's Amended By-Laws, and delegation to Management the finalization of the requirements and internal procedures for such conduct of the 2025 ASM; *(viii)* the approval of the Company's SEC Form 20-IS (Information Sheet) for the 2025 ASM and authorization for its signing and filing with the SEC

c. SEC Form 17-C dated 16 May 2025

At the meeting of the Board of Directors held on 16 May 2025, the Board of Directors approved the following matters: *(i)* acceptance of the resignation of Mr. Elmer Joseph N. Yanga as the Company's Chief Finance Officer, effective 31 May 2025; and *(ii)* appointment of Mr. Rahul Jain as the Company's Chief Finance Officer, effective 31 May 2025.

d. SEC Form 17-C dated 27 June 2025

At the ASM held on 27 June 2025, the Stockholders approved the following matters: *(i)* Minutes of the Annual Stockholders' Meeting held on 28 June 2024; *(ii)* Audited Financial Statements for the year ended 31 December 2024; *(iii)* ratification of the Acts of the Board of Directors and Management for the year 2024; *(iv)* election of the members of the Board of Directors for the year 2025 to 2026; and *(v)* appointment of R.G. Manabat & Co. as the Company's External Auditor for 2025.

At the organizational meeting of the Board of Directors held on 27 June 2025, the Board of Directors approved the following matters: *(i)* election of the members of the Board Committees for the year 2025 to 2026; and *(ii)* election of the Officers of the Company for the year 2025 to 2026.

e. SEC Form 17-C dated 03 October 2025

The Company reported the passing of Mr. Oscar S. Reyes, Chairman of the Board of Directors.

f. SEC Form 17-C dated 02 December 2025

At the meeting of the Board of Directors held on 02 December 2025, the Board of Directors approved the following matters: *(i)* resignation of Ms. Eunice A. Malayo as Assistant Corporate Secretary of the Company; and *(ii)* appointment of Ms. Kisha Carizze L. Bismanos as Assistant Corporate Secretary of the Company.

PART V – SIGNATORIES

The following are the authorized signatories of the Company:

1. Phyo Phyu Noe 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. Rahul Jain in his capacity as the Company's Chief Finance Officer.

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

4. 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 MUNTINLUPA CITY on 14 APR 2026.

By:

PHYO PHYU NOE
President and Chief Executive Officer

RAHUL JAIN
Chief Finance Officer

AGUSTIN S. SARMIENTO
Head, Finance Controlling and Chief Risk Officer

KRISTINE NINOTSCHKA L. EVANGELISTA
Corporate Secretary

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

SUBSCRIBED AND SWORN TO before me this 14 APR 2026 day of _________ 20__ by:

Name	Competent Evidence of Identity	Valid Until/Place Issued
Phyo Phyu Noe	Passport No. MH697303	14 July 2028 / Moha, Yangon
Rahul Jain	Passport No.RA3637656	8 February 2034 / Australia
Agustin Sarmiento	Unified Multi-Purpose ID No. 0033-2456012-6	
Kristine Ninotschka L. Evangelista	Passport No. P1132602C	29 July 2032 / DFA NCR Central

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. 228;
Page No. 42;
Book No. 313;
Series of 2026.

PATRICIO L. BONCAYAO, JR.
Notary Public
2nd Floor, KLC Bldg., Rotonda,
Alabang, Muntinlupa City
MCLE Compliance No. VIII-0025908
Issued on 04-01-25; Valid until 4-14-2028
IBP Lifetime No. 019651; 11-06-15; Pasay City
PTR No. 5019790; 01-05-26; Muntinlupa City
NC-26-007; Muntinlupa City until 12-31-27
TIN: 137-734-581
ROLL No. 33796
patricio_boncayao_lawoffice@yahoo.com.ph

From:	Barlaan, Ronnie T. (HQ - FINANCIAL MANAGEMENT) <ronnie.barlaan@pcppi.com.ph>
Sent:	Thursday, April 16, 2026 12:19 AM
To:	Arganda, Joven A. (HQ - FINANCIAL MANAGEMENT); Maliwanag, Precy Vina Q. (HQ - FINANCIAL MANAGEMENT); Bassig, Janae A. (HQ - FINANCIAL MANAGEMENT)
Subject:	FW: Your BIR AFS eSubmission uploads were received
Importance:	High

From: eafs@bir.gov.ph <eafs@bir.gov.ph>
Sent: Wednesday, April 15, 2026 11:55 PM
To: Barlaan, Ronnie T. (HQ - FINANCIAL MANAGEMENT) <ronnie.barlaan@pcppi.com.ph>
Cc: Barlaan, Ronnie T. (HQ - FINANCIAL MANAGEMENT) <ronnie.barlaan@pcppi.com.ph>
Subject: Your BIR AFS eSubmission uploads were received

Hi PEPSI-COLA PRODUCTS PHILIPPINES, INC.,

Valid files

- EAFS000168541ITRTY122025.pdf
- EAFS000168541AFSTY122025.pdf
- EAFS000168541RPTTY122025.pdf
- EAFS000168541OTHTY122025.pdf
- EAFS000168541TCRTY122025-01.pdf
- EAFS000168541TCRTY122025-03.pdf
- EAFS000168541TCRTY122025-02.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-QNMM13RX0CHLG9GG9Q1RWY3X20N4VWW4YY**
Submission Date/Time: **Apr 15, 2026 11:54 PM**
Company TIN: **000-168-541**

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- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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C O V E R   S H E E T

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1 6 0 9 6 8

COMPANY NAME

P E P S I - C O L A   P R O D U C T S
P H I L I P P I N E S ,   I N C .

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

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

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S		

COMPANY INFORMATION

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

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

CONTACT PERSON INFORMATION

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

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

CONTACT PERSON's ADDRESS

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

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

R.G. Manabat & Co.

R.G. Manabat & Co.
The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
Philippines 1209
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS

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

Opinion

We have audited the financial statements of Pepsi-Cola Products Philippines, Inc. (the "Company"), which comprise the statements of financial position as at December 31, 2025 and 2024, 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, 2025, and notes, comprising material accounting policies and other explanatory information.

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

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), as applicable to audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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, 2025, but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement and Annual Report for the year ended December 31, 2025 are expected to be made available to us after the date of this auditors' report.

Our opinion on the 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. If, based on the work we have performed on the other information obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Accounting Standards, 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 ou 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.

R.G. MANABAT & CO.

Markent Ronie R. Tampoc

MARKENT RONIE R. TAMPOC
Partner
CPA License No. 0120537
SEC Accreditation No. 120537-SEC, Group A, valid for five (5) years
covering the audit of 2021 to 2025 financial statements
Tax Identification No. 253-456-564
BIR Accreditation No. 08-001987-051-2025
Issued June 9, 2025; effectivity January 7, 2025; validity January 6, 2028
PTR No. MKT 10764417
Issued January 5, 2026 at Makati City

April 15, 2026
Makati City, Metro Manila

PCPPI
Pepsi-Cola Products Philippines, Inc.
Pepsi-Cola Products Philippines, Inc.
26th Floor, Filinvest Axis Tower Two , Northgate Cyberzone, Filinvest Corporate City,
Alabang, Muntinlupa City, 1781 Philippines
Tel: (+63-2) 777-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 and for the years ended December 31, 2025, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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.

PHYO PHYU NOE
President and Chief Executive Officer

RAHUL JAIN
Chief Finance Officer

Signed this 7th of April 2026

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

SUBSCRIBED AND SWORN TO before me in the City of MUNTINLUPA CITY on 14 APR 2026 by:

Name	Competent Evidence of Identity	Valid Until
Phyo Phyu Noe	Passport No. MH697303	14 July 2028 / Moha, Yangon
Rahul Jain	Passport No. RA3637656	8 February 2032 / Australia

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. 227
Page No. 44
Book No. 317
Series of 2026.

BUWIS SA RENTAS INTERNAS
DSK2025
13498096
30 PISO DOKUMENTARYO 30 PISO
REPUBLIKA NG PILIPINAS

PATRICIO L. BONCAYAO, JR.
Notary Public
2nd Floor, KLC Bldg., Rotonda,
Alabang, Muntinlupa City
MCLE Compliance No. VIII-0025908
Issued on 04-01-25; Valid until 4-14-2028
IBP Lifetime No. 019651; 11-06-15; Pasay City
PTR No. 5019790; 01-05-26; Muntinlupa City
NC-26-007; Muntinlupa City until 12-31-27
TIN: 137-734-581
ROLL No. 33796
patricio_boncayao_lawoffice@yahoo.com.ph

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

FINANCIAL STATEMENTS
December 31, 2025, 2024 and 2023

With Independent Auditors' Report

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands)

		December 31	
	Note	**2025**	2024
ASSETS			
Current Assets			
Cash	*4, 26*	**P712,877**	P657,357
Receivables - net	*5, 24, 26*	**2,024,429**	2,401,625
Inventories	*6*	**4,363,925**	5,523,592
Due from related parties	*23, 26*	**417,302**	399,617
Prepaid expenses and other current assets		**610,542**	1,039,179
Total Current Assets		**8,129,075**	10,021,370
Noncurrent Assets			
Investments in associates	*7*	**690,493**	676,979
Bottles and cases - net	*8*	**4,733,017**	4,465,243
Property, plant and equipment - net	*9*	**11,857,328**	11,087,192
Right-of-use and related assets	*3, 27*	**680,591**	740,221
Intangible assets - net	*10*	**176,129**	221,391
Deferred tax assets - net	*13*	**640,620**	570,727
Other noncurrent assets		**264,990**	241,435
Total Noncurrent Assets		**19,043,168**	18,003,188
		P27,172,243	P28,024,558
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	*11, 14, 24, 26, 27*	**P9,304,246**	P9,633,936
Short-term debt	*12, 26*	**3,675,000**	4,310,000
Current portion of long-term debt	*12, 26*	**1,992,574**	1,746,093
Total Current Liabilities		**14,971,820**	15,690,029
Noncurrent Liabilities			
Long-term debt - net of current portion	*12, 26*	**3,463,537**	3,568,938
Other noncurrent liabilities	*14, 26, 27*	**1,460,562**	1,540,620
Total Noncurrent Liabilities		**4,924,099**	5,109,558
Total Liabilities		**19,895,919**	20,799,587
Equity			
Share capital	*15*	**1,751,435**	1,751,435
Remeasurement losses on net defined benefit liability	*14*	**(221,416)**	(248,311)
Retained earnings	*16*	**5,746,305**	5,721,847
Total Equity		**7,276,324**	7,224,971
		P27,172,243	P28,024,558

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	**2025**	2024	2023
NET SALES	*25*	**P43,528,316**	P43,269,101	P40,255,905
COST OF GOODS SOLD	*17*	**34,423,478**	34,637,556	33,238,283
GROSS PROFIT		**9,104,838**	8,631,545	7,017,622
OPERATING EXPENSES				
Selling and distribution	*18*	**5,606,267**	5,528,760	5,490,951
General and administrative	*19*	**1,871,847**	1,805,600	1,478,956
Marketing	*24*	**906,337**	945,364	721,598
		8,384,451	8,279,724	7,691,505
OPERATING PROFIT (LOSS)		**720,387**	351,821	(673,883)
FINANCE AND OTHER INCOME (EXPENSES)				
Equity in net earnings of associates	*7*	**13,514**	720	1,679
Interest income	*4, 23*	**9,159**	10,562	4,075
Interest expense	*12, 27*	**(636,620)**	(632,867)	(627,334)
Other income (loss) - net		**6,252**	(307,295)	(208,121)
		(607,695)	(928,880)	(829,701)
PROFIT (LOSS) BEFORE TAX		**112,692**	(577,059)	(1,503,584)
INCOME TAX EXPENSE (BENEFIT)	*13*	**88,234**	(130,858)	(272,075)
PROFIT (LOSS) FOR THE YEAR		**24,458**	(446,201)	(1,231,509)
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*	**26,895**	32,377	(77,237)
TOTAL COMPREHENSIVE INCOME (LOSS)		**P51,353**	(P413,824)	(P1,308,746)
Basic/Diluted Earnings Per Share	*22*	**P0.01**	(P0.12)	(P0.33)

See Notes to the Financial Statements.

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

Years Ended December 31

	Share Capital					
	Capital Stock (see Note 15)	Additional Paid-in Capital (see Note 15)	Total	Remeasurement Gains (Losses) on Net Defined Benefit Liability (see Note 14)	Retained Earnings (see Note 16)	Total Equity
Balance as at January 1, 2023	P554,066	P1,197,369	P1,751,435	(P203,451)	P7,399,557	P8,947,541
Total Comprehensive Loss						
Loss for the year	-	-	-	-	(1,231,509)	(1,231,509)
Other comprehensive loss	-	-	-	(77,237)	-	(77,237)
Total Comprehensive Loss	-	-	-	(77,237)	(1,231,509)	(1,308,746)
Balance as at December 31, 2023	P554,066	P1,197,369	P1,751,435	(P280,688)	P6,168,048	P7,638,795
Total Comprehensive Loss						
Loss for the year	P -	P -	P -	P -	(P446,201)	(P446,201)
Other comprehensive income	-	-	-	32,377	-	32,377
Total Comprehensive Loss	-	-	-	32,377	(446,201)	(413,824)
Balance as at December 31, 2024	P554,066	P1,197,369	P1,751,435	(P248,311)	P5,721,847	P7,224,971

Forward

Years Ended December 31

	Share Capital			Remeasurement Gains (Losses) on Net Defined Benefit Liability (see Note 14)	Retained Earnings (see Note 16)	Total Equity
	Capital Stock (see Note 15)	Additional Paid-in Capital (see Note 15)	Total			
Balance as at January 1, 2025	**P554,066**	**P1,197,369**	**P1,751,435**	**(P248,311)**	**P5,721,847**	**P7,224,971**
Total Comprehensive Income						
Profit for the year	**-**	**-**	**-**	**-**	**24,458**	**24,458**
Other comprehensive income	**-**	**-**	**-**	**26,895**	**-**	**26,895**
Total Comprehensive Income	**-**	**-**	**-**	**26,895**	**24,458**	**51,353**
Balance as at December 31, 2025	**P554,066**	**P1,197,369**	**P1,751,435**	**(P221,416)**	**P5,746,305**	**P7,276,324**

See Notes to the Financial Statements.

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

		Years Ended December 31		
	Note	**2025**	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit (loss) before tax		**P112,692**	(P577,059)	(P1,503,584)
Adjustments for:				
Depreciation and amortization	*8, 9, 10, 20, 27*	**2,484,316**	2,412,734	2,442,180
Interest expense	*12, 27*	**631,105**	625,336	622,082
Retirement cost	*14, 21*	**159,742**	190,806	149,379
Loss (gain) on disposal of property and equipment	*9*	**42,439**	40,673	12,457
Impairment losses (reversal of impairment) on receivables, inventories, bottles and cases, and machinery and equipment	*5, 6, 8, 9*	**(75,053)**	2,147	543,312
Equity in net earnings of associates	*7*	**(13,514)**	(720)	(1,679)
Gain on disposal of right-of-use assets		**-**	(1,957)	-
Interest income	*4, 23*	**(9,159)**	(10,562)	(4,075)
Operating profit before working capital changes		**3,332,568**	2,681,398	2,260,072
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Receivables		**336,912**	467,316	39,924
Inventories		**1,223,579**	351,070	150,581
Due from related parties		**(17,685)**	91,633	1,828
Prepaid expenses and other current assets		**90,774**	(370,859)	142,795
Increase (decrease) in accounts payable and accrued expenses		**(256,215)**	1,600,973	(2,550,538)
Cash generated from operations		**4,709,933**	4,821,531	44,662
Interest received		**9,159**	10,562	4,075
Retirement benefits paid directly to employees	*14*	**(159,876)**	(218,896)	(91,171)
Income taxes paid		**(167,092)**	(162,447)	(107,123)
Contribution to plan assets	*14*	**-**	-	(3,900)
Net cash provided by (used in) operating activities		**4,392,124**	4,450,750	(153,457)

Forward

			Years Ended December 31	
	Note	**2025**	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of property and equipment		**P -**	P734	P1,327
Additions to:				
Property, plant and equipment	*9*	**(1,595,735)**	(2,069,829)	(639,675)
Bottles and cases	*8*	**(1,363,414)**	(1,244,366)	(952,340)
Intangibles	*10*	**(1,102)**	(28,189)	(5,514)
Decrease (increase) in other noncurrent assets		**(23,558)**	(51,198)	7,276
Net cash used in investing activities		**(2,983,809)**	(3,392,848)	(1,588,926)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from:	*12*			
Short-term debt		**20,012,500**	18,717,500	26,817,500
Long-term debt		**2,000,000**	-	3,400,000
Repayments of:	*12*			
Short-term debt		**(20,647,500)**	(16,625,000)	(26,650,000)
Long-term debt		**(1,855,238)**	(2,119,821)	(1,118,333)
Debt issuance cost	*12*	**(15,000)**	-	(25,500)
Interest paid	*12*	**(557,766)**	(538,742)	(561,598)
Lease payments	*27*	**(289,791)**	(388,650)	(246,485)
Net cash provided by (used in) financing activities		**(1,352,795)**	(954,713)	1,615,584
NET INCREASE (DECREASE) IN CASH		**55,520**	103,189	(126,799)
CASH AT BEGINNING OF YEAR		**657,357**	554,168	680,967
CASH AT END OF YEAR	*4*	**P712,877**	P657,357	P554,168

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

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

Pepsi-Cola Products Philippines, Inc.'s Parent Company is Lotte Chilsung Beverage., Ltd., who is incorporated under the laws of South Korea. The ultimate parent company is Lotte Corporation, that is incorporated under the laws of South Korea. The Company's another major shareholder is, Quaker Global Investments B.V. have 25.00% shareholdings of the Company, which is organized under the laws of the Netherlands.

2. Basis of Preparation

<u>Statement of Compliance</u>
The financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs) Accounting Standards. PFRSs Accounting Standards are based on International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB). PFRSs Accounting Standards which are issued by the Philippine Financial and Sustainability Reporting Standards Council (FSRSC), consist of PFRSs Accounting Standards, Philippine Accounting Standards (PASs), and Philippine Interpretations.

The accompanying financial statements as at December 31, 2025 and 2024 and for each of the three years period ended December 31, 2025 were approved and authorized for issue by the Company's BOD on April 7, 2026. The BOD has the power to amend the financial statements after issuance.

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

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

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

Use of Judgments and Estimates
In preparation of these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

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

- Note 26 - Classifying financial instruments
- Note 27 - Determination of whether an arrangement contains a lease
- Note 27 - Commitments, Contingencies and Losses

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

- Note 5 - Estimation of allowance for impairment losses on receivables
- Note 27 - Commitments, Contingencies and Losses

3. Material Accounting Policies

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

Adoption of New Standard, Interpretation and Amendments to Standards
There are no new standards and amendments to standards and interpretations effective starting January 1, 2025 that are applicable or material to the Company's financial statements.

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, 2025 and 2024, 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 contractual rights to the cash flows from the financial asset have expired; or
- the financial asset has been transferred in a manner that qualifies for derecognition under PFRS 9.

A transfer of a financial asset occurs when the Company:

- has transferred the contractual rights to receive the cash flows of the financial asset, or
- has retained those rights but has assumed a contractual obligation to pass on the cash flows to one or more third parties, provided the transaction meets all of the following conditions:
  - The Company has no obligation to pay amounts to a third party unless it collects equivalent amounts from the original asset.
  - The Company is prohibited by the terms of the transfer contract from selling or pledging the original asset other than as security to a third party for the obligation to pay them cash flows.
  - The Company has an obligation to remit any cash flows it collects on behalf of the third party without material delay.

Following a transfer, the Company assessed whether it has transferred or retained substantially all the risks and rewards of ownership:

- If substantially all risks and rewards are transferred, the financial asset is derecognised;
- If substantially all are retained, the financial asset continues to be recognised;
- If neither is the case, the entity assesses whether control of the asset has been retained:
  - If control is not retained, the asset is derecognised;
  - If control is retained, the entity continues to recognise the asset to the extent of its continuing involvement.

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.

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

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

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

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

Inventories

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

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

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

Prepaid expenses and other current assets

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

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

Investments in Associates

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

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

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

Bottles and Cases

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

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

Property, Plant and Equipment

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

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

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

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

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

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

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

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

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

Intangible Assets

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

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

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

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

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

<u>Impairment</u>

Financial Assets

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

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

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

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

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

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

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

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

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

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

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

Non-financial Assets
The carrying amounts of the Company’s non-financial assets, such as investments in associates, bottles and cases, property, plant and equipment and other noncurrent assets, are reviewed at each reporting date to determine whether there is any indication that an asset may be impaired, or whether there is any indication that an impairment loss previously recognized for an asset in prior periods may no longer exist or may have decreased. If any such indication exists and when the carrying amount of an asset exceeds its estimated recoverable amount, the asset or cash-generating unit (CGU) to which the asset belongs is written-down to its recoverable amount. Recoverable amounts are estimated for individual assets or investments or, if it is not possible, for the CGU to which the asset belongs.

The recoverable amount of a non-financial asset is the greater of the asset’s fair value less costs of disposal and its value in use. Fair value less costs of disposal is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, less the costs of disposal. Value in use is the present value of the future cash flows expected to be delivered from an asset or CGU. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash flows largely independent of those from other assets, the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is recognized in profit or loss in the year in which it arises. A previously recognized impairment loss is reversed only if there has been a change in estimates used to determine the recoverable amount of an asset, however, not to an amount higher than the carrying amount that would have been determined (net of any accumulated depreciation and amortization for property, plant and equipment and bottles and cases) had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized in profit or loss. After such reversal, the depreciation and amortization expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Provisions

A provision is a liability of uncertain timing or amount. It is recognized when the Company has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Provisions are revisited at each reporting date and adjusted to reflect the current best estimate. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessment of the time value of money, and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense under "Finance and other income (expenses)" account in statements of profit or loss and other comprehensive income (loss) (see Note 27).

Share Capital

Capital stock is recognized as issued when the stock is paid for or subscribed under a binding subscription agreement and is measured at par value. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

The amount of contribution in excess of par value is accounted for as "Additional paid-in capital." Additional paid-in capital also arises from additional capital contributions from the shareholders.

Retained Earnings and Dividend Distribution

Retained earnings represent the cumulative balance of periodic profit (loss), dividend distributions, prior period adjustments and effects of changes in accounting policy and capital adjustments.

Dividends on common shares are recognized as a liability and deducted from equity when approved by the BOD of the Company. Dividends for the year that are approved after the reporting date are dealt with as a non-adjusting event after the reporting date.

Other Comprehensive Income

Other comprehensive income are items of income and expenses that are not recognized in profit or loss for the year in accordance with PFRSs Accounting Standards.

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.

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.

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

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

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

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

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

- If the head lease is a short-term lease that the entity, as a lessee, has accounted for by recognizing the lease payments as an expense on a straight-line basis over the term of the lease, the sublease must be classified as an operating lease.

- Otherwise, the sublease must be classified by reference to the right-of-use asse arising from the head lease, rather than by reference to the economic useful life of the underlying asset (such as the item of property, plant or equipment that is the subject of the lease).

When the Company enters into a sublease agreement it:

- Derecognizes the right-of-use asset relating to the head lease that it transfers to the sub-lessee, and recognizes the net investment in the sublease.

- Recognizes any difference between the right-of-use asset and the net investment in the sublease in profit or loss.

- Retains the lease liability relating to the head lease in its statement of financial position, which represents the lease payments owed to the head lessor.

During the term of the lease the Company as an intermediate lessor recognized finance income on the sub-lease and interest expense on the head lease.
If an arrangement contains lease and non-lease components, then the Company applies PFRS 15 to allocate the consideration in the contract.

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

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

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

<u>Borrowing Costs</u>
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.

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.

Earnings Per Share (EPS)
Basic EPS is computed by dividing the profit applicable to common stock by the weighted average number of common shares outstanding during the period, with retroactive adjustments for any stock dividends declared.

Diluted EPS is calculated by dividing the profit attributable to common equity holders by the weighted average number of common shares outstanding during the year, adjusted for the effects of any potentially dilutive common shares.

Contingencies
Contingent liabilities are not recognized in the financial statements. These are disclosed in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When the realization of income is virtually certain, the related asset is not a contingent asset and its recognition is appropriate.

When losses are expected to be reimbursed by another party, the reimbursement should be recognized when and only when, it is virtually certain that the reimbursement will be received. The reimbursement shall be treated as a separate asset. The expense relating to a provision is presented net of the amount recognized for the reimbursement.

Events After the Reporting Date
Post year-end events that provide additional information about the Company's financial position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

Amendments to Standards Issued but Not Yet Adopted

A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2025. However, the Company has not early adopted the following new or amended standards in preparing these financial statements. The Company is still in the process of assessing the impact of the new standards.

The Company will adopt the following new standards and amendments to standards that are relevant to the Company in the respective effective dates:

Effective January 1, 2026

- *Amendments to the Classification and Measurement of Financial Instruments (Amendments to PFRS 9 Financial Instruments and PFRS 7 Financial Instruments: Disclosures).* The amendments relate to the date of recognition and derecognition, classification of financial assets, contractually linked instruments and non-recourse features, and disclosures on investments in equity instruments.

  Date of Recognition and Derecognition. The amendments clarified that:

  - a financial asset or financial liability is recognized on the date on which the entity becomes party to the contractual provisions of the instrument unless the regular way exemption applies;
  - a financial asset is derecognized on the date on which the contractual rights to cash flows expire or the asset is transferred; and
  - a financial liability is derecognized on the settlement date, which is the date on which the liability is extinguished because the obligation specified in the contract is discharged or cancelled or expires or the liability otherwise qualifies for derecognition.

  However, the amendments provide an exception for the derecognition of financial liabilities where an entity may choose to derecognize a financial liability that is settled using an electronic payment system before the settlement date if, and only if, the entity has initiated the payment instruction that resulted in:

  - the entity having no practical ability to withdraw, stop or cancel the payment instruction;
  - the entity having no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
  - the settlement risk associated with the electronic payment system is insignificant.

  Entities may choose to apply the exception on a system-by-system basis.

  Classification of Financial Assets. The amendments related to classification of financial assets introduces an additional test to assess whether the solely payments of principal and interest (SPPI) criterion is met for financial assets with contingent features that are not related directly to a change in basic lending risks or costs.

The amendments clarified that when a contingent feature gives rise to contractual cash flows that are consistent with a basic lending arrangement both before and after the change in contractual cash flows, but the nature of the contingent event itself does not relate directly to changes in basic lending risks and costs, the financial asset has contractual cash flows that are SPPI if, and only if, in all contractually possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms, but without such a contingent feature.

Additional disclosures are required for all financial assets and financial liabilities that have certain contingent features that are not related directly to a change in basic lending risks or costs and are not measured at fair value through profit or loss.

Contractually Linked Instruments and Non-recourse Features. The amendments clarify the key characteristics of contractually linked instruments (CLIs) and how they differ from financial assets with non-recourse features. The amendments also include factors that a company needs to consider when assessing the cash flows underlying a financial asset with non-recourse features (the 'look through' test). For example, it clarifies that a financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets; that CLIs have non-recourse features, but not all financial assets with non-recourse features are CLIs; and that the underlying pool of instruments of CLIs may include financial assets outside the scope of IFRS 9.

Disclosures on Investments in Equity Instruments. The amendments require disclosures for investments in equity instruments that are measured at fair value with gains or losses presented in other comprehensive income (FVOCI). The entity discloses for each class of investment the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss related to investments derecognized during the reporting period and the fair value gain or loss related to investments held at the end of the reporting period. It also discloses any transfers of the cumulative gain or loss within equity during the reporting period related to investments derecognized during that reporting period.

The amendments apply for reporting periods beginning on or after January 1, 2026. Earlier application is permitted. Entities may choose to early-adopt the amendments for the recognition and derecognition of financial assets and financial liabilities separately from the other amendments.

- *Annual Improvements to PFRS Accounting Standards - Volume 11.* This cycle of improvements contains amendments to five standards. The following are relevant to the Company's financial statements:

  - *Gain or Loss on Derecognition (Amendments to PFRS 7, Financial Instruments: Disclosure).* The amendments replaced the reference to 'inputs that were not based on observable market data' in the obsolete paragraph 27A of PFRS 7, with reference to 'unobservable inputs' in paragraphs 72-73 of PFRS 13, Fair Value Measurement.

- *Introduction, Disclosure of Difference Between Fair Value and Transaction Price, and Credit Risk Disclosures (Amendments to Guidance on implementing PFRS 7, Financial Instruments: Disclosure).* The amendments:

  - clarified that the Guidance on implementing PFRS 7 does not necessarily illustrate all the requirements in the referenced paragraphs of PFRS 7;
  - made the wordings on the disclosure of deferred difference between fair value and transaction price in paragraph IG14 of PFRS 7 consistent with the requirements in paragraph 28 of PFRS 7 and with the concepts in PFRS 9 Financial Instruments and PFRS 13 Fair Value Measurement; and
  - simplified the wordings on credit risk disclosures in paragraph IG20B that the illustration does not include financial assets that are purchased or originated credit impaired.

- *Derecognition of Lease Liabilities and Transaction Price (Amendments to PFRS 9, Financial Instruments).* The amendments:

  - added a cross-reference to clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee applies the requirement that the difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognized in profit or loss; and
  - replaced the term 'their transaction price (as defined in IFRS 15)' with 'the amount determined by applying IFRS 15' because a receivable might be initially measured at an amount that differs from the transaction price recognized as revenue, for example, when you recognize full amount for consideration that’s unconditionally receivable but at the same time recognize expected refund liability with respect to retrospective rebates. Consequently, the definition of the transaction price has been deleted.

- *Determination of ‘De Facto Agent’ (Amendments to PFRS 10, Consolidated Financial Statements).* The amendments revised the wording on whether a party is a de facto agent when directed by ‘those that direct the activities of the investor’ to be non-conclusive given this may require judgement.

- *Cost Method (Amendments to PAS 7, Statement of Cash Flows).* The amendments replaced the term 'cost method' with 'at cost' given the definition of ‘cost method’ has previously been removed from PFRS Accounting Standards.

The amendments apply for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted. The amendment on derecognition of lease liabilities applies only to lease liabilities extinguished on or after the beginning of the annual reporting period in which the amendment is first applied.

Effective January 1, 2027

- *PFRS 18, Presentation and Disclosure in Financial Statements* will replace PAS 1 *Presentation of Financial Statements* and aims to provide greater consistency in presentation of the income and cash flow statements, and more disaggregated information.

  - *A more structured income statement.* PFRS 18 promotes a more structured income statement. It introduces a newly defined 'operating profit or loss' and 'profit or loss before financing and income tax' subtotals, and a requirement for all income and expenses to be classified into three new distinct categories - operating, investing, and financing - based on a company's main business activities. PFRS 18 also requires companies to analyze their operating expenses directly on the face of the income statement - either by nature, by function or on a mixed basis. Companies need to choose the presentation method that provides the 'most useful structured summary' of those expenses. New disclosures apply if any operating expenses are presented by function.

  - *Management-defined performance measures.* PFRS 18 provides a definition for management-defined performance measures (MPMs) and introduces specific disclosure requirements. MPMs are subtotals of income and expenses that are used in public communications outside the financial statements, communicate management's view of an aspect of the financial performance of the entity as a whole and are not a required subtotal or a common income and expense subtotal listed in PFRS 18. For each MPM presented, companies will need to explain in a single note to the financial statements why the measure provides useful information and how it is calculated, and to reconcile it to an amount determined under PFRS Accounting Standards.

  - *Greater disaggregation of information.* PFRS 18 provides enhanced guidance on how companies group information in the financial statements, including newly defined roles of the primary financial statements and the notes, principles of aggregation and disaggregation based on shared and non-shared characteristics, and specific guidance for labelling and describing items in a way that faithfully represents an item's characteristics.

  PFRS 18 also now require goodwill to be presented as a line item in the statement of financial position.

  Consequential amendments to PAS 7, *Statement of Cash Flows* requires the use of the operating profit or loss subtotal as the starting point when presenting operating cash flows under the indirect method and eliminate the options for classifying interest and dividend cash flows.

  PFRS 18 also amends PAS 33, *Earnings per Share* to permit companies to disclose additional amounts per share using as numerator a required income and expenses total or subtotal, a common subtotal listed in PFRS 18 or an MPM disclosed by the entity.

PFRS 18 applies for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. It applies retrospectively in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*. Specific reconciliations are required to be disclosed. Eligible entities including venture capital organizations, mutual funds and some insurers will be allowed to change their election for measuring investments in associates and joint ventures from equity method to fair value through profit or loss.

The Company is currently assessing the impact of this new standard on its financial statements.

4. Cash

Cash consists of:

	Note	**2025**	2024
Cash on hand		**P434,224**	P461,957
Cash in banks	*26*	**278,653**	195,400
		P712,877	P657,357

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

Interest income earned from cash in banks amounted to P0.25 million, P0.25 million and P1.08 million in 2025, 2024, and 2023, respectively.

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

5. **Receivables** - net

Receivables consist of:

	Note	**2025**	2024
Trade receivables - third parties	*26*	**P1,880,456**	P2,095,384
Nontrade receivables:			
Related parties	*23, 26*	**79,285**	235,213
Others		**289,863**	318,180
		2,249,604	2,648,777
Less allowance for impairment losses and others		**225,175**	247,152
	26	**P2,024,429**	P2,401,625

Trade receivables are noninterest-bearing and are generally on a 30 to 60 days' term. Other receivables consist mainly of receivables from employees, freight and marketing related reimbursements (see Note 26), 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:

		2025			2024		
	Note	**Trade**	**Others**	**Total**	Trade	Others	Total
Balance at beginning of year		**P86,284**	**P160,868**	**P247,152**	P178,461	P166,990	P345,451
Impairment losses (reversal) recognized during the year	*18*	**26,234**	**14,050**	**40,284**	(20,275)	31,184	10,909
Write-offs and other adj during the year		**(51,759)**	**(10,502)**	**(62,261)**	(71,902)	(37,306)	(109,208)
Balance at end of year		**P60,759**	**P164,416**	**P225,175**	P86,284	P160,868	P247,152

Impairment losses recognized during the period are included as part of "Selling and distribution expenses" account in the statements of profit or loss and other comprehensive income (loss).

The Company's exposure to credit risk related to receivables is disclosed in Note 26 to the financial statements.

6. Inventories

Inventories consist of:

	2025	2024
Raw and packaging materials	**P2,317,860**	P3,652,429
Spare parts and supplies	**1,503,917**	1,106,019
Finished goods	**531,460**	705,699
Work in process	**10,688**	59,445
	P4,363,925	P5,523,592

Raw and packaging materials, finished goods, and work in process included in "Cost of goods sold" account in the statements of profit and loss and other comprehensive income (loss) amounted to P18.8 billion in 2025, P19.3 billion in 2024, P18.3 billion in 2023 (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 Company reintroduced to production certain inventories that had previously been written down. As a result, the Company recognized a reversal of inventory write-down amounting to P63.9 million in 2025 and P380.2 million in 2024. While a net write-down of inventories to NRV amounted to P175.2 was recognized in 2023.

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**	
	2025	2024	**2025**	2024
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			**445,357**	444,637
Equity in net earnings for the year			**13,514**	720
Balance at end of year			**458,871**	445,357
			P690,493	P676,979

Both NRC and NHC are incorporated in the Philippines.

The financial statements of the associates are prepared for the same reporting period as the Company’s financial statements. The financial statements used for the purpose of applying equity method are the most recent management accounts of the associates as at December 31, 2025 and 2024.

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

As at December 31, 2025 and 2024, the undistributed earnings of the associates included in the Company's retained earnings amounting to P458.9 million and P445.4 million, is not available for distribution to stockholders unless declared by the associates. Equity in net earnings from investments in associates amounted to P13.5 million, P0.72 million and P1.7 million for the years ended December 31, 2025, 2024 and 2023, respectively.

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

	As at and For the Year Ended December 31, 2025					
	Current Assets	**Noncurrent Assets**	**Current Liabilities**	**Noncurrent Liabilities**	**Revenues**	**Profit/Total Comprehensive Income**
NRC	**P124,505**	**P1,684,902**	**P568,391**	**P112,810**	**P30,351**	**P15,186**
NHC (consolidated)	**140,176**	**1,685,933**	**584,440**	**112,810**	**31,251**	**14,789**

	As at and For the Year Ended December 31, 2024					
	Current Assets	Noncurrent Assets	Current Liabilities	Noncurrent Liabilities	Revenues	Profit/Total Comprehensive Income
NRC	P125,725	P1,684,286	P589,769	P113,385	P32,391	P1,437
NHC (consolidated)	124,826	1,684,987	588,852	113,385	32,391	938

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 - net

Bottles and cases consist of:

	Note	**2025**	2024
Cost			
Gross Carrying Amount*			
Balance at beginning of year		**P19,766,464**	P18,519,790
Net change		**1,325,437**	1,246,674
Balance at end of year		**21,091,901**	19,766,464
Accumulated Amortization*			
Balance at beginning of year		**15,301,221**	14,189,200
Amortization for the year	*17, 18, 19*	**1,057,663**	1,112,021
Balance at end of year		**16,358,884**	15,301,221
		P4,733,017	P4,465,243

** This includes pallets with net book value of P187.4 million and P136.4 million as at December 31, 2025 and 2024, respectively.*

Amortization

Amortization was charged to:

	Note	**2025**	2024	2023
Cost of goods sold	*17*	**P285,553**	P510,427	P715,585
Selling and distribution	*18*	**772,110**	601,544	457,342
General and administrative	*19*	**-**	50	-
		P1,057,663	P1,112,021	P1,172,927

The Company annually reviews the EUL of returnable bottles and cases based on the period over which the assets are expected to be available for use, principally determined by their historical breakage and trippage. It is possible that future financial performance could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the EUL of bottles and cases would increase the recorded amortization expense and decrease noncurrent assets.

Impairment
The Company provides an allowance for unusable containers at circulation that failed to meet the Company's quality standards and excess bottles as determined by management based on the containers profile and optimal float analyses conducted.

The Company assesses at each reporting date whether there is an indication that the bottles and cases may be impaired. Determining the amount of the assets, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Company to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Company to conclude that these assets are impaired. Any resulting impairment loss could have material impact on the financial position and financial performance of the Company. The preparation of the estimated future cash flows involves estimations and assumptions. While the Company believes that its assumptions are appropriate and reasonable, significant changes in these assumptions may materially affect the Company's assessment of the recoverable amounts and may lead to future additional impairment charges. An increase in the allowance for unusable containers would increase the recorded operating expenses and decrease noncurrent assets.

9. Property, Plant and Equipment - net

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					
January 1, 2024	P21,277,479	P5,107,374	P66,804	P284,738	P26,736,395
Additions	565,511	60,358	936	1,443,024	2,069,829
Disposals/write-offs/adjustments	(548,746)	(8,603)	(1,851)	-	(559,200)
Transfers/reclassifications	1,015,641	276,980	-	(1,292,621)	-
December 31, 2024	22,309,885	5,436,109	65,889	435,141	28,247,024
Additions	765,920	4,010	6,029	1,096,778	1,872,737
Disposals/write-offs/adjustments	279,618	(355,455)	(699)	(1,365,698)	(1,442,234)
December 31, 2025	**23,355,423**	**5,084,664**	**71,219**	**166,221**	**28,677,527**
Accumulated Depreciation and Impairment					
January 1, 2024	14,217,997	1,992,264	58,640	-	16,268,901
Depreciation	835,142	199,232	3,110	-	1,037,484
Disposals/write-offs/adjustments	(535,235)	(7,639)	(1,471)	-	(544,345)
Impairment loss	397,792	-	-	-	397,792
December 31, 2024	14,915,696	2,183,857	60,279	-	17,159,832
Depreciation	976,512	196,485	3,357	-	1,176,354
Disposals/write-offs/adjustments	(999,647)	(456,444)	(607)	-	(1,456,698)
Reversal of impairment loss	(59,289)	-	-	-	(59,289)
December 31, 2025	**14,833,272**	**1,923,898**	**63,029**	**-**	**16,820,199**
Carrying Amount					
December 31, 2024	P7,394,189	P3,252,252	P5,610	P435,141	P11,087,192
December 31, 2025	**P8,522,151**	**P3,160,766**	**P8,190**	**P166,221**	**P11,857,328**

As at December 31, 2025 and 2024, the Company has outstanding payables related to the acquisition of property and equipment amounting to P37.7 million and P52.1 million, respectively. These transactions are non-cash investing activities and, accordingly, are not included in the statement of cash flows.

Depreciation
Depreciation were charged to:

	Note	**2025**	2024	2023
Cost of goods sold	*17*	**P1,010,845**	P842,591	P833,785
Selling and distribution	*18*	**140,812**	155,889	193,717
General and administrative	*19*	**24,697**	39,004	38,491
		P1,176,354	P1,037,484	P1,065,993

The Company annually reviews the EUL of property, plant and equipment based on the period over which the assets are expected to be available for use and updates those expectations if actual results differ from previous estimates due to physical wear and tear and technical or commercial obsolescence. It is possible that future financial performance could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the EUL of property, plant and equipment would increase the recorded depreciation and amortization expenses and decrease noncurrent assets.

Impairment
The Company identified indicators of impairment for certain items of property, plant and equipment relating to the Muntinlupa plant, following the cessation of operations at the facility. As a result, management performed an impairment assessment. The impairment loss recognized amounted to P391.8 million and P175.8 million in 2024 and 2023, respectively, and is included under "Other income (loss) - net" account in the statement of profit of loss and other comprehensive income (loss). The impairment relates to certain machinery and other equipment. The impairment was primarily triggered by the closure of the plant and discontinuation of related operations, which eliminated the future economic benefits expected to be generated from the use of the underlying assets. In light of these events, the carrying amount of the plant-related assets was assessed to ensure that it did not exceed their recoverable amount.

The recoverable amount of the assets was determined based on fair value less costs of disposal, reflecting the expected proceeds from the sale or disposal of the assets, as future cash inflows from continued use are no longer expected following the plant closure. Management determined fair value less costs of disposal using management estimates, less estimated costs directly attributable to disposal. As a result of this assessment, the recoverable amount was determined to be lower than the carrying amount, leading to the impairment loss recognized.

In 2025, the Company recognized a reversal of impairment amounting to P59.3 million included under "Other income (loss) - net" account in the statement of profit of loss and other comprehensive income (loss). The reversal reflects a change in the estimated fair value less costs of disposal, following more reliable market data and improved visibility over the disposal of the assets. As a result, the recoverable amount of the affected assets increased compared to earlier estimates used in the impairment assessment.

The fair value has been categorized within Level 3 of the fair value hierarchy, based on the extent to which observable market data was available. The fair value was estimated using market-based information, including recent observable transactions for similar assets and indicative offers from potential buyers, adjusted for asset-specific factors and estimated costs of disposal.

Disposal
Loss on disposal of property and equipment amounted to P42.44 million, P40.67 million and P12.5 million in 2025, 2024 and 2023 respectively.

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 (see Note 10), as well as bottles and cases (see Note 8), amounting to P3.0 billion, P3.3 billion and P1.6 billion for the years ended December 31, 2025, 2024, and 2023, respectively.

The Company capitalizes borrowing costs that are directly related to the construction or acquisition of qualifying assets. As at December 31, 2025 and 2024, the Company's capitalized borrowing costs amounted to P16.21 million and P47.59 million. The capitalization rate applied is 6.12% in 2025 and 5.86% in 2024.

10. Intangible Assets - net

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

	Note	**2025**	2024
Cost			
Balance at beginning of year		**P404,210**	P482,610
Additions		**1,102**	28,189
Balance at end of year		**405,312**	510,799
Accumulated Amortization			
Balance at beginning of year		**182,819**	247,690
Amortization during the year	*17, 18, 19*	**46,364**	41,718
Balance at end of year		**229,183**	289,408
Net Carrying Amount		**P176,129**	P221,391

11. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of:

	Note	**2025**	2024
Trade payables:			
Third parties		**P6,009,314**	P7,035,691
Related parties	*23*	**1,115,448**	1,035,311
Non-trade payables and accruals		**1,959,192**	1,343,276
Current portion of lease liability	*27*	**220,292**	219,658
		P9,304,246	P9,633,936

The Company's trade payables mostly pertain to raw material purchases made by the Company and includes refundable customer deposits.

Non-trade payables and accruals mainly consist of withholding taxes, payables to other government agencies, accrued freight charges, tolling fees and other services and other items that are individually immaterial or insignificant.

The Company's exposure to liquidity risk related to accounts payable and accrued expenses is disclosed in Note 26 to the financial statements.

12. Short-term and Long-term Debt

a. *Short-term Debt*

As at December 31, 2025 and 2024, this account represents unsecured, interest-bearing short-term obtained from local banks with different maturity dates, which were acquired to fulfill the Company's working capital needs. The interest rates applicable to these loans are determined by the prevailing market rates.

Total proceeds from these short-term loans amounted to P20.01 billion and P18.72 billion in 2025 and 2024, respectively, while total payments totaled P20.65 billion and 16.63 billion in 2025 and 2024, respectively. As at December 31, 2025 and 2025, the balance of short-term debt amounted to P3.68 billion and P4.31 billion, respectively.

b. *Long-term Debt*

This account consists of the following loan amounts:

	2025	2024
7 year P3 billion term loan from Metropolitan Bank & Trust & Co. (MBTC)	**P2,142,857**	P2,571,429
5 year P2 billion term loan from BDO	**1,900,000**	-
5 year P2 billion term loan from BPI	**666,667**	1,333,333
5 year P1.5 billion term loan from MBTC	**225,000**	525,000
5 year P400 million term loan from IBK	**400,000**	400,000
5 year P1 billion term loan from MBTC	**150,000**	350,000
7 year P800 million term loan from BPI	**-**	160,000
	P5,484,524	P5,339,762

The carrying amount of the long-term debt (net of debt issuance cost) are presented in the statements of financial position as follows:

	2025	2024
Current	**P1,992,574**	P1,746,093
Noncurrent	**3,463,537**	3,568,938
	P5,456,111	P5,315,031

The Company's long-term debts are repriced quarterly until maturity.

<u>Term Loan from BPI</u>
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. The loan was fully settled in 2025.

On December 22, 2021, the company entered into a P2 billion loan agreement with BPI to refinance the Company's bank loans. The loan is unsecured and a term five (5) years payable in twelve (12) equal quarterly installments to commence at the end of the 9th quarter of the borrowing date.

Under the terms of the long-term loan agreement with BPI, the Company may, at its option, prepay the loan in full or in part without penalty, together with interest due. Prepayment shall be applied against the scheduled installment payments in the inverse order of their maturity. The Company shall give a notice of such prepayment not less than thirty (30) days prior to such proposed date of prepayment.

In 2021 the Company was able to amend the financial covenants of its terms from its loans from BPI in which it would permit the Company to have Debt-to-equity ratio not exceeding 3:1 based on the financial statements and waived the requirement of debt service coverage ratio.

Term Loan from MBTC

In July 2021, the Company entered into a P3.5 billion loan agreement with MBTC to refinance its existing loans of which P1.5 billion was drawn on July 2021 and P1 billion was drawn in September 2021. The loan is unsecured and a term five (5) years payable in twenty (20) successive quarterly principal repayments.

On December 14, 2023, the Company entered into a loan agreement with MBTC amounting to P3 billion which was fully drawn on December 19, 2023, to be used by the Company for general corporate purposes including but not limited to refinancing of its existing loans. The loan is unsecured and with a term of seven (7) years, payable in twenty-eight (28) equal quarterly principal repayments from the date of borrowing until the maturity date.

The outstanding loan agreements with MBTC also provides for certain covenants, the more significant of which is the Company to maintain a Debt-to-equity ratio shall not exceed 3:1 based on the financial statements.

Term Loan from IBK

On December 15, 2023, the Company entered into a loan agreement with IBK amounting to P400 Million, to be used by the Company exclusively for financing its other bank loan take-out. The loan is unsecured and with a term of five (5) years, payable in twelve (12) successive quarterly principal repayments to commence at the end of the 9th quarter from the drawdown date.

The loan agreement also provides for certain covenants, the more significant of which is the Company to maintain a Debt-to-equity ratio shall not exceed 3:1 based on the financial statements;

Term Loan from BDO

On September 29, 2025, the Company entered into loan agreement with BDO amounting to P2 billion, to refinance existing loans with various financial institutions, finance additional capital expenditures or finance other general corporate funding requirements. The loan is unsecured and with a term of five (5) years, payable in sixty (60) equal quarterly amortization from the drawdown date.

As at December 31, 2025 and 2024, 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 amounted to P569.08, P552.99 million and P586.5 million for the years ended December 31, 2025, 2024, and 2023 respectively. Amortization of debt issuance cost amounted to P28.4 million in 2025, P24.7 million in 2024, and P11.2 million in 2023.

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

Repayment Schedule

As of December 31, 2025, the annual maturities of long-term debt are as follows:

Year	**Gross Amount**	**Amortization of Debt Issuance Cost**	**Net**
2026	**P2,003,571**	**P10,997**	**P1,992,574**
2027	**961,905**	**7,633**	**954,272**
2028	**961,905**	**5,460**	**956,445**
2029	**828,571**	**3,237**	**825,334**
2030	**728,572**	**1,086**	**727,486**
	P5,484,524	**P28,413**	**P5,456,111**

As of December 31, 2024, the annual maturities of long-term debt are as follows:

Year	Gross Amount	Amortization of Debt Issuance Cost	Net
2025	P1,755,238	P9,958	P1,745,280
2026	1,603,571	6,141	1,597,430
2027	561,905	3,778	558,127
2028	561,905	2,658	559,247
2029	428,571	1,573	426,998
2030	428,571	622	427,949
	P5,339,761	P24,730	P5,315,031

Reconciliation of Opening and Closing Balances of Total Bank Debt

	Bank Debt	**Accrued Interest**	**Total**
Balance, December 31, 2024	**P9,625,031**	**P13,482**	**P9,638,513**
Proceeds - short term	**20,012,500**	**-**	**20,012,500**
Proceeds - long term	**2,000,000**	**-**	**2,000,000**
Interest expense	**11,318**	**557,766**	**569,084**
Payment of:			
Principal - short term	**(20,647,500)**	**-**	**(20,647,500)**
Principal - long term	**(1,855,238)**	**-**	**(1,855,238)**
Debt issue cost	**(15,000)**	**-**	**(15,000)**
Interest	**-**	**(557,766)**	**(557,766)**
Balance, December 31, 2025	**P9,131,111**	**P13,482**	**P9,144,593**

	Bank Debt	Accrued Interest	Total
Balance, December 31, 2023	P9,638,102	P13,482	P9,651,584
Proceeds - short term	18,717,500	-	18,717,500
Proceeds - long term	-	-	-
Interest expense	14,250	538,742	552,992
Payment of:			
Principal - short term	(16,625,000)	-	(16,625,000)
Principal - long term	(2,119,821)	-	(2,119,821)
Interest	-	(538,742)	(538,742)
Balance, December 31, 2024	P9,625,031	P13,482	P9,638,513

13. Income Taxes

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

	2025	2024	2023
Current tax expense	**P167,092**	P162,447	P107,123
Deferred tax benefit from origination and reversal of temporary differences and others	**(78,858)**	(293,305)	(379,198)
	P88,234	(P130,858)	(P272,075)

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

2025	**Balance at January 1, 2025**	**Recognized in Profit or Loss**	**Recognized in Other Comprehensive Income (Loss)**	**Balance at December 31, 2025**		
				Net	**Deferred Tax Assets**	**Deferred Tax Liabilities**
Net defined benefit liability	**P234,620**	**(P33)**	**(P8,965)**	**P225,622**	**P225,622**	**P -**
Allowance for impairment losses on bottles and cases, inventories, accruals and others	**1,168,805**	**328**	**-**	**1,169,133**	**1,169,133**	**-**
Receivable	**(72,330)**	**-**	**-**	**(72,330)**	**-**	**(72,330)**
Bottles and cases	**(776,800)**	**(51,058)**	**-**	**(827,858)**	**-**	**(827,858)**
Property, plant and equipment - net	**(155,185)**	**27,047**	**-**	**(128,138)**	**-**	**(128,138)**
MCIT	**171,617**	**102,574**	**-**	**274,191**	**274,191**	**-**
Tax assets (liabilities) before set off	**570,727**	**78,858**	**(8,965)**	**640,620**	**1,668,946**	**(1,028,326)**
Set off of taxes	**-**	**-**	**-**	**-**	**(1,028,326)**	**1,028,326**
Net tax assets (liabilities)	**P570,727**	**P78,858**	**(P8,965)**	**P640,620**	**P640,620**	**P -**

2024	Balance at January 1, 2024	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Balance at December 31, 2024		
				Net	Deferred Tax Assets	Deferred Tax Liabilities
Net defined benefit liability	P252,434	(P7,022)	(P10,792)	P234,620	P234,620	P -
Allowance for impairment losses on bottles and cases, inventories, accruals and others	315,615	853,190	-	1,168,805	1,168,805	-
Receivable	(72,330)	-	-	(72,330)	-	(72,330)
Bottles and cases	(724,576)	(52,224)	-	(776,800)	-	(776,800)
Property, plant and equipment - net	(167,126)	11,941	-	(155,185)	-	(155,185)
NOLCO	512,580	(512,580)	-	-	-	-
MCIT	171,617	-	-	171,617	171,617	-
Tax assets (liabilities) before set off	288,214	293,305	(10,792)	570,727	1,575,042	(1,004,315)
Set off of taxes	-	-	-	-	(1,004,315)	1,004,315
Net tax assets (liabilities)	P288,214	P293,305	(P10,792)	P570,727	P570,727	P -

Deferred tax expense (benefit) relating to remeasurements of net defined benefit liability recognized in other comprehensive income amounted to (P9.0 million), (P10.8 million), and P25.7 million, in 2025, 2024 and 2023, respectively.

The Company reviews the carrying amounts of deferred tax assets at each reporting date and reduces the deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Company also reviews the expected timing and tax rates upon reversal of temporary differences and adjusts the impact of deferred tax accordingly. The Company's assessment on the recognition of deferred tax assets is based on the forecasted taxable income of the subsequent reporting periods. This forecast is based on the Company's past results and future expectations on revenues and expenses.

The 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:

	2025	2024	2023
Profit (loss) before tax	**P112,692**	(P577,059)	(P1,503,584)
Tax rate at statutory rate of 25%	**P28,173**	(P144,265)	(P375,896)
Addition to (reductions in) income tax resulting from the tax effects of:			
MCIT application	**-**	4,471	-
Nondeductible expenses	**333**	421	7,516
Equity in net earnings of associates	**(3,379)**	(180)	(420)
Interest income subjected to final tax	**(1,334)**	(1,684)	(63)
Expired MCIT	**64,494**	-	82,700
Derecognized MCIT	**-**	-	64,063
Other movements	**(53)**	10,379	(49,975)
	P88,234	(P130,858)	(P272,075)

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

Year Incurred	Amount	Expired	Balance	Expiry Date
2022	P64,494	(P64,494)	P -	December 31, 2025
2023	107,123	-	107,123	December 31, 2026
2025	167,068	-	167,068	December 31, 2028
	P338,685	(P64,494)	P274,191	

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 as at December 31, 2025.

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 (loss) 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	
	2025	2024	**2025**	2024	**2025**	2024
Balance at January 1	**P1,232,882**	P1,295,967	**(P294,409)**	(P286,234)	**P938,473**	P1,009,733
Included in Profit or Loss						
Current service cost	**101,501**	104,855	**-**	-	**101,501**	104,855
Interest expense	**72,246**	76,323	**-**	-	**72,246**	76,323
Interest income	**-**	-	**(14,005)**	(12,570)	**(14,005)**	(12,570)
Past service cost - curtailments	**-**	22,198		-	**-**	22,198
	173,747	203,376	**(14,005)**	(12,570)	**159,742**	190,806
Remeasurements loss (gain):						
Actuarial loss (gain):						
Financial assumptions	**(32,411)**	-	**-**	-	**(32,411)**	-
Experience adjustment	**(10,745)**	(47,565)	**-**	-	**(10,745)**	(47,565)
Return on plan assets excluding interest income	**-**	-	**7,296**	4,395	**7,296**	4,395
	(43,156)	(47,565)	**7,296**	4,395	**(35,860)**	(43,170)
Others						
Contributions paid	**-**	-	**-**	-	**-**	-
Benefits paid directly by the Company	**(156,924)**	(106,951)	**-**	-	**(156,924)**	(106,951)
Settlements	**(2,952)**	(111,945)	**-**	-	**(2,952)**	(111,945)
	(159,876)	(218,896)	**-**	-	**(159,876)**	(218,896)
Balance at December 31	**P1,203,597**	P1,232,882	**(P301,118)**	(P294,409)	**P902,479**	P938,473

The Company's defined benefit liability is included under "Other noncurrent liabilities" account in the statements of financial position) amounted to P902.5 million and P938.5 million as at December 31, 2025 and 2024, respectively.

Retirement cost is allocated between "Cost of goods sold" account in the statements of profit or loss and other comprehensive income (loss), which amounted to P18.1 million, P19.1 million, and P18.1 million for the years ended December 31, 2025, 2024, and 2023, respectively, and "Operating expenses" account in the statements of profit or loss and other comprehensive income (loss), which amounted to P141.6 million, P171.7 million, and P131.3 million for the years ended December 31, 2025, 2024 and 2023, respectively (see Notes 17, 18, 19 and 21).

As at December 31, 2025 and 2024, the present value of DBO amounting to P1.204 million and P1.233 million, respectively, pertains to active members.

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

	2025	2024
Discount rate	**6.25%**	6.00%
Rate of future salary increase	**6.00%**	6.00%

Plan assets at December 31 comprised:

	2025	2024
Cash and cash equivalents	**P1,651**	P2,515
Debt securities:		
Investment in government securities	**130,729**	132,053
Investment in debt securities	**14,339**	2,505
	145,068	134,558
Investment in equity securities*		
Food and drink	**797**	3,734
Holding company	**153,602**	153,602
	154,399	157,336
Total	**P301,118**	P294,409

** Includes investment in NHC*

Debt and equity instruments have quoted prices in active markets. All government bonds and securities are issued by the Philippine government, which are rated "BBB+" by Standard and Poor's Financial Services.

Other financial assets held by the Plan are primarily receivables and payables.

As of December 31, 2025, the maturities of the benefit payments are as follows:

During the Year Ending December 31	**Expected Benefit Payments**
2026	**P26,223**
2027	**41,762**
2028	**85,946**
2029	**51,913**
2030	**98,412**
2031 through December 31, 2035	**672,193**

As of December 31, 2024, the maturities of the benefit payments are as follows:

During the Year Ending December 31	Expected Benefit Payments
2025	P32,649
2026	57,942
2027	53,898
2028	91,933
2029	69,793
2030 through December 31, 2034	680,815
Beyond December 31, 2033	7,212,541

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:

2025		**Sensitivity Analysis**	**Effect on DBO**
Discount rate	**7.25%**	**1.00% increase**	**-9.77%**
Discount rate	**5.25%**	**1.00% increase**	**11.45%**
Rate of salary increase	**7.00%**	**1.00% increase**	**11.37%**
Rate of salary increase	**5.00%**	**1.00% increase**	**-9.88%**

2024		Sensitivity Analysis	Effect on DBO
Discount rate	7.00%	1.00% increase	-9.90%
Discount rate	5.00%	1.00% decrease	11.64%
Rate of salary increase	7.00%	1.00% increase	11.53%
Rate of salary increase	5.00%	1.00% decrease	-9.99%

As at December 31, 2025 and 2024, the weighted-average duration of the DBO is 11.19 years and 11.28 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 2026 is P209.4 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					
	2025		2024		2023	
	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 759 and 758 holders of common equity securities as at December 31, 2024 and 2023, 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:

	2025	2024
(a) Debt*	**P9,131,111**	P9,625,031
(b) Total equity	**P7,276,324**	P7,224,971
Debt to equity ratio (a/b)	**1.25:1**	1.33:1

** Pertains to bank debts*

16. Retained Earnings

Under the Revised Corporation Code of the Philippines, stock corporations are prohibited from retaining surplus profits in excess of one hundred percent (100%) of their paid-in capital stock, except:

- When justified by definite corporate expansion projects or programs approved by the Board of Directors;

- When the Corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not yet been secured; or

- When it can be clearly shown that such retention is necessary under special circumstances, such as when there is a need for reserve for probable contingencies.

As at December 31, 2025, the Company has retained earnings of P5,012,952 (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).

As at December 31, 2025, the Company has no appropriation over the excess retained earnings.

17. Cost of Goods Sold

Cost of goods sold consists of:

	Note	**2025**	2024	2023
Materials and supplies used, and taxes	*6, 24*	**P29,599,619**	P29,348,379	P27,955,002
Delivery and freight		**1,683,404**	1,670,072	1,526,820
Depreciation and amortization	*8, 9, 10, 20, 27*	**1,307,633**	1,389,394	1,601,273
Personnel expenses	*14, 21*	**855,373**	949,273	959,554
Others		**977,449**	1,280,438	1,195,634
		P34,423,478	P34,637,556	P33,238,283

The "Others" account includes repairs and maintenance, rental and utilities, outside services and other various items of manufacturing overhead which are individually insignificant.

18. Selling and Distribution

Selling and distribution expenses consist of:

	Note	**2025**	2024	2023
Delivery and freight		**P1,765,747**	P1,696,970	P1,652,833
Distribution		**1,268,686**	1,209,919	1,518,796
Depreciation and amortization	*8, 9, 10, 20, 27*	**1,105,622**	921,850	758,312
Personnel expenses	*14, 21*	**654,132**	593,084	637,442
Taxes		**186,903**	172,292	157,213
Sales commission		**207,607**	163,551	170,343
Others	*5*	**417,570**	771,094	596,012
		P5,606,267	P5,528,760	P5,490,951

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	**2025**	2024	2023
Personnel expenses	*14, 21*	**P1,028,897**	P980,072	P874,080
Outside services		**166,906**	140,912	111,580
Depreciation	*8, 9, 10, 20, 27*	**71,061**	101,490	82,595
Others		**604,983**	583,126	410,701
		P1,871,847	P1,805,600	P1,478,956

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

20. Depreciation and Amortization

Depreciation and amortization are distributed as follows:

	Note	**2025**	2024	2023
Cost of goods sold	*17*	**P1,307,633**	P1,389,394	P1,601,273
Selling and distribution	*18*	**1,105,622**	921,850	758,312
General and administrative	*19*	**71,061**	101,490	82,595
		P2,484,316	P2,412,734	P2,442,180

21. Personnel Expenses

Personnel expenses consist of:

	Note	**2025**	2024	2023
Salaries and wages		**P2,378,660**	P2,331,623	P2,321,697
Retirement cost	*14*	**159,742**	190,806	149,379
		P2,538,402	P2,522,429	P2,471,076

The above amounts are distributed as follows:

	Note	**2025**	2024	2023
Cost of goods sold	*17*	**P855,373**	P949,273	P959,554
Selling and distribution	*18*	**654,132**	593,084	637,442
General and administrative	*19*	**1,028,897**	980,072	874,080
		P2,538,402	P2,522,429	P2,471,076

22. Basic/Diluted Earnings Per Share

Basic EPS is computed as follows:

	2025	2024	2023
Profit (loss) for the year attributable to equity holders of the Company (a)	**P24,458**	(P446,201)	(P1,231,509)
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)	**P0.01**	(P0.12)	(P0.33)

As at December 31, 2025, 2024 and 2023, the Company has no dilutive equity instruments.

23. Related Party Transactions

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

Related party transactions are shown under the appropriate accounts in the financial statements as follows:

Category	Nature of Transaction	*Note*	Year	Amount of Transactions for the Period	Outstanding Balance of Due from (to) Related Parties	Receivables (Accounts Payable and Accrued Expenses)	Terms	Conditions
Parent	Purchases	*23a*	**2025**	**P180,709**	**P -**	**(P20,115)**	**30 days noninterest bearing**	**Unsecured**
			2024	53,686	-	(3,489)	30 days noninterest bearing	Unsecured
			2023	67,701	-	(11,560)	30 days noninterest bearing	Unsecured
Associates	Advances	*23b, 23c*	**2025**	**17,685**	**417,302**	**-**	**Collectible on demand**	**Unsecured; no impairment**
`			2024	(91,633)	399,617	-	Collectible on demand	Unsecured; no impairment
			2023	1,828	491,250	-	Collectible on demand	Unsecured; no impairment
	Various	*23b*	**2025**	**36,015**	**-**	**-**		
			2024	36,040	-	-		
			2023	20,011	-	-		
Affiliates	Purchases	*24a*	**2025**	**7,794,752**	**-**	**(970,411)**	**42 days noninterest bearing**	**Unsecured**
			2024	9,459,286	-	(905,947)	42 days noninterest bearing	Unsecured
			2023	7,834,994	-	(1,370,900)	42 days noninterest bearing	Unsecured
	Availment of services	*23a*	**2025**	**452,351**	**-**	**(150,330)**	**42 days noninterest bearing**	**Unsecured**
			2024	426,143	-	(125,875)	42 days noninterest bearing	Unsecured
			2023	296,170	-	(21,254)		Unsecured
	Coopable Marketing	*24b*	**2025**	**906,337**	**-**	**79,285**		**Unsecured; no impairment**
			2024	945,364	-	235,213		Unsecured; no impairment
			2023	721,598	-	400,081		Unsecured; no impairment
Key Management Personnel	Short-term employee benefit	*23d*	**2025**	**149,518**	**-**	**-**		
			2024	160,527	-	-		
			2023	148,166	-	-		
	Post-employment benefits	*23d*	**2025**	**3,719**	**-**	**-**		
			2024	5,084	-	-		
			2023	6,009	-	-		
			2025		**P417,302**	**(P1,061,571)**		
			2024		P399,617	(P800,098)		
			2023		P491,250	(P1,003,633)		

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 2025, 2024 and 2023 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, the Company's parent. Total purchases for the years ended December 31, 2025, 2024 and 2023 amounted to P180.71 million, P53.69 million, and P67.70 million respectively. The outstanding balance for these purchases amounted to P20.11 million and P3.49 million as at December 31, 2025 and December 31, 2024, respectively.

The Company also availed services from its affiliate, Lotte Global Logistics Philippines, Inc., an entity under common control, with a total value of P452.35 million in 2025, P426.14 million in 2024, and P296.17 million in 2023. The outstanding balance for these services amounted to P150.33 million and P125.88 million as at December 31, 2025 and 2024, respectively. The Company's outstanding payable for its purchase from its major shareholder and affiliate is included under the "Accounts payable and accrued expenses" account in the statements of financial position.

b. The Company leases parcels of land where some of its bottling plants are located. Lease expenses recognized amounted to P32.2 million for the years ended December 31, 2025 and 2024. The Company has advances to NRC amounting to P38.0 million as at December 31, 2025 and 2024, 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, 2025, 2024 and 2023 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 P367.9 and P351.7 million as at December 31, 2025 and 2024, 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 P11.4 million and P9.9 million as at December 31, 2025 and 2024, respectively, and which are unsecured and collectible on demand. The advances are included under "Due from related parties" account in the statements of financial position.

d. In addition to their salaries, the Company also provides non-cash benefits to key management personnel and contributes to a defined benefit plan on their behalf. There are no agreements between the Company and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits for which they may be entitled under the Company's retirement plan.

Transactions with the Defined Benefit Plan

The Company's retirement fund is being held in trust by trustee banks.

As at December 31, 2025 and 2024, the fair value of the retirement fund amounted to P301.1 and P294.4 million, respectively. 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 nil in both 2025 and 2024 and P3.9 million 2023.

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 and an entity with significant influence over the Company, up to year 2029 and Pepsi Lipton International Limited (Pepsi Lipton), a joint venture of PepsiCo and Unilever N.V., up to year 2029. Under the agreements, the Company is authorized to bottle, sell and distribute PepsiCo and Pepsi Lipton beverage products in the Philippines. In addition, PepsiCo and Pepsi Lipton shall supply the Company with the main raw materials (concentrates) in the production of these beverage products and share in the funding of certain marketing programs. The agreements may be renewed by mutual agreement between the parties. Under the agreements, PepsiCo and Pepsi Lipton have the right to terminate the contracts under certain conditions, including failure to comply with terms and conditions of the agreement subject to written notice and rectification period, change of ownership control of the Company, change of ownership control of an entity which controls the Company, discontinuance of bottling beverages for 30 consecutive days, occurrence of certain events leading to the Company's insolvency or bankruptcy, change in management and control of the business, among others. Purchases made from PepsiCo is made mainly thru Concentrate Manufacturing (Singapore) PTE Ltd. (CMSPL). Total net purchases from CMSPL amounted to P7.6 billion, P9.2 billion and P7.6 for the years ended December 31, 2025, 2024, and 2023. 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, 2025 and 2024 amounted to P0.9 billion and P0.8 billion, respectively. Total purchases from Pepsi Lipton amounted to P177.32 million, P218.0 million and P207.3 million for the years ended December 31, 2025, 2024 and 2023, 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 P25.41 million and P42.2 million as at December 31, 2025 and 2024, 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 P906.3 million, P945.4 million and P721.6 million for the years ended December 31, 2025, 2024, and 2023, 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 P79.3 million and P235.2 million as at December 31, 2025 and 2024, respectively.

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

25. Revenue

Disaggregation of Revenue from Contracts with Customers
Revenue for the years ended December 31, 2025, 2024 and 2023 is detailed by major product lines and timing of revenue recognition as follows:

	Timing of Revenue Recognition	**2025**	2024	2023
Carbonated Soft Drink	At a point in time	**P26,845**	P26,758	P26,079
Non Carbonated Beverage	At a point in time	**16,683**	16,511	14,177
		P43,528	P43,269	P40,256

The Company does not depend on any single or few customers, and no single customer represented more than 10% of the Company's revenue.

Contract Balances
The information about the Company's trade receivables is disclosed in Note 5.

The Company has accrued rebates amounting to P87.56 million and P79.07 million as at December 31, 2025 and 2024 which would be considered as contract liabilities. These will be recognized as revenue when the related rebates are settled or credited to customers, which are expected to occur the following year. The amount of P79.07 million recognized in accrued rebates at December 31, 2024 has been fully recognized as revenue in 2025. There are no other unperformed obligation other than those already included in contract liabilities.

26. Financial Risk Management and Financial Instruments

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

Financial Risk Management

Overview

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

- Credit Risk
- Liquidity Risk
- Market Risk

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

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

Risk Management Framework

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

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

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

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

Credit Risk

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

Exposure to Credit Risk
The carrying amounts of the financial assets represent the Company's maximum credit exposure before effect of any collateral and any master netting agreements. The maximum exposure to credit risk as at December 31 is as follows:

	Note	**2025**	2024
Cash in banks	*4*	**P278,653**	P195,400
Receivables - net	*5*	**2,024,429**	2,401,625
Due from related parties	*23*	**417,302**	399,617
Total credit exposure		**P2,720,384**	P2,996,642

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 P242.2 million and P186.0 million as at December 31, 2025 and 2024, respectively. Total amount of receivables that have collateral amounted to P34.0 million and P87.6 million as at December 31, 2025 and 2024.

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, 2025

	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	**P278,653**	**P -**	**P -**	**P -**	**P -**	**P278,653**
Receivables:						
Trade	**879,910**	**624,390**	**87,294**	**228,103**	**60,759**	**1,880,456**
Nontrade	**37,789**	**36,960**	**10,802**	**119,181**	**164,416**	**369,148**
Due from related parties	**417,302**	**-**	**-**	**-**	**-**	**417,302**
	1,613,654	**661,350**	**98,096**	**347,284**	**225,175**	**2,945,559**
Less allowance for impairment losses	**-**	**-**	**-**	**-**	**225,175**	**225,175**
	P1,613,654	**P661,350**	**P98,096**	**P347,284**	**-**	**P2,720,384**

December 31, 2024

	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	P195,400	P -	P -	P -	P -	P195,400
Receivables:						
Trade	1,017,380	633,379	62,105	296,236	86,284	2,095,384
Nontrade	76,355	12,461	27,655	276,054	160,868	553,393
Due from related parties	399,617	-	-	-	-	399,617
	1,688,752	645,840	89,760	572,290	247,152	3,243,794
Less allowance for impairment losses	-	-	-	-	247,152	247,152
	P1,688,752	P645,840	P89,760	P572,290	P -	P2,996,642

As at December 31, 2025 and 2024, there was an allowance for impairment loss of P225.2 and P247.2 million, respectively, relating to 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, 2025 and 2024:

2025

	Gross Carrying Amount	**Impairment Loss Allowance**	**Credit-impaired**
Current (not past due)	**P917,699**	**P -**	**No**
1 - 30 days past due	**661,350**	**-**	**No**
31 - 60 days past due	**98,096**	**-**	**No**
More than 60 days past due	**572,459**	**225,175**	**Partially**
Balance at December 31, 2024	**P2,249,604**	**P225,175**	

2024

	Gross Carrying Amount	mpairment Loss Allowance	Credit-impaired
Current (not past due)	P1,093,735	P -	No
1 - 30 days past due	645,840	-	No
31 - 60 days past due	89,760	-	No
More than 60 days past due	819,442	247,152	Partially
Balance at December 31, 2024	P2,648,777	P247,152	

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. 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 P278.7 million and P195.4 million as at December 31, 2025 and 2024, 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 P417.3 million and P399.6 million as at December 31, 2025, and 2024, respectively. Due from related parties consists of receivables from counterparties that have a very remote likelihood of default because there is no known significant financial difficulty of the counterparties and no probability that the counterparties will enter bankruptcy based on the available financial information.

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

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, 2025 and 2024 under the line of credit is P16.0 billion and P17.9 billion, respectively, of which the Company had drawn P9.2 billion and P9.8 billion, respectively, under letters of credit, short-term loans and term loans. All facilities under the omnibus lines and term loans bear negotiated interest at floating rates consisting of a margin over current Philippine treasury rates; and

- P1.1 billion and P1.0 billion domestic bills purchased line, which are available as at December 31, 2025 and 2024, 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, 2025			
	Carrying Amount	**Contractual Cash Flow**	**One Year or Less**	**More than One Year**
Financial Liabilities				
Accounts payable and accrued expenses *	**P8,383,394**	**P8,383,394**	**P8,383,394**	**P -**
Short-term debt	**3,675,000**	**3,701,939**	**3,701,939**	**-**
Long-term debt	**5,456,111**	**6,130,133**	**1,803,260**	**4,326,873**
Lease liabilities	**778,374**	**928,049**	**276,403**	**651,646**
	P18,292,879	**P19,143,515**	**P14,164,996**	**P4,978,519**

**Excluding statutory payables, accrued rebates, defined benefit liability amounting to P920.85 million*

	As at December 31, 2024			
	Carrying Amount	Contractual Cash Flow	One Year or Less	More than One Year
Financial Liabilities				
Accounts payable and accrued expenses *	P9,014,225	P9,014,225	P9,014,225	P -
Short-term debt	4,310,000	4,336,916	4,336,916	-
Long-term debt	5,315,031	6,078,649	2,054,997	4,023,652
Lease liabilities	821,805	980,933	278,077	702,856
	P19,461,061	P20,410,723	P15,684,215	P4,726,508

**Excluding statutory payables, accued rebates defined benefit liability and lease liabilities amounting to P619.71 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 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 P1.3 billion and P634.8 million as at December 31, 2025 and 2024, 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 long-term debts. The Company has outstanding term-loans from banks totaling to P5.5 billion and P5.3 billion, whose interest rates are repriced every quarter.

Sensitivity Analysis
An increase in the interest rate by 50 basis points would decrease net income and equity by P20.5 and P19.9 million as at December 31, 2025 and 2024, respectively. A 50 basis points decrease in the interest rates would have had the equal but opposite effect on the net income and equity, on the basis that all other variables remain constant.

Exposure to Foreign Currency Risk
The Company is exposed to foreign currency risk on purchases that are denominated in currencies other than the Philippine peso, mostly in United States dollar. In respect of monetary assets and liabilities held in currencies other than the Philippine peso, the Company ensures that its exposure is kept to an acceptable level, by buying foreign currencies at spot rates where necessary to address short-term imbalances. The Company considered the exposure to foreign currency risk to be insignificant. Further, the Company does not hold any investment in foreign securities as at December 31, 2025 and 2024.

Fair Values
As at December 31, 2025 and 2024, the carrying amounts of the financial assets and liabilities, which include cash, receivables, due from related parties, short-term debt and accounts payable and accrued expenses, reasonably approximate fair values due to the short-term nature of these financial instruments. The Company's long term-debt approximates its fair values as its interest rates are repriced every certain period.

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

27. Commitments, Contingencies and Losses

a. Leases
   The Company leases certain warehouses, facilities and automobiles for a period of one to twenty-five years, renewable for another one to twenty-five years. The Company has determined that it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

   The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. The right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Company's accounting policies.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

Information about leases for which the Company is a lessee is presented below in accordance with PFRS 16.

i. Right-of-Use and Related Assets

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

	2025	2024
Balance at beginning of year	**P740,221**	P592,255
Additions and other movements	**144,305**	369,477
Amortization	**(203,935)**	(221,511)
Balance at end of year	**P680,591**	P740,221

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

	Note	**2025**	2024	2023
Cost of goods sold	*17*	**P11,234**	P36,376	P47,561
Selling and distribution	*18*	**192,701**	164,417	107,072
General and Administration		**-**	20,718	3,545
		P203,935	P221,511	P158,178

The Company has effectively also entered into an agreement for the sublease of the delivery trucks to its distributors which are assessed to be finance subleases. The lease term is three to five years from inception. Interest income earned from the sublease agreement amounted to P5.08 million in 2025 and P6.42 million in 2024.

The following table sets out the maturity analysis of sublease and finance lease receivables showing the undiscounted lease payments to be received after the reporting date:

	2025	2024
Less than one year	**P41,925**	P50,629
One to five years	**3,911**	41,924
Total undiscounted sublease and finance lease	**45,836**	92,553
Less: unearned finance income	**1,940**	3,110
Net investment in the lease	**P43,896**	P89,443

Disposal
Gain on disposal of right-of-use assets related to vehicles amounted to nil in 2025, P2.0 million in 2024 and nil in 2023.

ii. Lease Liabilities

	2025	2024
Balance at beginning of year	**P821,805**	P730,470
Additions and other movements to lease liabilities	**184,339**	407,641
Interest expense	**62,021**	72,344
Payments made	**(289,791)**	(388,650)
Balance at end of year	**P778,374**	P821,805

Current portion Lease liabilities are presented under “accounts payable and accrued expense” account amounting to P220.29 million and P219.66 million as at December 31, 2025 and 2024, respectively, and noncurrent portion of lease liabilities are presented are presented under “other noncurrent liabilities” account amounting to P558.08 million and P602.15 million as at December 31, 2025 and 2024, respectively.

Expenses related to lease of low value assets amounted to P178.5 million, P320.7 million, and P322.6 million in 2025, 2024 and 2023, respectively.

The Company had total cash outflows for the above leases amounting to P468.3 P709.4 million, and P569.1 million in 2025, 2024 and 2023, respectively.

The maturity analyses of lease payments, showing the undiscounted lease payments to be paid after the reporting date follow:

	2025	2024
Less than one year	**P276,403**	P278,077
Between one and five years	**602,142**	615,823
More than five years	**49,504**	87,033
	P928,049	P980,933

b. The Company is currently involved in various tax, legal and administrative proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside legal counsels handling the Company's defense relating to these matters and is based upon an analysis of potential results. The Company does not believe that this proceeding will have material adverse effect on its financial statements based on the assessment of the management's legal counsels. It is possible, however, that future financial performance could be affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings.

28. Subsequent Events

Following the reporting date, the escalation of the conflict involving the United States, Israel, and Iran has heightened geopolitical tensions in the Middle East. This development may have potential implications for global trade routes, energy markets, and supply chains beginning February 28, 2026. The situation could indirectly affect the Company's business operations through increased costs, disruptions or delays in sourcing manufacturing inputs, logistics challenges, and higher fuel expenses. The extent and duration of these impacts will depend on how the conflict and related regional developments unfold.

Management continues to closely monitor the situation and has determined that the conflict constitutes a non-adjusting event under PAS 10, Events after the Reporting Period. As of April 7, 2026, the potential impact on the Company's operations and financial position remains uncertain and cannot be reliably estimated.

R.G. Manabat & Co.

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REPORT OF INDEPENDENT AUDITORS

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

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of Pepsi Cola Products Philippines, Inc. (the "Company") as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025, included in this Form 17-A, and have issued our report thereon dated April 15, 2026.

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; and Supplementary Schedules of Annex 68-J. 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.

Markent Ronie R. Tampoc
MARKENT RONIE R. TAMPOC
Partner
CPA License No. 0120537
SEC Accreditation No. 120537-SEC, Group A, valid for five (5) years
covering the audit of 2021 to 2025 financial statements
Tax Identification No. 253-456-564
BIR Accreditation No. 08-001987-051-2025
Issued June 9, 2025; effectivity January 7, 2025; validity January 6, 2028
PTR No. MKT 10764417
Issued January 5, 2026 at Makati City

April 15, 2026
Makati City, Metro Manila

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024
and until the audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025
BSP Selected EAs of BSFIs-Group A, valid for five (5) years covering the audit of 2025 to 2029
financial statements under BSP Letter No. FSD VI-2025-02-0054g-FSD6L-External

RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2025

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

Unappropriated Retained Earnings, beginning of the reporting period		**P5,104,877**
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings		
Reversal of Retained Earnings Appropriation/s		**-**
Effect of restatements or prior-period adjustments		**-**
Others (describe nature)		**-**
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period		**-**
Retained Earnings appropriated during the reporting period		**-**
Effects of restatements or prior-period adjustments		**-**
Others (describe nature)		**-**
Unappropriated Retained Earnings, as adjusted		**5,104,877**
Add/Less: Net Income (loss) for the current year		**24,458**
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	(13,514)	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-	
Unrealized fair value adjustments (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Unrealized foreign exchange gain of Investment Property	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-	
Sub-total		**(13,514)**

Forward

Add: <u>Category C.2</u>: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to cash and cash equivalents	P -	
Realized fair value adjustments (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Realized foreign exchange gain of Investment Property	-	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-	
Sub-total		**P -**
Add: <u>Category C.3</u>: Unrealized income recognized in profit or loss in prior reporting periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-	
Reversal of previously recorded fair value adjustments (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Reversal of previously recorded fair value gain of Investment Property	-	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)	-	
Sub-total		**-**
Adjusted Net Income/Loss		**10,944**
Add: <u>Category D</u>: Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)	-	
Sub-total		**-**
Add/Less: <u>Category E</u>: Adjustment related to relief granted by the SEC and BSP		
Amortization of the effect of reporting relief	-	
Total amount of reporting relief granted during the year	-	
Others (describe nature)	-	
Sub-total		**-**

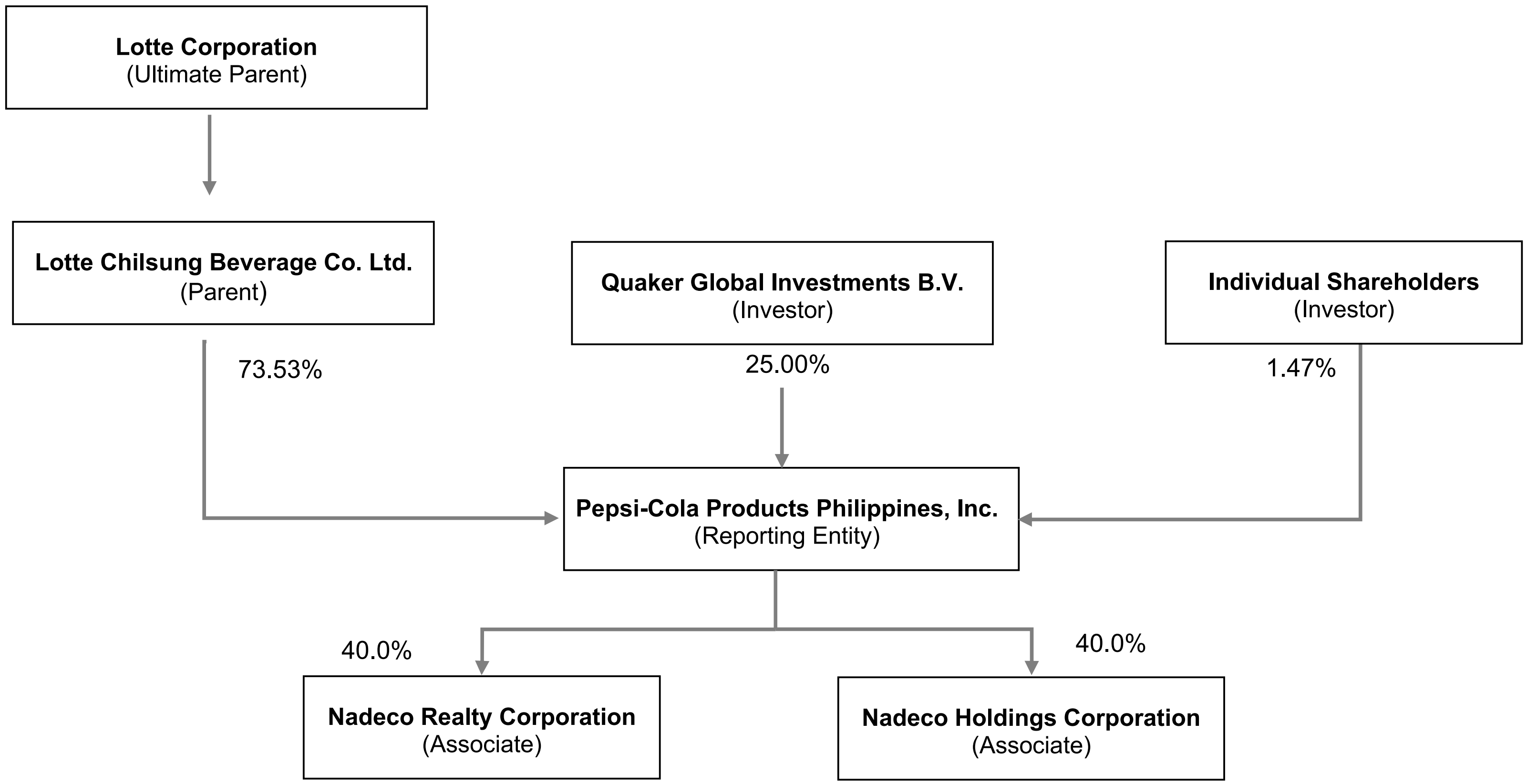
Forward

Add/Less: <u>Category F</u>: Other items that should be excluded from the determination of the amount of available for dividend distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares)	P -	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(97,441)	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set-up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	(5,428)	
Adjustment due to deviation from PFRS/GAAP - gain (loss)	-	
Others (describe nature)	-	
Sub-total		**(P102,869)**
Total Retained Earnings, end of the reporting period available for dividend		**P5,012,952**

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

Map of Group of Companies Within which the Company Belongs

As at December 31, 2025



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.	P389,627,242	P16,745,336	P440,314	P -	P405,932,264	P -	P405,932,264
Nadeco Holdings Corp.	9,989,833	1,379,843	4	-	11,369,672	-	11,369,672
Employees	19,444,494	183,857,500	184,923,818	-	18,378,176	-	18,378,176
Totals	**P419,061,569**	**P201,982,679**	**P185,364,136**	**P -**	**P435,680,112**	**P -**	**P 435,680,112**

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	P221,391,054	P1,101,792	P46,363,572	P -	P -	P176,129,274
Totals	**P221,391,054**	**P1,101,792**	**P46,363,572**	**P -**	**P -**	**P176,129,274**

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.	P225,000,000	P224,777,109	P -	5.57%	2	July 2026
Long-term debt	Metropolitan Bank Trust & Co.	150,000,000	149,841,671	-	5.57%	2	July 2026
Long-term debt	Metropolitan Bank Trust & Co.	2,142,857,143	424,447,072	1,706,321,334	5.44%	15	December 2030
Long-term debt	Bank of the Philippine Islands	666,666,667	665,779,738	-	5.84%	3	December 2026
Long-term debt	Industrial Bank of Korea	400,000,000	132,584,360	265,999,992	4.78%	9	December 2028
Long-term debt	Banco De Oro	1,900,000,000	395,144,228	1,491,215,690	5.75%	14	September 2030
Totals		**P5,484,523,810**	**P1,992,574,178**	**P3,463,537,016**			

PEPSI-COLA PRODUCTS PHILIPPINES, INC.
SCHEDULE F. INDEBTEDNESS TO RELATED PARTIES (LONG TERM LOANS FROM RELATED PARTIES)

Name of Related Parties (i)	Balance at beginning of period	Balance at end of period (ii)

NOT APPLICABLE

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

SCHEDULE G. GUARANTEES OF SECURITIES OF OTHER ISSUERS

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding (i)	Amount owned by person for which statement is filed	Nature of guarantee (ii)

NOT APPLICABLE

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

SCHEDULE H. CAPITAL STOCK

Title of Issue (2)	Number of Shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by affiliates (3)	Directors, officers and employees	Others
Common Shares	5,000,000,000	3,693,772,279	-	3,639,311,686	11	54,460,582
Totals	**5,000,000,000**	**3,693,772,279**	**-**	**3,639,311,686**	**11**	**54,460,582**

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REPORT OF INDEPENDENT AUDITORS

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

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of Pepsi Cola Products Philippines, Inc. (the "Company") as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025, included in this Form 17-A, and have issued our report thereon dated April 15, 2026.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation and their appropriateness or usefulness to the intended users, are the responsibility of the management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies.

This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the financial statements as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025 and no material exceptions were noted.

R.G. MANABAT & CO.

Markent Ronie R. Tampoc
MARKENT RONIE R. TAMPOC
Partner
CPA License No. 0120537
SEC Accreditation No. 120537-SEC, Group A, valid for five (5) years
covering the audit of 2021 to 2025 financial statements
Tax Identification No. 253-456-564
BIR Accreditation No. 08-001987-051-2025
Issued June 9, 2025; effectivity January 7, 2025; validity January 6, 2028
PTR No. MKT 10764417
Issued January 5, 2026 at Makati City

April 15, 2026
Makati City, Metro Manila

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

		Years Ended December 31	
Ratio	**Formula (Amounts in Thousands)**	**2025**	2024
Current ratio	Total current assets over total current liabilities Total current assets P8,129,075 Divided by: Total current liabilities 14,971,820 **Current ratio 0.54**	**0.54:1**	0.64:1
Solvency ratio	Profit plus depreciation and amortization over total liabilities Net Profit P24,458 Add: Depreciation and amortization 2,484,316 Total 2,508,774 Divide: Total liabilities 19,895,919 **Solvency ratio 0.13**	**0.13:1**	0.09:1
Bank debt-to-equity ratio	Total bank debt over total equity Short-term debt P3,675,000 Current portion of long-term debt 1,992,574 Long-term debt - net of current portion 3,463,537 Bank debt 9,131,111 Total equity 7,276,324 **Bank to debt equity 1.25**	**1.25:1**	1.33:1
Debt-to-equity ratio	Total liability over total equity Total Debt P19,895,919 Total Equity 7,276,324 **Debt to equity ratio 2.73**	**2.73:1**	2.88:1

Forward

Ratio	Formula (Amounts in Thousands)		Years Ended December 31 2025	2024
Asset-to-equity ratio	Total assets over total equity		**3.73:1**	3.88:1
	Total assets	P27,172,243		
	Total equity	7,276,324		
	Asset to equity ratio	**3.73**		
Interest rate coverage ratio	Profit before interest and taxes over interest expense		**1.18:1**	0.09:1
	Profit before tax	P112,692		
	Interest expense	636,620		
	Profit before interest and tax	749,312		
	Divided by: Interest expense	636,620		
	Interest rate coverage ratio	**1.18**		
Operating profit margin	Operating profit over net sales		**1.65%**	0.81%
	Operating Profit	P720,387		
	Divided by: Net sales	43,528,316		
	Operating profit margin	**1.65%**		
Net profit margin	Profit over net sales		**0.06%**	(1.03%)
	Net profit	P24,458		
	Divided by: Net sales	43,528,316		
	Net profit margin	**0.06%**		

PEPSI-COLA PRODUCTS PHILIPPINES, INC.
SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION
December 31, 2025 and 2024

	2025	2024
Total Audit Fees	**P6,080,000**	P5,150,000
Non-audit services fees:		
Other assurance services	**2,610,000**	3,180,000
All other services	**800,000**	800,000
Tax services	**-**	-
Total Non-audit Fees	**3,410,000**	3,980,000
Total Audit and Non-audit Fees	**P9,490,000**	P9,130,000