SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20 OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [ ] Preliminary Information Statement
   [x] Definitive Information Statement

2. Name of Registrant as specified in its charter

   PEPSI-COLA PRODUCTS PHILIPPINES, INC.

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

4. SEC Identification Number: **160968**

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

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

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

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

8. Date, time and place of the meeting of security holders: **27 June 2025, 9:00 a.m., via remote communications**

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **05 June 2025**

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

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

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

    Yes ___ No **X**

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

    Not Applicable

EXPLANATION ON THE AGENDA ITEMS

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

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

3. **Approval of the Minutes of the Annual Stockholders' Meeting held on 28 June 2024**. The minutes are available on the Company's website and attached as **Annex C** to this Information Statement made available to the stockholders. A resolution approving the minutes will be presented to the stockholders for approval.

4. **Report of the President and Chief Executive Officer**. The Chairman will deliver his message to the stockholders, then the President and Chief Executive Officer will report on the Company's performance for 2024.

5. **Presentation of the Audited Financial Statements for the Year Ended 31 December 2024.** The Annual Report, containing the Audited Financial Statements as of 31 December 2024, is attached as **Annex D** to this Information Statement. A resolution for the approval of the Audited Financial Statements as of 31 December 2024 will be presented to the stockholders.

6. **Ratification of Acts of the Board of Directors and Management for 2024**. A resolution ratifying all the acts of the Company's Board, Board committees, and officers, since the Annual Stockholders' meeting on 28 June 2024 until the 2025 Annual Stockholders' Meeting, will be presented to the stockholders for their approval.

7. **Election of Directors for 2025 to 2026.** The nominees for election to the Company's Board of Directors for the year 2025 to 2026 will be presented to the stockholders. The nominees are as follows:

    1 Phyo Phyu Noe
    2 Yang Soo Lee
    3 Yun Gie Park
    4 Parinya Kitjatanapan
    5 Joongmin Kim
    6 Hyo Jin Song
    7 Vishal Malik
    8 Rafael M. Alunan III (Independent Director)
    9 Oscar S. Reyes (Independent Director)

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

8. **Appointment of External Auditor for 2025**. The appointment of R.G. Manabat & Co. (KPMG Philippines) as the external auditor for the year 2025 will be endorsed to the stockholders for ratification. A resolution for the appointment of the external auditor will be presented to the stockholders for approval.

9. **Other Matters**. Questions from stockholders will be read and addressed by Management.

10. **Adjournment**. After all agenda items have been considered and resolved, and other matters (if any) have been discussed, the Chairman shall declare the meeting adjourned.

A. GENERAL INFORMATION

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

Date: June 27, 2025
Time: 9:00 a.m.

The Annual Stockholders' Meeting of Pepsi-Cola Products Philippines, Inc. (the "*Company*") shall be conducted via remote communications, and shall be accessible through https://bit.ly/pcppiasm2025 by stockholders who will register to participate in the meeting following the procedures set out in Annex A of this Information Statement. Duly registered stockholders may likewise access the annual meeting by scanning the QR Code below.

Notices of the meeting were published in newspapers of general circulation on 21 May 2025 and 22 May 2025. Notices of the meeting and copies of this Information Statement may be accessed by the stockholders beginning 05 June 2025 at the Company's website, https://sgp1.digitaloceanspaces.com/pcppicms/pcppicms/2025/may/cms/05272025040502683539ee4a93f.pdf.

**WE ARE NOT ASKING FOR A PROXY
AND THE STOCKHOLDERS ARE REQUESTED NOT TO SEND US A PROXY.**

Nevertheless, should a stockholder be unable to attend the meeting but would like to be represented thereat, the stockholders' proxies should be submitted to the Corporate Secretary, at Pepsi-Cola Products Philippines, Inc., 26th Floor, Filinvest Axis Tower Two Building, Northgate Cyberzone, Filinvest City, Alabang, Muntinlupa City, or by email to corporatesecretary@pcppi.com.ph. A proxy form is attached to the Notice and Agenda attached to this Information Statement. For stockholders that are partnerships, corporations or associations, the proxy should be submitted with a sworn certification of the resolutions evidencing authority of the designated proxy and signatories. The deadline for submission of proxies and certifications is on 20 June 2025, 5:00 p.m.

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

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

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

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

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

3. In case of merger or consolidation; and

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

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

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

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

B. CONTROL AND COMPENSATION INFORMATION

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

The total number of shares of the Company outstanding and entitled to vote in the Annual Stockholders' Meeting is Three Billion Six Hundred Ninety-Three Million Seven Hundred Seventy-Two Thousand Two Hundred Seventy-Nine (3,693,772,279) common shares.[1] As of 16 May 2025, the total number of common shares of the Company owned by foreign stockholders is Three Billion Six Hundred Seventy-Seven Million Five Hundred Twenty-Two Thousand Three Hundred Sixty-Five (3,677,522,365) common shares, or approximately 99.56% of the Company's total outstanding capital stock.

The record date for purposes of determining the stockholders entitled to notice of and to vote at the Company's Annual Stockholders' Meeting is 9:00 a.m. on 06 June 2025. Each stockholder shall be entitled to one (1) vote for each common share of stock held as of the record date.[2]

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

In accordance with Article II, Section 1 of the Company's By-Laws, the stockholders may vote by way of remote communication or *in absentia* at the Annual Stockholders' Meeting in accordance with Sections 23 and 57 of the Revised Corporation Code. Stockholders participating via remote communication or those who intend to vote *in absentia* may submit their vote following the procedures set out in Part C, Items 17 and 18, and Annex A of this Information Statement. A stockholder voting *in absentia* shall be deemed present for purposes of quorum.[4]

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

Security Ownership of Record and Beneficial Owners of at Least 5% of Securities as of 16 May 2025

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and relationship with record owner	Citizenship	Number of Shares Held	Percentage
Common shares	Lotte Chilsung Beverage Co. Ltd.[5] 1332-1, Seocho-Dong Seocho-Gu, Seoul Republic of Korea Relationship – Stockholder	Lotte Corporation[6]	Korean	2,715,868,514[7]	73.53%
Common shares	Quaker Global Investments B.V.[8] Stadsplateau 22 3521 AZ Utrecht, The Netherlands Relationship – Stockholder	PepsiCo, Inc.[9]	Dutch	923,443,072	25.00%

Security Ownership of Management as of 16 May 2025

Title of Class	Name and Address of Owner	Amount & Nature of Beneficial Ownership	Citizenship	Percent of Class
Common shares	Oscar S. Reyes Chairman of the Board and Independent Director Room 2504, 25/F, 139 Corporate Center Valero St., Salcedo Village Makati City	300,001*	Filipino	0.01%
Common shares	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	1*	Korean	0.00%

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

[6] Lotte Corporation is a corporation duly organized and existing under and by virtue of the laws of Korea with principal office at Lotte World Tower, 300 Olympic-ro, Songpa-gu, Seoul, 05551, South Korea. Based on the beneficial ownership declaration attached to the Company's General Information Sheet filed on 15 April 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.

[7] 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.

[8] 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.

[9] Based on the beneficial ownership declaration attached to the Company's General Information Sheet filed on 15 April 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	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 and Chief Corporate Strategy Officer c/o 26th Floor, Filinvest Axis Tower Two Building, Northgate, Cyberzone Filinvest City, Alabang, Muntinlupa City	1*	Korean	0.00%
Common shares	Parinya Kitjatanapan Director c/o 622 Emporium Tower 17/F Sukhumvit Road, Klongton Klongtoey, Bangkok, Thailand	1*	Thai	0.00%
Common shares	Vishal Malik Director c/o 26th Floor, Filinvest Axis Tower Two Building, Northgate, Cyberzone Filinvest City, Alabang, Muntinlupa City	1*	American	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	Elmer Joseph N. Yanga Chief Financial Officer c/o 26th Floor, Filinvest Axis Tower Two Building, Northgate, Cyberzone Filinvest City, Alabang, Muntinlupa City	0	American	0.00%
Common shares	Lyndon Ferdinand J. Cuadra Chief Commercial Officer c/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%

Title of Class	Name and Address of Owner	Amount & Nature of Beneficial Ownership	Citizenship	Percent of Class
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 Extended Producers' Responsibility Act Compliance Officer, and Data Protection Officer c/o 26th Floor, Filinvest Axis Tower Two Building, Northgate, Cyberzone Filinvest City, Alabang, Muntinlupa City	0	Filipino	0.00%
Common shares	Kristine Ninotschka L. Evangelista Corporate Secretary c/o 30/F 88 Corporate Center Sedeño corner Valero Streets Salcedo Village, Makati City	0	Filipino	0.00%
Common shares	Eunice A. Malayo Assistant Corporate Secretary c/o 30/F 88 Corporate Center Sedeño corner Valero Streets Salcedo Village, Makati City	0	Filipino	0.00%

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

The aggregate shareholdings of Directors and key officers as of 16 May 2025 are 330,009 shares which is approximately 0.000089% of the Company's outstanding capital stock.

Changes in Control

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

Certain Relationships and Related Transactions

As set out in Note 23 (Related Party Transactions) to the Audited Financial Statements for the year ending 31 December 2024 attached as Exhibit II of Annex D or the SEC Form 17-A (Annual Report), the Company has significant related party transactions which are summarized as follows:

a. The Company purchased finished goods from Lotte Chilsung Beverage Co., Ltd ("*Lotte Chilsung*"), the Company's parent. Total purchases for the years ended December 31, 2024, 2023 and 2022 amounted to P53.69 million, P67.70 million and P108.22 million, respectively. The outstanding for these purchases amounted to P3.49 million and P11.56 million as at December 31, 2024 and December 31, 2023, respectively.

   The Company also made purchases of raw and packaging materials from Lottee Chemical Corp., an entity under common control, amounting to P98.7 million for the year ended December 31, 2022. There is no outstanding balance for these purchases as at December 31, 2024 and December 31, 2023, respectively.

   The Company also availed services from its affiliate, Lotte Global Logistics Philippines, Inc., an entity under common control, with a total value of P426.14 million in 2024, P296,170 in 2023 and P335,764 in 2022. The outstanding balance for these services amounted to P125.88 million and P21.25 million as at December 31, 2024 and December 31, 2023, 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 positions.

b. The Company leases parcels of land where some of its bottling plants are located. Amortization expense for the right-of-use asset for the leased parcels of lands where recognized under "Cost of goods sold" and "Operating expenses" accounts in the statements of profit or loss and other comprehensive income (loss) amounted P32.2 million and P16.2 million for the years ended December 31, 2024 and 2023. The Company has advances to NRC amounting to P38.0 million as at December 31, 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, 2024, 2023 and 2022 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 P351.7 million and P441.0 million as at December 31, 2024 and 2023, 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 P9.9 million and P12.3 million as at December 31, 2024 and 2023, respectively, and which are secured 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.

Except for the transactions set out above and discussed in Note 23 (Related Party Transactions) to the Audited Financial Statements for the year ending 31 December 2024, there were no other material related party transactions during the last three financial years, nor are there any material transactions currently proposed between the Company and its stockholders, directors (including self-dealing transactions), key management personnel, or other parties over which the Company has the ability to exercise control or significant influence in making financial and operating decisions.[10]

Item 5. **Directors and Executive Officers**

Term of office

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

Directors

As of 16 May 2025, the following are the names, ages, and citizenship of the incumbent Directors of the Company, as well as the year they were first elected:

Name	**Age**	**Citizenship**	**Year First Elected**
Phyo Phyu Noe	41	Burmese	2023
Yun Gie Park	55	Korean	2021
Yang Soo Lee	52	Korean	2024
Hyo Jin Song	48	Korean	2021
Joongmin Kim*	35	Korean	2025
Parinya Kitjatanapan	60	Thai	2020
Vishal Malik	56	Indian	2022
Oscar S. Reyes (Independent Director)	79	Filipino	2007

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

Rafael M. Alunan III (Independent Director)	76	Filipino	2007

* Mr. Kim was elected as Director to serve the unexpired term of Mr. Haemo Shin, effective 10 April 2025. Mr. Shin was elected as Director to serve the unexpired term of Mr. Jin Pyo Ahn effective 12 February 2025.

Executive Officers

As of 16 May 2025, 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	41	Burmese	President and Chief Executive Officer	2023
Elmer N. Yanga	51	American	Chief Financial Officer	2022
Joongmin Kim	35	Korean	Chief Corporate Strategy Officer	2024
Youngho Kim	45	Korean	Chief Manufacturing Officer	2023
Lyndon Ferdinand J. Cuadra	57	Filipino	Chief Commercial Officer	2022
Byoungoh Jang	49	Korean	Chief Supply Chain Officer	2023
Carina Lenore S. Bayon	55	Filipino	Chief Environmental, Social, and Governance Officer, Chief Compliance Officer, Extended Producers' Responsibility Act Compliance Officer, Data Protection Officer and Chief Audit Executive	2020 (as Chief Compliance Officer, Data Protection Officer), 2022 (as Chief Environmental, Social, and Governance Officer, Extended Producers' Responsibility Act Compliance Officer), 2023 (as Chief Audit Executive)
Kristine Ninotschka L. Evangelista	51	Filipino	Corporate Secretary	2018
Eunice A. Malayo	29	Filipino	Assistant Corporate Secretary	2024

Background Information and Business Experience

The background information and business experience of the incumbent Directors and Executive Officers for the last five (5) years, as well as trainings attended on corporate governance for the previous year,[11] are as follows:

Directors:

PHYO PHYU NOE

Mr. Noe joined the Company as its President and Chief Executive Officer in 2023 after successfully turning around Pepsi Myanmar amid Myanmar's political and economic turmoil. Before Pepsi Myanmar, Mr. Noe 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, Mr. Noe 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-

[11] This material information on the trainings on corporate governance attended by the directors is presented in compliance with Section 49 of the Revised Corporation Code.

based structured products. Mr. Noe 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 webinar 2024 Year-End Tax Updates & Compliance conducted by the Center for Global Best Practices held on 20 December 2024.

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 Chief Executive Officer 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 webinar 2024 Year-End Tax Updates & Compliance conducted by the Center for Global Best Practices held on 19 and 20 December 2024.

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 webinar 2024 Year-End Tax Updates & Compliance conducted by the Center for Global Best Practices held on 19 and 20 December 2024.

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 webinar 2024 Year-End Tax Updates & Compliance conducted by the Center for Global Best Practices held on 19 and 20 December 2024.

JOONGMIN KIM

Mr. Kim is an Executive Director and serves as the Company's Chief Corporate Strategy Officer. Prior to his election as Director on 10 April 2025 and 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 has been with the Lotte Group for 11 years, having worked with the Lotte Group since 2014. He has worked under several roles in the Lotte Group involving global sales and business strategy. He holds a bachelor's degree in economics from Yonsei University. Mr. Kim completed the SEC-accredited webinar 2024 Year-End Tax Updates & Compliance conducted by the Center for Global Best Practices held on 19 December 2024.

PARINYA KITJATANAPAN

Mr. Kitjatanapan is a non-Executive Director of the Company. He has 30 years of financial and commercial management experience in the FMCG industry across Asia Pacific, Middle East, and North Africa. He joined PepsiCo, Inc. in 1998 as the Chief Financial Officer for PepsiCo's Thailand Beverage business and subsequently became General Manager for the country. In 2010, Mr. Kitjatanapan joined PepsiCo China's team as General Manager, South Cluster, based in Guangzhou. Then in 2012, he relocated to Shanghai to serve as Greater China Beverage Franchise Vice-President. He moved back to Thailand in 2014 to assume Vice-President and General Manager of the Thailand Power of One business. In 2019, Mr. Kitjatanapan was promoted to Senior Vice-President of Sales & Franchise COE for the AMENA (Asia Middle East North Africa) sector. In 2020, he became the Chief Commercial Officer for the Asia Pacific sector. 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 December 2024.

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 2024 Year-End Tax Updates & Compliance conducted by the Center for Global Best Practices held on 19 December 2024.

OSCAR S. REYES
Mr. Reyes is an Independent Director and is the incumbent Chairman of the Board of Directors, as well as the Chairman of the Company's Board Committees for Nomination and Governance and Compensation and Remuneration. Among his other current positions are: Chairman, Link Edge, Inc.; Independent Director of Basic Energy Corporation, Team Energy Corporation, D.M. Wenceslao and Associates, Sun Life Financial Plans, Inc., Sun Life Prosperity Funds, Eramen Minerals Inc., Petrolift Corporation, Philippine Dealing System Holdings Corp., Philippine Dealing & Exchange Corporation, Philippine Depository & Trust Corporation, Grepalife Mutual Funds, Pioneer Life Insurance Group, and Alviera Country Club. Director of PXP Energy Corporation, Mit-Pacific Infrastructure Holdings Corporation, and Navitas Holdings Inc.[12] He served the Manila Electric Company in various capacities from 2010 until his retirement in 2019 as its President and Chief Executive Officer and Chairman/Director of its various subsidiaries and affiliates. Mr. Reyes also served the Shell Companies in the Philippines in various capacities from 1986 until his retirement in 2001 as Country Chairman and President of Pilipinas Shell Petroleum Corporation, and Managing Director of Shell Philippines Exploration B.V. Mr. Reyes attended the Annual Corporate Governance Enhancement Sessions held on 27 September 2024 consisting of two sessions: *(a)* "Become an Insurgent: Re-focus and Re-energize Your Business Strategy, Organization, and Culture for Succes" by Mr. David Morey; and *(b)* "Build a Data-Driven Business: Leveraging Artificial Intelligence and Big Data for Growth" by Dr. Erika Fille T. Legara.

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.[13] Mr. Alunan completed the course 2024 Corporate Governance Seminar organized by the Institute of Corporate Directors held on 27 August 2024.

Executive Officers:

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

ELMER JOSEPH N. YANGA
Mr. Yanga is the Company's Chief Finance Officer. Prior to this appointment, Mr. Yanga was serving as the Vice President for Finance and Chief Finance Officer for the Asia Pacific of Ingredion Singapore from 2018 until 2022. He also served as the Executive Vice President and Chief Finance Officer for Asia of Suntory Beverage and Food Asia Singapore from 2016 to 2018; the Chief Finance Officer for North Asia, Philippines, Indonesia, Maps Commercial Unit (NAPIM) and APAC Sales from 2015 to 2016 and the Chief Finance Officer for North Asia (Japan, Korea) and Philippines Business Unit and Asia

[12] This material information on the board representation of the directors in other Philippine companies is presented in compliance with Section 49 of the Revised Corporation Code. Please also refer to the full list of board representation of the directors in Philippine reporting companies in page 14.

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Pacific Region Sales from 2014 to 2015 of PepsiCo Hong Kong; and Director and Vice President of the Planning Department of PepsiCo Vietnam from 2012 to 2014. Prior to that, Mr. Yanga held various roles in PepsiCo within the Asia Pacific and North America Regions from 2006 to 2012. Mr. Yanga 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 December 2024.

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 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.

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. She is a partner at Gatmaytan Yap Patacsil Gutierrez & Protacio (C&G Law), and 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 webinar The Next Level in ESG & Sustainability: Going Beyond Compliance and Reporting conducted by the Center for Global Best Practices held on 6 December 2024.

EUNICE A. MALAYO
Ms. Malayo is the Assistant Corporate Secretary of the Company. She is currently an associate at C&G Law. She holds a Juris Doctor degree from Ateneo De Manila University. Ms. Malayo 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 December 2024.

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.

Nomination for Election as Members of the Board of Directors

The following have been nominated for election as members of the Board of Directors for the ensuing year (2025 to 2026):

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

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

Name	Age	Citizenship	Year First Elected
Phyo Phyu Noe	41	Burmese	2023
Yang Soo Lee	52	Korean	2024
Yun Gie Park	55	Korean	2022*
Parinya Kitjatanapan	60	Thai	2020
Joongmin Kim	35	Korean	2025
Hyo Jin Song	48	Korean	2023**
Vishal Malik	56	Indian	2022
Rafael M. Alunan III (Independent Director)	76	Filipino	2007
Oscar S. Reyes (Independent Director)	79	Filipino	2007

* Mr. Park previously served as a member of the Company's board of directors from 2017 to 2018.
** Ms. Song previously served as a member of the Company's board of directors from 2021 to 2022.

All are incumbent members of the Board of Directors. The background information and business experience of the incumbent members of the Board of Directors are set out in pages 9 to 11 of this Information Statement.

Mss. Jocelyn P. Amado and Christine F. Jamorin nominated Messrs. Reyes and Alunan as Independent Directors. Mss. Amado and Jamorin are not related to Messrs. Reyes or Alunan. The background information and business experience of Messrs. Reyes and Alunan are set out in page 11 of this Information Statement.

The directorships held in reporting companies of the nominees are as follows[14]:

Oscar S. Reyes (Independent Director)	Basic Energy Corp. Link Edge Inc. PXP Energy Corporation Team Energy Corporation DMWenceslao & Associates Inc. Sun Life Financial Plans Inc. Sun Life Prosperity Dollar Advantage Fund, Inc. Sun Life Prosperity Dollar Abundance Fund, Inc. Sun Life Prosperity GS Fund, Inc. Sun Life Prosperity Dynamic Fund, Inc. Sun Life Prosperity Achiever Fund 2028 Inc. Sun Life Prosperity Achiever Fund 2038 Inc. Sun Life Prosperity World Equity Feeder Index Fund Inc. Sun Life of Canada Prosperity Balanced Fund Sun Life of Canada Prosperity Philippine Equity Fund Sun Life Prosperity Dollar Starter Fund Sun Life Prosperity Peso Voyager Feeder Fund Sun Life Prosperity World Income Fund Inc. Sun Life Prosperity Dollar Wellspring Fund Inc. Eramen Minerals, Inc. Petrolift Inc. Phil. Dealing System Holdings Corp. Phil. Dealing Exchange Corp. Phil. Depository & Trust Corp. Grepalife Dollar Bond Fund Corporation Grepalife Fixed Income Fund Corporation Grepalife Balanced Fund Corporation Pioneer Insurance & Surety Corp. Pioneer Life Inc. Pioneer Intercontinental Insurance Corp. Alviera Country Club Mit-Pacific Infrastructure Holdings Corp. Navitas Holdings Corp. Navitas Energy Services Inc.
Rafael M. Alunan III (Independent Director)	APC Group Inc. Rafael Alunan Agri-Development Inc.

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

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

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

Both Messrs. Reyes and Alunan have served on the Company's Board of Directors since 2007 and have been consistently re-elected by the stockholders until present. Under Securities and Exchange Commission ("*SEC*") Memorandum Circular ("*MC*") No. 4, Series of 2017 ("*SEC MC 4-2017*"), a company's independent director shall serve for a maximum cumulative term of nine years, which cumulative term is reckoned from 2012, after which the independent director shall be perpetually barred from re-election as such in the company. Should Messrs. Reyes and Alunan be re-elected at

[14] This material information on the board representation of the directors in Philippine reporting companies is presented in compliance with Section 49 of the Revised Corporation Code.

the Annual Stockholders' Meeting, they will have served on the Company's Board of Directors for more than 9 years from 2012 and should ordinarily be barred from re-election.

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

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

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

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

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

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

The By-Laws provide that the Nomination and Governance Committee shall pre-screen and shortlist all candidates nominated to become a member of the Board of Directors in accordance with the qualifications and disqualifications provided for in the Amended Articles of Incorporation, the Amended By-Laws, the Company's 2024 Manual on Corporate Governance ("*2024 Manual on Corporate Governance*"), applicable laws, regulations including Rule 38 of the Securities Regulation Code, and resolutions and rules passed or adopted by said committee, the stockholders and the Board of Directors. On 30 May 2025, the Nomination and Governance Committee approved the final list of nominees for the Board of Directors which included all of the abovenamed individuals.

Appraisals and performance report for the Board of Directors and the criteria and procedure for assessment[15]

Under the 2024 Manual on Corporate Governance and Charter of the Board of Directors, the Directors should observe the following norms of conduct: *(a)* conduct fair business transactions with the Company and ensure that his personal interest does not conflict with the interests of the Company, including complying with the Company's policy on required disclosures of Directors and Officers; *(b)* devote time and attention necessary to properly and effectively discharge his duties and responsibilities, and notify the Board before accepting a directorship in another company; *(c)* act judiciously; *(d)* exercise independent judgment; *(e)* have a working knowledge of the statutory and regulatory requirements affecting the Company, including its Articles of Incorporation and By-Laws, the rules and regulations of

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

the Securities and Exchange Commission, and where applicable, the requirements of other regulatory agencies; *(f)* observe confidentiality; (g) each member of the Board and the Board Committees, and Officer of the Company is obligated to inform the Board of actual or potential conflicts of interest, and, in case of direct conflict of interest, to abstain at his own initiative before discussing the respective matter; and (*h*) attend and actively participate, review meeting materials and if called for, ask the necessary questions or seek clarifications and explanations, in all meetings of the Board, of the Board committees in which he is a member, and meetings of the stockholders.

The Nomination and Governance Committee Charter provides that the Board shall conduct an annual self-assessment of its performance, including the performance of the Chairman of the Board, the individual Directors, and the Board committees. The 2024 Manual on Corporate Governance provides that, every three (3) years, the assessment shall be supported by an external facilitator.

The members of the Board of Directors and key officers attended corporate governance training sessions for the reporting year 2024 on 27 August 2024, 27 September 2024, 28 November 2024, 6 December 2024, 19 December 2024 and 20 December 2024. The last Board of Directors' assessment supported by an external facilitator was on 27 October 2022.

Attendance of the members of the Board of Directors in Meetings held for the year 2024 to 2025[16]

The attendance record of the Directors in the meetings of the Board of Directors for the year 2024 to 2025 is as follows:

Member of the Board of Directors	Percentage of Meetings[17] Attended
Phyo Phyu Noe	100%
Yang Soo Lee	87.5%
Yun Gie Park	62.5%
Parinya Kitjatanapan	87.5%
Jin Pyo Ahn*	100%
Hae Mo Shin**	100%
Joongmin Kim**	100%
Hyo Jin Song	100%
Vishal Malik	100%
Rafael M. Alunan III (Independent Director)	75%
Oscar S. Reyes (Independent Director)	87.5%

* Mr. Ahn has resigned and has been replaced by Mr. Shin as director effective 12 February 2025.
** Mr. Shin has resigned and has been replaced by Mr. Kim as director effective 10 April 2025.

The attendance record of the Directors in the Board committee meetings for the year 2024 to 2025 is as follows:

Audit Committee		Compensation and Remuneration Committee[18]		Nomination and Governance Committee	
Committee Members	Percentage of Meetings Attended	Committee Members	Percentage of Meetings Attended	Committee Members	Percentage of Meetings Attended
Hyo Jin Song	100%	Parinya Kitjatanapan	N/A	Jin Pyo Ahn* Haemo Shin*	N/A
Vishal Malik	83.33%	Jin Pyo Ahn* Haemo Shin* Joongmin Kim**	N/A	Joongmin Kim**	N/A

[16] This discussion on attendance of the members of the Board of Directors in meetings held for the year 2024 to 2025 is presented in compliance with Section 49 of the Revised Corporation Code.
[17] Regular meetings, special meetings, and organizational meeting of the Board of Directors, counted from the date of election.
[18] The Compensation and Remuneration Committee did not hold meetings for the year 2024 to 2025.

Rafael M. Alunan III (Independent Director)	83.33%	Rafael M. Alunan III (Independent Director)	N/A	Vishal Malik	0%
Oscar S. Reyes (Independent Director)	100%	Oscar S. Reyes (Independent Director)	N/A	Oscar S. Reyes (Independent Director)	100%

* Mr. Ahn has resigned and has been replaced by Mr. Shin as director effective 12 February 2025.
** Mr. Shin has resigned and has been replaced by Mr. Kim as director effective 10 April 2025.

At the Annual Stockholders' Meeting held on 28 June 2024, the following members of the Board were present: Messrs. Oscar S. Reyes, Rafael M. Alunan III, Phyo Phyu Noe, Yun Gie Park, Jin Pyo Ahn, Yang Soo Lee and Vishal Malik and Ms. Hyo Jin Song. There were no other stockholders' meeting held for 2024.

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

The aggregate compensation paid or accrued (in Philippine Peso) in the calendar years ended 31 December 2024, 2023, and 2022, and estimated to be paid for the ensuing calendar year ending 31 December 2025, to the following Executive Officers and Directors, is set out in the table below:

Name	Year	Salary	Bonus	Others
Aggregate for CEO and four (4) most highly compensated below-named executive officers	CY 2022 CY 2023 CY 2024 CY 2025 (Estimate)	57,270,568 39,092,067 44,734,390 47,019,975	10,828,970 2,335,485 1,244,428 1,300,458	914,674 - 491,627 772,549
All other directors and officers as a group unnamed	CY 2022 CY 2023 CY 2024 CY 2025 (Estimate)	35,394,635 30,640,710 11,981,113 11,807,765	5,500,600 5,711,933 - -	6,469,015 42,965,715 3,200,000 3,320,000

The following are the five (5) highest compensated Executive directors and 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 Board committee meeting of PhP200,000.00 for the Chairman of the Board and PhP100,000.00 for the other members of the Board. The seven (7) Directors representing Lotte Chilsung, and Quaker Global Investments B.V. have waived the per diem allowance as well as the annual directors' fee.

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

For calendar year 2024, the members of the Board were paid an aggregate amount of ₱2,640,000 for their attendance at Board and Board committee meetings. The following are the amounts of per diems and directors' fees received by each Director:

	Name of Director	Per Diems	Directors' Fees	Total
1.	Oscar S. Reyes	840,000	500,000	1,340,000
2.	Rafael M. Alunan	800,000	500,000	1,300,000
3.	Phyo Phyu Noe	0	0	0
4.	Yang Soo Lee	0	0	0
5.	Yun Gie Park	0	0	0
6.	Parinya Kitjatanapan	0	0	0
7.	Jin Pyo Ahn*	0	0	0
8.	Hae Mo Shin**	0	0	0
9.	Joongmin Kim**	0	0	0
10.	Hyo Jin Song	0	0	0
11.	Vishal Malik	0	0	0
	TOTAL	1,640,000	1,000,000	2,640,000

* Mr. Ahn has resigned and has been replaced by Mr. Hae Mo Shin as director effective 12 February 2025.

** Mr. Shin has resigned and has been replaced by Mr. Kim as director effective 10 April 2025.

Item 7. **Independent Public Accountants**

The Company's current external auditor is R.G. Manabat & Co. (KPMG Philippines). In compliance with Rule 68(3)(d) and Rule 68(3)(b)(ix) of the Securities Regulation Code, the Company engaged R.G. Manabat & Co. (KPMG Philippines) as its external auditor for the two (2) most recent calendar years, with Mr. Vernilo G. Yu as partner-in-charge for calendar year ended 31 December 2023, and Mr. Markent Ronnie R. Tampoc for calendar year ended 31 December 2024. Representatives of said firm are expected to be present at the Annual Stockholders' Meeting and will have the opportunity to make a statement if they desire to do so, and are expected to be available to respond to appropriate questions.

Aggregate fees billed by R.G. Manabat & Co. (KPMG Philippines), 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 31 December 2024, 2023, and 2022 are summarized as follows:

	2024	2023	2022
Statutory audit fees	PhP5.15 million	PhP5.15 million	PhP5.1 million
Other Assurance Services	PhP3.18 million	PhP4.45 million	-
Other services	PhP0.80 million	-	-
Tax advice fees	-	-	PhP0.6 million
Total	PhP9.13million	PhP9.6 million	PhP5.7 million

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

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

The Company recommends the engagement of R.G. Manabat & Co. (KPMG Philippines) as external auditor for the ensuing year 2025.

Item 8. **Compensation Plans**

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

Item 9. **Financial and Other Information**

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

1. Audited financial statements showing the financial position of the Company for the calendar years ended 31 December 2024 and 31 December 2023, its financial performance and cash flows for each of the three (3) quarters in the period ended 31 December 2024, and the external audit and non-audit fees attached as Exhibit II of the Annual Report (SEC Form 17-A);

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

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

Assessment of the Company's Performance[19]

Full Year 2024 summary

In 2024, the Company generated total net sales of ₱43.27 billion, representing a 7.5% increase compared to ₱40.26 billion in 2023. The growth was primarily driven by a combination of volume increases, the annualized impact of prior year pricing actions, and new pricing initiatives implemented throughout the year. This reflects the Company's ability to remain competitive in a dynamic beverage landscape while sustaining brand strength and market demand.

Gross Profit and Margin Performance

Gross profit reached ₱8.63 billion, with a Gross Profit Margin of 19.9% in 2024, as compared to the ₱7 billion, with a Gross Profit Margin of 17.4% in 2023.

Operating Performance

Earnings Before Interest, Taxes, Depreciation, and Amortization ("*EBITDA*") stood at ₱2.72 billion. More notably, the Company recorded an Operating Profit of ₱352 million for 2024, a substantial turnaround from an Operating Loss of ₱674 million in 2023. This positive shift reflects improved operational execution and the early gains from the Company's ongoing transformation initiatives.

Strategic Investments and Expenses

As part of its commitment to long-term productivity and operational excellence, the Company continued its multi-year Transformation Program, aimed at improving key processes across functions and optimizing cost structures. Additionally, higher Marketing and Manpower investments contributed to the increase in overall Operating Expenses, aligning with the Company's growth ambitions and transformation goals.

Net Loss and Financial Position

Despite the Net Loss of ₱446 million, the Company achieved a significant 63.8% reduction compared to the ₱1.2 billion loss in 2023 — a strong indication of improved financial management and cost control.

[19] This discussion on the assessment of the Company's performance, including information on any material change in the Company's business strategy, and other affairs, is presented in compliance with Section 49 of the Revised Corporation Code.

Business Strategy and Outlook

In 2024, the Company contributed to sustainable growth through strategic pricing, enhanced manufacturing leverage, and operational transformation. Looking ahead, the Company will continue to focus on driving volume growth and expanding profitability through transformation programs that future-proof the organization in a highly competitive and evolving market.

Material Changes

There are no material changes in the Company's business, strategy and affairs; and the Company is focused on delivering improved financial and commercial performance in the ensuing year.

Adequacy of Internal Control or Risk Management Systems[20]

The Company has adopted the Internal Accounting Work Guideline ("*Guidelines*") of its parent company, Lotte Chilsung, which serves as the Company's internal control or risk management systems. The purpose of the Guidelines is to set forth the details necessary for designing and operating Internal Controls in accordance with regulatory and policy requirements of the Company's Parent Company. These guidelines shall apply for the design and operation of matters necessary to prepare and disclose accounting information for consolidated financial statements in accordance applicable regulatory and policy requirements applicable to the Company.

The guidelines follow the five (5) main components of Internal Controls Over Financial Reporting ("*ICFR*") namely:

- Control environment: As a component that forms the foundation of ICFR, the control environment includes a system that can be linked to the Code of Ethics, ICFR-related organizations including the audit committee, responsibility, education, and performance evaluation.
- Risk assessment: Activities to identify, evaluate, and analyze risks that hinder the achievement of ICFR objectives, that is, risks that externally reported financial statements may be materially distorted, including fraudulent risks and change management systems.
- Control activities: Control activities include a system in which control activities can be selected and built to comply with policies and procedures designed to enable members of the organization to perform their duties in accordance with the management policies or guidelines presented by the board of directors and management.
- Information and communication: A system that can utilize reliable information so that members of the organization can carry out the responsibilities of ICFR and includes a system that facilitates internal and external communication.
- Monitoring activities: In order to evaluate and maintain the effectiveness of the design and operation of the ICFR, continuous monitoring and evaluation through independent evaluations are conducted, and a system for timely improvement of the found deficiencies is included.

ICFR is managed by the Company's Internal Controls and Audit Team through collaborations with Control Owners embedded within the different Departments of the Company. Control Owners' general tasks are as follows:

- ICFR control activity design and change management related to the duties and responsibilities applicable to the role.
- Operation and management of ICFR control activities related to the duties and responsibilities applicable to the role.
- Establish improvement plan for deficiencies and report improvement results.
- Other activities for effective ICFR operation.

Regular test of control designs is conducted to assess whether control is adequate to mitigate different risks associated with regular business operations as well as control operations tests aimed to determine whether the controls are implemented correctly. Results of test of control designs and control operations test are regularly reported to Management and the Audit Committee.

[20] This discussion on the adequacy of the internal controls or risk management systems of the Company is presented in compliance with Section 49 of the Revised Corporation Code.

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

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

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

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

Item 12. **Restatement of Accounts**

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

C. OTHER MATTERS

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

The Minutes of the Annual Stockholders' Meeting held on 28 June 2024, which will be submitted for approval of the stockholders, record the following matters:

1. Approval by the stockholders of the Minutes of the previous Annual Stockholders' Meeting held on 15 June 2023 [Stockholders' Resolution No. 2024/2025-001];

2. Report of the President and Chief Executive Officer on the results of operations of the Company for the year ended 31 December 2023;

3. Presentation of the Audited Financial Statements of the Company for the year ended 31 December 2023 and acceptance and approval thereof by the stockholders [Stockholders' Resolution No. 2024/2025-002];

4. Ratification by the stockholders of all acts and resolutions of the Board of Directors, and all acts of the Management, as well as all contracts and transactions entered into by the Company, for the year 2023 [Stockholders' Resolution No. 2024/2025-003];

5. Election of the Company's Directors, including Independent Directors, for the year 2024 to 2025 [Stockholders' Resolution No. 2024/2025-004], namely:

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

6. Appointment of R.G. Manabat & Co. as the Company's External Auditor for 2024 to 2025 [Stockholders' Resolution No. 2024/2025-005].

The Minutes of the Annual Stockholders' Meeting held on 28 June 2024, a copy of which is attached as Annex C hereto, also provide (i) a description of the voting and vote tabulation used in the meeting, (ii) a description of the opportunity given to stockholders to ask questions and a description of the nature of the questions asked in the meeting, (iii) matters discussed and resolutions reached and the record of the voting results for each agenda item, and (iv) a list of directors and stockholders who attended the meeting. These information are restated below in compliance with Section 49 of the Revised Corporation Code.

Voting and tabulation procedures used in the Annual Stockholders' Meeting held on 28 June 2024

The Corporate Secretary explained the rules of conduct and voting procedures for the meeting and confirmed that the voting procedures and the explanation to the agenda items are set out in and attached to the Information Statement.

The Corporate Secretary explained that, under the procedures on participation by remote communications and voting in absentia, the stockholders may send their questions or comments to corporatesecretary@pcppi.com.ph and that questions and comments received as of 8:30 a.m. will be read and answered during the discussion of the agenda item, "Other Matters;" while additional questions, if any are received during the meeting proper, will be responded to by email. As indicated in the notice and agenda and the explanation of agenda items in the Information Statement, there are five resolutions proposed for adoption by the stockholders in the meeting.

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

The votes were tabulated by the Corporate Secretary. The Corporate Secretary reported that, at the end of the proxy validation process, stockholders owning 3,639,315,586 voting shares representing 100% of the total voting shares represented in the meeting (i.e., votes cast by proxy ballot) and 98.53% of the total outstanding voting shares have cast their votes on the items for consideration. The Corporate Secretary referred to this partial tabulation in reporting the voting results throughout the meeting. No additional votes were cast after the proxy validation and during the meeting. Thus, the partial tabulation is deemed final and reflected in the Minutes of the Annual Stockholders' Meeting held on 28 June 2024, and set out in the table of voting results below.

Questions asked and answers given during the Annual Stockholders' Meeting held on 28 June 2024

Mr. Raymund Patrick A. Yapit asked how the "Bravehearts" are involved with Project Phoenix. Mr. Noe answered by stating that Project Phoenix is a program for Bravehearts led by Bravehearts. He recognized the importance of the employees who are leading the different initiatives of Project Phoenix as they are responsible and accountable for the progress the Company is making.

Mr. Sergio M. Ortiz asked how the current management intend to strengthen employee engagement after 35 years of operations. Mr. Noe then responded by saying that the heart of the Company's operations is its people and they aim to make the Company the best place to work for the best people in the industry which involves simplifying the organizational structure, re-evaluating compensation and benefit plans, and developing programs that allow collaboration across Business Units and Functions. He then stated that the Company will invest and empower its people so that it will continue to thrive for the next 35 years and beyond.

Mr. Roderick V. Osial asked regarding the culture the Company wants to build within the organization in order to achieve its vision and mission. Mr. Noe responded by saying that the Company aims to build a culture of transparency and collaboration which will lead to an organization of empowered professionals who want to serve the customers, grow with partners, and contribute to communities. Mr. Noe then noted that one of the greatest strengths that he has seen in the employees is their resilience. This value is especially rare and knowing that the Company's employees are resilient gives him confidence about the Company's future. He stated that he is humbled to personally witness this as he meets the Company's employees during plant visits and town hall meetings. He then concluded that he is inspired by the grit and optimism for the future of the Company's employees.

The matters discussed and resolutions reached and the record of the voting results for each agenda item in the Annual Stockholders' Meeting held on 28 June 2024

Item discussed	For	Against	Abstain	Total No. of Shares Represented
i. Approval by the stockholders of the Minutes of the previous Annual Stockholders' Meeting held on 15 June 2023 [Stockholders' Resolution No. 2024/2025-001];	3,639,315,586	0	0	98.53%
ii. Presentation of the Audited Financial Statements of the Company for the year ended 31 December 2023 and acceptance and approval thereof by the stockholders [Stockholders' Resolution No. 2024/2025-002];	3,639,315,586	0	0	98.53%
iii. Ratification by the stockholders of all acts and resolutions of the Board of Directors, and all acts of the Management, as well as all contracts and transactions entered into by the Company, for the year 2023 [Stockholders' Resolution No. 2024/2025-003];	3,639,315,586	0	0	98.53%
iv. Election of the Company's Directors, including Independent Directors, for the year 2024 to 2025 [Stockholders' Resolution No. 2024/2025-004],				
1. Yun Gie Park	3,639,315,586	0	0	98.53%
2. Phyo Phyu Noe	3,639,315,586	0	0	98.53%
3. Hyo Jin Song	3,639,315,586	0	0	98.53%
4. Jin Pyo Ahn	3,639,315,586	0	0	98.53%
5. Yang Soo Lee	3,639,315,586	0	0	98.53%
6. Parinya Kitjatanapan	3,639,315,586	0	0	98.53%
7. Vishal Malik	3,639,315,586	0	0	98.53%
8. Oscar S. Reyes	3,639,315,586	0	0	98.53%
9. Rafael M. Alunan III	3,639,315,586	0	0	98.53%
v. Appointment of R.G. Manabat & Co. as the Company's External Auditor for 2024 to 2025 [Stockholders' Resolution No. 2024/2025-005].	3,639,315,586	0	0	98.53%

List of directors, officers, and stockholders who attended the Annual Stockholders' Meeting held on 28 June 2024

a. *Directors*
    - Oscar S. Reyes – Chairman and Independent Director

- Rafael M. Alunan III – Vice-Chairman and Independent Director
- Phyo Phyu Noe – Director and President and Chief Executive Officer
- Yun Gie Park – Director
- Hyo Jin Song – Director
- Jin Pyo Ahn – Director and Chief Corporate Strategy Officer
- Yang Soo Lee – Director
- Vishal Malik – Director

b. *Officers*

- Youngho Kim – Chief Manufacturing Officer
- Lyndon Ferdinand J. Cuadra – Chief Commercial Officer
- Byoungoh Jang – Chief Supply Chain Officer
- Elmer Joseph N. Yanga – Chief Finance Officer and Chief Audit Executive
- Atty. Carina Lenore S. Bayon – Chief Environmental, Social, and Governance Officer, Chief Compliance Officer, Data Protection Officer, and Extended Producers' Responsibility Act Compliance Officer
- Edgar L. Apolonia – Area Commercial Head (Luzon)
- Raoul M. Palugod – Area Commercial Head (Visayas)
- Ian E. Conlu – Area Commercial Head (Mindanao)
- Reynaldo M. Israel – Area Commercial Head (National Key Accounts)
- Kristine Ninotschka L. Evangelista – Corporate Secretary
- Jethro C. Perez – Assistant Corporate Secretary

c. *Stockholders*

- Lotte Chilsung Beverage Co. Ltd.
- Quaker Global Investments B.V.
- Roderick M. Osial
- Sergio M. Ortiz, Jr.
- Raymund Patrick A. Yapit

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

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

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

There are no proposed amendments to the Company's Amended Articles of Incorporation and By-Laws to be presented to the stockholders for their approval during the Annual Stockholders' Meeting.

Item 16. **Other Proposed Action**

Apart from the submission for approval by the stockholders of the matters in Items 13 of this Information Statement (i.e., approval of the Minutes of the Annual Stockholders' Meeting held on 28 June 2024), the following matters will also be submitted for approval of the stockholders:

1. Presentation of and approval the Audited Financial Statements of the Company for the year ended 31 December 2024;

2. Ratification of all acts and resolutions of the Board of Directors and Management for the previous year, as well as all contracts and transactions entered into by the Company, for the year 2024 until the 2025 Annual Stockholders' Meeting;

3. Election of the members of the Board of Directors, including the Independent Directors, for the year 2025 to 2026; and

4. Appointment of R.G. Manabat & Co. (KPMG Philippines) as the Company's External Auditor for the year 2025.

Item 17. **Voting Procedures**

Voting requirements

(a) Matters for stockholders' approval

As provided in Article II, Section 5 of the By-Laws, a quorum at any meeting of stockholders shall consist of a majority of the outstanding capital stock of the Company represented in person or by proxy, and a majority of the entire outstanding stock of the Company shall be necessary to decide any matter that may come before a meeting.

In accordance with Article II, Section 1 of the Company's By-Laws, stockholders who participate and vote through remote communications or who vote *in absentia* are deemed present for purposes of quorum. This is discussed further in Annex A of this Information Statement.

All matters to be acted upon in the Annual Stockholders' Meeting require the vote of a majority of the outstanding capital stock of the Company.

(b) Election of directors

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

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

Manner of voting

Stockholders of record are entitled to one vote per share. A stockholder participating via remote communication or who intends to vote *in absentia* may submit their votes following the procedures set out in Item 18 and Annex A of this Information Statement. A stockholder may also vote by proxy duly given in writing and submitted to the Corporate Secretary at least seven (7) days before the meeting in accordance with Article VII, Section 1 of the Company's By-Laws.

Method of counting votes

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

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

As disclosed by the Company on 10 April 2025, in its meeting held on the same date, the Board of Directors approved the conduct of the Annual Stockholders' Meeting via remote communications, to allow stockholders of record to participate and exercise their right to vote through remote communication, or *in absentia*, or by proxy in accordance with Article II, Section 1 of the Company's By-Laws; thus, dispensing with physical attendance in the meeting.

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

COPIES OF THE COMPANY'S ANNUAL REPORT (SEC FORM 17-A) AND QUARTERLY REPORT (SEC FORM 17-Q) (WHICH ARE ATTACHED AS ANNEXES D AND E TO THIS INFORMATION STATEMENT) MAY BE ACCESSED BY THE STOCKHOLDERS AT THE COMPANY'S WEBSITE, https://pepsiphilippines.com/investor-relations-disclosures/secfillings?secfillings=59.

SIGNATURE PAGE

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

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

PHYO PHYU NOE
President and Chief Executive Officer

PEPSI-COLA PRODUCTS PHILIPPINES, INC.
Annual Stockholders' Meeting

TO: The Stockholders

NOTICE IS HEREBY GIVEN that the annual meeting of stockholders of Pepsi-Cola Products Philippines, Inc. (the "*Company*") will be conducted virtually through **https://bit.ly/pcppiasm2025** on 27 June 2025, at 9:00 a.m.

The agenda of the meeting shall be as follows:

1. Call to Order
2. Certification of Notice and of Quorum
3. Approval of the Minutes of the Annual Stockholders' Meeting held on 28 June 2024
4. Report of the President and Chief Executive Officer
5. Presentation of the Audited Financial Statements for the year ended 31 December 2024
6. Ratification of Acts of the Board of Directors and Management for 2024
7. Election of Directors for 2025 to 2026
8. Appointment of External Auditor for 2025
9. Other Matters
10. Adjournment

Only stockholders of record as of 06 June 2025 are entitled to notice of, and to vote at, this annual meeting.

Stockholders may *(a)* attend, participate, and vote via remote communications (on his or her own or through a proxy other than the Chairman); *(b)* vote *in absentia* (without attendance and participation); or *(c)* vote (without attendance and participation) by appointing the Chairman of the meeting as their proxy. Stockholders intending to attend, participate, and vote by remote communication, or to vote *in absentia*, should notify the Company by email to corporatesecretary@pcppi.com.ph from 06 June 2025, 9:00 a.m., to 20 June 2025, 5:00 p.m. Duly accomplished proxies shall be submitted on or before 20 June 2025, 5:00 p.m. to the Corporate Secretary c/o Pepsi-Cola Products Philippines, Inc., at 26th Floor, Filinvest Axis Tower Two Building, Northgate Cyberzone, Filinvest City, Alabang, Muntinlupa City, or by email to corporatesecretary@pcppi.com.ph. Validation of proxies is set on 20 June 2025, 5:00 p.m. The detailed procedures for attending, participating, and voting in the meeting are set forth in the Information Statement, which will be posted on the website of the Company at https://www.pepsiphilippines.com/investor-relations-disclosures.

Shareholders may nominate individuals for election to the Board of Directors by emailing the Corporate Secretary at corporatesecretary@pcppi.com.ph with the name and profile of the individual no later than 29 May 2025, 5:00 p.m.

Duly registered stockholders may likewise access the annual meeting by scanning the QR Code below.

PROXY

I, ____________________________, a stockholder of PEPSI-COLA PRODUCTS PHILIPPINES, INC. (the "Company"), holding ________________ of the Company's shares, hereby name, constitute, and appoint ____ or in his/her absence, the Chairman of the Meeting, as attorney-in-fact and proxy, to represent and vote all shares registered in my name at the annual meeting of the stockholders of the Company to be held on Friday, 27 June 2025, and any adjournment(s) thereof.

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

1. Approval of the Minutes of the Annual Stockholders' Meeting held on 28 June 2024	□ Yes □ No □ Abstain
2. Approval of the Audited Financial Statements for the year ended 31 December 2024	□ Yes □ No □ Abstain
3. Ratification of the acts of the Board of Directors and Management for 2024	□ Yes □ No □ Abstain
4. Election of Directors for 2025 to 2026 Indicate in the space before each name how many votes you are casting in favor of that nominee. Your total number of votes can be computed as follow: number of shares held x 9. If the cumulative number of votes indicated exceeds this computation, your votes will be proportionately reduced.	Indicate number of votes per nominee: ___________ Phyo Phyu Noe ___________ Yang Soo Lee ___________ Yun Gie Park ___________ Parinya Kitjatanapan ___________ Joongmin Kim ___________ Hyo Jin Song ___________ Vishal Malik ___________ Rafael M. Alunan III (Independent Director) ___________ Oscar S. Reyes (Independent Director)
5. Appointment of R.G. Manabat & Co. (KPMG Philippines) as external auditor of the Company for the year 2025	□ Yes □ No □ Abstain

IN WITNESS WHEREOF, I have signed this ___ day of _________ 2025, at ____________________________.

______________________________ ____

PRINTED NAME OF STOCKHOLDER SIGNATURE OF STOCKHOLDER/ AUTHORIZED SIGNATORY

This proxy should be received by the Corporate Secretary, at Pepsi-Cola Products Philippines, Inc., 26th Floor, Filinvest Axis Tower Two Building, Northgate Cyberzone, Filinvest City, Alabang, Muntinlupa City or at corporatesecretary@pcppi.com.ph **on or before 20 June 2025**, 5:00 p.m. For corporate stockholders, please attach to this proxy form the secretary's certificate on the authority of the signatory to appoint the proxy and sign this form. This proxy, when properly executed, will be voted in the manner as directed herein by the stockholder. If no direction is made, this proxy will be voted for the election of all nominees and for the approval of the matters stated above and for such other matters as may properly come before the meeting as recommended by the Chairman. A stockholder giving a proxy has the power to revoke it at any time before the right granted is exercised. Notarization of the proxy is not required.

ANNEX A

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

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

A stockholder may only attend the meeting remotely by connecting to https://bit.ly/pcppiasm2025 or scanning the QR Code below at the date and time indicated in the Notice and Agenda. Stockholders who will not be attending, participating, and voting via remote communications may choose to vote *in absentia* or by proxy.

Registration Procedures

A stockholder (or his or her proxy) who intends to participate via remote communications, vote *in absentia*, or vote by proxy (by appointing the Chairman of the meeting as his or her proxy), must register in accordance with the procedures below from 06 June 2025 to 20 June 2025, 5:00 p.m.

To register, the stockholder must send an email to corporatesecretary@pcppi.com.ph, indicating "**PCPPI 2025 Annual Stockholders' Meeting Registration**" as the subject of the email.

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

I. For individual stockholders with stock certificates –

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

II. For stockholders under Broker accounts –

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

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

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

III. For corporate stockholders –

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

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

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

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

In all cases I, II and III above, if the stockholder will be attending by proxy, the signed proxy must be received by the Corporate Secretary on or before 20 June 2025, 5:00 p.m. The original signed proxy may be sent to the Corporate Secretary c/o Pepsi-Cola Products Philippines, Inc., at 26th Floor, Filinvest Axis Tower Two Building, Northgate Cyberzone, Filinvest City, Alabang, Muntinlupa City, or a scanned copy of the signed proxy may be sent by email to corporatesecretary@pcppi.com.ph.

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

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

Validation

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

A. Attendance, Participation and Voting Via Remote Communications

Attendance and Participation

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

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

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

Voting

Stockholders (or their proxies) participating by remote communications may cast their votes by filling in a ballot to be provided by email to duly registered stockholders. Duly registered stockholders have until the end of the meeting to cast their votes by sending the filled-in ballot by e-mail to corporatesecretary@pcppi.com.ph.

The voting must comply with the following instructions:

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

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

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

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

B. Voting *in Absentia*

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

Only stockholders who have duly registered in accordance with the Registration Procedures above and have informed the Company of their intent to vote *in absentia* may vote on the matters on the agenda without attending the meeting. The ballot shall be emailed to duly registered stockholders.

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

Voting

Registered stockholders voting by remote communications or *in absentia* have until the end of the meeting to cast their votes by e-mailing the filled-in ballot to corporatesecretary@pcppi.com.ph.

The voting must comply with the following instructions:

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

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

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

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

C. Voting By Proxy (Chairman)

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

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

Voting

The voting should comply with the following instructions:

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

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

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

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

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

The stockholders may send the original signed proxy to the Corporate Secretary c/o Pepsi-Cola Products Philippines, Inc., at 26th Floor, Filinvest Axis Tower Two Building, Northgate Cyberzone, Filinvest City, Alabang, Muntinlupa City, or a scanned copy of the executed proxy through email to corporatesecretary@pcppi.com.ph. The deadline for the submission of proxies is on or before 20 June 2025, 5:00 p.m.

Counting and Tabulation of Votes

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

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

ANNEX B

MANAGEMENT REPORT

MANAGEMENT REPORT

I. GENERAL NATURE AND SCOPE OF THE BUSINESS

Overview

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

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

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

The Company is a licensed bottler of PepsiCo, Inc. ("PepsiCo"), Pepsi Lipton International Limited ("Pepsi Lipton"), and a licensed snacks appointee of The Concentrate Manufacturing Company of Ireland in the Philippines. It manufactures a range of carbonated soft drinks ("CSD") 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, Aquafina, and Premier.

Philippine Beverage Industry

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

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

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

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

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

Customers/Distribution Methods of the Products

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

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

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

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

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

Principal Suppliers

Over half of the total costs comprise purchases of raw materials. Largest purchases are sugar and beverage concentrates. The Company purchases sugar requirements domestically 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.

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), and consumer cases brought against the Company involving allegations of defective products. Other significant cases are criminal cases for theft against employees and refund 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 sought to recover damages arising from said breach.

For a discussion of the Company's pending tax matter, please refer to Note 27(b) to the Audited Financial Statements for the year ended 31 December 2024.

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

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

Market Information

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

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

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

Stockholders

Based on the stockholders list as of 16 May 2025 of the Company's stock transfer agent, Stock and Transfer Service, Inc. (the "*Stock Transfer Agent*"), the Company has approximately 773 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 16 May 2025:

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	0.99%
4	PCD NOMINEE CORP. (FILIPINO)	6,194,302	00.17%
5	CC&L Q 130/30 FUND II	438,000	00.01%
6	BDO SECURITIES CORPORATION FAO VARIOUS LOCAL	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 TI.	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%
17	VERDIDA IVAN N.	159,000	00.00%
18	PNB SECURITIES INC.	154,000	00.00%
19	JOSE JR ESPANA BAUTISTA	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 2024, 2023 and 2022). The last declaration of cash dividend was in the calendar year ended 31 December 2019 in the amount of P162.5 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.

Pursuant to its Articles of Incorporation and By-Laws, as amended during the annual stockholders meeting held on 27 April 2023, and approved by the Securities and Exchange Commission on 29 September 2023, the Company shall not declare payment of dividends until 2025.

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

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

III. FINANCIAL STATEMENTS

Please refer to the Audited Financial Statements of the Company for the calendar year ended 31 December 2024, which is attached to the Annual Report (SEC Form 17-A), which is attached to the Information Statement (SEC Form 20-IS) as Annex D.

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

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

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

RESULTS OF OPERATIONS

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 ₽40.4 billion 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 ₽191 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 and the access to financing alternatives (refer to Note 26 to the 31 December 2024 Audited Financial Statements for a detailed discussion on the Company's revolving credit facilities as of 31 December 2024).

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

Decrease in current assets from ₽10,082 million as of 31 December 2023 to ₽10,021 million as of 31 December 2024 were due to decreases in receivable – net of ₽472 million, and due from related parties of ₽92 million, and an increases prepaid expenses, and other current assets of ₽371 million, cash and cash equivalent of ₽103 million and inventories – net of ₽ 29 million.

Increases in noncurrent assets from ₱16,780 million as of 31 December 2023 to ₱18,003 million as of 31 December 2024 due to increases in property, plant and equipment of ₱620 million, deferred tax assets – net of ₱283 million, right of use assets of ₱148 million, bottles and cases of ₱135 million, other noncurrent assets of ₱51 million, and investment in associates of ₱2 million and decrease in intangible assets of ₱14. ₱2 million.

Increase in current liabilities from ₱12,394 million as of 31 December 2023 to ₱15,690 million as of 31 December 2024 due to increases in short-term debt of ₱2.09 billion, and accounts payable & accrued expenses of ₱1,56 billion and a decrease in current portion of long term debt of ₱360.

Decrease in noncurrent liabilities from ₱6,829 million as of 31 December 2023 to ₱5,110 million as of 31 December 2024 due to decrease in long-term debt of ₱1,745 million, and increase in other noncurrent liabilities of ₱26 million.

Total assets increase from ₱26,861 million as of 31 December 2023 to ₱28,025 million as of 31 December 2024 mainly due to general increases in assets as discussed above. Total liabilities increased from ₱19,223 million as of 31 December 2023 to ₱20,800 million as of 31 December 2024 mainly due to general increases in payables as stated above.

Total equity decreased from ₱7,639 to ₱7,225 million on account of total comprehensive income of ₱446 million and increased from remeasurement losses on net defined benefit liability in 2024.

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.

		2024	2023
Current ratio	Current assets over current liabilities	0.6:1	0.8:1
Solvency ratio	Profit plus depreciation and amortization over total liabilities	0.9:1	0.6:1
Bank debt-to-equity ratio	Bank debt over total equity	1.33:1	1.26:1
Asset-to-equity ratio	Total assets over equity	3.88:1	3.52:1
Operating margin	Operating profit over net sales	0.81%	-1.67%
Net profit margin	Net profit over net sales	-1.03%	-3.06%
Interest rate coverage ratio	Earnings before interest and taxes over interest expense	0.09:1	-1.40:1

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 ₱3,314million, ₱1,592million, and ₱2,286million for the years ended 31 December 2024, 2023, and 2022, 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 Asects

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.

VI. CORPORATE GOVERNANCE

Manual of Corporate Governance

The Company first adopted its Manual on Corporate Governance (the "Manual") on 21 June 2007, and has since revised it based on the various relevant regulations issued by the SEC. Most recently on 19 February 2024, the Board revised the Manual to align its provisions with the amendments to the Company's Articles of Incorporation and By-Laws as approved by the Securities and Exchange Commission on 29 September 2023.

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

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

On 11 December 2019, the Board adopted its Board Charter and the charters of the Board committees. The Board Charter formalizes and clearly states the Board's roles, responsibilities, and accountabilities in carrying out its fiduciary duties. The charter of each Board committee provides the committee objectives, duties and functions, membership and organization, reporting process, resources, and other relevant information, as well as its performance evaluation. Recently on 19 February 2024, the Board revised the Board Charter to align its provisions with the amendments to the Company's Articles of Incorporation and By-Laws as approved by the Securities and Exchange Commission on 29 September 2023.

Board Committees

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

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

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

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

Compliance with the Manual

For purposes of evaluating compliance with the Manual, the Company has adopted the self-rating form prescribed by the SEC, or the Integrated Annual Corporate Governance Report (SEC Form I-ACGR). In line with this, and pursuant to the requirements of the SEC, the Company submitted its first Annual Corporate Governance Report ("ACGR") for 2012 on 28 June 2013, and has submitted the ACGR and the revised Integrated Annual Corporate Governance Report form, yearly thereafter until 2020. In 2021, after voluntarily delisting from the Philippine Stock Exchange in 2020, it submitted a Compliance Officer's Certification (SEC Form CG-2020) in lieu of an Integrated Annual Corporate Governance Report. In compliance with SEC Memorandum Circular No. 13, Series of 2021, the Company has since filed its Annual Corporate Governance Reports yearly, with the latest for the reporting year filed on 30 April 2025.

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

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

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

ANNEX C

MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING HELD ON 28 JUNE 2024

MINUTES OF THE 2024 ANNUAL STOCKHOLDERS' MEETING OF
PEPSI-COLA PRODUCTS PHILIPPINES, INC.
Held virtually via https://www.pcppi-asm.com
on 28 June 2024 at 9:00 a.m.
(Stockholders' Meeting No. 2024/2025-001)

STOCKHOLDERS PRESENT

Total No. of Issued and Outstanding Shares entitled to vote	3,693,772,279
Total No. of Shares of Stockholders Participating by Remote Communications	3,639,311,586*
Total No. of Shares of Stockholders Voting *in absentia*	0
Total No. of Shares of Stockholders Present by Proxy	4,000
Total No. of Shares Present	3,639,315,586
Percentage Present of the Total No. of Issued and Outstanding Shares entitled to vote	98.53%

* 3,639,311,586 shares held by corporate shareholders with proxies participated via remote communications

STOCKHOLDERS PRESENT (BY REMOTE COMMUNICATIONS AND BY PROXY)

Lotte Chilsung Beverage Co. Ltd.
Quaker Global Investments B.V.
Roderick M. Osial
Sergio M. Ortiz, Jr.
Raymund Patrick A. Yapit

DIRECTORS PRESENT

Oscar S. Reyes	*Chairman and Independent Director*
Rafael M. Alunan III	*Vice-Chairman and Independent Director*
Phyo Phyu Noe	*Director and President and Chief Executive Officer*
Yun Gie Park	*Director*
Hyo Jin Song	*Director*
Jin Pyo Ahn	*Director and Chief Corporate Strategy Officer*
Yang Soo Lee	*Director*
Vishal Malik	*Director*

OFFICERS PRESENT

Youngho Kim	*Chief Manufacturing Officer*
Lyndon Ferdinand J. Cuadra	*Chief Commercial Officer*
Byoungoh Jang	*Chief Supply Chain Officer*
Elmer Joseph N. Yanga	*Chief Finance Officer*
Carina Lenore S. Bayon	*Chief Environmental, Social, and Governance Officer, Chief Compliance Officer, Data Protection Officer, Extended Producers' Responsibility Act Compliance Officer. and Chief Audit Executive*
Edgar L. Apolonia	*Area Commercial Head (Luzon)*
Raoul M. Palugod	*Area Commercial Head (Visayas)*
Ian E. Conlu	*Area Commercial Head (Mindanao)*
Reynaldo M. Israel	*Area Commercial Head (National Key Accounts)*
Kristine Ninotschka L. Evangelista	*Corporate Secretary*
Jethro C. Perez	*Assistant Corporate Secretary*

I. CALL TO ORDER

The Chairman of the Board of Directors (the "*Board*") of Pepsi-Cola Products Philippines, Inc. (the "*Company*"), Mr. Oscar S. Reyes, called the Annual Meeting of the Stockholders for the year 2024 to order. The Corporate Secretary, Atty. Kristine Ninotschka L. Evangelista, recorded the minutes of the proceedings.

II. CERTIFICATION OF NOTICE AND OF QUORUM

The Corporate Secretary certified that, beginning 7 June 2024, the notice and agenda for the annual stockholders' meeting and the Information Statement cleared and approved by the Securities and Exchange Commission ("*SEC*") as well as the procedures on participation by remote communications and by proxy, and on voting in absentia, were made available to the stockholders through the Company's website. The notice and agenda were also published on 23 May 2024 and 24 May 2024 in the business section of the Business Mirror and Manila Times, in both print and online formats (*i.e.*, the physical copies of Business Mirror and Manila Times, and on businessmirror.com.ph and manilatimes.net).

The Corporate Secretary also certified that there was a quorum to conduct business, there being a total of 3,639,315,586 shares represented, constituting 98.53% of the total outstanding capital stock of the Company. This figure refers to the number of shares held by stockholders that had sent proxies, confirmed attendance, and completed registration prior to the meeting and based on the records generated in the online platform.

III. INSTRUCTIONS ON RULES OF CONDUCT AND VOTING PROCEDURES

The Chairman noted that the Company has been holding the annual meeting of the stockholders virtually for the last few years primarily to ensure the health and safety of all stakeholders, especially the stockholders, but also to with the objective of providing the stockholders greater access to, and opportunity to participate in, the meetings in view of the mode of conduct of the meetings that allow stockholders to attend via remote communication, and those unable to attend, to vote *in absentia*.

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

The Corporate Secretary explained that, under the procedures on participation by remote communications and voting in absentia, the stockholders may send their questions or comments to corporatesecretary@pcppi.com.ph and that questions and comments received as of 8:30 a.m. will be read and answered during the discussion of the agenda item, "Other Matters;" while additional questions, if any are received during the meeting proper, will be responded to by email. As indicated in the notice and agenda and the explanation of agenda items in the Information Statement, there are five resolutions proposed for adoption by the stockholders in the meeting.

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

The votes were tabulated by the Corporate Secretary. The Corporate Secretary reported that, at the end of the proxy validation process, stockholders owning 3,639,315,586 voting shares representing 100% of the total voting shares represented in the meeting (*i.e.,* votes cast by proxy ballot) and 98.53% of the total outstanding voting shares have cast their votes on the items for consideration. The Corporate Secretary referred to this partial tabulation in reporting the voting results throughout the meeting. No additional votes were cast after the proxy validation and during the meeting. Thus, the partial tabulation is deemed final and reflected in these minutes.

IV. APPROVAL OF THE MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING HELD ON 15 JUNE 2023

The Chairman then proceeded with the next item in the agenda which is the approval of the minutes of the annual stockholders' meeting held on 15 June 2023.

The Chairman informed the stockholders that the minutes of the meeting was attached to the Information Statement made available to the stockholders through the Company's website. A copy of the minutes was also posted on the Company's website.

The Corporate Secretary presented Stockholders' Resolution No. 2023/2024-001, which was displayed on the screen, and reported the approval by the stockholders based on the votes received:

Stockholders' Resolution No. 2024/2025-001

> **RESOLVED**, that the stockholders of Pepsi-Cola Products Philippines, Inc. (the "*Corporation*"), approve, as they hereby approve, the minutes of the Corporation's Annual Stockholders' Meeting held on 15 June 2023.

Based on the votes received, the votes on the adoption of Stockholders' Resolution No. 2024/2025-001 were as follows:

Vote	Number of votes	Percentage of shares represented
For	3,639,315,586	98.53%
Against	0	0%
Abstain	0	0%
Total	**3,639,315,586**	**98.53%**

Given the voting results, the Chairman declared that the resolution is deemed adopted and the minutes of the Company's Annual Stockholders' Meeting held on June 15, 2023, is approved.

V. REPORT OF THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

The President and Chief Executive Officer, Mr. Phyo Phyu Noe, reported on the results of the operations of the Company for the calendar year ended 31 December 2023 and the various initiatives undertaken by Management for the year.

Mr. Noe presented a review of PCPPI's performance in 2023 where he noted that PCPPI achieved a notable 5% increase in revenue reaching PhP40.26 billion with gross profit rising by 7% to PhP7.02 billion and Earnings Before Interest, Taxes, Depreciation, and Amortization totaling PhP1.56 billion. He highlighted the Company's strategic advancements particularly the expansion efforts in Luzon aimed at bolstering market presence with PET products. Efficiency was a focal point as Mr. Noe emphasized the need to optimize fixed costs and introducing plans for a transformation program led by Management, with support from Bain and Co., and aimed at enhancing operational effectiveness and restoring PCPPI's position as a leading beverage manufacturer in the Philippines.

Mr. Noe then proceeded to showcase PCPPI's success in expanding distribution channels notably increasing from 57% to 61% driven by gains in sari-sari stores and modern trade channels. Notable brand achievements were also showcased with Mountain Dew and Sting brands achieving significant market share increases. Mr. Noe then underscored a marked improvement in net revenue realization by 10.8 percentage points compared to the previous year. Briefly, Mr. Noe shared the successful introduction of Chum Churum and Chum Churum Soonhari which contributed PhP61 million to the Company's overall revenue.

Mr. Noe recognized the Company's excellence in client relations as shown by renewed and strengthened ties with Philgeulin Group, Dohtonbori, Karayama, and Bigtime Empire Corporation, and accolades such as the Robinsons' Supermarket's Bronze Apple Award and Business Partner of the Year Award in Isetann Supermarket's Friendship-in-Trade Awards. Mr. Noe also shared that Southstar Drug, one of the largest pharmaceutical chains in the Philippines, acknowledged the Company's remarkable contribution to their business as one of their top key account partners.

Mr. Noe then reported logistics advancements and cost efficiencies showcasing reductions in freight costs and improvements in bottle management. He reported that PhP283 million logistics productivity savings were recorded due to the Company's swift movement of its products. Freight toll hauling cost per case reduced by 2.63% compared to the year before, bottle management improved by 40% through recovering scuffed and faded bottles equivalent to 652,241 cases, and retrieval rate increased by 1% versus 2022. All these resulted to reduction in trade absorption equivalent to over 1.9 million cases and brought in savings of PhP11.6 million.

Proceeding to the Environmental, Social, and Governance sphere, Mr. Noe reported the Company's initiatives in environmental stewardship and community engagement including waste recycling efforts and participation in the Adopt-A-River program. As part of the Company's initiatives, over 11 metric tons of waste have been collected and over 460 trees and seedlings have either been planted or donated on to help re-start ecosystems. The Company has likewise collected and processed over 5,500 metric tons of post-consumer plastic, and has adopted Magdaong River in Muntinlupa as part of the Laguna Lake Development Authority's Adopt-A-River program.

Mr. Noe then underscored increased employee engagement and training hours as shown by an increase in total training hours by 22.3% compared to prior year. More employees have volunteered to participate in the Department of Education's Brigada Eskwela to prepare public school students for the start of the new academic year. The Company's Learning and Development team at Pepsi University was also able to roll out an array of self-study courses via the training platform QLK .

He concluded with an introduction to Project Phoenix, an 18-month transformation program aimed at revitalizing the Company's operations and market position through employee-driven initiatives. He outlined Project Phoenix's strategic goals and pillars which highlighted a commitment to workforce development, operational excellence, and sustainable growth strategies. Mr. Noe reaffirmed the Company's commitment to leadership, innovation, and sustainable business practices as drivers of future success.

VI. PRESENTATION OF AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

The Chairman proceeded to the next agenda item, which was the presentation and approval of the Company's Annual Report and Audited Financial Statements ("*AFS*") for the calendar year ended 31 December 2023. The Chairman reported that copies of the Annual Report and AFS were attached to the Information Statement made available to the stockholders through the Company's website.

The Corporate Secretary presented Stockholders' Resolution No. 2024/2025-002, which was displayed on the screen, and reported the approval by the stockholders based on the votes received:

Stockholders' Resolution No. 2024/2025-002

> **RESOLVED**, that the stockholders of Pepsi-Cola Products Philippines, Inc. (the "*Corporation*") note, accept and approve, as they hereby note, accept and approve, the Corporation's Annual Report and Audited Financial Statements for the calendar year ended 31 December 2023.

Based on the votes received, the votes on the adoption of Stockholders' Resolution No. 2024/2025-002, were as follows:

Vote	Number of votes	Percentage of shares represented
For	3,639,315,586	98.53%
Against	0	0%
Abstain	0	0%
Total	**3,639,315,586**	**98.53%**

Given the voting results, the Chairman declared that Stockholders' Resolution No. 2024/2025-002 is adopted, and the Audited Financial Statements for the calendar year ended December 31, 2023, are approved.

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

The Chairman proceeded to the next agenda item, which was the ratification of the acts of the Board and Management from the last annual stockholders' meeting held on 15 June 2023 to date.

The Corporate Secretary stated that the acts and resolutions of the Board and those of the Board Committees. These acts and resolutions are reflected in the minutes of the meetings, and include the election of officers and members of the Board Committees, appointment of authorized representatives for various transactions, treasury matters, contracts, and other material matters duly and timely disclosed to the SEC as well as posted on the Company's website. The material matters disclosed to the SEC are also set out in the Company's Annual Report, attached to the Information Statement that was made available to the stockholders through the Company's website.

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

The Corporate Secretary presented Stockholders' Resolution No. 2024/2025-003, which was displayed on the screen, and reported the approval by the stockholders based on the votes received:

Stockholders' Resolution No. 2024/2025-003

> **RESOLVED**, that the stockholders of Pepsi-Cola Products Philippines, Inc. (the "*Corporation*") ratify and approve, as they hereby ratify and approve, all acts and resolutions of the Corporation's Board of Directors, including those of the Board Committees, all acts of Management, as well as all contracts and transactions entered into by the Corporation from the last Annual Stockholders' Meeting held on 15 June 2023 to date.

Based on the votes received, the votes on the adoption of Stockholders' Resolution No. 2023/2024-003 were as follows:

Vote	Number of votes	Percentage of shares represented
For	3,639,315,586	98.53%
Against	0	0%
Abstain	0	0%
Total	**3,639,315,586**	**98.53%**

Given the voting results, the Chairman declared that the resolution is deemed adopted; and acts and resolutions of the Company's Board, including those of the Board Committees, all acts of the Management, as well as all contracts and transactions entered into by the Company from the last Annual Stockholders' Meeting held on June 15, 2023, to date are approved and ratified.

VIII. ELECTION OF DIRECTORS

The Chairman proceeded to the next order of business, which was the election of the members of the Board for the year 2024 to 2025.

The Corporate Secretary read out the following names of the nine (9) nominees for election to the Board:

YUN GIE PARK
PHYO PHYU NOE
HYO JIN SONG
JIN PYO AHN
YANG SOO LEE
PARINYA KITJATANAPAN
VISHAL MALIK
OSCAR S. REYES (Independent Director)
RAFAEL M. ALUNAN III (Independent Director)

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

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

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

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

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

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

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

The Chairman then requested the Corporate Secretary to report on the results of the voting for the election of the directors. The Corporate Secretary reported and certified that, based on the votes received, each of the nominees for directors has garnered at least 3,639,314,586, which is greater than majority of the outstanding stock of the Company. The final number of votes garnered by each nominee are as follows:

Nominee	Votes		
	For	Against	Abstain
Yun Gie Park	3,639,314,586	0	0
Phyo Phyu Noe	3,639,314,586	0	0
Hyo Jin Song	3,639,314,586	0	0
Jin Pyo Ahn	3,639,314,586	0	0
Yang Soo Lee	3,639,314,586	0	0
Parinya Kitjatanapan	3,639,314,586	0	0
Vishal Malik	3,639,314,586	0	0
Rafael M. Alunan III	3,639,319,086	0	0
Oscar S. Reyes	3,639,319,086	0	0

The Corporate Secretary presented Stockholders' Resolution No. 2024/2025-004, which was displayed on the screen, and reported the approval by the stockholders based on the votes received:

<u>Stockholders' Resolution No. 2024/2025-004</u>

RESOLVED, that the stockholders of Pepsi-Cola Products Philippines, Inc. (the "*<u>Corporation</u>*") elect, as they hereby elect, the following nominees as members of the Board of Directors of the Corporation for the year 2024 to 2025:

1. YUN GIE PARK
2. PHYO PHYU NOE
3. HYO JIN SONG
4. JIN PYO AHN
5. YANG SOO LEE
6. PARINYA KITJATANAPAN
7. VISHAL MALIK
8. OSCAR S. REYES (Independent Director)
9. RAFAEL M. ALUNAN III (Independent Director)

Given the voting results, the Chairman declared that all nine (9) nominees are elected as members of the Company's Board for the year 2024 to 2025.

IX. APPOINTMENT OF EXTERNAL AUDITOR FOR 2024 TO 2025

The Chairman proceeded to the appointment of the Company's external auditor for the year 2024 to 2025. He requested the incumbent Chairman of the Board's Audit Committee, Mr. Alunan, to convey the recommendation of the Committee on the matter.

Mr. Alunan reported that the Audit Committee had reviewed the performance of the Company's present external auditor, R.G. Manabat & Co. (a member firm of the KPMG network of affiliated independent firms), over the past year and is satisfied with its performance. Mr. Alunan confirmed that the Audit Committee is endorsing the re-appointment of R.G. Manabat & Co. as the Company's external auditor for the year 2024 to 2025.

The Corporate Secretary presented Stockholders' Resolution No. 2024/2025-005, which was displayed on the screen, and reported the approval by the stockholders based on the votes received:

Stockholders' Resolution No. 2024/2025-005

> RESOLVED, that the stockholders of Pepsi-Cola Products Philippines, Inc. (the "*Corporation*") approve, as they hereby approve, the appointment of R.G. Manabat & Co. (KPMG Philippines) as the Corporation's external auditor for the year 2024 to 2025.

Based on the votes received, the votes on the adoption of Stockholders' Resolution No. 2024/2025-005 were as follows:

Vote	Number of votes	Percentage of shares represented
For	3,639,315,586	98.53%
Against	0	0%
Abstain	0	0%
Total	**3,639,315,586**	**98.53%**

Given the voting results, the Chairman declared that the resolution is deemed approved, and R.G. Manabat & Co. (KPMG Philippines) is re-appointed as the Company's external auditor for the year 2024 to 2025.

X. OTHER MATTERS

The Chairman inquired if there were any other matters to be taken up at the meeting, or if there were any questions regarding the earlier agenda items. There being no other such matters, he requested the Corporate Secretary to read out the questions and comments sent through email, together with the names of the stockholders who sent them. The Chairman requested Mr. Noe to respond to the questions. The Chairman further noted that any questions and comments not taken up during this meeting will be responded to by email.

Mr. Raymund Patrick A. Yapit asked how the "Bravehearts" are involved with Project Phoenix. Mr. Noe answered by stating that Project Phoenix is a program for Bravehearts led by Bravehearts. He recognized the importance of the employees who are leading the different initiatives of Project Phoenix as they are responsible and accountable for the progress the Company is making.

The next question came from Mr. Sergio M. Ortiz who asked how the current management intend to strengthen employee engagement after 35 years of operations. Mr. Noe then responded by saying that the heart of the Company's operations is its people and they aim to make the Company the best place to work for the best people in the industry which involves simplifying the organizational structure, re-evaluating compensation and benefit plans, and developing programs that allow collaboration across Business Units and Functions. He then stated that the Company will invest and empower its people so that it will continue to thrive for the next 35 years and beyond.

The final question came from Mr. Roderick V. Osial who asked regarding the culture the Company wants to build within the organization in order to achieve its vision and mission. Mr. Noe responded by saying that the Company aims to build a culture of transparency and collaboration which will lead to an organization of empowered professionals who want to serve the customers, grow with partners, and contribute to communities. Mr. Noe then noted that one of the greatest strengths that he has seen in the employees is their resilience. This value is especially rare and knowing that the Company's employees are resilient gives him confidence about the Company's future. He states that he is humbled to personally witness this as he meets the Company's employees during plant visits and town hall meetings. He then concluded that he is inspired by the grit and optimism for the future of the Company's employees.

XI. ADJOURNMENT

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

Kristine Ninotschka L. Evangelista
Corporate Secretary

Attest:

Oscar S. Reyes
Chairman

ANNEX D

ANNUAL REPORT (SEC FORM 17-A)

The following document has been received:

Receiving: DONNA ENCARNADO
Receipt Date and Time: April 16, 2025 05:12:03 PM

Company Information

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

Document Information

Document ID: OST10416202583180151
Document Type: ANNUAL_REPORT
Document Code: SEC_Form_17-A
Period Covered: December 31, 2024
Submission Type: Amendment
Remarks: with fs

Acceptance of this document is subject to review of forms and contents

COVER SHEET

1	6	0	9	6	8

S.E.C. Identification No.

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

(Company's Full Name)

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

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

Agustin S. Sarmiento
Contact Person

8888-73774
Company Telephone Number

1	2		3	1

Month Day
Calendar Year

SEC Form 17-A
FORM TYPE

Last Friday of May
Month Date
Annual Meeting

Secondary License Type, If Applicable

M	S	R	D

Dept. Requiring this Doc.

Amended Article Number/Section

Total Amount of Borrowings

759
Total No. of Stockholders

₱9.6billion
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 2024**

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 2024 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, Aquafina, and Premier.

	Calendar Year ended		
Net Sales	31 December 2024	31 December 2023	31 December 2022
Carbonated soft drinks	₱26,758	₱26,079	₱25,984
Non-carbonated beverages	16,511	14,177	12,373
Total	₱43,269	₱40,256	₱38,357

	Calendar Year ended		
Segment result*	31 December 2024	31 December 2023	31 December 2022
Carbonated soft drinks	₱5,338	₱4,546	₱4,427
Non-carbonated beverages	3,294	2,471	2,108
Snacks	-	-	-
Total	₱8,632	₱7,017	₱6,535

*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 2024, 2023, and 2022.

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 2024:
1. Hard Mountain Dew 330ml Can (Original and Beach Blast)
2. Sting Can 240ml
3. Lipton Zero 450ml
4. Milkis Regular 300ml PET x 24
5. Chum Churum Saero Zero Sugar Soju 375ml NRGB x 20
6. Starlight Chungha 295ml NRGB x 12
7. Rose Chungha 295ml NRGB x 12

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

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	22 May 2013	30 January 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 2025
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	
Saero**	13 July 2023	
Soonhari**	21 November 2022	

* 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 2024 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. To be known as "plastic waste diversion target" is 20 % of the total plastic footprints of the Obliged Enterprise for the first year of implementation and 40 % in 2024. 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 2024 the Company has employed 3,089 regular employees. All regular rank-and-file employees at the bottling plants are represented by a federation. Currently, the Company is a party to thirteen (13) Collective Bargaining Agreements (CBA), with said agreements covering non-sales forces in business units. Said CBAs contain economic and non-economic provisions (*i.e.*, salary increase and lump-sum CBA grant, laundry allowance, *per diem*, bereavement assistance, union leave, and calamity and educational loans, among others), which generally have an effective and binding period of three (3) years, while the representation aspect thereof is effective and binding for five (5) years.

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

At PCPPI, employee training and engagement activities are pivotal in fostering a productive and supportive work environment. Thus, mandatory training courses on Safety and Quality are annually held for all employees and even for our business partners. PCPPI likewise conducted specific training courses on leadership enhancement for its employees. Engagement initiatives, particularly in relation to the health and wellness of the employees, are also being conducted on an annual basis. Also, PCPPI commenced sustainability initiatives, partnered with different organizations and local government units. These programs underscore PCPPI's commitment to continuous learning, employee well-being, and environmental stewardship, thereby creating a holistic and engaging workplace for its employees.

Likewise, PCPPI continues to champion its ICARE – Integrity, Innovation, Care and Respect, Empowerment and Excellence values and thrives to keep a highly-engaged and high performing work force. As such, "Pepsi University" resources are likewise being utilized for this purpose.

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

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 2024 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 2024 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 2024 Audited Financial Statements for further information on the leases). Lease payments pertaining to these leased properties amounted ₱320.7 million ₱322.6 million, and ₱362.2 million for the years ended 31 December 2024, 2023, and 2022, 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 2024 Audited Financial Statements, and the investments in shares of stocks disclosed in Note 7 to the 31 December 2024 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, 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 2024.

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 28 June 2024 included the election of Directors. The following were elected as members of the Board of Directors for the ensuing year (2024-2025):

Yun Gie Park
Phyo Phyu Noe
Hyo Jin Song
Jin Pyo Ahn
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 28 February 2025 of the Company's stock transfer agent, Stock and Transfer Service, Inc. (the "*Stock Transfer Agent*"), the Company has approximately 772 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 28 February 2025.

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)	37,244,670	01.01%
4	PCD NOMINEE CORP. (FILIPINO)	5,797,268	00.19%
5	CC&L Q 130/30 FUND II	438,000	00.01%
6	BDO SECURITIES CORPORATION FAO VARIOUS LOCAL	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 TI.	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	JOSE JR ESPANA BAUTISTA	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 2024, 2023 and 2022). 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.

Pursuant to its Articles of Incorporation and By-Laws, as amended during the annual stockholders meeting held on 27 April 2023, and approved by the Securities and Exchange Commission on 29 September 2023, the Company shall not declare payment of dividends until 2025.

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 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 2024 Audited Financial Statements for a detailed discussion on the Company's revolving credit facilities as of 31 December 2024).

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

Decrease in current assets from ₽10,082 million as of 31 December 2023 to ₽10,021 million as of 31 December 2024 were due to decreases in receivable – net of ₽472 million, and due from related parties of ₽92 million, and an increases prepaid expenses, and other current assets of ₽371 million, cash and cash equivalent of ₽103 million and inventories – net of ₽ 29 million.

Increases in noncurrent assets from ₽16,780 million as of 31 December 2023 to ₽18,003 million as of 31 December 2024 due to increases in property, plant and equipment of ₽620 million, deferred tax assets – net of ₽283 million, right of use assets of ₽148 million, bottles and cases of ₽135 million, other noncurrent assets of ₽51 million, and investment in associates of ₽2 million and decrease in intangible assets of ₽14. ₽2 million.

Increase in current liabilities from ₽12,394 million as of 31 December 2023 to ₽15,690 million as of 31 December 2024 due to increases in short-term debt of ₽2.09 billion, and accounts payable & accrued expenses of ₽1,56 billion and a decrease in current portion of long term debt of ₽360.

Decrease in noncurrent liabilities from ₽6,829 million as of 31 December 2023 to ₽5,110 million as of 31 December 2024 due to decrease in long-term debt of ₽1,745 million, and increase in other noncurrent liabilities of ₽26 million.

Total assets increase from ₽26,861 million as of 31 December 2023 to ₽28,025 million as of 31 December 2024 mainly due to general increases in assets as discussed above. Total liabilities increased from ₽19,223 million as of 31 December 2023 to ₽20,800 million as of 31 December 2024 mainly due to general increases in payables as stated above.

Total equity decreased from ₽7,639 to ₽7,225 million on account of total comprehensive income of ₽446 million and increased from remeasurement losses on net defined benefit liability in 2024.

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.

		2024	2023
Current ratio	Current assets over current liabilities	0.6:1	0.8:1
Solvency ratio	Profit plus depreciation and amortization over total liabilities	0.9:1	0.6:1
Bank debt-to-equity ratio	Bank debt over total equity	1.33:1	1.26:1
Asset-to-equity ratio	Total assets over equity	3.88:1	3.52:1
Operating margin	Operating profit over net sales	0.81%	-1.67%
Net profit margin	Net profit over net sales	-1.03%	-3.06%
Interest rate coverage ratio	Earnings before interest and taxes over interest expense	0.09:1	-1.40:1

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 ₱3,314million, ₱1,592million, and ₱2,286million for the years ended 31 December 2024, 2023, and 2022, 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 2024 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 2024.

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:

	2024	2023	2022
Statutory audit fees	₱ 5.15 million	₱5.15 million	₱4.8 million
Other Assurance Services	3.18 million	4.45 million	
Other services	0.80 million		
Tax advice fees			0.6 million
Total	₱ 9.13million	₱ 9.6 million	₱5.7 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 28 February 2025, 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	41	Burmese	2023
Yun Gie Park	55	Korean	2021
Yang Soo Lee	52	Korean	2024
Hyo Jin Song	48	Korean	2021
Haemo Shin*	44	Korean	2025
Parinya Kitjatanapan	59	Thai	2020
Vishal Malik	56	Indian	2022
Oscar S. Reyes (Independent Director)	78	Filipino	2007
Rafael M. Alunan III (Independent Director)	76	Filipino	2007

* Mr. Shin was elected as Director to serve the unexpired term of Mr. Ahn, effective 12 February 2025.

Executive Officers

As of 28 February 2025, 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	41	Burmese	President and Chief Executive Officer	2023
Elmer N. Yanga	50	American	Chief Finance Officer	2022
Joongmin Kim	35	Korean	Chief Corporate Strategy Officer	2024
Youngho Kim	45	Korean	Chief Manufacturing Officer	2023
Lyndon Ferdinand J. Cuadra	57	Filipino	Chief Commercial Officer	2022
Byoungoh Jang	49	Korean	Chief Supply Chain Officer	2023
Carina Lenore S. Bayon	55	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	51	Filipino	Corporate Secretary	2018
Eunice A. Malayo	29	Filipino	Assistant Corporate Secretary	2024

Background Information and Business Experience

Directors:

PHYO PHYU NOE

Phyo joined PCPPI, the exclusive bottler of PepsiCo beverages in the Philippines, as its President and CEO in Nov-23 after successfully turning around Pepsi Myanmar (revenue growth: 6x, net profit growth: 23pts in 40 months) amid Myanmar's political and economic turmoil. Before Pepsi Myanmar, Phyo held two positions at Coca-Cola Myanmar: Director of Strategic Planning and Director of Commercial Operations. Previously Phyo 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, Phyo 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, Phyo 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. Phyo 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. Phyo completed the SEC-accredited webinar 2024 Year-End Tax Updates & Compliance conducted by the Center for Global Best Practices held on 20 December 2024.

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 webinar 2024 Year-End Tax Updates & Compliance conducted by the Center for Global Best Practices held on 19 and 20 December 2024.

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 webinar 2024 Year-End Tax Updates & Compliance conducted by the Center for Global Best Practices held on 19 and 20 December 2024.

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 webinar 2024 Year-End Tax Updates & Compliance conducted by the Center for Global Best Practices held on 19 and 20 December 2024.

HAEMO SHIN

Mr. Shin is concurrently serving as the Growth Strategy Division Vice President of Lotte Chilsung. He has also served as Business Strategy Team Head of Lotte Chilsung. Mr. Shin has been with the Lotte Group for 18 years, having worked with Lotte Chilsung from 2007 until present. He has worked under several roles involving global business strategy, logistics digital transformation initiatives. He holds a bachelor's degree in business administration from Yeungnam University.

PARINYA KITJATANAPAN
Mr. Kitjatanapan is a non-Executive Director of the Company. He has 30 years of financial and commercial management experience in the FMCG industry across Asia Pacific, Middle East, and North Africa. He joined PepsiCo, Inc. in 1998 as the Chief Financial Officer for PepsiCo's Thailand Beverage business and subsequently became General Manager for the country. In 2010, Mr. Kitjatanapan joined PepsiCo China's team as General Manager, South Cluster, based in Guangzhou. Then in 2012, he relocated to Shanghai to serve as Greater China Beverage Franchise Vice-President. He moved back to Thailand in 2014 to assume Vice-President and General Manager of the Thailand Power of One business. In 2019, Mr. Kitjatanapan was promoted to Senior Vice-President of Sales & Franchise COE for the AMENA (Asia Middle East North Africa) sector. In 2020, he became the Chief Commercial Officer for the Asia Pacific sector. 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 December 2024.

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 2024 Year-End Tax Updates & Compliance conducted by the Center for Global Best Practices held on 19 December 2024.

OSCAR S. REYES
Mr. Reyes is an Independent Director and is the incumbent Chairman of the Board of Directors, as well as the Chairman of the Company's Board Committees for Nomination and Governance and Compensation and Remuneration. Among his other current positions are: Chairman, Link Edge, Inc.; Independent Director of Basic Energy Corporation, Team Energy Corporation, D.M. Wenceslao and Associates, Sun Life Financial Plans, Inc., Sun Life Prosperity Funds, Eramen Minerals Inc., Petrolift Corporation, Philippine Dealing System Holdings Corp., Philippine Dealing & Exchange Corporation, Philippine Depository & Trust Corporation, Pioneer Life Insurance Group, and Alviera Country Club. Director of PXP Energy Corporation, Mit-Pacific Infrastructure Holdings Corporation, and Navitas Holdings Inc.. He served the Manila Electric Company in various capacities from 2010 until his retirement in 2019 as its President and Chief Executive Officer and Chairman/Director of its various subsidiaries and affiliates. Mr. Reyes also served the Shell Companies in the Philippines in various capacities from 1986 until his retirement in 2001 as Country Chairman and President of Pilipinas Shell Petroleum Corporation, and Managing Director of Shell Philippines Exploration B.V. Mr. Reyes attended the Annual Corporate Governance Enhancement Sessions held on 27 September 2024 consisting of two sessions: *(a)* "Become an Insurgent: Re-focus and Re-energize Your Business Strategy, Organization, and Culture for Succes" by Mr. David Morey; and *(b)* "Build a Data-Driven Business: Leveraging Artificial Intelligence and Big Data for Growth" by Dr. Erika Fille T. Legara.

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 2024 Corporate Governance Seminar organized by the Institute of Corporate Directors held on 27 August 2025.

Executive Officers:

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

ELMER JOSEPH N. YANGA
Mr. Yanga is the Company's Chief Finance Officer. Prior to this appointment, Mr. Yanga was serving as the Vice President for Finance and Chief Finance Officer for the Asia Pacific of Ingredion Singapore from 2018 until 2022. He also served as the Executive Vice President and Chief Finance Officer for Asia of Suntory Beverage and Food Asia Singapore from 2016 to 2018; the Chief Finance Officer for North Asia, Philippines, Indonesia, Maps Commercial Unit (NAPIM) and APAC Sales from 2015 to 2016 and the Chief Finance Officer for North Asia (Japan, Korea) and Philippines Business Unit and Asia Pacific Region Sales from 2014 to 2015 of PepsiCo Hong Kong; and Director and Vice President of the Planning Department of PepsiCo Vietnam from 2012 to 2014. Prior to that, Mr. Yanga held various roles in PepsiCo within the Asia Pacific and North America Regions from 2006 to 2012. Mr. Yanga 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 December 2024.

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.

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.

JOONGMIN KIM
Mr. Kim is the Company's Chief Corporate Strategy Officer. Prior to his appointment in 01 July 2024, Mr. Kim served as the Company's Head of Strategic Planning since 01 June 2022. Mr. Kim completed the SEC-accredited webinar 2024 Year-End Tax Updates & Compliance conducted by the Center for Global Best Practices held on 19 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 webinar The Next Level in ESG & Sustainability: Going Beyond Compliance and Reporting conducted by the Center for Global Best Practices held on 6 December 2024.

EUNICE A. MALAYO
Ms. Malayo is the Assistant Corporate Secretary of the Company. She is currently an associate at C&G Law. She holds a Juris Doctor degree from Ateneo De Manila University. Ms. Malayo 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 December 2024.

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 2024, 2023, and 2022 and estimated to be paid for the ensuing calendar year 31 December 2025 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 2022 CY 2023 CY 2024 CY 2025 (Estimate)	57,270,568 39,092,067 44,734,390 47,019,975	10,828,970 2,335,485 1,244,428 1,300,458	914,674 - 491,627 772,549
All other directors and officers as a group unnamed	CY 2022 CY 2023 CY 2024 CY 2025 (Estimate)	35,394,635 30,640,710 11,981,113 11,807,765	5,500,600 5,711,933 - -	6,469,015 42,965,715 3,200,000 3,320,000

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 2024, the members of the Board were paid an aggregate amount of ₱2,640,000 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	840,000	500,000	1,340,000
2.	Rafael M. Alunan	800,000	500,000	1,300,000
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	1,640,000	1,000,000	2,640,000

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 28 February 2025

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 17 February 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 28 February 2025

Title of Class	**Name and Address of Owner**	**Amount & Nature of Beneficial Ownership**	**Citizenship**	**Percent of Class**
Common shares	Oscar S. Reyes Chairman of the Board and Independent Director Room 2504, 25/F, 139 Corporate Center Valero St., Salcedo Village, Makati City	300,001*	Filipino	0.01%
Common shares	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,	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 17 February 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	Haemo Shin Director c/o 26th Floor, Filinvest Axis Tower Two Building, Northgate, Cyberzone, Filinvest City, Alabang, Muntinlupa City	1*	Korean	0.00%
Common shares	Parinya Kitjatanapan Director c/o 622 Emporium Tower 17/F Sukhumvit Road, Klongton Klongtoey, Bangkok, Thailand	1*	Thai	0.00%
Common shares	Vishal Malik Director c/o 26th Floor, Filinvest Axis Tower Two Building, Northgate, Cyberzone, Filinvest City, Alabang, Muntinlupa City	1*	American	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	Elmer Joseph N. Yanga Chief Financial Officer c/o 26th Floor, Filinvest Axis Tower Two Building, Northgate, Cyberzone, Filinvest City, Alabang, Muntinlupa City	0	American	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	0	Filipino	0.00%

Title of Class	Name and Address of Owner	Amount & Nature of Beneficial Ownership	Citizenship	Percent of Class
	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, Filinvest City, Alabang, Muntinlupa City			
Common shares	Joongmin Kim Chief Corporate Strategy Officer c/o 26th Floor, Filinvest Axis Tower Two Building, Northgate, Cyberzone, Filinvest City, Alabang, Muntinlupa City	0	Korean	0.00%
Common shares	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	Eunice A. Malayo 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 28 February 2025 are 330,009 shares which is approximately 0.000089% 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 2024 Audited Financial Statements for details on related party transactions.

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

The following are the reports on SEC Form 17-C, as amended, which were filed during the period of 1 January 2024 to 28 February 2025.

a. SEC Form 17-C dated 19 February 2024

At the meeting of the Board of Directors held on 19 February 2024, the Board of Directors approved the following matters: *(i)* acceptance of the resignation of Mr. Jun Beom Lim as a Director of the Company, effective 18 February 2024; and *(ii)* appointment of Mr. Yang Soo Lee as a Director of the Company, effective 19 February 2024.

b. SEC Form 17-C dated 12 April 2024

At the meeting of the Board of Directors held on 12 April 2024, the Board of Directors approved the following matters: *(i)* the Company's Audited Financial Statements for the fiscal year ended 31 December 2023 and authorization for its issuance and filing with the Bureau of Internal Revenue and the SEC; *(ii)* the Company's SEC Form 17-A (Annual Report) for the fiscal year ended 31 December 2023 and authorization for its filing with the SEC; *(iii)* the approval of the Company's Annual Corporate Governance Report for the year 2023 and authorization for its filing with the SEC; *(iv)* confirmation of the date of the 2024 ASM on 28 June 2024 (the last Friday of June in accordance with the Company's Amended By-Laws), approval of the agenda of the 2024 ASM, and setting of the record date for stockholders entitled to notice of and to vote at said 2024 ASM; *(v)* confirmation of the conduct of the 2024 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 delegating to Management the finalization of the requirements and internal procedures for such conduct of the 2024 ASM; *(vi)* the approval of the Company's SEC Form 20-IS (Information Sheet) for the 2024 ASM and authorization for its signing and filing with the SEC.

c. SEC Form 17-C dated 28 June 2024

At the ASM held on 28 June 2024, the Stockholders approved the following matters: *(i)* Audited Financial Statements for the year ended 31 December 2023; *(ii)* ratification of the Acts of the Board of Directors and Management for the previous year; *(iii)* election of the members of the Board of Directors for the year 2024 to 2025; and *(iv)* appointment of R.G. Manabat & Co. as the Company's External Auditor for the year 2024 to 2025.

At the organizational meeting of the Board of Directors held on 28 June 2024, the Board of Directors approved the following matters: *(i)* election of the members of the Board Committees for the year 2024 to 2025; and, *(ii)* election of the Officers of the Company for the year 2024 to 2025, with their term beginning on 1 July 2024.

d. SEC Form 17-C dated 01 August 2024

At the meeting of the Board of Directors held on 01 August 2024, the Board of Directors approved the following matters: *(i)* resignation of Mr. Jethro Perez as Assistance Corporate Secretary and, *(ii)* appointment of Ms. Eunice A. Malayo as Assistance Corporate Secretary, effective 01 August 2024.

e. 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)* resignation of Mr. Jin Pyo Ahn as Director of the Company; and *(ii)* appointment of Mr. Haemo Shin as Director of the Company effective 12 February 2025.

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. Elmer Joseph N. Yanga in his capacity as the Company's Chief Finance Officer and Chief Audit Executive.

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 ______________________ on __________________.

By:

PHYO PHYU NOE
President and Chief Executive Officer

ELMER JOSEPH N. YANGA
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.

1 2025

SUBSCRIBED AND SWORN TO before me this _____ day of _________ 20__ by:

Name	Competent Evidence of Identity	Valid Until/Place Issued
Phyo Phyu Noe	Passport No. MH697303	14 July 2028 / Moha, Yangon
Elmer Joseph N. Yanga	Passport No. 566708737	4 February 2032 / United States of America
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. 337;
Page No. 68;
Book No. 321
Series of 2025.

PATRICIO L. BONCAYAO, JR.
Notary Public
2nd Floor, KLC Bldg., Rotonda,
Alabang, Muntinlupa City
MCLE Compliance No. VIII-0025908
Issued on 04-1-25; Valid until 4-14-2028
IBP Lifetime No. 019651; 11-06-15; Pasay City
PTR No. 4703538; 01-02-25; Muntinlupa City
NC-24-016; Muntinlupa City until 12-31-26
TIN: 137-734-581
Roll No. 33796
Tel. No. 8800-70-15

Barlaan, Ronnie T. (HQ - Finance)

From:	eafs@bir.gov.ph
Sent:	Wednesday, April 16, 2025 2:24 PM
To:	Barlaan, Ronnie T. (HQ - Finance)
Cc:	Barlaan, Ronnie T. (HQ - Finance)
Subject:	Your BIR AFS eSubmission uploads were received

Hi PEPSI-COLA PRODUCTS PHILIPPINES, INC.,

Valid files

- EAFS000168541OTHTY122024.pdf
- EAFS000168541AFSTY122024.pdf
- EAFS000168541ITRTY122024.pdf
- EAFS000168541TCRTY122024-01.pdf
- EAFS000168541RPTTY122024.pdf
- EAFS000168541TCRTY122024-02.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-AFDBB6HE0AFL79JD8P2VV3X2W08896KE6B**
Submission Date/Time: **Apr 16, 2025 02:24 PM**
Company TIN: **000-168-541**

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COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1 6 0 9 6 8

COMPANY NAME

PEPSI-COLA PRODUCTS
PHILIPPINES, INC.

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

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

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

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

FINANCIAL STATEMENTS
December 31, 2024, 2023 and 2022

With Independent Auditors' Report

KPMG

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

REPORT OF INDEPENDENT AUDITORS

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

Opinion

We have audited the financial statements of Pepsi-Cola Products Philippines, Inc. (the "Company"), which comprise the statements of financial position as at December 31, 2024 and 2023, 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, 2024, 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, 2024 and 2023, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2024, 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), together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG

Other Information

Management is responsible for the other information. The other information comprises the information included in the Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024, 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, 2024 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. 08-001987-151-2025
Issued January 8, 2025; valid until January 8, 2028
PTR No. MKT 10467155
Issued January 2, 2025 at Makati City

April 15, 2025
Makati City, Metro Manila

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

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **Pepsi-Cola Products Philippines, Inc.** (the "Company") is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, as at **December 31, 2024 and 2023** and for each of the three years in the period ended **December 31, 2024** in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free form material misstatement, whether due to fraud or error.

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

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

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

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

OSCAR S. REYES
Chairman of the Board

PHYO PHYU NOE
President and Chief Executive Officer

ELMER JOSEPH N. YANGA
Chief Finance Officer

Signed this 10th of April 2025

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

SUBSCRIBED AND SWORN TO before me in the City of MUNTINLUPA CITY on APR 14 2025 by:

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

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

Doc No. 336
Page No. 69;
Book No. 321
Series of 2025.

PATRICIO L. BONCAYAC, JR.
Notary Public
2nd Floor, KLC Bldg., Rotonda,
Alabang, Muntinlupa City
MCLE Compliance No. VIII-0025908
Issued on 04-1-25; Valid until 4-14-2028
IBP Lifetime No. 019651; 11-06-15; Pasay City
PTR No. 4563636; 01-02-25; Muntinlupa City
NC-24-016; Muntinlupa City until 12-31-25
TIN: 137-734-581
Roll No. 33796
Tel. No. 8800-70-16

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

	Note	December 31 2024	2023
ASSETS			
Current Assets			
Cash	*4, 26*	**P657,357**	P554,168
Receivables - net	*5, 24, 26*	**2,401,625**	2,873,434
Inventories	*6*	**5,523,592**	5,494,340
Due from related parties	*23, 26*	**399,617**	491,250
Prepaid expenses and other current assets		**1,039,179**	668,320
Total Current Assets		**10,021,370**	10,081,512
Noncurrent Assets			
Investments in associates	*7*	**676,979**	676,259
Bottles and cases - net	*8*	**4,465,243**	4,330,590
Property, plant and equipment - net	*9*	**11,087,192**	10,467,494
Right-of-use and related assets	*3, 27*	**740,221**	592,255
Intangible assets - net	*10*	**221,391**	234,920
Deferred tax assets - net	*13*	**570,727**	288,214
Other noncurrent assets		**241,435**	190,238
Total Noncurrent Assets		**18,003,188**	16,779,970
		P28,024,558	P26,861,482
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	*11, 14, 24, 26, 27*	**P9,633,936**	P8,070,196
Short-term debt	*12, 26*	**4,310,000**	2,217,500
Current portion of long-term debt	*12, 26*	**1,746,093**	2,106,342
Total Current Liabilities		**15,690,029**	12,394,038
Noncurrent Liabilities			
Long-term debt - net of current portion	*12, 26*	**3,568,938**	5,314,260
Other noncurrent liabilities	*14, 26, 27*	**1,540,620**	1,514,389
Total Noncurrent Liabilities		**5,109,558**	6,828,649
Total Liabilities		**20,799,587**	19,222,687
Equity			
Share capital	*15*	**1,751,435**	1,751,435
Remeasurement losses on net defined benefit liability	*14*	**(248,311)**	(280,688)
Retained earnings	*16*	**5,721,847**	6,168,048
Total Equity		**7,224,971**	7,638,795
		P28,024,558	P26,861,482

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	**2024**	2023	2022
NET SALES	*25*	**P43,269,101**	P40,255,905	P38,357,204
COST OF GOODS SOLD	*17*	**34,637,556**	33,238,283	31,821,706
GROSS PROFIT		**8,631,545**	7,017,622	6,535,498
OPERATING EXPENSES				
Selling and distribution	*18*	**5,528,760**	5,490,951	4,753,988
General and administrative	*19*	**1,805,600**	1,478,956	1,213,913
Marketing	*24*	**945,364**	721,598	376,192
		8,279,724	7,691,505	6,344,093
OPERATING PROFIT (LOSS)		**351,821**	(673,883)	191,405
FINANCE AND OTHER INCOME (EXPENSES)				
Equity in net earnings of associates	*7*	**720**	1,679	11,949
Interest income	*4, 23*	**10,562**	4,075	1,079
Interest expense	*12, 27*	**(632,867)**	(627,334)	(282,075)
Other income (loss) - net		**(307,295)**	(208,121)	87,715
		(928,880)	(829,701)	(181,332)
PROFIT (LOSS) BEFORE TAX		**(577,059)**	(1,503,584)	10,073
INCOME TAX EXPENSE (BENEFIT)	*13*	**(130,858)**	(272,075)	57,654
LOSS FOR THE YEAR		**(446,201)**	(1,231,509)	(47,581)
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*	**32,377**	(77,237)	287,424
TOTAL COMPREHENSIVE INCOME (LOSS)		**(P413,824)**	(P1,308,746)	P239,843
Basic/Diluted Earnings Per Share	*22*	**(P0.12)**	(P0.33)	(P0.01)

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			Remeasurement Gains (Losses) on Net Defined Benefit Liability (see Note 14)	Retained Earnings (see Note 16)	Total Equity
	Capital Stock (see Note 15)	Additional Paid-in Capital (see Note 15)	Total			
Balance as at January 1, 2022	P554,066	P1,197,369	P1,751,435	(P490,875)	P7,447,138	P8,707,698
Total Comprehensive Income (Loss)						
Loss for the year*	-	-	-	-	(47,581)	(47,581)
Other comprehensive gain - net	-	-	-	287,424	-	287,424
Total Comprehensive Income	-	-	-	287,424	(47,581)	239,843
Balance as at December 31, 2022	P554,066	P1,197,369	P1,751,435	(P203,451)	P7,399,557	P8,947,541

Forward

	Share Capital					
	Capital Stock (see Note 15)	Additional Paid-in Capital (see Note 15)	Total	Remeasurement Gains (Losses) on Net Defined Benefit Liability (see Note 14)	Retained Earnings (see Note 16)	Total Equity
Balance as at January 1, 2023	P554,066	P1,197,369	P1,751,435	(P203,451)	P7,399,557	P8,947,541
Total Comprehensive Loss						
Loss for the year	-	-	-	-	(1,231,509)	(1,231,509)
Other comprehensive loss - net	-	-	-	(77,237)	-	(77,237)
Total Comprehensive Loss	-	-	-	(77,237)	(1,231,509)	(1,308,746)
Balance as at December 31, 2023	P554,066	P1,197,369	P1,751,435	(P280,688)	P6,168,048	P7,638,795

Forward

	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, 2024	**P554,066**	**P1,197,369**	**P1,751,435**	**(P280,688)**	**P6,168,048**	**P7,638,795**
Total Comprehensive Income (Loss)						
Loss for the year	-	-	-	-	(446,201)	(446,201)
Other comprehensive gain - net	-	-	-	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**

Years Ended December 31

See Notes to the Financial Statements.

**2022 balance adjusted, see Note 7.*

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

	Note	2024	2023	2022
		Years Ended December 31		
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit (loss) before tax		**(P577,059)**	(P1,503,584)	P10,073
Adjustments for:				
Depreciation and amortization	*8, 9, 10, 20, 27*	**2,412,734**	2,442,180	2,552,297
Interest expense	*12, 27*	**625,336**	622,082	278,659
Retirement cost	*14, 21*	**190,806**	149,379	161,698
Loss (gain) on disposal of property and equipment	*9*	**40,673**	12,457	(1,829)
Impairment losses on receivables, inventories, bottles and cases, and machinery and equipment	*5, 6, 8, 9*	**2,147**	543,312	192,923
Equity in net earnings of associates	*7*	**(720)**	(1,679)	(11,949)
Gain on disposal of right-of-use assets		**(1,957)**	-	-
Interest income	*4, 23*	**(10,562)**	(4,075)	(1,079)
Operating profit before working capital changes		**2,681,398**	2,260,072	3,180,793
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Receivables		**467,316**	39,924	(995,423)
Due from related parties		**91,633**	1,828	15,915
Inventories		**351,070**	150,581	(2,509,073)
Prepaid expenses and other current assets		**(370,859)**	142,795	(205,950)
Increase (decrease) in accounts payable and accrued expenses		**1,600,973**	(2,550,538)	3,410,033
Cash generated from operations		**4,821,531**	44,662	2,896,295
Interest received		**10,562**	4,075	1,079
Retirement benefits paid directly to employees	*14*	**(218,896)**	(91,171)	(29,377)
Income taxes paid		**(162,447)**	(107,123)	(30,153)
Contribution to plan assets	*14*	**-**	(3,900)	(36,600)
Net cash provided by (used in) operating activities		**4,450,750**	(153,457)	2,801,244

Forward

	Note	2024	2023	2022
		Years Ended December 31		
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of property and equipment		**P734**	P1,327	P1,829
Additions to:				
Property, plant and equipment	*9*	**(2,069,829)**	(639,675)	(1,718,976)
Bottles and cases	*8*	**(1,244,366)**	(952,340)	(567,294)
Intangibles	*10*	**(28,189)**	(5,514)	(4,771)
Decrease (increase) in other noncurrent assets		**(51,198)**	7,276	(693)
Net cash used in investing activities		**(3,392,848)**	(1,588,926)	(2,289,905)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from:	*12*			
Short-term debt		**18,717,500**	26,817,500	23,175,000
Long-term debt		**-**	3,400,000	-
Repayments of:	*12*			
Short-term debt		**(16,625,000)**	(26,650,000)	(21,125,000)
Long-term debt		**(2,119,821)**	(1,118,333)	(2,087,083)
Debt issuance cost	*12*	**-**	(25,500)	-
Interest paid	*12*	**(538,742)**	(561,598)	(252,296)
Lease payments	*27*	**(388,650)**	(246,485)	(176,761)
Net cash provided by (used in) financing activities		**(954,713)**	1,615,584	(466,140)
NET INCREASE (DECREASE) IN CASH		**103,189**	(126,799)	45,199
CASH AT BEGINNING OF YEAR		**554,168**	680,967	635,768
CASH AT END OF YEAR	*4*	**P657,357**	P554,168	P680,967

See Notes to the Financial Statements.

PEPSI-COLA PRODUCTS PHILIPPINES, INC.
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

Statement of Compliance

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

The accompanying financial statements as at December 31, 2024 and 2023 and for each of the three years period ended December 31, 2024 were approved and authorized for issue by the Company's BOD on April 10, 2025. The BOD has the power to amend the financial statements after issuance.

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

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

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

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

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

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

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

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

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

3. Material Accounting Policies

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

Adoption of New Standard, Interpretation and Amendments to Standards
The Company has adopted the following new standard, interpretation and amendments to standards starting January 1, 2024 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption did not have any significant impact on the Company's financial statements.

- *Classification of Liabilities as Current or Noncurrent - 2020 amendments and Non-Current Liabilities with Covenants - 2022 amendments* (Amendments to PAS 1, *Presentation of Financial Statements*). To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, the amendments:

  - removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;
  - clarified that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current and covenants with which the entity must comply after the reporting date do not affect a liability's classification at that date;
  - provided additional disclosure requirements for non-current liabilities subject to conditions within twelve months after the reporting period to enable the assessment of the risk that the liability could become repayable within twelve months; and
  - clarified that settlement of a liability includes transferring an entity's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or noncurrent.

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, 2024 and 2023, 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.

Fair Value Measurement

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

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

Inventories

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

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

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

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

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

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

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

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

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

Refundable customer deposits are collected from customers based on deposit value and refundable when the bottles and cases are returned to the Company in good 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Borrowing Costs
Interest and other finance costs incurred on borrowings used to finance property development are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset. The capitalization of borrowing costs: (a) commences when the activities to prepare the assets are in progress and expenditures and borrowing costs are being incurred; (b) is suspended during extended periods in which active development, improvement and construction of the assets are interrupted; and (c) ceases when substantially all the activities necessary to prepare the assets are completed. These costs are amortized using the straight-line method over the EUL of the related property, plant and equipment to which it is capitalized. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method. Other borrowing costs are generally expensed in the period in which these are incurred.

Taxes
Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity or in other comprehensive income, in which case it is recognized in equity or in other comprehensive income, respectively.

Current Tax
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

Deferred Tax
Deferred tax assets and liabilities are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes and the carryforward tax benefits of unused net operating loss carryover (NOLCO), if any, and unused tax credits from excess minimum corporate income tax (MCIT) over the regular corporate income tax. Deferred tax is not recognized for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for carryforward tax benefits of unused NOLCO, unused tax credits from excess MCIT and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans of the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recognized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open years based on its assessment of many factors, including interpretation of tax laws and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

Value-added Tax (VAT)
Revenue, expenses and assets are recognized net of the amount of VAT except:

- where the VAT incurred on purchase of assets or services are not recoverable from the taxation authority, in which case, the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of VAT included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of "Prepaid expenses and other current assets" or "Accounts payable and accrued expenses" accounts in the statements of financial position.

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

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

Contingencies

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

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

Events After the Reporting Date

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

Amendments to Standards Issued but Not Yet Adopted

A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 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:

  - *Hedge Accounting by a First-time Adopter (Amendments to PFRS 1 First-time Adoption of International Financial Reporting Standards).* Amendments were made to terminology on hedge accounting by a first-time adopter of PFRS to improve consistency with the requirements of PFRS 9 Financial Instruments. The term 'conditions' was updated to 'qualifying criteria' in line with the shift from PAS 39 Financial Instruments: Recognition and Measurement to PFRS 9. Specific cross-references to paragraphs in PFRS 9 containing guidance on the qualifying criteria were added to improve understandability.

  - *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.

4. Cash

Cash consists of:

	Note	2024	2023
Cash on hand		**P461,957**	P337,661
Cash in banks	*26*	**195,400**	216,507
		P657,357	P554,168

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

Interest income earned from cash in banks amounted to P0.32 million, P0.25 million and P1.08 million in 2024, 2023, and 2022, respectively.

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

5. Receivables

Receivables consist of:

	Note	2024	2023
Trade receivables - third parties		**P2,095,384**	P2,496,784
Nontrade receivables:			
Related parties	*23*	**235,213**	400,081
Others		**318,180**	322,020
		2,648,777	3,218,885
Less allowance for impairment losses and others		**247,152**	345,451
	26	**P2,401,625**	P2,873,434

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 24), which are normally collected in cash.

Impairment
The Company maintains an allowance for impairment losses at a level considered adequate to provide for ECL. The Company performs regular review of the age and status of these accounts, designed to identify accounts with expected credit losses and provides these with the appropriate allowance for impairment losses. The review is accomplished using lifetime ECL, with the impairment losses being determined for each risk grouping identified by the Company. The amount and timing of recorded expenses for any period would differ if the Company made different judgments. An increase in the allowance for impairment losses would increase the recorded operating expenses and decrease current asset.

The movements in the allowance for impairment losses on receivables are as follows:

		2024			2023		
	Note	Trade	Others	Total	Trade	Others	Total
Balance at beginning of year		**P178,461**	**P166,990**	**P345,451**	P153,538	P97,198	P250,736
Impairment losses (reversal) recognized during the year	*18*	**(20,275)**	**31,184**	**10,909**	36,110	57,560	93,670
Write-offs and other adj during the year		**(71,902)**	**(37,306)**	**(109,208)**	(11,187)	12,232	1,045
Balance at end of year		**P86,284**	**P160,868**	**P247,152**	P178,461	P166,990	P345,451

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:

	2024	2023
Raw and packaging materials	**P3,652,429**	P4,085,884
Spare parts and supplies	**1,106,019**	688,915
Finished goods	**705,699**	660,870
Work in process	**59,445**	58,671
	P5,523,592	P5,494,340

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 P19.3 billion in 2024, P18.3 billion in 2023, and P16.5 billion in 2022 (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.

In 2024, 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 P380.2 million. Net write-down of inventories to NRV amounted P175.2 million and P30.5 million for the years ended December 31 2023 and 2022, respectively.

The write-down of inventories to NRV which is directly related to production is included as part of "Cost of goods sold" account, otherwise it is recognized as part of "Operating expenses" account in the statements of profit and loss and other comprehensive income (loss).

7. Investments in Associates

Investments in associates consist of investments in other companies, which are incorporated under Philippine Laws, as follows:

	Percentage (%) of Ownership		Amount	
	2024	2023	**2024**	2023
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			**444,637**	442,958
Equity in net earnings for the year			**720**	1,679
Balance at end of year			**445,357**	444,637
			P676,979	P676,259

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, 2024 and 2023.

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

As at December 31, 2024 and 2023, the undistributed earnings of the associates included in the Company's retained earnings amounting to P445.4 million and P444.6 million respectively, is not available for distribution to stockholders unless declared by the associates. Equity in net earnings from investments in associates amounted to P0.72 million, P1.7 million and P11.9 million for the years ended December 31, 2024, 2023 and 2022, respectively.

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

	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

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

The associates do not have contingent liabilities incurred jointly with other investors. Also, the Company is not severally liable for all or part of the liabilities of the associates.

8. Bottles and Cases

Bottles and cases consist of:

	Note	2024	2023
Cost			
Gross Carrying Amount*			
Balance at beginning of year		**P18,519,790**	P17,532,685
Net change		**1,246,674**	987,105
Balance at end of year		**19,766,464**	18,519,790
Accumulated Amortization*			
Balance at beginning of year		**14,189,200**	13,016,273
Amortization for the year	*17, 18, 19*	**1,112,021**	1,172,927
Balance at end of year		**15,301,221**	14,189,200
		P4,465,243	P4,330,590

**This includes pallets with net book value of P136.4 million and P118.7 million as at December 31, 2024 and 2023, respectively.*

Amortization

Amortization was charged to:

	Note	2024	2023	2022
Cost of goods sold	*17*	**P510,427**	P715,585	P923,037
Selling and distribution	*18*	**601,544**	457,342	286,181
General and administrative	*19*	**50**	-	-
		P1,112,021	P1,172,927	P1,209,218

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

Impairment

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

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

9. Property, Plant and Equipment

The movements in this account are as follows:

	Machinery and Other Equipment	Buildings and Leasehold Improvements	Furniture and Fixtures	Construction In-Progress	Total
Gross Carrying Amount					
January 1, 2023	P21,095,054	P5,038,283	P65,998	P85,603	P26,284,938
Additions	272,364	980	993	365,338	639,675
Disposals/write-offs/adjustments	(348,707)	(9,453)	(187)	109,890	(248,457)
Transfers/reclassifications	258,768	77,564	-	(276,093)	60,239
December 31, 2023	21,277,479	5,107,374	66,804	284,738	26,736,395
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**
Accumulated Depreciation and Impairment					
January 1, 2023	13,204,930	1,774,880	54,330	-	15,034,140
Depreciation	870,129	191,885	3,979	-	1,065,993
Disposals/write-offs/adjustments	(32,889)	25,499	331	-	(7,059)
Impairment loss	175,827	-	-	-	175,827
December 31, 2023	14,217,997	1,992,264	58,640	-	16,268,901
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**
Carrying Amount					
December 31, 2023	P7,059,482	P3,115,110	P8,164	P284,738	P10,467,494
December 31, 2024	**P7,394,189**	**P3,252,252**	**P5,610**	**P435,141**	**P11,087,192**

Depreciation
Depreciation were charged to:

	Note	2024	2023	2022
Cost of goods sold	*17*	**P842,591**	P833,785	P797,506
Selling and distribution	*18*	**155,889**	193,717	212,822
General and administrative	*19*	**39,004**	38,491	78,032
		P1,037,484	P1,065,993	P1,088,360

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

Impairment
The Company assesses at each reporting date whether there is an indication that its property, plant and equipment may be impaired. Determining the amount of the assets, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Company to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Company to conclude that these assets are impaired. Any resulting impairment loss could have material impact on the financial position and financial performance of the Company. The preparation of the estimated future cash flows involves estimations and assumptions. While the Company believes that its assumptions are appropriate and reasonable, an increase in impairment losses would decrease profit or loss and consequently, decrease equity. The Company has recognized impairment loss on certain machinery and other equipment for these identified items will no longer be used and that the carrying value of these assets cannot be recovered. The impairment loss amounting to P397.8 million and P175.8 million for the years ended December 31, 2024 and 2023, respectively, is included under "Other income (loss) - net" account in the statement of profit of loss and other comprehensive income (loss). Aside from impairment loss recognized for the year, no other impairment indicators exist on the Company's property, plant and equipment for the year ended December 31, 2024 and 2023.

Disposal
Gain (loss) on disposal of property and equipment amounted to (P40.67 million), (P12.5 million) and P1.8 million in 2024, 2023 and 2022 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 P3.3 billion, P1.6 billion and P2.3 billion for the years ended December 31, 2024, 2023, and 2022, respectively.

10. Intangible Assets

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

	Note	2024	2023
Cost			
Balance at beginning of year		**P482,610**	P479,977
Additions and other movements		**28,189**	2,633
Balance at end of year		**510,799**	482,610
Accumulated Amortization			
Balance at beginning of year		**247,690**	202,608
Amortization during the year	*17, 18, 19*	**41,718**	45,082
Balance at end of year		**289,408**	247,690
Net Carrying Amount		**P221,391**	P234,920

11. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of:

	Note	2024	2023
Trade payables:			
Third parties		**P7,035,691**	P4,528,150
Related parties	*23*	**1,035,311**	1,403,714
Non-trade payables and accruals		**1,343,276**	1,912,517
Current portion of:			
Lease liability	*27*	**219,658**	177,988
Retirement liability	*14*	**-**	47,827
		P9,633,936	P8,070,196

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, 2024 and December 31, 2023, 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 P18.72 billion and P26.82 billion in 2024 and 2023, respectively, while total payments totaled P16.63 billion and P26.65 billion in 2024 and 2023, respectively. As at December 31, 2024 and 2023, the balance of short-term debt amounted to P4.31 billion and P2.22 billion, respectively.

b. Long-term Debt

This account consists of the following loan amounts:

	2024	2023
7 year P3 billion term loan from MBTC	**P2,571,429**	P3,000,000
5 year P2 billion term loan from BPI	**1,333,333**	2,000,000
5 year P1.5 billion term loan from Metropolitan Bank & Trust & Co. (MBTC)	**525,000**	825,000
5 year P400 million term loan from IBK	**400,000**	400,000
5 year P1 billion term loan from MBTC	**350,000**	550,000
7 year P800 million term loan from BPI	**160,000**	320,000
5 year P1 billion term loan from BPI	-	333,333
3 year P250 million term loan from IBK	-	31,250
	P5,339,762	P7,459,583

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

	2024	2023
Current	**P1,746,093**	P2,106,342
Noncurrent	**3,568,938**	5,314,260
	P5,315,031	P7,420,602

<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.

On December 27, 2019, the company entered into a P1 billion loan agreement with BPI to refinance the Company's short-term bank loans. The loan is unsecured and with a term of five (5) years payable in twelve (12) equal quarterly installments to commence at the end of the 9th quarter of the borrowing date.

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

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

In 2021 the Company was able to amend the financial covenants of its terms from its loans from BPI in which it would permit the Company to have Debt-to-equity ratio 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, to be used by the Company for general corporate purposes including but not limited to refinancing of its existing loans. The loan is unsecured and with a term of seven (7) years, payable in twenty-eight (28) equal quarterly principal repayments from the date of borrowing until the maturity date.

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

Term Loan from IBK
In 2021, the Company entered into a loan agreement with IBK amounting to P250 million, to be used by the Company exclusively for financing its working capital loan. The loan is unsecured and with a term of three (3) years, payable in eight (8) successive quarterly principal repayments to commence at the end of the 5th quarter from the drawdown date and with a fixed interest rate.

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

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

As at December 31, 2024 and 2023, 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 P553.0 million, P586.5 million and P260.1 million for the years ended December 31, 2024, 2023, and 2022 respectively. Amortization of debt issuance cost amounted to P24.7 million in 2024, P11.2 million in 2023, and P13.7 million in 2022.

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, 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**

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

Year	Gross Amount	Amortization of Debt Issuance Cost	Net
2024	P2,119,822	P14,251	P2,105,571
2025	1,755,238	9,958	1,745,280
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
	P7,459,583	P38,981	P7,420,602

Reconciliation of Opening and Closing Balances of Total Bank Debt

	Bank Debt	Accrued Interest	Total
Balance, December 31, 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**

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

13. Income Taxes

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

	2024	2023	2022
Current tax expense	**P162,447**	P107,123	P97,046
Deferred tax benefit from origination and reversal of temporary differences and others	**(293,305)**	(379,198)	(39,392)
	(P130,858)	(P272,075)	P57,654

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

2024	**Balance at December 31, 2023**	**Recognized in Profit or Loss**	**Recognized in Other Comprehensive Income**	**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 impeirment 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 -**

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

Deferred tax expense (benefit) relating to remeasurements of net defined benefit liability recognized in other comprehensive income amounted to (P10.8 million), P25.7 million, and P95.8 million, in 2024, 2023 and 2022, 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:

	2024	2023	2022
Profit (loss) before tax	**(P577,059)**	(P1,503,584)	P10,073
Tax rate at statutory rate of 25%	**(P144,265)**	(P375,896)	P2,518
Addition to (reductions in) income tax resulting from the tax effects of:			
MCIT application	**4,471**	-	-
Nondeductible expenses and others	**421**	7,516	26
Equity in net earnings of associates	**(180)**	(420)	(2,987)
Interest income subjected to final tax	**(1,684)**	(63)	(104)
Expired MCIT	**-**	82,700	-
Derecognized MCIT	**-**	64,063	-
Tax deficiency payments	**-**	-	32,553
Other movements	**10,379**	(49,975)	25,648
	(P130,858)	(P272,075)	P57,654

As at December 31, 2024, the Company has NOLCO that can be carried forward and claimed as deduction from future taxable income as follows:

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

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

Year Incurred	Amount	Expired	Used	Balance	Expiry Date
2021	P64,063	(P59,592)	(P4,471)	P -	December 31, 2024
2022	64,494	-	-	64,494	December 31, 2025
2023	107,123	-	-	107,123	December 31, 2026
	P235,680	**(P59,592)**	**(P4,471)**	**P171,617**	

Bayanihan to Recover as One Act
On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

14. Defined Benefit Plan

The Company has a funded, noncontributory, final salary defined benefit plan covering substantially all of its regular and full time employees. The Company has a Retirement Committee, which is composed mainly of the Company's employees, that sets the policies for the plan and has appointed two Philippine banks as trustees to manage the retirement fund pursuant to the plan. Annual cost is determined by a qualified actuary using the projected unit credit method. The latest actuarial valuation was made on December 31, 2024.

Under the existing regulatory framework, Republic Act 7641, *"The Retirement Pay Law,"* a company is required to provide retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided, however, that the employee's retirement benefits under collective bargaining and other agreement shall not be less than those provided for under the law. The law does not require minimum funding of the plan.

The determination of the Company's net defined benefit liability and retirement cost is dependent on the selection of certain assumptions used by the actuary in calculating such amounts. Remeasurements of the net defined benefit liability are recognized in other comprehensive income and comprise actuarial gains and losses on the net defined benefit liability, return on plan assets and any change in the effect of asset ceiling, excluding amounts included in the net interest on the net defined benefit liability.

The following table shows reconciliation from the opening balances to the closing balances for net defined benefit liability and its components:

	DBO		Fair Value of Plan Assets		Net Defined Benefit Liability	
	2024	2023	2024	2023	2024	2023
Balance at January 1	P1,295,967	P1,068,945	(P286,234)	(P236,503)	P1,009,733	P852,442
Included in Profit or Loss						
Current service cost	104,855	87,733	-	-	104,855	87,733
Interest expense	76,323	75,441	-	-	76,323	75,441
Interest income	-	-	(12,570)	(13,795)	(12,570)	(13,795)
Past service cost - curtailments	22,198	-	-	-	22,198	-
	203,376	163,174	(12,570)	(13,795)	190,806	149,379
Remeasurements loss (gain):						
Actuarial loss (gain):						
- financial assumptions	-	128,418	-	-	-	128,418
- experience adjustment	(47,565)	6,601	-	-	(47,565)	6,601
Return on plan assets excluding interest income	-	-	4,395	(32,036)	4,395	(32,036)
	(47,565)	135,019	4,395	(32,036)	(43,170)	102,983
Others						
Contributions paid	-	-	-	(3,900)	-	(3,900)
Benefits paid directly by the Company	(106,951)	(91,171)	-	-	(106,951)	(91,171)
Settlements	(111,945)	-	-	-	(111,945)	-
	(218,896)	(91,171)	-	(3,900)	(218,896)	(95,071)
Balance at December 31	P1,232,882	P1,295,967	(P294,409)	(P286,234)	P938,473	P1,009,733

The current portion of defined benefit liability (included under "Accounts payable and accrued expenses" account in the statements of financial position) amounted to nil and P47.8 million as at December 31, 2024 and 2023, respectively, while the noncurrent portion (included under "Other noncurrent liabilities" account in the statements of financial position) amounted to P938.5 million and P961.9 million as at December 31, 2024 and 2023, 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 P19.1 million, P18.1 million and P9.1 million for the years ended December 31, 2024, 2023, and 2022, respectively, and "Operating expenses" account in the statements of profit or loss and other comprehensive income (loss), which amounted to P171.7 million, P131.3 million and P152.6 million for the years ended December 31, 2024, 2023 and 2022, respectively (see Notes 17, 18, 19 and 21).

As at December 31, 2024 and 2023, the present value of DBO amounting to P1.23 million and P1.30 million, respectively, pertains to active members.

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

	2024	2023
Discount rate	**6.00%**	6.00%
Rate of future salary increase	**6.00%**	6.00%

Plan assets at December 31 comprised:

	2024	2023
Cash and cash equivalents	**P2,515**	P8,183
Debt securities:		
Investment in government securities	**132,053**	120,125
Investment in debt securities	**2,505**	477
	134,558	120,602
Investment in equity securities*		
Food and drink	**3,734**	3,847
Holding Company	**153,602**	153,602
	157,336	157,449
Total	**P294,409**	P286,234

**Includes investment in NHC*

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

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

Maturity analysis of the benefit payments:

During the Year Ending December 31	Expected Benefit Payments
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:

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%**

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

As at December 31, 2024 and 2023, the weighted-average duration of the DBO is 11.28 years and 11.25 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 2025 is P202.0 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					
	2024		2023		2022	
	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:

	2024	2023
(a) Debt*	**P9,625,031**	P9,638,102
(b) Total equity	**P7,224,971**	P7,638,793
Debt to equity ratio (a/b)	**1.33:1**	1.26:1

** Pertains to bank debts*

16. Retained Earnings

On June 20, 2019, the Company's BOD approved the declaration of cash dividends amounting to P162.5 million or P0.044 per share to all stockholders on record as of July 16, 2019 and was paid on August 9, 2019. The Company obtained the consents from its lenders prior to declaring dividends in 2019.

As at December 31, 2024, the Company has retained earnings of P5,104,877 (as adjusted per Revised Securities Regulation Code Rule 68), and share capital of P1,751,435. The Company has a dividend policy to declare dividends to stockholders of record, which are paid out of its unrestricted retained earnings. Any future dividends it pays will be at the discretion of the BOD after taking into account the following: the Company's earnings; cash flows; financial position; loan covenants; capital and operating progress (see Note 9); and other factors as the BOD may consider relevant. Subject to the foregoing, the policy is to pay up to 50% of the annual profit as dividends. In addition, the Company must obtain prior written consent from its lenders before it can declare or pay any cash dividends or redeem or repurchase any outstanding share or make any capital or asset distribution to its stockholders (see Note 12).

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

- When justified by definite corporate expansion projects or programs approved by the Board of Directors;
- When the Corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not yet been secured; or
- When it can be clearly shown that such retention is necessary under special circumstances, such as when there is a need for reserve for probable contingencies.

As at December 31, 2024, the Company has no appropriation over the excess retained earnings.

17. Cost of Goods Sold

Cost of goods sold consists of:

	Note	**2024**	2023	2022
Materials and supplies used, and taxes	*6, 24*	**P29,348,379**	P27,955,002	P26,610,262
Delivery and freight		**1,670,072**	1,526,820	1,504,906
Depreciation and amortization	*8, 9, 10, 20, 27*	**1,389,394**	1,601,273	1,763,714
Personnel expenses	*14, 21*	**949,273**	959,554	975,681
Rental and utilities	*27*	**39,272**	26,410	82,446
Others		**1,241,166**	1,169,224	884,697
		P34,637,556	P33,238,283	P31,821,706

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

18. Selling and Distribution

Selling and distribution expenses consist of:

	Note	**2024**	2023	2022
Delivery and freight		**P1,696,970**	P1,652,833	P1,710,112
Distribution		**1,209,919**	1,518,796	1,148,240
Depreciation and amortization	*8, 9, 10, 20, 27*	**921,850**	758,312	499,291
Personnel expenses	*14, 21*	**593,084**	637,442	635,282
Rental and utilities	*27*	**273,392**	99,108	146,190
Taxes		**172,292**	157,213	74,377
Sales commission		**163,551**	170,343	231,099
Others	*5*	**497,702**	496,904	309,397
		P5,528,760	P5,490,951	P4,753,988

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	**2024**	2023	2022
Personnel expenses	*14, 21*	**P980,072**	P874,080	P784,921
Outside services		**140,912**	111,580	44,316
Depreciation	*8, 9, 10, 20, 27*	**101,490**	82,595	78,209
Others		**583,126**	410,701	306,467
		P1,805,600	P1,478,956	P1,213,913

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

20. Depreciation and Amortization

Depreciation and amortization are distributed as follows:

	Note	**2024**	2023	2022
Cost of goods sold	*17*	**P1,389,394**	P1,601,273	P1,763,714
Selling and distribution	*18*	**921,850**	758,312	499,291
General and administrative	*19*	**101,490**	82,595	78,209
		P2,412,734	P2,442,180	P2,341,214

21. Personnel Expenses

Personnel expenses consist of:

	Note	**2024**	2023	2022
Salaries and wages		**P2,331,623**	P2,321,697	P2,234,186
Retirement cost	*14*	**190,806**	149,379	161,698
		P2,522,429	P2,471,076	P2,395,884

The above amounts are distributed as follows:

	Note	**2024**	2023	2022
Cost of goods sold	*17*	**P949,273**	P959,554	P975,681
Selling and distribution	*18*	**593,084**	637,442	635,282
General and administrative	*19*	**980,072**	874,080	784,921
		P2,522,429	P2,471,076	P2,395,884

22. Basic/Diluted Earnings Per Share

Basic EPS is computed as follows:

	2024	2023	2022
Loss for the year attributable to equity holders of the Company (a)	**(P446,201)**	(P1,231,509)	(P47,581)
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)	**(P0.12)**	(P0.33)	(P0.01)

As at December 31, 2024, 2023 and 2022, 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	2024	P63,656	P -	(P3,489)	30 days non interest bearing	
			2023	67,701	-	(P11,560)	30 days non interest bearing	
			2022	108,220	-	-		
Associates	Advances	23b, 23c	2024	-	399,617	-	Collectible on demand	Unsecured; no impairment
			2023	-	491,250	-	Collectible on demand	Unsecured; no impairment
			2022	-	493,078	-	Collectible on demand	Unsecured; no impairment
	Various	23b	2024	36,040	-	-		
			2023	20,011	-	-		
			2022	15,165	-	-		
Affiliates	Purchases	23a, 24a	2024	9,459,266	-	(905,947)	42 days non interest bearing	
			2023	7,834,994	-	(1,370,900)	42 days non interest bearing	
			2022	7,041,534	-	(1,849,234)	42 days non interest bearing	
	Availment of services	23a	2024	426,143	-	(125,875)	42 days non interest bearing	
			2023	266,170	-	(21,254)	42 days non interest bearing	
			2022	335,764	-	(15,592)		
	Coopable Marketing	24b	2024	946,364	-	235,213		Unsecured; no impairment
			2023	721,588	-	400,081		Unsecured; no impairment
			2022	376,192	-	622,580		Unsecured; no impairment
Key Management Personnel	Short-term employee benefit	23d	2024	160,527	-	-		
			2023	148,166	-	-		
			2022	106,176	-	-		
	Post-employment benefits	23d	2024	5,064	-	-		
			2023	6,009	-	-		
			2022	3,560	-	-		
			2024		P399,617	(P800,098)		
			2023		P491,250	(P1,003,633)		
			2022		P493,078	(P1,242,246)		

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 2024, 2023 and 2022 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, 2024, 2023 and 2022 amounted to P53.69 million, P67.70 million and P108.22 million, respectively. The outstanding balance for these purchases amounted to P3.49 million and P11.56 million as at December 31, 2024 and December 31, 2023, respectively.

   The Company also made purchases of raw and packaging materials from Lotte Chemical Corp., an entity under common control, amounting to P98.7 million for the year ended December 31, 2022. There is no outstanding balance for these purchases as at December 31, 2024 and December 31, 2023, respectively.

   The Company also availed services from its affiliate, Lotte Global Logistics Philippines, Inc., an entity under common control, with a total value of P426.14 million in 2024, P296,170 in 2023, and P335,764 in 2022. The outstanding balance for these services amounted to P125.88 million and P21.25 million as at December 31, 2024 and December 31, 2023, respectively. The Company's outstanding payable for its purchase from its major shareholder and affiliate is included under the "Accounts payable and accrued expenses" account in the statements of financial position.

b. The Company leases parcels of land where some of its bottling plants are located. Amortization expense for the right-of-use asset for the leased parcels of lands where recognized under "Cost of goods sold" and "Operating expenses" accounts in the statements of profit or loss and other comprehensive income (loss) amounted P32.2 million and P16.2 million for the years ended December 31, 2024 and 2023. The Company has advances to NRC amounting to P38.0 million as at December 31, 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, 2024, 2023 and 2022 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 P351.7 million and P441.0 million as at December 31, 2024 and 2023, 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 P9.9 million and P12.3 million as at December 31, 2024 and 2023, 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, 2024 and 2023, the fair value of the retirement fund amounted to P294.4 million and P286.2 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, P3.9 million and P36.6 million in 2024, 2023 and 2022, respectively.

24. Significant Agreements

The Company has exclusive bottling agreement and other transactions which are summarized below:

a. The Company has Exclusive Bottling Agreements with PepsiCo, Inc. (PepsiCo), the ultimate parent of Quaker Global Investments B.V., a shareholder 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 P9.2 billion, P7.6 billion and P6.8 billion for the years ended December 31, 2024, 2023, and 2022. The Company's outstanding payable to CMSPL (included under "Accounts payable and accrued expenses" account in the statements of financial position) as at December 31, 2024 and 2023 amounted to P0.8 billion and P1.3 billion, respectively. Total purchases from Pepsi Lipton amounted to P218.0 million, P207.3 million and P220.7 million for the years ended December 31, 2024, 2023 and 2022, 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 P42.2 million and P32.1 million as at December 31, 2024 and 2023, 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 P945.4 million, P721.6 million and P376.2 million for the years ended December 31, 2024, 2023, and 2022, 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 P235.2 million and P400.1 million as at December 31, 2024 and 2023, respectively.

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

25. Revenue Disaggregation

(Amounts in Millions)	2024	2023	2022
Carbonated Soft Drink	**P26,758**	P26,079	P25,984
Non Carbonated Beverage	**16,511**	14,177	12,373
	P43,269	P40,256	P38,357

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	2024	2023
Cash in banks	*4*	**P195,400**	P216,507
Receivables - net	*5*	**2,401,625**	2,873,434
Due from related parties	*23*	**399,617**	491,250
Total credit exposure		**P2,996,642**	P3,581,191

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 P186.0 million and P151.8 million as at December 31, 2024 and 2023, respectively. Total amount of receivables that have collateral amounted to P87.6 million and P102.2 million as at December 31, 2024 and 2023.

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, 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
Others	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

December 31, 2023

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

As at December 31, 2024 and 2023, there was an allowance for impairment loss of P247.2 million and P345.5 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, 2024 and 2023:

2024

	Gross Carrying Amount	**Impairment 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**	

2023

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

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 P195.4 million and P216.5 million as at December 31, 2024 and 2023, 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 P399.6 million and P491.3 million as at December 31, 2024, and 2023, 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, 2024 and 2023 under the line of credit is P17.9 billion and P22.1 billion, respectively, of which the Company had drawn P9.8 billion and P9.7 billion, respectively, under letters of credit, short-term loans and term loans. All facilities under the omnibus lines and term loans bear negotiated interest at floating rates consisting of a margin over current Philippine treasury rates; and

- P1.0 billion and P1.1 billion domestic bills purchased line, which are available as at December 31, 2024 and 2023, 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, 2024			
	Carrying Amount	**Contractual Cash Flow**	**One Year or Less**	**More than One Year**
Financial Liabilities				
Accounts payable and accrued expenses *	**P9,300,683**	**P9,300,683**	**P9,300,683**	**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**
Other noncurrent liabilities**	**602,147**	**602,147**	**-**	**602,147**
	P19,527,861	**P20,318,395**	**P15,692,596**	**P4,625,799**

**Excluding statutory payables and defined benefit liability amounting to P333.25 million*
***Excluding defined benefit liability amounting to P938.47 million*

	As at December 31, 2023			
	Carrying Amount	Contractual Cash Flow	One Year or Less	More than One Year
Financial Liabilities				
Accounts payable and accrued expenses *	P7,411,175	P7,411,175	P7,411,175	P -
Short-term debt	2,217,500	2,228,316	2,228,316	-
Long-term debt	7,420,602	7,459,583	2,119,821	5,339,762
Other noncurrent liabilities	552,483	552,483	-	552,483
	P17,601,760	P17,651,557	P11,759,312	P5,892,245

**Excluding statutory payables and defined benefit liability amounting to P659.02 million*
***Excluding defined benefit liability amounting to P961.91 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 P634.8 million and P597.8 million and as at December 31, 2024 and 2023, respectively. Because of these purchase commitments, the Company considers the exposure to commodity price risk to be insignificant.

Exposure to Interest Rate Risk
The Company's exposure to interest rates pertains to its cash in banks, short-term debt, long-term debt and finance lease obligation. The Company has outstanding term-loans from banks totaling to P5.3 billion and P7.4 billion, whose interest rates are repriced every quarter, which is the Company's exposure to interest rate risk as at December 31, 2024 and 2023.

Sensitivity Analysis
An increase in the interest rate by 50 basis points would decrease net income and equity by P19.9 million and P27.8 million as at December 31, 2024 and 2023, 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, 2024 and 2023.

Fair Values
As at December 31, 2024 and 2023, the carrying amounts of the financial assets and liabilities, which include cash, receivables, due from related parties, short-term debt and accounts payable and accrued expenses, reasonably approximate fair values due to the short-term nature of these financial instruments. The Company's long term-debt approximates its fair values as its interest rates are repriced every certain period.

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

27. Commitments, Contingencies and Losses

a. Leases
The Company leases certain warehouses, facilities and automobiles for a period of one to twenty-five years, renewable for another one to twenty-five years. The Company has determined that all significant risks and rewards of ownership of these properties remain with the lessors and the lease do not provide for an option to purchase or transfer ownership of the property at the end of the lease.

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

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

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

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

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

i. Right-of-Use and Related Assets

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

	2024	2023
Balance at beginning of year	**P592,255**	P484,977
Additions and other movements	**369,477**	265,456
Amortization	**(221,511)**	(158,178)
Balance at end of year	**P740,221**	P592,255

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

	Note	**2024**	2023	2022
Cost of goods sold	*17*	**P36,376**	P47,561	P72,573
Selling and distribution	*18*	**164,417**	107,072	72,877
General and Administration		**20,718**	3,545	1,654
		P221,511	P158,178	P147,104

The Company has effectively also entered into an agreement for the sub-lease of the delivery trucks to its distributors. The lease term is three to five years from inception. The amount of net investment in the sublease amounts to P89.4 million with undiscounted lease receivable amounts of P96.5 million.

Disposal
Gain on disposal of Right-of-use assets related to vehicles amounted to P2.0 million in 2024 and nil in both 2023 and 2022.

ii. Lease Liabilities

	2024	2023
Balance at beginning of year	**P730,470**	P562,836
Additions and other movements to lease liabilities	**407,641**	364,796
Interest expense	**72,344**	49,323
Payments made	**(388,650)**	(246,485)
Balance at end of year	**P821,805**	P730,470

Current portion Lease liabilities are presented under "accounts payable and accrued expense" account amounting to P219.7 million and noncurrent portion of lease liabilities are presented are presented under "other noncurrent liabilities" account amounting to P602.1 million as at December 31, 2024, respectively.

Expenses related to lease of low value assets amounted to P320.7 million, P322.6 million, P362.2 million in 2024, 2023 and 2022, respectively.

The Company had total cash outflows for the above leases amounting to P709.4 million, P569.1 million and P552.9 million in 2024, 2023 and 2022, respectively.

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

	2024	2023	2022
Less than one year	**P278,077**	P230,814	P202,979
Between one and five years	**615,823**	530,499	356,202
More than five years	**87,033**	128,276	120,603
	P980,933	P889,589	P679,784

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

KPMG

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REPORT OF INDEPENDENT AUDITORS

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

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of Pepsi Cola Products Philippines, Inc. (the "Company") as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024, included in this Form 17-A, and have issued our report thereon dated April 15, 2025.

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. 08-001987-151-2025
Issued January 8, 2025; valid until January 8, 2028
PTR No. MKT 10467155
Issued January 2, 2025 at Makati City

April 15, 2025
Makati City, Metro Manila

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2024

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		**P5,845,103**
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings		
Reversal of Retained Earnings Appropriation/s	P -	
Effect of restatements or prior-period adjustments	-	
Others (describe nature)		
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	-	
Retained Earnings appropriated during the reporting period	-	
Effects of restatements or prior-period adjustments	-	
Others (describe nature)	-	
Unappropriated Retained Earnings, as adjusted		**5,845,103**
Add/Less: Net Income (loss) for the current year		**(446,201)**
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	720	
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		**720**

Forward

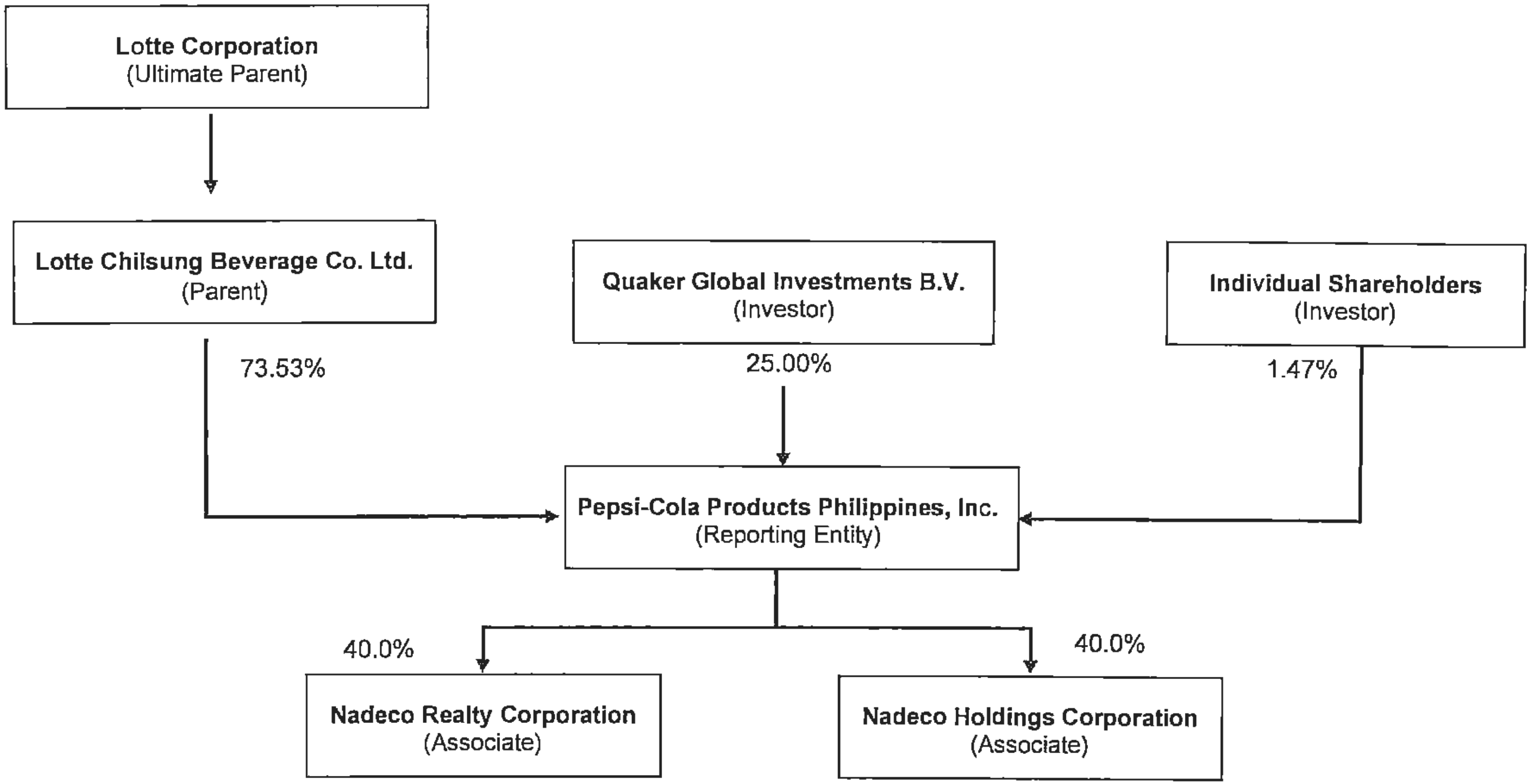
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to cash and cash equivalents	P -	
Realized fair value adjustments (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Realized foreign exchange gain of Investment Property	-	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-	
Sub-total		P -
Add: Category C.3: Unrealized income recognized in profit or loss in prior reporting periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-	
Reversal of previously recorded fair value adjustments (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Reversal of previously recorded fair value gain of Investment Property	-	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)	-	
Sub-total		-
Adjusted Net Income/Loss		**(446,921)**
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)	-	
Sub-total		-
Add/Less: Category E: Adjustment related to relief granted by the SEC and BSP		
Amortization of the effect of reporting relief	-	
Total amount of reporting relief granted during the year	-	
Others (describe nature)	-	
Sub-total		-

Forward

Add/Less: <u>Category F</u>: Other items that should be excluded from the determination of the amount of available for dividend distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares)	P -	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(321,110)	
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	27,805	
Adjustment due to deviation from PFRS/GAAP - gain (loss)	-	
Others (describe nature)	-	
Sub-total		**(P293,305)**
Total Retained Earnings, end of the reporting period available for dividend		**P5,104,877**

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

Map of Group of Companies Within which the Company Belongs
As at December 31, 2024



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.	P478,902,199	P31,858,047	P121,133,004	P -	P389,627,242	P -	P389,627,242
Nadeco Holdings Corp.	12,348,182	2,439,441	4,797,791	-	9,989,833	-	9,989,833
Employees	12,877,700	149,351,171	142,784,378	-	19,444,494	-	19,444,494
Totals	**P504,128,082**	**P183,648,659**	**P268,715,172**	**P -**	**P419,061,569**	**P -**	**P419,061,569**

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	P234,919,760	P28,189,199	P41,717,905	P -	P -	P221,391,054
Totals	**P234,919,760**	**P28,189,199**	**P41,717,905**	**P -**	**P -**	**P221,391,054**

PEPSI-COLA PRODUCTS PHILIPPINES, INC.
SCHEDULE E. LONG TERM DEBT

Title of Issue and type of obligation (i)	Lender	Outstanding Balance	Amount shown under caption "Current portion of long-term debt" in related balance sheet (ii)	Amount shown under caption "Long-Term Debt" in related balance sheet (iii)	Interest Rates	Number of Periodic Installments	Final Maturity
Long-term debt	Metropolitan Bank Trust & Co.	P825,000,000	P298,932,948	P224,777,109	5.25%	20	July 2026
Long-term debt	Metropolitan Bank Trust & Co.	550,000,000	199,242,088	149,841,671	5.25%	20	July 2026
Long-term debt	Bank of the Philippine Islands	2,000,000,000	664,380,635	665,779,738	5.95%	10	December 2026
Long-term debt	Bank of the Philippine Islands	320,000,000	159,813,399	-	5.89%	20	December 2024
Long-term debt	Bank of the Philippine Islands	333,333,333	-	-	6.25%	12	December 2024
Long-term debt	Industrial Bank of Korea	31,250,000	-	-	5.10%	8	February 2024
Long-term debt	Industrial Bank of Korea	400,000,000	-	397,771,046.11	5.62%	12	December 2028
Long-term debt	Metropolitan Bank Trust & Co.	3,000,000,000	423,724,211	2,130,768,406	5.85%	28	December 2030
Totals		**P7,459,583,333**	**P1,746,093,281**	**P3,568,937,970**			

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**

KPMG

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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

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, 2024 and 2023 and for each of the three years in the period ended December 31, 2024, included in this Form 17-A, and have issued our report thereon dated April 15, 2025.

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, 2024 and 2023 and for each of the three years in the period ended December 31, 2024 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. 08-001987-151-2025
Issued January 8, 2025; valid until January 8, 2028
PTR No. MKT 10467155
Issued January 2, 2025 at Makati City

April 15, 2025
Makati City, Metro Manila

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

Ratio	Formula (Amounts in Thousands)		Years Ended December 31 2024	2023
Current ratio	Total current assets over total current liabilities		**0.64:1**	0.81:1
	Total current assets	P10,021,370		
	Divided by: Total current liabilities	15,690,029		
	Current ratio	**0.64**		
Solvency ratio	Profit plus depreciation and amortization over total liabilities		**0.09:1**	0.06:1
	Net Loss	(P446,201)		
	Add: Depreciation and amortization	2,412,734		
	Total	1,966,533		
	Divide: Total liabilities	20,799,587		
	Solvency ratio	**0.09**		
Bank debt-to-equity ratio	Total bank debt over total equity		**1.33:1**	1.26:1
	Short-term debt	P4,310,000		
	Current portion of long-term debt	1,746,093		
	Long-term debt - net of current portion	3,568,938		
	Bank debt	9,625,031		
	Total equity	7,224,971		
	Bank to debt equity	**1.33**		
Debt-to-equity ratio	Total liability over total equity		**2.88:1**	2.52:1
	Total Debt	P20,799,587		
	Total Equity	7,224,971		
	Debt to equity ratio	**2.88**		

Forward

Ratio	Formula (Amounts in Thousands)		Years Ended December 31 2024	2023
Asset-to-equity ratio	Total assets over total equity		**3.88:1**	3.52:1
	Total assets	P28,024,558		
	Total equity	7,224,971		
	Asset to equity ratio	**3.88**		
Interest rate coverage ratio	Profit before interest and taxes over interest expense		**0.09:1**	(1.40):1
	Profit before tax	(P577,059)		
	Interest expense	632,867		
	Profit before interest and tax	55,808		
	Divided by: Interest expense	632,867		
	Interest rate coverage ratio	**0.09**		
Operating profit margin	Operating profit over net sales		**0.81%**	(1.67%)
	Operating Profit	P351,821		
	Divided by: Net sales	43,269,101		
	Operating profit margin	**0.81%**		
Net profit margin	Profit over net sales		**(1.03%)**	(3.06%)
	Net profit	(P446,201)		
	Divided by: Net sales	43,269,101		
	Net profit margin	**(1.03%)**		

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

	2024	2023
Total Audit Fees	**P5,150,000**	P5,150,000
Non-audit services fees:		
Other assurance services	**3,180,000**	3,650,000
All other services	**800,000**	800,000
Tax services	-	-
Total Non-audit Fees	**3,980,000**	4,450,000
Total Audit and Non-audit Fees	**P9,130,000**	P9,600.000

ANNEX E

QUARTERLY REPORT (SEC FORM 17-Q)

SECURITIES AND EXCHANGE COMMISSION
THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/messagemo@sec.gov.ph

The following document has been received:

Receiving: Ma. Theresa Mabuyo
Receipt Date and Time: May 15, 2025 05:28:27 PM

Company Information

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

Document Information

Document ID: OST10515202583341670
Document Type: Quarterly Report
Document Code: SEC_Form_17-Q
Period Covered: March 31, 2025
Submission Type: Original Filing
Remarks: None

Acceptance of this document is subject to review of forms and contents

COVER SHEET

					1	6	0	9	6	8

S.E.C. Identification No.

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

(Company's Full Name)

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

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

Agustin S. Sarmiento
Contact Person

8888-73774
Company Telephone Number

0	3	3	1	SEC Form 17-Q	Last Friday of May
Month		Day		FORM TYPE	Month

Date
Calendar Year

Annual Meeting

Secondary License Type, If Applicable

M	S	R	D

Dept. Requiring this Doc.

Amended Article Number/Section

Total Amount of Borrowings

773	Php9.5Billion	
Total No. of Stockholders	**Domestic**	**Foreign**

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

Remarks = pls. Use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **March 31, 2025**

2. Commission identification number **0000160968** 3. BIR Tax Identification No **000-168-541**

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

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

6. Industry Classification Code: (SEC Use Only)

7. Address of issuer's principal office and Postal Code:
26th Floor, Filinvest Axis Tower Two Building, Northgate Cyberzone, Filinvest City, Alabang, Muntinlupa City, 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: **N/A**

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

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

11. Are any or all of the securities listed on a Stock Exchange?

Yes [ ] No [X]

Stock Exchange: **Not applicable**
Securities Listed: **Not applicable**

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [X] No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [X] No [ ]

Part 1 – Financial Information

Item 1. Financial Statements.

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

	Note	**March 31 2025 (Unaudited)**	December 31 2024 (Audited)
ASSETS			
Current Assets			
Cash	*11*	**P460,361**	**P657,357**
Receivables - net	*9, 11*	**2,028,067**	**2,401,625**
Inventories - net		**5,229,400**	**5,523,592**
Due from related parties	*8, 11*	**402,921**	**399,617**
Prepaid expenses and other current assets		**1,300,077**	**1,039,179**
Total Current Assets		**9,420,826**	**10,021,370**
Noncurrent Assets			
Investments in associates		**679,360**	**676,979**
Bottles and cases - net		**4,790,193**	**4,465,243**
Property, plant and equipment - net	*6*	**11,176,135**	**11,087,192**
Right-of-use asset and related assets		**683,575**	**740,221**
Intangible assets		**209,312**	**221,391**
Deferred tax assets - net		**620,429**	**570,727**
Other noncurrent assets		**242,464**	**241,435**
Total Noncurrent Assets		**18,401,468**	**18,003,188**
		P27,822,294	**P28,024,558**
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	*9, 11*	**P9,832,282**	**P9,633,936**
Short-term debt	*11*	**4,625,000**	**4,310,000**
Current portion of long-term debt	*11*	**1,739,567**	**1,746,093**
Total Current Liabilities		**16,196,849**	**15,690,029**
Noncurrent Liabilities			
Long-term debt - net of current portion	*11*	**3,139,473**	**3,568,938**
Other noncurrent liabilities		**1,495,379**	**1,540,620**
Total Noncurrent Liabilities		**4,634,852**	**5,109,558**
Total Liabilities		**20,831,701**	**20,799,587**

Forward

	Note	March 31 2025 (Unaudited)	December 31 2024 (Audited)
Equity			
Share capital	*7*	**P1,751,435**	**P1,751,435**
Remeasurement losses on net defined benefit liability		**(248,311)**	**(248,311)**
Retained earnings		**5,487,469**	**5,721,847**
Total Equity		**6,990,593**	**7,224,971**
		P27,822,294	**P28,024,558**

See Notes to the Condensed Interim Financial Information.

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

CONDENSED INTERIM STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Amounts in Thousands, Except Per Share Data)

		For The Three Months Ended March 31	
		2025	2024
	Note	**(Unaudited)**	(Unaudited)
Continuing Operations			
NET SALES		**P10,136,839**	P10,159,496
COST OF GOODS SOLD		**8,107,543**	8,238,630
GROSS PROFIT		**2,029,296**	1,920,866
OPERATING EXPENSES		**2,151,197**	1,988,808
LOSS FROM OPERATIONS		**(121,901)**	(67,942)
NET FINANCE AND OTHER EXPENSE - Net		**(141,852)**	(217,966)
PROFIT (LOSS) BEFORE TAX		**(263,753)**	(285,908)
INCOME TAX BENEFIT		**(29,375)**	(63,110)
LOSS FOR THE YEAR/TOTAL COMPREHENSIVE LOSS		**(P234,378)**	(P222,798)
Basic/Diluted Loss Per Share	*5*	**(P0.06)**	(P0.06)

See Notes to the Condensed Interim Financial Information.

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands)

For The Three Months Ended March 31
(Unaudited)

	Note	Share Capital					
	Note	Capital Stock (see Note 7)	Additional Paid-In Capital	Total	Remeasurement Losses on Net Defined Benefit Liability	Retained Earnings	Total Equity
As at January 1, 2025		**P554,066**	**P1,197,369**	**P1,751,435**	**(P248,311)**	**P5,721,847**	**P7,224,971**
Total comprehensive loss							
Net Loss		-	-	-	-	**(234,378)**	**(234,378)**
As at March 31, 2025		**P554,066**	**P1,197,369**	**P1,751,435**	**(P248,311)**	**P5,487,469**	**P6,990,593**
As at January 1, 2024		P554,066	P1,197,369	P1,751,435	(P280,688)	P6,168,048	P7,638,795
Total comprehensive Loss							
Net Loss		-	-	-	-	(222,798)	(222,798)
As at March 31, 2024		P554,066	P1,197,369	P1,751,435	(P280,688)	P5,945,250	P7,415,997

See Notes to the Condensed Interim Financial Information

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

		For The Three Months Ended March 31	
	Note	**2025**	2024
		(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(P263,753)**	**(P285,908)**
Adjustments for:			
Depreciation and amortization		**592,285**	606,568
Interest expense		**160,674**	172,350
Retirement cost		**40,276**	42,152
Loss on sale of property and equipment		**2,763**	3,408
Equity in net earnings of associates		**(2,381)**	1,189
Impairment losses (reversal of impairment losses) on receivables, inventories, bottles and cases, machinery and equipment and others		**78,724**	(674)
Interest income		**(2,554)**	(1,038)
Operating profit before working capital changes		**606,034**	538,047
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Receivables		**372,161**	403,792
Inventories		**274,583**	851,883
Due from related parties		**(3,304)**	(2,060)
Prepaid expenses and other current assets		**(260,898)**	(23,369)
Increase (decrease) in accounts payable and accrued expenses		**238,540**	(673,087)
Cash generated from operations		**1,227,116**	1,095,206
Interest received		**2,554**	1,038
Income taxes paid		**(20,327)**	(34,876)
Retirement benefits directly paid by the Company		**(38,711)**	(18,201)
Net cash provided by operating activities		**1,170,632**	1,043,167
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property and equipment		**387**	-
Additions to:			
Property, plant and equipment	*6*	**(410,042)**	(273,611)
Bottles and cases		**(626,136)**	(332,321)
Intangibles			
Decrease (Increase) in other noncurrent assets		**(1,029)**	29,370
Net cash used in investing activities		**(1,036,820)**	(576,562)

Forward

		For The Three Months Ended March 31	
	Note	**2025**	2024
		(Unaudited)	
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availments of short-term debt		**P3,475,000**	P5,102,500
Payments of:			
Short-term debt		**(3,160,000)**	(4,652,500)
Long-term debt		**(438,810)**	(549,436)
Principal payments of lease liability		**(65,353)**	(100,918)
Interest paid		**(141,645)**	(149,707)
Net cash used in financing activities		**(330,808)**	(350,061)
NET INCREASE (DECREASE) IN CASH		**(196,996)**	116,544
CASH AT BEGINNING OF PERIOD		**657,357**	554,168
CASH AT END OF PERIOD	*11*	**P460,361**	P670,712

See Notes to the Condensed Interim Financial Information.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
(Amounts in Thousands, Except per Share Data, Number of Shares and When Otherwise Stated)

1. Reporting Entity

Pepsi-Cola Products Philippines, Inc. (the "Company") was incorporated as a stock corporation in the Philippines on March 8, 1989, primarily to engage in manufacturing, sales and distribution at wholesale and (to the extent allowed by law) retail of carbonated soft-drinks (CSD), non-carbonated beverages (NCB), food and food products, snacks and confectionery products to retail, wholesale, restaurants and bar trades. The registered office address and principal place of business of the Company is at 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>
This condensed interim financial information has been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting.* This condensed interim financial information does not include all of the information required for a complete set of financial statements and should be read in conjunction with the annual financial statements of the Company as at December 31, 2024.

<u>Basis of Measurement</u>
This condensed interim financial information has been prepared on a historical cost basis, except for the net defined benefit liability (included as part of "Other noncurrent liabilities" account in the condensed interim statements of financial position) which is measured at the present value of the defined benefit obligation less fair value of plan assets.

<u>Functional and Presentation Currency</u>
This condensed interim financial information is presented in Philippine peso, which is the Company's functional currency. All amounts have been rounded-off to the nearest thousands, except per share data and when otherwise indicated.

Use of Judgments and Estimates

The preparation of the condensed interim financial information requires management to make judgments, estimates and use assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments and estimates made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the annual financial statements.

During the three-months ended March 31, 2025, management reassessed its estimates in respect of the following:

Estimating Allowance for Impairment Losses on Receivables

As at March 31, 2025 and December 31, 2024, allowance for impairment losses on receivables amounted to P247.7 million and P247.2 million, respectively.

Estimating Net Realizable Value of Inventories

As at March 31, 2025 and December 31, 2024, inventories amounted to P5.2 billion and P5.5 billion, respectively.

3. Material Accounting Policies

The material accounting policies adopted in the preparation of the condensed interim financial information are consistent with those followed in the preparation of the annual financial statements.

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 interim financial statements.

4. Seasonality of Operations

The Company's sales are subject to seasonality. Sales are generally higher in the hot, dry months from March through June and lower during the wetter monsoon months of July through October. While these factors lead to a natural seasonality on the Company's sales, unseasonable weather could also significantly affect sales and profitability compared to previous comparable periods. Higher sales are likewise experienced around the Christmas/New Year holiday period in late December through early January. Consequently, the Company's operating results may fluctuate. In addition, the Company's results may be affected by unforeseen circumstances, such as production interruptions. Due to these fluctuations, comparisons of sales and operating results between periods within a single year, or between different periods in different financial years, are not necessarily meaningful and should not be relied on as indicators of the Company's performance.

5. Basic/Diluted Earnings Per Share (EPS)

Basic EPS is computed as follows:

	For The Three Months Ended March 31	
	2025 (Unaudited)	2024
Loss (a)	**(P234,378)**	(P222,798)
Issued shares at the beginning of the year/weighted average number of shares outstanding (b)	**3,693,772,279**	3,693,772,279
Basic/Diluted EPS (a/b)	**(P0.06)**	(P0.06)

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

6. Property, Plant and Equipment

The movements in this account are as follows:

	Machinery and Other Equipment	Buildings and Leasehold Improvements	Furniture and Fixtures	Construction in Progress	Total
Gross carrying amount					
December 31, 2024 (Audited)	P22,309,885	P5,436,109	P65,889	P435,141	P28,247,024
Additions	104,591	-	359	305,092	410,042
Disposals/write-offs	(103,842)	(765,587)	(8)	-	(869,437)
Transfers/reclassifications and others	173,892	72,756	-	(246,648)	-
March 31, 2025 (Unaudited)	**22,484,526**	**4,743,278**	**66,240**	**493,585**	**27,787,629**
Accumulated depreciation and amortization					
December 31, 2024 (Audited)	14,915,696	2,183,857	60,279	-	17,159,832
Depreciation and amortization	214,968	44,090	742	-	259,800
Impairment loss	60,976	-	-	-	60,976
Disposals/write-offs/adjustments	(407,698)	(461,408)	(8)	-	(869,114)
March 31, 2025 (Unaudited)	**14,783,942**	**1,766,539**	**61,013**	**-**	**16,611,494**
Carrying Amount					
December 31, 2024 (Audited)	P7,394,189	P3,252,252	P5,610	P435,141	P11,087,192
March 31, 2025 (Unaudited)	**P7,700,584**	**P2,976,739**	**P5,227**	**P493,585**	**P11,176,135**

7. Equity

Share Capital

This account consists of:

	March 31, 2025 (Unaudited)		December 31, 2024 (Audited)	
	Shares	**Amount**	Shares	Amount
Authorized - P0.15 par value per share	**5,000,000,000**	**P750,000**	**5,000,000,000**	**P750,000**
Issued, fully paid and outstanding balance at beginning/end of period	**3,693,772,279**	**P554,066**	**3,693,772,279**	**P554,066**

On January 21, 2008, the Company obtained a certificate of permit to offer securities for sale issued by the SEC consisting of 3,693,772,279 common shares with a maximum offer price of P3.50 per share.

On February 1, 2008, the Company's initial public offering of 1,142,348,680 shares at P3.50 per share culminated with the listing and trading of its shares of stock under the First Board of the PSE, Inc. Of the total shares offered, 380,782,893 shares pertain to the primary offering, which resulted in an increase in capital stock amounting to P57.0 million and additional paid-in capital of P1.2 billion, net of P138.0 million transaction cost that is accounted for as a reduction in equity.

On December 11, 2019, the Company received a Tender Offer Report from Lotte Chilsung Beverage Co. Ltd. to acquire up to 2,134,381,838 common shares of the Company through a tender offer to all shareholders other than Lotte Corporation and the /members of the BOD with respect to their qualifying common shares and the officers of the Company.

On June 17, 2020, Lotte Chilsung Beverage Co. Ltd has competed its tender offer which effectively increase its ownership to the Company by 30.7%

On September 9, 2020, the Company's BOD approved the voluntary delisting of the Common shares of the Company with the PSE.

Lotte Chilsung Beverage Co. Ltd. ("Lotte Chilsung") filed a Tender Offer Report and Amended Tender Offer Report with the Securities and Exchange Commission (SEC) and the PSE on September 15, 2020 and October 13, 2020, respectively, for the remaining shares owned by the public.

On December 1, 2020 the Company received information from Lotte Chilsung that it has completed its tender offer and has acquired additional .01% of the shares of the Company.

On December 18, 2020, the Board of the PSE has approved the Company's application of its delistment with the PSE.

Capital Management

The Company's objectives when managing capital are to increase the value of shareholders' investment and maintain reasonable growth by applying free cash flow to selective investments that would further the Company's product and geographic diversification. The Company sets strategies with the objective of establishing a versatile and resourceful financial management and capital structure.

The Chief Financial Officer has overall responsibility for the monitoring of capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Company's external environment and the risks underlying the Company's business operations and industry.

The Company maintains its use of capital structure using a debt-to-equity ratio which is gross debt divided by equity. The Company includes within gross debt all interest-bearing loans and borrowings, while the Company defines equity as total equity shown in the condensed interim statements of financial position.

There were no changes in the Company's approach to capital management during the year. The Company is subject to debt covenants relating to its long-term debt (see Note 11).

The Company's bank debt to equity ratio as at reporting dates is as follows:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
(a) Debt*	**P9,504,041**	**P9,625,031**
(b) Total equity	**P6,990,593**	**P7,224,971**
Bank debt to equity ratio (a/b)	**1.36:1**	**1.33:1**

**Pertains to bank debts*

8. Related Party Transactions

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

Outstanding balances of related parties as shown under the appropriate accounts in the condensed interim financial information as at March 31, 2025 and December 31, 2024 and related party transactions for the three months ended March 31, 2025 and 2024 are as follows:

Category	Nature of Transaction	*Note*	Year	Amount of Transactions for the Period	Outstanding Balance of Due from (to) Related Parties	Receivables (Accounts Payable and Accrued Expenses)	Terms	Conditions
Parent	Purchases	*23a*	**2025**	**P36,916**	**P -**	**(P566)**	**30 days non interest bearing**	
			2024	10,032	P -	(3,489)	30 days non interest bearing	
Associates	Advances	*23b, 23c*	**2025**	**-**	**402,921**	**-**	**Collectible on demand**	**Unsecured; no impairment**
			2024	-	399,617	-	Collectible on demand	Unsecured; no impairment
	Various	*23b*	**2025**	**950**	**-**	**-**		
			2024	5,711	-	-		
Affiliates	Purchases	*24a*	**2025**	**1,999,818**	**-**	**(1,242,149)**	**42 days non interest bearing**	
			2024	1,309,294	-	(905,947)	42 days non interest bearing	
	Availment of services	*23a*	**2025**	**128,687**	**-**	**(109,108)**	**42 days non interest bearing**	
			2024	71,639	-	(125,875)	42 days non interest bearing	
	Coopable Marketing	*24b*	**2025**	**212,335**	**-**	**358,714**		**Unsecured; no impairment**
			2024	213,645	-	235,213		Unsecured; no impairment
			2025		**P402,921**	**(P993,109)**		
			2024		P399,617	(P800,098)		

The above outstanding balances of due from related parties are unsecured and expected to be settled in cash.

The Company has significant related party transactions which are summarized as follows:

a. The Company purchased finished goods from Lotte Chilsung Beverage Co., Ltd, a major stockholder. Total purchases for the three-month periods ended March 31, 2025 and 2024 amounted to P36.9 million and P10.0 million, respectively. The outstanding balance for these purchases amounted to P0.57 million and P3.49 million as at March 31, 2025 and December 31, 2024, respectively.

   The Company also availed services from its affiliate, Lotte Global Logistics Philippines, Inc., with a total value of P128.68 million and P71.64 million, as at March 31, 2025 and 2024, respectively. The outstanding balance for these services amounted to P109.11 million and P125.88 million as at March 31, 2025 and December 31, 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 nil and P4.8 million for the three-month periods ended March 31, 2025 and 2024, respectively. The Company has advances to Nadeco Realty Corporation (NRC) amounting to P38 million, which bear interest at a fixed rate of 10% per annum and which are unsecured and payable on demand. The related interest income amounted to P0.95 million each for the three-month periods ended March 31, 2025 and 2024. The Company also has outstanding net receivables from NRC amounting to P353.1 million and P351.7 million as at March 31, 2025 and December 31, 2024, respectively, which are unsecured and payable on demand. The advances and receivables are included under "Due from related parties" account in the condensed interim statements of financial position.

c. The Company has outstanding working capital advances to Nadeco Holdings Corporation, an associate, amounting to P11.8 million and P9.9 million as at March 31, 2025 and December 31, 2024 and which are unsecured, noninterest-bearing and payable on demand. The advances are included under "Due from related parties" account in the condensed interim statements of financial position.

9. Significant Agreements

The Company has exclusive bottling agreement and other transactions which are summarized below:

a. The Company has Exclusive Bottling Agreements with PepsiCo, Inc. (“PepsiCo”), the ultimate parent of Quaker Global Investments B.V, a shareholder, up to year 2029 and Pepsi Lipton International Limited (“Pepsi Lipton”), a joint venture of PepsiCo and Unilever N.V., up to year 2029. Under the agreements, the Company is authorized to bottle, sell and distribute PepsiCo and Pepsi Lipton beverage products in the Philippines. In addition, PepsiCo and Pepsi Lipton shall supply the Company with the main raw materials (concentrates) in the production of these beverage products and share in the funding of certain marketing programs. The agreements may be renewed by mutual agreement between the parties. Under the agreements, PepsiCo and Pepsi Lipton have the right to terminate the contracts under certain conditions, including failure to comply with terms and conditions of the agreement subject to written notice and rectification period, change of ownership control of the Company, change of ownership control of an entity which controls the Company, discontinuance of bottling beverages for 30 consecutive days, occurrence of certain events leading to the Company’s insolvency or bankruptcy, change in management and control of the business, among others. Purchases made from PepsiCo is made mainly thru Concentrate Manufacturing (Singapore) PTE Ltd. (CMSPL). Total net purchases from CMSPL amounted to P2.0 billion and P1.3 billion for the three-month periods ended March 31, 2025 and 2024, respectively. The Company’s outstanding payable to CMSPL (included under “Accounts payable and accrued expenses” account in the statements of financial position) amounted to P1.2 billion and P0.8 billion as at March 31, 2025 and December 31, 2024, respectively. Total purchases from Pepsi Lipton amounted to P27.8 million and P28.5 million for each of the three-month periods ended March 31, 2025 and 2024, 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 P0.66 million and P42.2 million as at March 31, 2025 and December 31, 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 P212.3 million and P213.6 million for the three-month periods ended March 31, 2025 and 2024, respectively. The Company’s outstanding receivable from CMSPL included under “Receivables” account in the condensed interim statements of financial position, which are unsecured and are payable on demand, amounted to P358.7 million and P235.2 million as at March 31, 2025 and December 31, 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.

10. Revenue Disaggregation

	For The Three Months Ended March 31	
	2025 (Unaudited)	2024
Carbonated Soft Drink	**P6,230,076**	P6,257,813
Non-Carbonated Beverage	**3,906,763**	3,901,683
	P10,136,839	P10,159,496

11. Financial Instruments and Financial Risk Management

Classifying Financial Instruments

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

Financial Risk Management

Overview

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

- Credit Risk
- Liquidity Risk
- Market Risk

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

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

Risk Management Framework

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

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

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

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

Credit Risk

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

Exposure to Credit Risk

The carrying amount of financial assets represents the Company's maximum credit exposure before effect of any collateral and any master netting agreements. The maximum exposure to credit risk is as follows:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Cash in banks	**P215,812**	P195,400
Receivables - net	**2,028,067**	2,401,625
Due from related parties	**402,921**	399,617
Total credit exposure	**P2,646,800**	P2,996,642

The Company has Plant Credit Committee (PCC) for each of the plant. The PCC has established a credit policy under which each new customer is analyzed individually for creditworthiness before standard credit terms and conditions are granted. The PCC's review includes the requirements of updated credit application documents, credit verifications through confirmation that there are no credit violations and that the account is not included in the negative list (list of blacklisted customers), and analyses of financial performance to ensure credit capacity. Credit limits are established for each customer, which serve as the maximum open amount at which they are allowed to purchase on credit, provided that credit terms and conditions are observed.

The credit limit and status of each customer's account are first checked before processing a credit transaction. Customers that fail to meet the Company's conditions in the credit checking process may transact with the Company only on cash basis.

Most of the Company's customers have been transacting with the Company for several years, and losses have occurred from time to time. Customer credit risks are monitored through annual credit reviews conducted on a per plant basis. Results of credit reviews are grouped and summarized according to credit characteristics, such as geographic location, aging profile and credit violations. Historically, credit violations have been attributable to bounced checks, denied and absconded credit accounts. Receivables from these customers are considered by the Company to be impaired.

It is the Company's policy to enter into transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risk.

To pursue timely realization of collateral in an orderly manner, the Company's policy discourages the acceptance of chattel and real estate collateral. For chattel and real estate collaterals, the Company created rules governing the acceptance of such guarantees. On instances of customer default, the PCC, with the support of the corporate legal department, is responsible for the foreclosure of collaterals in the form of real and movable personal properties. Series of demand letters are sent to the defaulting customer to command for payment and to propose for debt repayment agreements. If the customer fails to cooperate, the case will be endorsed to the legal department to facilitate the foreclosure of the collateral. The Company generally does not use non-cash collateral for its own operations.

The aging on analysis per class of financial assets is as follows:

March 31, 2025

	Neither past due nor impaired	**Past due but not impaired**			**Impaired**	**Total**
		1 to 30 days	**31 to 60 days**	**More than 60 days**		
Cash in banks	**P215,812**	**P -**	**P -**	**P -**	**P -**	**P215,812**
Receivables:						
Trade	**898,455**	**339,436**	**23,028**	**82,901**	**86,176**	**1,429,996**
Others	**347,085**	**25,488**	**53,001**	**258,673**	**161,519**	**845,766**
Due from related parties	**402,921**	**-**	**-**	**-**	**-**	**402,921**
	1,864,273	**364,924**	**76,029**	**341,574**	**247,695**	**2,894,495**
Less allowance for impairment losses	**-**	**-**	**-**	**-**	**247,695**	**247,695**
	P1,864,273	**P364,924**	**P76,029**	**P341,574**	**P -**	**P2,646,800**

December 31, 2024

	Neither Past Due nor Impaired	Past Due but not Impaired			Impaired	Total
		1 to 30 Days	31 to 60 Days	More than 60 Days		
Cash in banks	P195,400	P -	P -	P -	P -	P195,400
Receivables:						
Trade	1,017,380	633,379	62,105	296,236	86,284	2,095,384
Others	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 March 31, 2025 and December 31, 2024, the Company has an allowance for impairment loss amounting to P247.7 million and P247.2 million, respectively, relating to its trade and other receivables.

The Company believes that the unimpaired amounts that are past due by more than 30 days are still collectible, based on historic payment behavior and extensive analysis of customer credit risk. In addition, the Company believes that the amounts of financial assets that are neither past due nor impaired are collectible, based on historic payment behavior and extensive analysis of counterparties credit risk.

The credit qualities of financial assets that were neither past due nor impaired are determined as follows:

- Cash in banks are based on the credit standing or rating of the counterparty.

- Total receivables and due from related parties are based on a combination of credit standing or rating of the counterparty, historical experience and specific and collective credit risk assessment.

High grade cash in banks are deposited in local banks that are considered as top tier banks in the Philippines in terms of resources and profitability. Receivables and due from related parties are considered to be of high grade quality financial assets, where the counter parties have a very remote likelihood of default and have consistently exhibited good paying habits. High grade quality financial assets are those assessed as having minimal credit risk, otherwise they are of standard grade quality. Standard grade quality financial assets are those assessed as having minimal to regular instances of payment default due to ordinary/common collection issues. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly.

Expected credit loss assessment

Trade and other receivables
The Company allocates each exposure to a credit risk based on data that is determined to predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying expected credit judgment. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default.

Exposures within each credit risk grade are segmented by market or customer type and an ECL rate is calculated for each segment based on delinquency status and actual credit loss experience.

Loss rates are based on actual credit loss experience over three years considering circumstances at the reporting date. Any adjustment to the loss rates for forecasts of future economic conditions are not expected to be material. The Company applies the simplified approach in providing for expected credit losses prescribed by PFRS 9, which permits the use of the lifetime expected loss provision and applies a provision matrix. The application of the expected loss rates to the receivables of the Company does not have a material impact on the financial statements.

The maturity of the Company's trade and other receivables is less than one year, which implies that the lifetime expected credit losses and the 12-month expected credit losses are similar.

Cash in banks
The Company held cash in banks amounting to P215.8 million and P195.4 million as at March 31, 2025 and December 31, 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 P402.9 million and P399.6 million as at March 31, 2025 and December 31, 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 from the available financial information.

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

Liquidity Risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations as they fall due. The Company manages liquidity risk by forecasting projected cash flows and maintaining a balance between continuity of funding and flexibility in operations. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements, as well as capital expenditures and debt service payments. Management closely monitors the Company's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal requirements.

In addition, the Company has the following credit facilities:

- The total commitment as at March 31, 2025 and December 31, 2024 under the line of credit is P17.2 billion and P17.9 billion, of which the Company had drawn P9.6 billion and P9.8 billion, respectively, under letters of credit short-term loans and long term loans. All facilities under the omnibus line bear interest at floating rates consisting of a margin over current Philippine treasury rates except for the long term loan which have a floating interest rate; and

- P0.9 billion and P1.0 billion domestic bills purchased line, which are available as at March 31, 2025 and December 31, 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 March 31, 2025 (Unaudited)			
	Carrying Amount	**Contractual Cash Flow**	**One Year or Less**	**More than One Year**
Financial Liabilities				
Accounts payable and accrued expenses *	**P7,411,175**	**P7,411,175**	**P7,411,175**	**P -**
Short-term debt	**4,625,000**	**4,656,552**	**4,656,552**	**-**
Long-term debt	**4,879,040**	**5,494,718**	**1,996,061**	**3,498,657**
Other noncurrent liabilities**	**555,342**	**555,342**	**-**	**555,342**
	P17,470,557	**P18,117,787**	**P14,063,788**	**P4,053,999**

**Excluding statatory payables and defined benefit liability amounting to P2.4 billion*
***Excluding defined benefit liability amounting to P940.0 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 *	P9,300,683	P9,300,683	P9,300,683	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
Other noncurrent liabilities**	602,147	602,147	-	602,147
	P19,527,861	P20,318,395	P15,692,596	P4,625,799

**Excluding statutory payables and defined benefit liability amounting to P333.3 million*
***Excluding defined benefit liability amounting to P938.5 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 financials assets in assessing and managing liquidity risk. To manage its liquidity risk, the Company forecasts cash flows from operations for the next six months which will result in additional available cash resources and enable the Company to meet its expected cash flows requirements.

Market Risk
Market risk is the risk that changes in market prices, such as commodity prices, foreign exchange rates, interest rates and other market prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company is subject to various market risks, including risks from changes in commodity prices, interest rates and currency exchange rates.

Exposure to Commodity Prices
The risk from commodity price changes relates to the Company's ability to recover higher product costs through price increases to customers, which may be limited due to the competitive pricing environment that exists in the Philippine beverage market and the willingness of consumers to purchase the same volume of beverages at higher prices. The Company is exposed to changes in Philippine sugar prices.

The Company minimizes its exposure to risks in changes in commodity prices by entering into contracts with suppliers with duration ranging from six months to one year; with fixed volume commitment for the contract duration; and with stipulation for price adjustments depending on market prices. The Company has outstanding purchase commitment amounting to P1.4 billion as at March 31, 2025. Because of these purchase commitments, the Company considers the exposure to commodity price risk to be insignificant.

Exposure to Interest Rate Risk
The Company's exposure to interest rates pertains to its cash in banks, short-term debt, long-term debt and finance lease obligation. The Company has outstanding long-term loans from banks totaling to P4.9 billion and P5.3 billion, whose interest rates are repriced every quarter, which is the Company's exposure to interest rate risk as at March 31, 2025 and December 31, 2024, respectively.

Sensitivity Analysis
An increase in the interest rate by 50 basis points would decrease net income and equity by P4.6 million and P6.4 million as at and for the three months ended March 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 (U.S.) dollar. In respect of monetary assets and liabilities held in currencies other than the Philippine peso, the Company ensures that its exposure is kept to an acceptable level, by buying foreign currencies at spot rates where necessary to address short-term imbalances. The Company considered the exposure to foreign currency risk to be insignificant. Further, the Company does not hold any investment in foreign securities as at March 31, 2025 and December 31, 2024.

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

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Results of Operations

Net Sales in Q1 2025 was at P10.1 billion in line with last year on the back of carry-over pricing and favorable product mix while COGS declined 2% coming from lower cost of inputs, mainly sugar and resin prices. Operating Expenses grew 8%, faster than Philippine inflation of 2%, as the company continued to invest in the multi-year Transformation Program geared towards long-term productivity and efficiency across functions.

As a result, Operating Loss increased by P54 million from Q1 2024 to P122 million in Q1 2025.

Net Loss of P234 million, on the other hand, is just slightly ahead of last year's net loss due to lower Other Expenses, mainly from the rationalization of Manufacturing assets in 2024 as part of the Transformation program.

Financial Condition

The Company's financial condition remained solid. Cash flows from operating activities were used to fund capital expenditure needs and payoff a portion of the Company's bank debt. Consequently, our bank debt decreased by P121 million in comparison with December 31, 2024 balance.

Causes for Material Changes (+/-5% or more)

Decrease in total current assets by 6% due to decreases in receivables – net by P374 million, inventories – net by P294 million, cash and cash equivalent by P197 million, and increases in prepaid expenses and other current assets by P261 million and due from related parties by P3 million.

Decrease in total non-current liabilities by 9% due to decrease in long-term debt-net of current portion by P429 million and in other non-current liabilities by P45 million.

Known Trends, Demands, or Uncertainties That May Affect Liquidity

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

Events That May Trigger Direct or Contingent Obligations

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

Off-Balance Sheet Transactions

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

Material Commitments for Capital Expenditures

The Company has ongoing definite corporate expansion projects approved by the BOD. As a result of this expansion program, the Company spent for property, plant and equipment as well as bottles and cases amounting to P1.0 billion and P605.9 million for the three months ended March 31, 2025 and 2024, respectively. To this date, the Company continues to invest in major capital expenditures in order to complete the remaining expansion projects lined up in line with prior calendar year spending.

Trends or Uncertainties That May Impact Results of Operations

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

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

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

Seasonality Aspects That May Affect Financial Conditions or Results of Operations

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

Key Performance Indicators

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

		March 31, 2025	December 31, 2024
Current ratio	Current assets over current liabilities	**0.58:1**	0.64:1
Solvency ratio	Net income plus depreciation and amortization over total liabilities	**0.02:1**	0.09:1
Bank debt-to-equity ratio	Bank debt over total equity	**1.36:1**	1.33:1
Asset-to-equity ratio	Total assets over equity	**3.98:1**	3.88:1

		For the three months ended March 31	
		2025	2024
Net sales		**P10.1 billion**	P10.2 billion
Gross profit margin	Gross profit over net sales	**20.02%**	18.91%
Operating margin	Operating income over net sales	**-1.20%**	-0.67%
Net profit margin	Net profit over net sales	**-2.31%**	-2.19%
Interest rate coverage ratio	Earnings before interest and taxes over interest expense	**-0.64:1**	-0.65:1

SIGNATURES

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

Issuer: Pepsi-Cola Products Philippines, Inc.

By:

ELMER JOSEPH N. YANGA
Chief Finance Officer

Date: May 15, 2025

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **OSCAR S. REYES**, Filipino, of legal age and a resident of Unit 6 Kasiyahan Homes, 58 McKinley Road, Forbes Park, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee identified as Independent Director of **PEPSI COLA PRODUCTS PHILIPPINES INC. (PCPPI)** and have been its Independent Director since 2007;

2. I am affiliated with the following companies or organizations:

Company/Organization	Position	Period of Service
Basic Energy Corp.	Independent Director Member Advisory Board	2017-2019 2019-present
PXP Energy Corporation	Director	2027-present
DMWenceslao & Associated Inc.	Independent Director	2019-present
Link Edge Inc.	Non-Executive Chairman	2002-present
Alviera Country Club	Independent Director	2015-present
Grepalife Dollar Bond Fund Corporation	Independent Director	2011-present
Grepalife Fixed Income Fund Corporation	Independent Director	2011-present
Grepalife Balanced Fund Corporation	Independent Director	2011-present
Sun Life Financial Plans Inc.	Independent Director	2006-present
Sun Life Prosperity Dollar Advantage Fund, Inc.	Independent Director	2004-present
Sun Life Prosperity Dollar Abundance Fund, Inc.	Independent Director	2002-present
Sun Life Prosperity GS Fund, Inc.	Independent Director	2011-present
Sub Life Prosperity Dynamic Fund, Inc.	Independent Director	2018-present
Sun Life Prosperity Achiever Fund 2028 Inc.	Independent Director	2018-present
Sun Life Prosperity Achiever Fund 2038 Inc.	Independent Director	2018-present
Sun Life Prosperity Achiever Fund 2048 Inc.	Independent Director	2018-present
Sun Life Prosperity World Equity Feeder Index Fund Inc.	Independent Director	2018-present
Sun Life of Canada Prosperity Balanced Fund	Independent Director	2018-present
Sun Life of Canada Prosperity Philippine Equity Fund	Independent Director	2018-present

Sun Life Prosperity Dollar Starter Fund	Independent Director	2022-present
Sun Life Prosperity Peso Voyager Feeder Fund	Independent Director	2022-present
Sun Life Prosperity World Income Fund Inc.	Independent Director	2022-present
Sun Life Prosperity Dollar Wellspring Fund Inc.	Independent Director	2022-present
Petrolift Inc.	Independent Director	2007-present
Eramen Minerals, Inc.	Independent Director	2004-present
Pioneer Insurance & Surety Corp.	Independent Director	2019-present
Pioneer Life Inc.	Member, Advisory Board	2019-present
Pioneer Intercontinental Insurance Corp.	Member, Advisory Board Independent Director	2019-2020 2020-present
Phil. Dealing System Holdings Corp.	Independent Director	2019-present
Phil. Dealing Exchange Corp.	Independent Director	2019-present
Phil. Depository & Trust Corp.	Independent Director	2019-present
Phil. Securities & Settlement Corp.	Independent Director	2019-present
Team Energy Corporation	Independent Director	2019-present
Navitas Holdings Corp.	Director	2022-present
Navitas Energy Services Inc.	Director	2023-present
Mit-Pacific Infrastructure Holdings Corp.	Independent Director	2023-present

3. I possess all the qualifications and none of the disqualifications to serve as independent director of PCPPI, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

4. I am not related to any director, officer, or substantial shareholder of PCPPI, or any of its related company or any of its substantial shareholders.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not in government service or affiliated with a government agency or a government-owned and controlled corporation as would require written permission or consent from the head of the agency or department for me to be an independent director of PCPPI.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities and Regulation Code and its Implementing Rules and Regulations and other issuance of the Securities and Exchange Commission; and

8. I shall information the corporate secretary of PCPPI of any changes in the abovementioned information within five (5) days from its occurrence.

IN WITNESS WHEREOF, I Have hereunto affixed my signature this 20 MAY 2025 in MAKATI.

OSCAR S. REYES
Affiant

SUBSCRIBED AND SWORN to before me, a notary public in and for the City of MAKATI this 20th day of May 2025. The affiant, whom I identified through the following competent evidence of identity Passport No. P0615079C issued on 21 June 2022 at the DFA NCR East and expiring on 20 June 2032.

Doc. No. 143:
Page No. 30:
Book No. 1:
Series of 2025

RENTAS INTERNAS
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30 30
20 MAY 2025

PATRICIA MARIE S. JINGCO
Notary Public for Makati City
Appointment No. M-276 until December 31, 2026
Roll of Attorney No. 90533
PTR No. 10470690; 1/6/2025; Makati City
IBP No. 511264; 12/21/2024; Makati Chapter
30th Floor 88 Corporate Center
Sedeño corner Valero Streets
Salcedo Village, Makati City 1227

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **RAFAEL M. ALUNAN III**, Filipino, of legal age and a resident of No. 9 Coventry, Hillsborough Village, Barangay Cupang, Muntinlupa City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee identified as Independent Director of **PEPSI COLA PRODUCTS PHILIPPINES INC. (PCPPI)** and have been its Independent Director since 2007;

2. I am affiliated with the following companies or organizations:

Company/Organization	Position	Period of Service
APC Group Inc.	Independent Director	2020-present
Kaltimex Energy Phils.	Senior Advisor to the Board	2018-present
Philippine Taekwondo Foundation	President	2023-present
Rotary Club of Manila	President	RY2023-2024
Philippine Council for Foreign Relations	Chairman Member	2017-2022 2015-present
Spirit of EDSA Foundation	Trustee	2000-present
Institute of Corporate Governance	Fellow	2014-present
Institute for Solidarity in Asia	Fellow	2014-present
Development Academy of the Philippines	Eminent Fellow	2015-present
Harvard Kennedy School of Government	Mason Fellow	1997-present
Harvard Kennedy School Alumni Association of the Philippines, Inc.	Chairman Member	2013-2022 2013-present
Rafael Alunan Agri-Development Inc.	Director	1981-present

3. I possess all the qualifications and none of the disqualifications to serve as independent director of PCPPI, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

4. I am not related to any director, officer, or substantial shareholder of PCPPI, or any of its related company or any of its substantial shareholders.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not in government service or affiliated with a government agency or a government-owned and controlled corporation as would require written permission or consent from the head of the agency or department for me to be an independent director of PCPPI.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities and Regulation Code and its Implementing Rules and Regulations and other issuance of the Securities and Exchange Commission; and

8. I shall information the corporate secretary of PCPPI of any changes in the abovementioned information within five (5) days from its occurrence.

IN WITNESS WHEREOF, I have hereunto affixed my signature this 0 9 MAY 2025 in MAKATI.

RAFAEL M. ALUNAN III
Affiant

SUBSCRIBED AND SWORN to before me, a notary public in and for the City of MAKATI this 0 9 MAY day of 2025 2025. The affiant, whom I identified through the following competent evidence of identity Passport No. P7060946B issued on 29 June 2021 at the DFA Manila and expiring on 28 June 2031.

Doc. No. 116 :
Page No. 25 :
Book No. I :
Series of 2025

REPUBLIKA NG PILIPINAS
RENTAS INTERNAS
DSK2022
29189661
09 MAY 2025

PATRICIA MARIE S. JINGCO
Notary Public for Makati City
Appointment No. M-276 until December 31, 2026
Roll of Attorney No. 90533
PTR No. 10470690; 1/6/2025; Makati City
IBP No. 511264; 12/21/2024; Makati Chapter
30th Floor 88 Corporate Center
Sedeño corner Valero Streets
Salcedo Village, Makati City 1227

REPUBLIC OF THE PHILIPPINES)
Makati City) ss.

CERTIFICATION ON NO GOVERNMENT OFFICIALS

I, Kristine Ninotschka L. Evangelista, of legal age, Filipino, and with office address at 30/F 88 Corporate Center, Sedeño corner Valero Streets, Salcedo Village, Makati City 1227, hereby certify that:

1. I am the duly elected Corporate Secretary of **PEPSI-COLA PRODUCTS PHILIPPINES, INC.** (the "*Corporation*"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines with office address at 26th Floor, Filinvest Axis Tower Two Building, Northgate Cyberzone, Filinvest City, Alabang, Muntinlupa City.

2. Based on personal knowledge and authentic records available, none of the Corporation's regular directors, independent directors, and executive officers named in the Corporation's Information Statement, are appointed or employed with the Philippine Government, or any of its agencies or instrumentalities.

3. This certification is executed for the purpose of complying with the requirements of the Markets and Securities Regulation Department of the Securities and Exchange Commission with respect to the Corporation's Information Statement.

20 MAY 2025

IN WITNESS WHEREOF, I have hereunto set my hand this ___ day of ____ 2025 at MAKATI.

Kristine Ninotschka L. Evangelista
Corporate Secretary

Attested by:

Carina Lenore S. Bayon
Chief Environmental, Social, and Governance Officer, Chief Compliance Officer, Extended Producers' Responsibility Act Compliance Officer, Data Protection Officer and Chief Audit Executive

20 MAY 2025

SUBSCRIBED AND SWORN to before me this ___ day of ___ 2025. Affiant exhibited to me her P1132602C issued on 30 July 2022 at DFA NCR Central and expiring on 29 July 2032.

Doc. No. 171;
Page No. 36;
Book No. I;
Series of 2025.

DSK2024
03575082
20 MAY 2025

KISHA CARIZZE L. BISMANOS
Notary Public for Makati City
Appointment No. M-274 until December 31, 2026
Roll of Attorney No. 89817
PTR No. 10470688; 1/6/2025; Makati City
IBP No. 511262; 12/21/2024; Makati Chapter
30th Floor 88 Corporate Center
Sedeño corner Valero Streets
Salcedo Village, Makati City 1227