COVER SHEET

CS201503014
SEC Registration Number

FRUITAS HOLDINGS, INC.

(Company's Full Name)

NO. 60 CORDILLERA ST.
BRGY. DONA JOSEFA QUEZON CITY
(Business Address: No., Street City / Town / Province)

RUSHELL A. SALVADOR
Contact Person

+(632) 8731-8886
Company Telephone Number

SEC FORM 17-A

12 Month 31 Day
Fiscal Year

FORM TYPE

Month Day
Annual Meeting

Secondary License Type, If Applicable

Dept Requiring this Doc
Number / Section

Amended Articles

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes

April 15, 2024

THE SECURITIES AND EXCHANGE COMMISSION
Markets and Securities Regulation Department
17/F SEC Headquarters
7907 Makati Avenue, Salcedo Village,
Barangay Bel-Air, Makati City, 1209

Attention : ***Director Vicente Graciano P. Felizmenio, Jr.***
Markets and Securities Regulation Department

THE PHILIPPINE STOCK EXCHANGE
3rd Floor, Phlippines Stock Exchange Plaza
Ayala Triangle, Ayala Avenue, Makati City

Attention : ***Mr. Norberto T. Moreno***
Officer-in-Charge, Disclosure Department
Head, Listing Department

Subject : **Fruitas Holdings Inc. 2023 SEC Form 17-A Annual Report**

Dear Director Felizmenio and Mr. Moreno:

We hereby submit the SEC Form 17-A Annual Report for the year ended 31December 2023 with the following exhibits:

1. 2023 Audited Financial Statement
2. Top 100 Stockholders as of December 31, 2023
3. Sustainability Report

We trust that you will find everything to be in order.

Very Truly Yours,
FRUITAS HOLDINGS INC.

By: Rushell A. Salvador
Chief Financial Officer & Treasurer

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, *AS AMENDED*

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

1. For the fiscal year ended **December 31, 2023**

2. SEC Identification Number **CS201503014**

3. BIR Tax Identification No. **008-961-476**

4. Exact name of issuer as specified in its charter **Fruitas Holdings, Inc.**

5. **Quezon City, Philippines**
   Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
   Industry Classification Code:

7. **60 Cordillera St. corner E. Rodriguez Sr. Ave, Brgy. Doña Josefa, Quezon City**
   Address of principal office

   1113
   Postal Code

8. **(632) 8243-1741**
   Issuer's telephone number, including area code

9. **Not Applicable**
   Former name, former address, and former fiscal year, if changed since last report.

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	**2,133,680,000**

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

    Yes [x]   No [ ]

    If yes, state the name of such stock exchange and the classes of securities listed therein:

    Philippine Stock Exchange   **Common Share**

12. Check whether the issuer:

(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) 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.

As of December 31, 2023

Total Number of Outstanding Shares	2,133,680,000
Less: Outstanding Shares held by Affiliates	1,264,295,010
Shares held by Non-Affiliates	869,384,990
Closing price as of December 31, 2023	Php0.96
Aggregate Market Value of Voting Stock held by Non-Affiliate	Php 834,609,590.40
Level of Public Float based on information available as of Dec. 31, 2023	40.75%

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes [ ] No [x]

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(a) 2023 Consolidated Financial Statements of Fruitas Holdings, Inc. and its Subsidiaries and Fruitas Holdings, Inc. separate 2023 Financial Statements attached as Annex A;

(b) List of Stockholders as Annex B;

(c) Sustainability Report as Annex C

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

a. Overview

Fruitas Holdings, Inc. ("FHI") serves as the holding company of food and beverage community store and kiosk operators with over 29 active brands across its portfolio. As of December 31, 2023, it has established more than 817 stores across the Philippines. The Group serves Philippine consumers daily with fresh fruit shakes and juices, lemonade, coolers, milk tea, desserts, meat-filled pastries, soya-based products, baked goods, and *lechon* (roasted pig), among other products.

FHI traces its roots from Lush Enterprises Corporation ("LEC"), which was incorporated by Mr. Lester Yu in 2000. LEC opened its first "*Fruitas Fresh from Babot's Farm*" store in 2002 at SM Manila. Fast forward to current year, FHI has more than 817 stores across the Philippines generally located in prime commercial establishments and institutions. Since its establishment, FHI, its Subsidiaries, and other indirect subsidiaries Green Empire International Limited, Oceanic Limited (the "Group") and Lingnam Food Inc., has expanded its brand portfolio to include *Buko Loco*, *Buko ni Fruitas, Juice Avenue*, *Johnn Lemon*, *Black Pearl*, *Tea Rex*, *De Original Jamaican Pattie Shop and Juice Bar*, *The Mango Farm, Babot's Farm, Soy & Bean, Balai Pandesal, Sabroso Lechon, Ling Nam Fried Siopao and Ling Nam since 1950* to name a few. The Group continues to make its mark in the industry through the growth of its store network, expansion through acquisitions, and development of new business concepts and formats. In addition, FHI through one of its subsidiaries, Fruitasgroup Incorporated ("FGI"), operates 2 foodparks which are both situated in Quezon City, Philippines.

The Group's main production facilities are strategically located in Metro Manila, Philippines for more efficient supply chain operations. The Group maintains its own logistics facilities to deliver various materials, supplies, and products to its stores.

The Group considers itself as one of the largest food and beverage community store and kiosk operators in the Philippines. The multiple brands across its portfolio allows it to serve a wide array of products to the local market. The Community store format allows the Group to sell multi-brand products in one roadside location while the kiosk format enables more flexibility and faster expansion. The Group believes its business model is highly scalable, as evidenced by its store network expansion in the past years.

The Group generated total revenues of Php 891.8 million, Php 1,101.7 million, Php 1,799.2 million , and Php 2,469.1 million for the years ended December 31, 2020, 2021, 2022 and 2023 respectively, and net income (loss) of (Php 48.1) million, (Php 16.3), Php 82.4 million and Php 115.8 million for the same periods.

On November 29, 2019, FRUIT reached another milestone by successfully listing on the Main Board of the Philippine Stock Exchange (PSE) with a total of 2,133,680,000 common shares at ₱1.68 per share.

During the first quarter of 2020, FHI acquired Soykingdom, Inc., manufacturer of soya-based products, and CocoDelivery Inc., a same-day delivery service provider of food and beverage. FHI expanded to 5 subsidiaries including the three kiosk operators namely Fruitasgroup Incorporated, Negril Trading Inc., and Buko Ni Fruitas Inc. In the third quarter of 2020, the Group launched cocodeliveryph.com to provide easier online access to our products and started to open community stores to get closer to the communities of our customers. The Group also strengthened its presence online through social media channels such as Facebook, Instagram, and Viber communities.

2021 marked the entry of FHI to the baked goods industry through the acquisition of Balai Pandesal assets on June by one of its wholly-owned subsidiary, Balai Ni Fruitas Inc. The asset acquisition included initial inventories, technical know-how, equipment and vehicle, trademark, and franchise agreements for five (5) stores. The Balai ni Fruitas Inc. was able to grow the Balai Pandesal store network to 48 community stores as of the end of December 2022 and 58 stores as of end of December 2023, which includes 49 company-owned and 9 franchised stores.

In June 2022, FHI, through its wholly-owned subsidiary, Soykingdom Inc., signed an agreement to acquire, Ling Nam restaurant business in the Philippines through asset and share acquisition.
In March 1, 2023, the final acquisition structure employed by Soykingdom Inc. was to set up a new subsidiary called Lingnam Food Inc. amending the acquisition to acquire only the assets related to the Ling Nam Food Business. The Group completed the acquisition in March 2023 which added the Ling Nam brand to its list of well-loved brands. Ling Nam restaurants are known for its "legacy brand" which was built since 1950's. The restaurant is known for its delicious, quality and authentic Cantonese dishes such as noodles, congee, and other dim sum products. Ling Nam is also known for its signature Beef Wanton Noodles and other hot and tasty meals serve freshly cooked in its restaurants in Banawe, Quezon City, T. Alonzo, Manila, and San Juan. The Group acquired the trademark, recipes and other technical know-how, leasehold improvements, certain equipment, inventory, among others, from the stores located in San Juan City, Quezon City, and Manila City. The acquisition also includes a land and building located in Caloocan City.

In June 2023, a cloud kitchen concept, Fly Kitchen Inc. was acquired by FHI through purchase of 100% of Outstanding Shares. Fly Kitchen Inc. was founded in 2020 at the height of the COVID-19 pandemic. The business was able to expand into four strategic kitchen locations in Metro Manila, specifically in Makati City, Pasig City, Mandaluyong City, and Quezon City with a combined cooking area of about 200 square meters and cater to over 10 brands, including Hatid Pinoy, Jade Express, Kanin at Sabaw, and more. The business has also developed strong relationships with third-party food aggregators like Foodpanda and Grabfood.

b. Key Risks

The business and operations of the Group are subject to a number of laws, rules and regulations governing the food and beverage kiosk industry in the Philippines. These laws and regulations impose requirements relating to food manufacturing and storage. In particular, the Group is subject to extensive regulation by the Food and Drug Administration ("FDA") and local government units ("LGU"), and environmental regulators.

Foodservice businesses are affected by changes in consumer tastes, economic conditions and demographic trends. The timing of product launches, pricing and advertising efforts of competitors may also impact our sales. In the past, we have introduced new products which were unsuccessful and there can be no guarantee that we will be able to introduce new products or new menu items successfully in the future. If we cannot successfully introduce new products or new menu offerings, our business, financial condition and results of operations could be materially and adversely affected.

The food and beverage kiosk industry in the Philippines is highly competitive with relatively low barriers to entry. As such, there are many well-established foodservices that compete directly and indirectly with us. Our competitors are located domestically. The domestic competitors in the Meat-filled pastry category is *Yumpanada*; in the Buko (Coconut) category are *Louie's Buko*, *Coconut Republic*, *Buko Express Pies & Sweets* and *Buko Juan*; in the Fruit Shakes category are *Fruit Magic*, *Big Chill* and *Thirsty*; in the Juices and Smoothies category are *Islands Juice*, *Pure Nectar*, *Jamba Juice*, *Fruitfull*, *Mooshi Green Bar and Tubo Cane Juice*; in the Coolers category is *Zagu*; in the Fries category are *Potato Corner* and *Potato Giant*; in the Lemonade Category are *Simply Lemon* and *Lemon na Bai*. These competitors may not be the only ones in the industry as there can be other major or minor players in each category. If our Group will not be able to compete with them, this could lead to a decline to our businesses affecting our financial conditions and operations.

Our ability to perform on a day-to-day basis is dependent on the capacity and efficiency of our manpower and infrastructure. There may be material interruptions in manpower because of natural calamities or fortuitous events like our employees not being able to go to work because of a typhoon or our vehicles not being able to go to different areas because of floods which can affect our delivery schedule. Moreover, our future sales growth will depend on our ability to acquire or lease strategic land for increase of production capacity and will depend on our ability to acquire or maintain machines that will make production and distribution more efficient. Not being able to capably distribute our product and not being able to acquire or lease strategic land or machines will increase our costs, affecting our capacity to successfully operate daily.

We cannot guarantee that our internal controls and training will be fully effective in preventing all food safety issues at our stores, including any occurrences of foodborne illnesses such as salmonella, E. coli and hepatitis A. In addition, there is no guarantee that our franchised stores will maintain the high levels of internal controls and training we require at our owned stores. Furthermore, we and our franchisees rely on third-party vendors, making it difficult to monitor food safety compliance and increasing the risk that foodborne illness would affect multiple locations rather than a single store. Some foodborne illness incidents could be caused by third-party vendors and transporters outside of our control. New illnesses resistant to our current precautions may develop in the future, or diseases with long incubation periods could arise, that could give rise to claims or allegations on a retroactive basis. One or more instances of foodborne illness in any of our stores or markets or related to food products we sell could negatively affect our store sales nationwide if highly publicized on national media outlets or through social media. This risk exists even if it were later determined illness was wrongly attributed to us or one of our stores. The occurrence of food safety or foodborne illness incident at one or more of our stores, or negative publicity or public speculation about an incident, could materially adversely affect our business, financial condition and results of operations.

The Philippines has experienced a number of major natural catastrophes including typhoons, floods, volcanic eruptions, and earthquakes. In 2017 alone, two (2) major earthquakes struck off the Philippines with a 6.8-magnitured earthquake affecting the Southern region of Mindanao in April and a 6.5-magnitude earthquake affecting Eastern Visayas in July. In October 2013, a 7.2-magnitude earthquake also affected Cebu and the island of Bohol, and in 2013, Super Typhoon Haiyan (called Yolanda in the Philippines) caused destruction, devastation, and casualties of unprecedented levels in Tacloban city, certain parts of Samar, and certain parts of Cebu, all of which are located in the Visayas, the southern part of the Philippines. In January 2020, the Taal volcano erupted and caused destruction in some parts of Batangas and Cavite. The COVID-19 pandemic has also been plaguing the public safety of the whole country. There can be no assurance that the occurrence of such catastrophes or outbreaks will not materially disrupt our operations. We could experience substantial property loss as a result of any such catastrophe and might not be able to rebuild or restore operations in a timely fashion. Our property insurance may not cover all cases of loss of material property. Any such accident could have a material adverse effect on our business, financial condition, and results of operations.

Item 2. Properties

Our key properties are summarized as follows:

Location	Area	Status
Offices		
60 Cordillera, Quezon City	1,464 sq. m.	Leased
Tisa, Cebu City*	538 sq. m.	Owned**
68 Data, Quezon City	420 sq. m.	Leased
1 Ubay, Quezon City	500 sq. m. (approximate)	Leased

Commissaries		
70 Brixton Hills, Quezon City	1,046 sq. m.	Leased
72 Brixton Hills, Quezon City	750 sq. m.	Leased
KJ Street, Kamias, Quezon City	1,928 sq. m.	Leased
Altura, Manila (NTI)	958 sq. m.	Leased
Altura, Manila (NTI)	1,031 sq. m.	Leased
N. Domingo, Quezon City (BNFI)	484 sq. m.	Owned***
Warehouses		
Labangon, Cebu City	1,500 sq. m. (approximate)	Leased
120 Kapiligan, Quezon City	1,000 sq. m (approximate)	Leased
Sasa, Davao City	240 sq. m.	Owned
56 Banawe, Quezon City	1,000 sq. m (approximate)	Leased
Foodparks		
150 Maginhawa St, Quezon City	600 sq. m.	Leased
55 Cordillera St, Quezon City	1,646 sq. m.	Sub-leased
Properties for future use		
71 Brixton Hills, Quezon City	750 sq. m.	leased
Tisa, Cebu City	457 sq. m.	Owned**
Catwayan, Carles, Iloilo	6,128 sq. m.	Owned**
Sta. Mesa, Manila	909.5 sq. m.	Owned
C. Namie, Caloocan	297.5 sq. m.	Owned

** Also the site for House of Fruitas in Cebu*
*** Titles are still in the process of being transferred to FGI's name*
****Title is still in the process of being transferred to BNFI's name*

For our retail establishments, we lease spaces from various entities across the Philippines. The site for the Le Village Lifestyle Park is sub-leased by FGI from One Fifty Food Place, Inc., a company which is 99.8% owned by Mr. Lester Yu.

Item 3. Legal Proceedings

As of the date, neither the Group nor any of its properties is engaged in or a subject of any material litigation, claims or arbitration either as plaintiff or defendant, which could be expected to have a material effect on our financial position and we are not aware of any facts likely to give rise to any proceedings which would materially and adversely affect our business or operations.

Item 4. Submission of Matters to a Vote of Security Holders

Except for matters taken up during the annual meeting of the stockholders, there was no other matter submitted to a vote of security holders during the period covered by this report.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

a.) Market Information

The Company's common shares are traded in the Main Board of the Philippine Stock Exchange, Inc. ("PSE"). The common shares were listed on November 29, 2019.

The following table shows the high and low prices (in pesos per common share) of the Company's shares in the PSE for each month from date of listing:

Period	High	Low
November 2019	2.45	1.71
December 2019	1.80	1.03
January 2020	1.87	1.33
February 2020	2.07	1.55
March 2020	1.72	0.90
April 2020	1.53	1.13
May 2020	1.48	1.17
June 2020	1.39	1.25
July 2020	1.35	1.15
August 2020	1.27	1.08
September 2020	1.32	1.13
October 2020	1.29	1.14
November 2020	1.62	1.25
December 2020	1.88	1.50
January 2021	1.80	1.40
February 2021	1.64	1.41
March 2021	1.53	1.31
April 2021	1.45	1.35
May 2021	1.47	1.31
June 2021	1.49	1.36
July 2021	1.40	1.20
August 2021	1.30	1.15
September 2021	1.34	1.20
October 2021	1.43	1.28
November 2021	1.35	1.20
December 2021	1.25	1.21
January 2022	1.28	1.13
February 2022	1.30	1.16
March 2022	1.22	1.10
April 2022	1.14	1.04
May 2022	1.12	0.99
June 2022	1.18	1.04
July 2022	1.10	0.99
August 2022	1.20	1.01
September 2022	1.22	0.95
October 2022	1.05	0.91
November 2022	1.03	0.95
December 2022	1.15	0.98
January 2023	**1.34**	**1.12**
February 2023	**1.37**	**1.19**
March 2023	**1.33**	**1.22**
April 2023	**1.28**	**1.11**
May 2023	**1.33**	**1.11**
June 2023	**1.34**	**1.10**
July 2023	**1.24**	**1.06**
August 2023	**1.26**	**0.98**
September 2023	**1.28**	**1.04**
October 2023	**1.21**	**1.03**
November 2023	**1.25**	**1.00**
December 2023	**1.05**	**0.94**

The market capitalization of the Company's common shares as of end 2023, based on the closing price of Php 0.96 per share was Php 2,048,332,800.

b) Holders

Total shares outstanding as of December 31, 2023, is 2,133,680,000 with a par value of P0.10. The shareholders as of the same date are as follows:

Name of Shareholder	Number of Shares	% Ownership
PCD Nominee Corp. (Filipino)	2,019,762,711	94.661%
Lush Properties Incorporated	100,000,000	4.687%
PCD Nominee Corp. (Non-Filipino)	11,264,281	0.528%
Necisto U. Sytengco	2,500,000	0.117%
Myra P. Villanueva	59,000	0.003%
Milagros P. Villanueva	20,000	0.001%
Myrna P. Villanueva	20,000	0.001%
Myra P. Villanueva	11,000	0.001%
Marietta V. Cabreza	10,000	-
Irene O. Chua	10,000	-
Ma. Christmas R. Nolasco	10,000	-
Mylene C. Arnigo	5,000	-
Dennis T. Beng Hui	1,000	-
Calvin F. Chua	1,000	-
Vincent Ricardo Cuevas	1,000	-
Bambi Maureen E. Donato	1,000	-
Rogelio M. Guadalquiver	1,000	-
Madelene T. Sayson	1,000	-
Shirley O. Tan	1,000	-
Lester C. Yu	1,000	-
Gerardo L. Salgado	8	-
Total	2,133,680,000	

c) Dividends

The company released cash dividends to its shareholders as follows:

BOD Approval	Type	Record Date	Payment Date	Amount
August 7, 2020	Cash Dividends	August 27, 2020	September 18, 2020	Php 21,336,800
August 5, 2022	Cash Dividends	August 8, 2022	September 1, 2022	Php 21,336,800
October 13, 2023	Cash Dividends	November 8, 2023	November 29, 2023	Php 21,336,800

The company was able to release cash dividends of Php0.01 per share for years 2020, 2022, and 2023 since its listing date.

There is an accrued dividends payable for the preferred shares amounting to Php 166,667 as at December 31, 2023.

d) Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction

In September 2023, The Board of Directors approved the issuance of 2 billion Fruitas Holdings Inc. unlisted preferred shares to Lush Properties Inc. with total subscription price of P20 million pesos for 2 billion preferred shares at P0.01 par value.

In accordance with the Company's' Articles of Incorporation, the preferred shares have a par value of P0.01 per share entitled to a fixed annual dividend rate of 2.5%. The shares are non-participating and non-convertible to common shares, with voting rights. The dividends, upon declaration by the company's Board of Directors, shall be paid within 120 days from the close of each calendar year.

The Company did not issue any stocks to its employees as of December 31, 2023.

Item 6. Management's Discussion and Analysis or Plan of Operation.

The following discussion should be read in conjunction with the accompanying consolidated financial statements and notes thereto, which form part of this SEC Form Amended 17-A as "Annex B". The consolidated financial statements and notes thereto have been prepared in accordance with the Philippine Financial Reporting Standards (PFRS).

FY 23 Results of Operations

Key Highlights

FRUIT registered a consolidated net income of Php 115.8 million for the twelve months ending December 31, 2023. This yields a net income margin of 4.7%.

Revenues

As of December 31, 2023, consolidated net revenues, composed of sales from company-owned stores, franchise and royalty fees from franchisees, and revenue from wholly-owned subsidiaries, reached Php 2,469.1 million, increasing by 37.2% from reported revenues of Php 1,799.2 million for the twelve months ending December 31, 2022.

Cost of Sales

For the year ending 2023, consolidated cost of sales increased by 30.6% from Php 746.9 million in 2022 to Php 975.5 million.

Consolidated cost of sales is mainly composed of raw material and packaging costs, direct labor costs, and store-related costs including rent, utilities, etc.

Gross Profit

Consolidated gross profit amounted to Php 1,493.6 million for the full year 2023, increasing by 41.9% from Php 1,052.3 million in the previous year. This yielded a gross profit margin of 60.5%, an improvement from the 58.5% gross profit in the previous year despite the increasing raw material prices, inflation and other factors, the Company executed more efficient inventory-buying strategies, implemented price increases, rationalized manpower requirements and expanded product mix resulted to a better margin

Selling and Distribution Expenses

For the twelve months ending December 31, 2023, consolidated selling and distribution expenses totaled Php 1,058.2 million, representing a 43.3% cost-to-sales ratio. This is Php 274.1 million higher compared to Php 784.2 million during the same period in 2022.

General and Administrative Expenses

For the twelve months ending December 31, 2023, consolidated general and administrative expenses totaled Php 284.6 million, representing a 11.7% cost-to-sales ratio. This is Php 146.1 million higher compared to Php 138.5 million during the same period in 2022.

Operating Income (Loss)

Consolidated operating income reached Php 158.1 million in 2023, a 46.5% increase from Php 107.9 million in 2022. This was primarily driven by improvement of revenues from the improved same-store sales and expansion of the Group’s store network.

Interest Expense

Interest expense of Php 27.6 million was recorded for the twelve months ending December 31, 2023.

Interest Income

Interest income of Php 10.5 million was recorded for the twelve months ending December 31, 2023. This income is from time deposit and other money market investment income.

Other Income

Consolidated other income totaled Php 33.1 million as of year-end 2023. This is composed mainly of outlets’ cash overages and fees charged to lessees for utilities incurred on leased spaces on food parks.

Net Income

For the year ending 2023, consolidated net income reached Php 115.8 million, yielding a net income margin of 4.7%. Income increased by Php 33.4 million or 40.6% from Php 82.4 million in 2022. While a complete turnaround from the 2020 and 2021 recorded net loss after tax of Php 48.1 million and Php 16.3 million, respectively.

FY23 Financial Condition

FRUIT had consolidated total assets of Php 2,129.3 million as of December 31, 2023, an increase versus total assets of Php 1,970.5 million as of end-2022.

Cash and cash equivalents

As of end 2023, cash and cash equivalents totaled Php 581.6 million. Cash includes cash on hand and in banks while cash equivalents are short-term, highly liquid investments that are easily convertible to cash.

Trade and other receivables

Trade and other receivables was at Php 69.2 million as of year-end 2023 compared to Php 93.6 million in 2022, an improvement of 26% attained by efficient third party trade receivables collection.

Inventories

As of December 31, 2023, inventories increased to Php 69.2 million from Php 49.9 million in 2022, an increase of 38.7% due to expansion of storage and warehouse facilities and effective management of inventory levels during the expansion of the Group's store network in 2023.

Property, plant, and equipment

Consolidated net property, plant, and equipment stood at Php 514.3 million as of year-end 2023. Acquisition of property and equipment for the year reached Php 301.1 million, which were invested in the building of new stores and improvements in the corporate office and commissary.

Investment Property

In 2020, the Company purchased a parcel of land with improvement located in Sta. Manila amounting to Php 127 million. The Company commissioned a third-party appraiser to revaluate the property which valued the property amounting to Php 169.3 million in 2023 from Php 168.2 million in 2022.

Intangible assets

Intangible assets stood at Php 241.3 million in 2023 from Php 215.0 million in 2022. The increase is driven by acquisition of brands within the group.

Accounts payable and other current liabilities

Accounts payable and other current liabilities increased by 32.8% for the full-year 2023 to Php 438.9 million from Php 330.4 million in 2022, driven by the increases in the Trade and other payables, current portion of notes payables and lease liabilities, and income tax payable.

Loans payable

As of December 31, 2023, the Company's total interest-bearing debt stood at ₱ 252.5 million. The total amount was short-term loans used to partially fund working capital requirements.

Capital stock and Additional paid-in capital

For the twelve months ending December 31, 2023, the Company's total capital stock stood at Php 233.4 million and additional paid-in capital of Php 777.8 million. The increase in the capital stock was from the Php 20 million subscription of the Company's preferred shares in 2023.

Cash flows

Consolidated net cash provided from operating activities amounted to Php 304.3 million for the full-year 2023, 12.2% increase versus the previous year's Php 271.1 million. The increase is primarily attributable to the expansion of the store network during the year.

Consolidated net cash used in investing activities was Php 229.3 million. This is mainly due to capital expenditures for new store openings and other corporate investments primarily Property, Plant And Equipment acquisition for the year.

Consolidated net cash used in financial activities was Php 22.0 million in 2023, primarily due to payments of Notes Payable

All in all, net cash generated for the year totaled Php 53.0 million, leading to cash and cash equivalents balance of Php 581.6 million at year-end 2023.

Key Performance Indicators (KPIs)

	Audited Twelve Months Ended December 31, 2023	**Audited Twelve Months Ended December 31, 2022**
Gross Revenue (Php millions)	**2,469.1**	**1,799.2**
Revenue Growth	37.2%	63.3%
Gross Profit Margin	60.5%	58.5%
Net Income Margin	4.7%	4.6%
EBITDA (Php millions)	304.3	287
EBITDA Margin	12.3%	16.0%
Return on Average Assets	5.7%	4.6%
Return on Average Equity	7.3%	6.0%
Current Ratio	242.1%	300.9%
Debt to Equity Ratio	30.1%	28.5%

Gross Profit Margin is gross profit as a percentage of revenues
Net Income Margin is net income as a percentage of revenues
EBITDA is defined as earnings before interest, tax, depreciation and amortization
EBITDA margin is EBITDA as a percentage of revenues
Return on Average Assets is net income as a percentage of the average of the assets at year-end and assets at end of the immediately preceding year
Return on Average Equity is net income as a percentage of the average of the equity at year-end and equity at end of the immediately preceding year
Current Ratio is current assets divided by current liabilities
Debt to Equity Ratio is total liabilities over total equity

Item 7. Financial Statements

The Company’s financial statements and notes thereto form part of this SEC Form as “Annex B”.

Item 8. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

a.) External Auditor

Our fiscal year begins on January 1 and ends on December 31. Reyes Tacandong & Co. (“RT&Co.”) has audited our financial statements for the years ended December 31, 2023, 2022 and 2021 in accordance with the Philippine Standards on Auditing.

Wilson P. Teo has been the audit partner and served our Company from 2016 to 2021 while Cedric M. Caterio took over the role since 2022. We have not had any material disagreements on accounting and financial disclosures with our current external auditor for the same periods or any subsequent interim period. RT&Co. has neither shareholdings in our Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities of our Company. RT&Co. will not receive any direct or indirect interest in our Company or our securities (including options, warrants or rights thereto) pursuant to or in connection with the Offer. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

b.) Audit Fees

The following table sets out the aggregate fees billed for the current year and each of the last three years for professional services rendered by RT&Co. to our Company, excluding fees directly related to the Offer.

In ₱ Millions	**2023**	**2022**	**2021**
Audit and Audit-Related Fees[a]	₱ 2.40	₱ 2.05	₱ 2.20
All Other Fees[b]	None	None	None
Total	₱ 2.40	₱ 2.05	₱ 2.20

a. Audit and Audit-Related Fees. This category includes the audit of annual financial statements and interim financial statements and services that are normally provided by the independent auditor in connection with statutory and regulatory filings or engagements for those calendar years. This is exclusive of out-of-pocket expenses incidental to the independent auditors' work, the amounts of which do not exceed 10% of the agreed-upon engagement fees.
b. All Other Fees. This category includes other services rendered by RT&Co. such as internal audit, or special audit if any.

c.) Audit Committee and Policies

In relation to the audit of our annual financial statements, our Corporate Governance Manual, which was approved by the Board of Directors on Aug. 24, 2019, provides that the audit committee shall, among other activities, (i) evaluate significant issues reported by the external auditors in relation to the adequacy, efficiency and effectiveness of policies, controls, processes and activities of our Company, (ii) ensure that other non-audit work provided by the external auditors are not in conflict with their functions as external auditors, and (iii) ensure the compliance of our Company with acceptable auditing and accounting standards and regulations.

The Audit Committee shall be composed of at least four (4) voting members who are members of the Group's Board, at least three of which are non-executive directors, including the independent directors. The Chairman of this Committee should be an independent director.

The key functions of the Audit Committee are assisting the Group's Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations; providing oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks, including receipt or information on risk exposures and risk management activities; providing oversight over the Internal Audit Department and External Auditors; monitoring and evaluating the adequacy and effectiveness of our Company's internal control system; reviewing the quarterly and annual financial statements before their submission to our Company's Board; and overseeing the implementation of risk management and related party strategies and policies.

The Audit Committee is composed of the following members, the chairman of which is an independent director:

Name	Position
Dennis T. Beng Hui	Chairman
Shirley O. Tan	Member
Rogelio M. Guadalquiver	Member
Calvin F. Chua	Member

d.) Changes in and Disagreement with Accountants on Accounting and Financial Disclosure

There were no disagreements with Accountants on Accounting and Financial Disclosure or Changes in Accounting Policies for the period ended December 31, 2023.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

a.) Directors, Including Independent Directors, and Executive Officers

The overall management and supervision of the Company is undertaken by the Company's Board of Directors. The Company's executive officers and management team cooperate with its Board by preparing appropriate information and documents concerning the Company's business operations, financial condition and results of operations for its review. Pursuant to the Company's amended articles of incorporation, the Company's board of directors shall consist of nine members, of whom three are independent directors.

The table below sets forth each member of the board of directors as of December 31, 2023:

Name	Age	Nationality	Position
Rogelio M. Guadalquiver	81	Filipino	Chairman
Lester C. Yu	49	Filipino	Director, President, and Chief Executive Officer
Madelene T. Sayson	35	Filipino	Director, Chief Operating Officer
Calvin F. Chua	44	Filipino	Director and Chief Financial Adviser
Bambi Maureen E. Donato	48	Filipino	Independent Director
Dennis T. Beng Hui	54	Filipino	Independent Director
Shirley O'Yek Tan	60	Filipino	Independent Director

The business experiences for the last five years of members of our board of directors are set forth below.

Rogelio M. Guadalquiver, 81, was appointed as the Chairman of FHI in August 24, 2019 and was also appointed as the Chairman of Balai ni Fruitas Inc. in December 21, 2021. He is also currently a Director of Philippine Deposit Insurance Corporation. Rogelio was the Chairman and Chief Executive Officer of CG & Co. from 2000 to 2018. Prior to joining CG & Co., he was a senior partner of SGV & Co., a member practice firm of Ernst & Young where he was heavily involved in both domestic and global audit practices. He also specialized in initial public offerings, industry research studies, corporate restructuring, business process re-engineering, business risk management, and financial and tax management consulting. Mr. Guadalquiver is a Certified Public Accountant and holds a Master's in Management degree from the Asian Institute of Management and a Bachelor of Science in Commerce degree from University of San Jose-Recoletos.

Lester C. Yu, 49, has been our President and Chief Executive Officer since its incorporation and served as the FHI's Chairman from Feb. 2015 to Aug. 2019. He has also been appointed as President and CEO of Balai ni Fruitas Inc. in 2021. Mr. Lester Yu started his career with their family business, Janette Jewelry in 1989. Before founding the Group, he entered the banking industry and served as the youngest Branch Manager for Westmont Bank. He is responsible for the growth of the Group from a single store to more than 900 stores nationwide. Under his leadership, the Group has successfully introduced several well-known brands and has made strategic acquisitions such as Negril Trading, which houses the De Original Jamaican Pattie Shop and Juice Bar brand and Sabroso Lechon. Mr. Yu is also the Chairman and President of Ralproperties, Inc., One Fifty Food Place, Inc., Lush Properties Inc., Negril Trading, Inc., Themangofarm Corp., Fruitasgroup Incorporated, Lush Enterprises Corp., Bamazeh Incorporated, Lush Coolers, Inc., La Petite Parisienne, Inc., Dough Matters, Inc., Lush Harvest Manufacturing Inc., Toyoda Technik Corporation, Cocodelivery Incorporated, Lingnam Food Inc., and Flykitchen Inc.. He holds a Master's of Business Administration degree from the University of the Philippines and a degree in Industrial Management Engineering from De La Salle University.

Madelene T. Sayson, ***35***, was elected as our Chief Operating Officer on Jan. 2018 and has been with the Group since 2009. She also served as a Director of FHI from Feb. 2015 to Aug. 2019. Ms. Sayson is also the Chairman and President of Gyuma Fragrance Inc. She is the Corporate Secretary and Director of One Fifty Food Place, Inc., Lush Properties Inc., Negril Trading, Inc., Bamazeh Incorporated, Dough Matters, Inc., Sure Jobs Academy, Inc., Toyoda Technik Corporation, Lingnam Food Inc., and Flykitchen Inc. Ms. Sayson is also the Vice President and Director of Themangofarm Corp., and La Petite Parisienne, Inc.. She is a Director in Balai ni Fruitas Inc. and the Treasurer and Director of Lush Coolers, Inc. She holds a Bachelor of Science degree in Accountancy from Garcia College of Technology.

Calvin F. Chua, 44, was elected as Director and Chief Financial Adviser on Aug. 24, 2019. He has served as a consultant of the Fruitas Group since May 2017. He is also currently an Executive Director and Treasurer of AlphaPrimus Advisors Inc. He was part of the Corporate Finance team of ING Bank N.V., Manila Branch, most recently as Consultant up to June 2019 and Director up to July 2015. During his stint at ING Bank, he advised on mergers and acquisitions and capital-raising activities of various Philippine clients across several sectors. He holds a Bachelor of Science degree in Management Engineering and a Bachelor of Arts degree in Economics (Honors Program) from Ateneo de Manila University.

Bambi Maureen E. Donato**, 48,** was elected as our Independent Director on Aug. 24, 2019. Bambi is currently the Program and Marketing Manager for the Inquirer Academy, a member of the Inquirer Group of Companies. Prior to working with Inquirer Academy, she was Regional Marketing Manager of SUBSTOGO Corporation, Marketing Manager of Silverworks and was a Marketing Manager for Yellow Cab Food Corporation. She was also involved with Couples for Christ Global Mission Foundation Inc. as a SFC International Council and Missions Head during the early stages of her career. Ms. Donato holds a Master's in Business Administration from De La Salle University and a Bachelor of Science in Management from Ateneo de Manila University.

Dennis T. Beng Hui, 54, was elected as our Independent Director on Aug. 24, 2019. Mr. Beng Hui is the Founder and current Managing Director of Technopoly Inc., a consulting company which uses Lean Thinking and Six Sigma to improve business performance. Technopoly has served various clients across several sectors, including the foodservices sector. He taught at De La Salle University, Department of Industrial Engineering, for more than 15 years until 2017. He holds a Master's of Science degree in Industrial Engineering and a Bachelor of Science degree in Industrial Management Engineering minor in Mechanical Engineering from De La Salle University. He is also a PhD candidate in Industrial Engineering at De La Salle University. He is a Certified ASEAN Engineer (ASEAN, 2013) and a Certified Professional Industrial Engineer (Philippine Institute of Industrial Engineers, 2010).

***Shirley O'Yek Tan*, *60*,** was elected as our Independent Director on Aug. 24, 2019. She is currently the Corporate Treasurer of Bank of Makati, one of the top 10 Thrift Banks in the Philippines, and sits as a member of the Senior Management Committees of said bank. Her responsibilities include planning and formulating policies to protect the financial well-being of the Bank, as well as managing the overall operations of the Corporate Treasury sector to ensure that strategic plans are implemented and financial targets are met. Shirley graduated from University of Santo Tomas with a Bachelor of Science in Commerce, Major in Accounting and is a Certified Public Accountant.

The table below sets forth the key executive and corporate officers as of December 31, 2023:

Name	**Age**	**Nationality**	**Position**
Roselyn A. Legaspi	46	Filipino	Managing Director – Visayas and Mindanao
Rushell A. Salvador	34	Filipino	Chief Financial Officer and Treasurer
Lerma C. Fajardo	37	Filipino	Deputy Chief Financial Officer and Comptroller
Ralf F. Sarmiento	37	Filipino	Compliance Officer
Shaun Aldrich G. Si	32	Filipino	Investor Relations Officer
Marvin C. Yu	45	Filipino	Corporate Secretary

The business experience for the last five years of key executive and officers are set forth below.

***Roselyn A. Legaspi, 46**,* was appointed as our Managing Director – Visayas & Mindanao on Aug. 2019 and is responsible for the overall operations of FHI for the said regions. She has been with the Fruitas Group since 2002 and has served as a Director of FHI from Feb. 2015 to Aug. 2019. Ms. Legaspi is also the Vice President and Director of Negril Trading, Inc., Bamazeh Inc., Lush Properties Incorporated, Ralproperties Inc., and Sure Jobs Academy Inc. She is also a Director for Gyuma Fragrance Inc., Lush Harvest Manufacturing Inc., Themangofarm Corp., La Petite Parisienne, Inc., and Lush Enterprises Corp. Also, Ms. Legaspi is the Treasurer of Fruitasgroup Incorporated and Buko ni Fruitas, Inc. She obtained her Bachelor of Science degree in Accountancy in 1999 and also passed her Civil Service Exams in 1997. She is currently taking up her Master's in Business Administration degree at the University of San Carlos, Cebu City.

Rushell A. Salvador, 34, was appointed as Chief Financial Officer on December 2023. She is previously the Compliance Officer since July 2019. She has been with the Group as Profit and Loss Accounting Manager since May 2016. Prior to joining the Group, Ms. Salvador held different Finance and Accounting positions in Polyserve Philippines, Inc. and HR Network Inc. with Accounting and Finance Head as her last post before being a consultant of Jardine Schindler Elevator Corporation from June 2014 to February 2015. She holds a Bachelor of Science in Accountancy from Polytechnic University of the Philippines, Sta. Mesa, Manila and is a Certified Public Accountant.

Lerma C. Fajardo*, *37, has been the Group's Deputy Chief Financial Officer and Comptroller since 2018. She has over 10 years of experience in accounting and finance, previously working as an Assistant Manager for Extramind Global Outsourcing Group, Inc. Ms. Fajardo also serves as the Comptroller of FHI's subsidiary, Balai ni Fruitas Inc. since December 2021. She holds a Bachelor of Science degree in Accountancy from Polytechnic University of the Philippines and is a Certified Public Accountant.

Ralf Sarmiento, 37, was appointed as Compliance Officer on December 2023, He has served the Group's Accounting Manager for Tax Compliance since December 2018. Prior to joining the Group, Mr. Sarmiento held different Accounting positions in Goodwill Metal Corporation and JLA & Associates. He graduated from Polytechnic University of the Philippines with a Bachelor of Science in Accounting and is a Certified Public Accountant.

Shaun Aldrich G. Si, 32, was appointed as the Investor Relations Officer of the Company on December 2023 and has been the Group's Chief Marketing Officer since September 2022. He spearheads all the marketing strategies and initiatives of the Group and shall also be responsible for all interactions with investors and financial institutions through creating programs which strengthens relationship of FHI to the various investment groups and individuals. Prior to joining FHI, he held various positions in Brand Management in Wyeth Philippines Inc. and Jollibee Foods Corporation. In 2013, he started his career as a Management Trainee in GlaxoSmithKline Philippines where he eventually became the Digital Marketing Manager in 2016. He holds a Bachelor of Arts degree in Management Economics Minor in Chinese Studies and the program award recipient for being the most outstanding student in the Management Economics Program Class of 2013 from the Ateneo de Manila University.

Marvin C. Yu, 45, has been FHI's Corporate Secretary since Aug. 24, 2019. On December 2021, he was appointed as the Corporate Secretary of Buko ni Fruitas Inc. He has more than 15 years of experience in the technical and engineering field. He was a Consultant in the SMC Telco Project, Master Planning Network Coverage Senior Manager for the Sun Cellular 2G and 3G Project, and RF Network Planning, Design and Optimization Engineer for Smart Communications Inc. Mr. Marvin Yu holds a Bachelor of Science degree in Electronics and Communications Engineering from De La Salle University and an Electronics and Communications Engineering Board Passer.

b.) Family Relationships

Mr. Lester C. Yu and Mr. Marvin C. Yu are brothers. Aside from the foregoing, there are no family relationships between any Directors and any members of the Group 's senior management.

c.) Involvement in Certain Legal Proceedings

None of the directors and officers have been involved in any bankruptcy proceeding, nor have they been convicted by final judgment in any criminal proceeding, or been subject to any order, judgment, or decree of competent jurisdiction, permanent or temporarily enjoining, barring, suspending, or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, or found in action by any court or administrative bodies to have violated a securities of commodities law, for the past five (5) years up to the latest date.

As of date of this report, the Company is not a party to any litigation or arbitration proceedings of material importance, which could be expected to have a material adverse effect on the Company or on the results of its operations. No litigation or claim of material importance is known to be pending or threatened against the Company or any of its properties.

Item 10. Executive Compensation

a.) General

The levels of remuneration of the Company should be sufficient to be able to attract and retain the services of qualified and competent directors and officers. A portion of the remuneration of executive directors may be structured or be based on corporate and individual performance.

No director should participate in deciding on his remuneration.

The Company may, in exceptional cases, e.g., when the Company is under receivership or rehabilitation, regulate the payment of the compensation, allowances, fees and fringe benefits to its directors and officers.

b.) Summary Compensation Table

The following table sets forth our most highly compensated executive officers, including Fruitas Holdings, Inc. Chief Executive Officer, for the year ending December 31, 2023:

Name	Position
Lester C. Yu	Director, President and Chief Executive Officer
Madelene T. Sayson	Director and Chief Operating Officer
Rushell A. Salvador	Chief Financial Officer and Treasurer
Lerma C. Fajardo	Deputy Chief Financial Officer and Comptroller
Marvin C. Yu	Corporate Secretary

The following table identifies and summarizes the aggregate compensation of our President and CEO and the four most highly compensated executive officers, as well as the aggregate compensation paid to all other officers and Directors as a group, for the years ended December 31, 2020, 2021, 2022 and 2023 (estimated):

Aggregate Compensation – Executive Officers (top five)

Year	Total (₱ million)
2020	5.3
2021	5.3
2022	6.4
2023	6.6

Aggregate Compensation – Directors and Executive Officers (excluding top five above)

Year	Total (₱ million)
2020	1.6
2021	1.6
2022	0.6
2023	0.6

Standard Arrangements

Other than payment of reasonable per diem as may be determined by the Board for every meeting, there are no standard arrangements pursuant to which directors of the Company are compensated, or were compensated, directly or indirectly, for any services provided as a director and for their committee participation or special assignments for 2023 up to the present.

Other Arrangements

There are no other arrangements pursuant to which any director of the Company was compensated, or to be compensated, directly or indirectly for 2023 up to the present for any service provided as a director.

Warrants and Options

As of the date of this annual report, there are no outstanding warrants or options held by the President, the CEO, the named executive officers, and all officers and directors as a group.

Item 11. Security Ownership of Certain Beneficial Owners and Management

a.) Security Ownership of Certain Record and Beneficial Owners

As of December 31, 2023, the following were owners of more than 5% of the Company’s outstanding shares:

Title of Class	Name. Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Shares Held	% to Total Outstanding
Common	PCD Nominee Corp.[1] / The Enterprise Center, Ayala Avenue Corner Paseo de Roxas, Makati City / Stockholder of Record	Please see BDO Report as of December 31, 2023 attached as Annex "C"	Filipino	2,019,762,711	94.661%

b.) Security Ownership of the Board of Directors and Senior Management

Title of Class	Name of Beneficial Owner	Citizenship	Number of Direct Shares	Number of Indirect Shares	% of Capital Stock
Common	Lester C. Yu	Filipino	126,117,000	1,127,500,010	58.75%
Common	Rogelio M. Guadalquiver	Filipino	500,000	-	0.02%
Common	Calvin F. Chua	Filipino	4,150,000	59,000	0.20%
Common	Bambi Maureen E. Donato	Filipino	10,000	-	0.00%
Common	Shirley O'Yek Tan	Filipino	10,000	90,000	0.00%
Common	Dennis Beng Hui	Filipino	10,000	-	0.00%
Common	Roselyn A. Legaspi	Filipino	3,319,000	-	0.16%
Common	Madelene T. Sayson	Filipino	1,500,000	-	0.07%
Common	Marvin C. Yu	Filipino	1,030,000	-	0.05%
		Total	**136,646,000**	**1,127,649,010**	**59.25%**

c.) Voting Trust Holder of 5% or more

As of December 31, 2023, there are no persons holding more than 5.0% of a class of shares under a voting trust or similar agreement.

d.) Changes in Control

There are no arrangements which may result in a change in control of the Registrant as of December 31, 2023.

Item 12. Certain Relationships and Related Transactions

Due from Related Parties

The Group has outstanding noninterest-bearing amounts due from related parties amounting to ₱103.6 million as of December 31, 2023.

[1] PCD Nominee Corp. includes 1,253,617,010 shares beneficially owned by Lester C. Yu representing 58.75% of outstanding shares (126,117,000 in his name, 1,127,500,000 shares owned by Lush Properties Inc., and 10 shares owned by Ms. Janet Yu, Mr. Yu's mother)

Lease Agreements

Group as Lessee - Short-term Lease
The Group entered into several lease agreements with third parties for its store spaces for varying periods of up to one year and renewable annually. The lease contracts for the stores provide for a monthly rental based on a certain percentage of gross sales and a monthly fixed rental or an agreed minimum rental, whichever is higher. Lease agreements are generally renewable through a notice of lease renewal and upon mutual agreement with the lessors.

Leases - Group as Lessor
Starting from 2017, the Group entered into several sublease agreements with third parties for the lease of spaces in food parks for varying periods up to one year.

Franchise Agreements

The Group has granted its franchisees the right to operate outlets under various brands for acquired periods and subject to the terms and conditions specified in the franchise agreements.

The agreements are renewable at the option of the Group. The agreements provide for an initial franchise fee payable upon execution of the agreements. The non-refundable initial franchise fee payment covers the renovation of franchisee's unit, signage, promotional materials and equipment.

In 2017, the Group obtained the rights to the lease of 216 outlets from related parties.

Rental deposits and advance rentals on leases were transferred to the Group through an assignment of lease agreements.

Terms and Conditions of Transactions with Related Parties

Outstanding balances are unsecured, noninterest-bearing and due, demandable and to be settled in cash. Management makes an annual assessment of the financial position of the related parties and the market in which the related parties operate. There were no impairment losses recognized for the year ended in 2023.

Related Party Transaction Policy

The Company enters into transactions with affiliates and other related parties on an arm's length basis. Aligned with this thrust, the Company, in dealing with affiliates and other related parties, ensures above-board transactions and fairness and equity among all parties.

The Company exerts efforts to obtain the most beneficial terms and conditions for the Company, taking into consideration various factors including pricing and quality.

For this purpose, the Company determines the prevailing and applicable price in the market. In the process, it also gathers quotes and/or proposals from other parties engaged in similar or the same undertaking. Based on these, a comparable summary is presented to ascertain a fair price for the applicable related party transaction.

Other related party transactions are commissioned to a 3rd party assessor/s to determine fairness and reasonable value of the property.

Further information on the Company's related party transactions, including detailed breakdowns of amounts receivable from and amounts payable to affiliated companies can be found in the notes to the Company's financial statements.

PART IV – EXHIBITS AND SCHEDULES

Fruitas Holdings, Inc. has six (6) subsidiaries as of December 31, 2023:

Subsidiary	Business	% Ownership	Country of Residence
Fruitasgroup, Inc.	Operating company primarily housing the stores under Fruitas, Buko Loco, Black Pearl, Johnn Lemon, Juice Avenue, Tea Rex, The Mango Farm, Shou, Friends Fries, 7,107 Halo Halo Islands, Fruitas Ice Candy, and Cindy's Candy Cloud, Munifico, and The Pub, Soy & Bean, Babot's Farm brands, among others. It also operates the Le Village and Uno Cinquenta Lifestyle Parks.	100%	Philippines
Negril Trading, Inc.	Operating company primarily housing the stores under the De Original Jamaican Pattie Shop and Juice Bar, Sabroso Lechon, Three Frenchmen Creperie brands, among others.	100%	Philippines
Balai ni Fruitas, Inc.	Operating company primarily housing the stores under the Balai Pandesal, Buko ni Fruitas, and House of Desserts brands.	75%	Philippines
Soykingdom, Inc.	Operating company primarily manufacturing soya-based products for Group and houses the Ling Nam brand	100%	Philippines
CocoDelivery, Inc.	Operating company primarily executing same-day delivery service for the Group.	100%	Philippines
FlyKitchen Inc.	Operating company serves as a cloud kitchen for the entire product portfolio. A cloud kitchen typically focuses on preparing food for delivery or takeout.	100%	Philippines
Lingnam Food Inc. *	A 100% owned subsidiary of Soykingdom Inc. and operates the Lingnam Restaurant Business. This restaurant offers a variety of Cantonese dining options.	100%	Philippines

**Indirect Subsidiary of Fruitas Holdings Inc.*

(b) Reports on SEC Form 17-C

Date	Subject of Report
March 1, 2023	Acquisition of assets of Ling Nam Restaurant Business, an authentic Cantonese dishes through wholly owned subsidiary, Lingnam Food Inc.,
April 11, 2023	Notice Non filing parts of 17A and extension of Disbursement of Proceed Report 2023
April 13, 2023	Approval of Annual Financial Statement for the year ended December 31, 2022.
May 1, 2023	Approval of Agreed-Upon Procedures for the certification of Disbursement of Proceeds and Progress Report
May 2, 2023	Financial and Operational Results for the year 2022 and First Quarter of 2023
May 22, 2023	Postponement of the 2023 Annual Stockholders' Meeting ("2023 ASM") which, pursuant to the By-Laws, should occur on the second Monday of June 2023 to 25th of July 2023 and setting of the Record Date to 22 June 2023.
May 30, 2023	Approval of the 2022 Annual Corporate Governance Report
June 1, 2023	Acquisition of the 100% of Outstanding Shares of Fly Kitchen Inc.
July 25, 2023	2023 Annual Stockholder's and Organizational Meeting
August 15, 2023	Financial and Operational Results as of June 30, 2023
September 2, 2023	Issuance of 2 billion Fruitas Holdings Inc. preferred shares as subscription to Lush Properties Inc.
October 13, 2023	Declaration of P0.01 cash dividends for stockholders on record as of November 8, 2023 and will be paid not later than November 29, 2023. The cash dividends amounting to P21,336,800.00 shall be paid from the unrestricted Retained Earnings as of December 31, 2022.
November 13, 2023	Financial and Operational Results for the 3rd Quarter of 2023 and as of September 30, 2023

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of ______________________ on __________, 20__.

By:

LESTER C. YU President and CEO	RUSHELL A. SALVADOR CFO and Treasurer
MARVIN C. YU Corporate Secretary	LERMA C. FAJARDO Deputy CFO and Comptroller

SUBSCRIBED AND SWORN to before me this 12 day of APR 2024 20__ affiant(s) exhibiting to me their Tax Identification No., as follows:

NAMES	TIN NOS.
Lester C. Yu	191-309-944-000
Rushell A. Salvador	308-465-813-000
Marvin C. Yu	214-877-469-000
Lerma C. Fajardo	257-881-618-000

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BOOK NO. XVII
SERIES OF 2024

ATTY. MA. PERLITA P. CABRERA
Notarial Commission until DEC. 31, 2025
Adm. Matter No. 012 (2024-2025)
PTR. No.: 5428233 01/02/2024 - QC
IBP. No.: 386454; 01/02/2024 - QC
Attorney's Roll No. 44573
MCLE Compliance No. VIII-0002597
Valid until 14 APR 2025

Gmail

Compliance Department Tax Section <compliancetax.fhi@gmail.com>

SEC eFast Initial Acceptance

noreply-cifssost@sec.gov.ph <noreply-cifssost@sec.gov.ph> 15 April 2024 at 16:15

Greetings!

SEC Registration No: CS201503014
Company Name: FRUITAS HOLDINGS, INC.
Document Code: AFS

This serves as temporary receipt of your submission.
Subject to verification of form and quality of files of the submitted report.
Another email will be sent as proof of review and acceptance.

Thank you.

REMINDER: TO ALL FILERS OF REPORTS IN THE e-FAST Please strictly follow the instruction stated in the form. Filings not in accordance with the prescribed template for the following reports will be automatically reverted by the system to the filer. 1. General Information Sheet (GIS-Stock) 2. General Information Sheet (GIS-Non-stock) 3. General Information Sheet (GIS- Foreign stock & non-stock) 4. Broker Dealer Financial Statements (BDFS) 5. Financing Company Financial Statements (FCFS) 6. Investment Houses Financial Statements (IHFS) 7. Publicly – Held Company Financial Statement 8. General Form for Financial Statements 9. Financing Companies Interim Financial Statements (FCIF) 10. Lending Companies Interim Financial Statements (LCIF) Per Section 18 of SEC Memorandum Circular No. 3 series of 2021, the reckoning date of receipt of reports is the date the report was initially submitted to the eFast, if the filed report is compliant with the existing requirements. A report, which was reverted or rejected, is considered not filed or not received. A notification will be sent to the filer, stating the reason for the reports rejection in the remarks box.

SECURITIES AND EXCHANGE COMMISSION
SEC Headquarters, 7907 Makati Avenue,
Salcedo Village, Barangay Bel-Air, Makati City,
1209, Metro Manila, Philippines

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C S 2 0 1 5 0 3 0 1 4

COMPANY NAME

FRUITAS HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of LUSH PROPERTIES, INC.)

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

No. 60 Cordillera St., Brgy. Dona Josefa, Quezon City, 1113

Form Type	Department requiring the report	Secondary License Type, If Applicable
AACFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
ipo.compliance@fruitasholdings.com	(02) 8 243-1741	0967 7824 286

No. of Stockholders	Annual Meeting (Month / Day)	Calendar Year (Month / Day)
122	Every Second Monday of June	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
Madelene T. Sayson	madelene.sayson@fruitasholdings.com	(02) 8 243-1741	09420711576

CONTACT PERSON'S ADDRESS

No. 60 Cordillera St., Brgy. Dona Josefa, Quezon City, 1113

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.*

NOTE 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 shall not excuse the corporation from liability for its deficiencies.*

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Registration No. PP201007009
BDO Towers Valero
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
FRUITAS HOLDINGS, INC. AND SUBSIDIARIES
No. 60 Cordillera St., Brgy. Dona Josefa
Quezon City, 1113

Opinion

We have audited the consolidated financial statements of FRUITAS HOLDINGS, INC. AND SUBSIDIARIES (a subsidiary of LUSH PROPERTIES, INC.) (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2023, 2022 and 2021, and notes to consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2023, 2022 and 2021, in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

Key Audit Matters

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

<u>Impairment Assessment of Intangible Assets</u>

The Group has intangible assets with a carrying amount of ₱241.3 million as at December 31, 2023. This represents 11% of the total consolidated assets as at that date. The Group is required to assess annually the intangible assets with indefinite useful lives for impairment and intangible assets with definite useful lives for any indicator of impairment. The impairment assessment of intangible assets is significant to our audit because the assessment process requires significant judgments and estimation relating to assumptions used involving expected future financial performance.

We reviewed the cash flow projections included in the annual impairment assessment. We assessed and tested reasonableness and propriety of the assumptions, methodologies and other data used by comparing these to external and historical data and by analyzing sensitivities in the Group's valuation model. We evaluated cash generating units whether a reasonably possible change in assumptions could cause the carrying amount to exceed its recoverable amount, and assessed the historical accuracy of management's estimates. We also assessed the adequacy of the disclosures in Note 12 to the consolidated financial statements.

Valuation of Investment Properties at Fair Value

The carrying amount of the Group's investment properties amounted to ₱169.3 million as at December 31, 2023. This represents 8% of the Group's consolidated assets as at that date. The net gain from change in fair value of investment properties recognized in the consolidated statements of comprehensive income is disclosed in Note 10. The Group engaged the services of an independent firm of appraisers to determine the appraised values of the investment properties.

We considered the valuation of the investment properties at fair value as a key audit matter because the determination of the fair value and the selection of appropriate valuation methodology thereof involve significant judgment and estimation. Our audit procedures included, among others, understanding of the valuation process of the investment properties, evaluation of the appraisal reports prepared by the independent firm of appraisers that support the fair value determination, and review of the underlying assumptions and calculation of the valuation adjustment. We also evaluated the professional qualifications and objectivity of the independent firm of appraisers. Moreover, we reviewed the adequacy of the related disclosures in Note 10 to the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated 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 consolidated 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 consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Cedric M. Caterio.

REYES TACANDONG & CO.

CEDRIC M. CATERIO
Partner
CPA Certificate No. 87322
Tax Identification No. 102-083-647-000
BOA Accreditation No. 4782; Valid until April 13, 2024
BIR Accreditation No. 19-005765-001-2022;
Valid until December 13, 2025
PTR No. 10072410;
Issued January 2, 2024, Makati City

April 6, 2024
Makati City, Metro Manila

FRUITAS HOLDINGS INC.
60 Cordillera St. Brgy Dona Josefa Quezon City, Philippines
Tel: (63.2)8-330-3188; Mobile No. +63928.361.6345
Email: ipo.compliance@fruitasholdings.com; compliancetax.fhi@gmail.com

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **Fruitas Holdings Inc.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein for the years ended **December 31, 2023 and 2022,** in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Reyes Tacandong & 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 or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signature: ______________________
Rogelio M. Guadalquiver
Chairman of the Board

Signature: ______________________
Lester C. Yu
President and Chief Executive Officer

Signature: ______________________
Rushell Salvador
Chief Financial Officer and Treasurer

Signed this 6th day of April 2024

SUBSCRIBED AND SWORN TO BEFORE ME THIS 11 APR 2024
AFFIANT EXHIBITING TO ME WITH VALID I.D. NO.________

ATTY. MA. PERLITA P. CABRERA
Notarial Commission until DEC. 31, 2025
Adm. Matter No. 012 (2024-2025)
PTR. No.: [illegible] 01/02/2024 - QC
IBP. No.: [illegible]; 01/02/2024 - QC
Attorney's Roll No. 44573
MCLE Compliance No. VIII-0002597
Valid until 14 APR 2025

DOC. NO. 173
PAGE NO. 36
BOOK NO. XVII
SERIES OF 2024

FRUITAS HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of LUSH PROPERTIES, INC.)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	December 31 2023	2022
ASSETS			
Current Assets			
Cash and cash equivalents	5	**₱581,573,621**	₱528,582,342
Financial assets at fair value through profit or loss (FVPL)	6	**61,316,952**	61,305,065
Trade receivables	7	**69,198,597**	93,598,650
Merchandise inventories	8	**56,727,021**	49,918,349
Due from related parties	16	**103,647,446**	123,929,208
Deposits and advance rentals	24	**108,657,313**	102,047,259
Other current assets	9	**81,205,186**	34,849,570
Total Current Assets		**1,062,326,136**	994,230,443
Noncurrent Assets			
Financial assets at fair value through other comprehensive income (FVOCI)	6	**1,725,000**	1,725,000
Investment properties	10	**169,337,000**	168,173,850
Property and equipment	11	**514,316,412**	360,001,089
Right-of-use (ROU) assets	24	**79,370,086**	113,480,249
Intangible assets	12	**241,348,448**	215,038,690
Deferred tax assets	25	**60,872,899**	63,851,813
Advances for asset acquisition	24	**–**	54,000,000
Total Noncurrent Assets		**1,066,969,845**	976,270,691
		₱2,129,295,981	₱1,970,501,134
LIABILITIES AND EQUITY			
Current Liabilities			
Notes payable	14	**₱252,451,500**	₱205,000,000
Trade and other payables	13	**97,103,028**	81,725,913
Current portion of:			
Lease liabilities	24	**69,540,957**	42,752,568
Mortgage payable	15	**–**	80,909
Income tax payable		**19,765,691**	831,880
Total Current Liabilities		**438,861,176**	330,391,270
Noncurrent Liabilities			
Noncurrent portion of lease liabilities	24	**27,752,104**	89,957,285
Security deposits	24	**870,799**	771,128
Retirement benefits liability	17	**14,327,522**	13,897,930
Deferred tax liabilities	25	**11,214,357**	11,118,415
Total Noncurrent Liabilities		**54,164,782**	115,744,758
Total Liabilities		**493,025,958**	446,136,028

(Forward)

		December 31	
	Note	**2023**	2022
Equity			
Capital stock	18		
Preferred stock		**₱20,000,000**	₱–
Common stock		**213,368,000**	213,368,000
Additional paid-in capital	18	**777,837,044**	777,837,044
Retained earnings	18	**313,244,657**	236,282,749
Other equity reserves	4	**192,818,000**	195,207,311
Other comprehensive income (loss)	17	**1,772,342**	(808,668)
Equity Attributable to Equity Holders of the Parent Company		**1,519,040,043**	1,421,886,436
Non-controlling interests	18	**117,229,980**	102,478,670
Total Equity		**1,636,270,023**	1,524,365,106
		₱2,129,295,981	₱1,970,501,134

See accompanying Notes to Consolidated Financial Statements.

FRUITAS HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of LUSH PROPERTIES, INC.)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	**2023**	2022	2021
REVENUE	19	**₱2,469,098,397**	₱1,799,170,723	₱1,101,704,546
DIRECT COSTS	20	**(975,545,191)**	(746,900,309)	(419,295,089)
GROSS PROFIT		**1,493,553,206**	1,052,270,414	682,409,457
SELLING AND DISTRIBUTION EXPENSES	21	**(1,058,238,533)**	(784,153,252)	(608,755,475)
GENERAL AND ADMINISTRATIVE EXPENSES	22	**(284,598,203)**	(138,537,635)	(116,637,137)
INTEREST EXPENSE	14	**(27,600,379)**	(24,727,470)	(16,013,614)
OTHER INCOME	23	**34,937,889**	3,019,304	52,996,688
INCOME (LOSS) BEFORE INCOME TAX		**158,053,980**	107,871,361	(6,000,081)
PROVISION FOR (BENEFIT FROM) INCOME TAX	25			
Current		**42,681,432**	13,757,149	10,351,816
Deferred		**2,199,856**	11,754,471	(27,689)
		44,881,288	25,511,620	10,324,127
NET INCOME (LOSS)		**113,172,692**	82,359,741	(16,324,208)
OTHER COMPREHENSIVE INCOME				
Remeasurement gain on retirement benefits liability (net of deferred tax)	17	**2,625,003**	–	105,787
TOTAL COMPREHENSIVE INCOME (LOSS)		**₱115,797,695**	₱82,359,741	(₱16,218,421)
Net income (loss) attributable to:				
Equity holders of the Parent Company		**₱98,465,375**	₱77,237,220	(₱16,324,208)
Non-controlling interests		**14,707,317**	5,122,521	–
		₱113,172,692	₱82,359,741	(₱16,324,208)
Total comprehensive income (loss) attributable to:				
Equity holders of the Parent Company		**₱101,046,385**	₱77,237,220	(₱16,218,421)
Non-controlling interests		**14,751,310**	5,122,521	–
		₱115,797,695	₱82,359,741	(₱16,218,421)
Basic and Diluted Earnings (Loss) per Share	26	**₱0.0461**	₱0.0362	(₱0.0077)

See accompanying Notes to Consolidated Financial Statements.

FRUITAS HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of LUSH PROPERTIES, INC.)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Years Ended December 31		
	Note	**2023**	2022	2021
Capital Stock	18			
Common stock		**₱213,368,000**	₱213,368,000	₱213,368,000
Preferred stock		**20,000,000**	–	–
		233,368,000	213,368,000	213,368,000
Additional Paid-in Capital	18			
Balance at beginning and end of year		**777,837,044**	777,837,044	777,837,044
Retained Earnings	18			
Balance at beginning of year		**236,282,749**	180,382,329	196,706,537
Net income (loss)		**98,465,375**	77,237,220	(16,324,208)
Cash dividends		**(21,503,467)**	(21,336,800)	–
Balance at end of year		**313,244,657**	236,282,749	180,382,329
Other Equity Reserves	4			
Balance at beginning of year		**195,207,311**	51,252,779	51,252,779
Acquisition of non-controlling interests		**(2,389,311)**	(16,252,542)	–
Equity transaction resulting from the listing of a subsidiary		**–**	160,207,074	–
Balance at end of year		**192,818,000**	195,207,311	51,252,779
Other Comprehensive Income (Loss)	17			
Balance at beginning of year		**(808,668)**	(808,668)	(914,455)
Remeasurement gain on retirement benefits liability, net of deferred tax		**2,581,010**	–	171,105
Effect of change in tax rate		**–**	–	(65,318)
Balance at end of year		**1,772,342**	(808,668)	(808,668)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		**1,519,040,043**	1,421,886,436	1,222,031,484
NON-CONTROLLING INTERESTS	18			
Balance at beginning of year		**102,478,670**	–	–
Total comprehensive income		**14,751,310**	5,122,521	–
Share of non-controlling interests from listing of a subsidiary	4	**–**	107,603,607	–
Acquisition of non-controlling interests	4	**–**	(10,247,458)	–
Balance at end of year		**117,229,980**	102,478,670	–
		₱1,636,270,023	₱1,524,365,106	₱1,222,031,484

See accompanying Notes to Consolidated Financial Statements.

FRUITAS HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of LUSH PROPERTIES, INC.)

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	**2023**	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax		**₱158,053,980**	₱107,871,361	(₱6,000,081)
Adjustments for:				
Depreciation and amortization	11	**204,175,271**	152,252,355	139,821,038
Interest expense	14	**27,600,379**	24,727,470	16,013,614
Gain from:				
Bargain purchase	4	**(24,000,000)**	–	–
Rent concessions	24	**–**	(1,851,786)	(2,283,799)
Termination of lease	24	**–**	(299,365)	(2,434,473)
Interest income	23	**(10,549,782)**	(6,402,780)	(3,442,423)
Retirement benefits cost	17	**4,224,595**	3,188,541	2,768,603
Dividend income	6	**(2,097,144)**	–	–
Fair value loss (gain) on:				
Financial assets at FVPL	6	**969,537**	7,778,172	(3,752,282)
Investment properties	10	**(583,150)**	(737,250)	(40,061,550)
Operating income before working capital changes		**357,793,686**	286,526,718	100,628,647
Decrease (increase) in:				
Trade receivables		**24,400,053**	(340,513)	11,146,596
Merchandise inventories		**(6,808,672)**	(13,223,757)	(1,683,440)
Deposits and advance rentals		**(6,610,054)**	4,011,599	1,972,306
Other current assets		**(51,180,468)**	665,075	4,460,389
Deferred input VAT		**–**	–	1,791,459
Increase in:				
Trade and other payables		**12,843,880**	18,270,533	7,955,601
Security deposits		**99,671**	128,329	642,799
Net cash generated from operations		**330,538,096**	296,037,984	126,914,357
Income taxes paid		**(18,922,769)**	(17,156,965)	(13,044,723)
Interest paid		**(17,610,100)**	(14,233,288)	(8,702,731)
Interest received		**10,549,782**	6,402,780	3,442,423
Retirement benefits paid	17	**(295,000)**	–	–
Net cash provided by operating activities		**304,260,009**	271,050,511	108,609,326
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
Property and equipment	11	**(301,105,973)**	(120,691,364)	(165,737,011)
Intangible assets	12	**(3,000,000)**	–	(3,000,000)
Investment properties	10	**(580,000)**	–	(500,000)
Non-controlling interests	4	**–**	(26,500,000)	–
Financial assets at FVOCI	6	**–**	(1,725,000)	–
Financial assets at FVPL	6	**–**	(1,537,912)	(63,793,043)
Collections from related parties		**74,281,762**	3,499,030	12,474,776
Disposals of financial assets at FVPL	6	**1,115,720**	–	–
Advances for asset acquisition	24	**–**	(54,000,000)	–
Net cash used in investing activities		**(229,288,491)**	(200,955,246)	(220,555,278)

(Forward)

	Note	2023	2022	2021
		Years Ended December 31		
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from:				
Availments of notes payable	14	**₱252,800,000**	₱40,000,000	₱79,580,500
Issuances of preferred shares	18	**20,000,000**	–	–
Issuances of shares to non-controlling interests	4	**–**	267,810,681	–
Payments of:				
Notes payable	14	**(205,348,500)**	(19,580,500)	(33,922,678)
Lease liabilities	24	**(67,991,287)**	(57,568,628)	(31,555,150)
Cash dividends	18	**(21,359,543)**	(21,336,800)	–
Mortgage payable	15	**(80,909)**	(1,723,368)	(2,095,174)
Net cash provided by (used in) financing activities		**(21,980,239)**	207,601,385	12,007,498
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**52,991,279**	277,696,650	(99,938,454)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**528,582,342**	250,885,692	350,824,146
CASH AND CASH EQUIVALENTS AT END OF YEAR		**₱581,573,621**	₱528,582,342	₱250,885,692

SUPPLEMENTARY INFORMATION ON NONCASH ACTIVITIES				
Recognition of:				
Lease liabilities	24	**₱22,584,216**	₱40,378,725	₱98,700,866
ROU assets	24	**22,584,216**	39,097,297	102,122,732
Derecognition of:				
ROU assets	24	**–**	(21,531,698)	(9,174,626)
Lease liabilities	24	**–**	(8,527,645)	(11,609,099)
Reclassification of advances to contractors to property and equipment	11	**–**	–	35,086,878

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2023 AND 2022 AND FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

1. Corporate Information

FRUITAS HOLDINGS, INC. (herein referred to as FHI or the "Parent Company") and its subsidiaries, collectively referred to as the "Group", were incorporated in the Philippines [except for Green Empire International Limited (GEIL) and Oceanic Luck Limited (OLL)] and registered with the Securities and Exchange Commission (SEC) on the following dates:

Name of Companies	Date of Incorporation
Parent Company	February 18, 2015
Subsidiaries with direct ownership:	
Negril Trading, Inc (NTI)	June 20, 1990
Balai Ni Fruitas, Inc. (BNFI)	May 17, 2005
Fruitasgroup Incorporated (FGI)	July 13, 2010
SoyKingdom, Inc. (SKI)	August 28, 2006
Fly Kitchen Inc. (FKI)	October 1, 2019
CocoDelivery, Inc. (CDI)	September 6, 2018
Subsidiaries with indirect ownership:	
Lingnam Food Inc. (LFI)*	November 4, 2022
Green Empire International Limited (GEIL)**	May 10, 2017
Oceanic Luck Limited (OLL)***	April 25, 2016

**ownership through SKI*
***ownership through FGI*
****ownership through GEIL*

The Parent Company is engaged in investment activities. On November 29, 2019, the common shares of the Parent Company were listed and traded in the Philippine Stock Exchange (PSE) through an initial public offering (IPO) under the trading name "FRUIT".

The principal activities and percentage of ownership of the Parent Company's subsidiaries as at December 31, 2023, 2022 and 2021 are presented below.

Subsidiaries	Principal Activities	Principal Place of Business	Percentage of Ownership (%)		
			2023	2022	2021
Direct:					
NTI	Trading of goods	Philippines	**100**	100	100
FGI	Trading of goods	Philippines	**100**	100	100
SKI	Trading of goods	Philippines	**100**	100	100
CDI	Trading of goods	Philippines	**100**	100	100
BNFI	Trading of goods	Philippines	**74.92**	74.92	100
FKI	Trading of goods	Philippines	**100**	–	–
Indirect:					
LNI	Restaurant	Philippines	**100**	–	–
GEIL	Holding company	British Virgin Islands	**100**	100	100
OLL	Holding company	Samoan Islands	**100**	100	100

As at December 31, 2023 and 2022, the Parent Company is 52.84% owned by LUSH PROPERTIES, INC. (LPI or the Ultimate Parent), a company incorporated and domiciled in the Philippines. LPI is engaged in leasing/real estate activities.

In June 2021, BNFI acquired the assets and the brand name *Balai Pandesal* from Balai Pandesal Corporation (BPC). The acquisition was completed following the execution of the Deed of Absolute Sale and the Deed of Assignment of the registered trademark. The Group accounted for the acquisition of the assets of Balai as an acquisition of a business since it has acquired an integrated set of business processes in addition to the group of assets acquired (see Note 4).

On December 27, 2021, the BOD and stockholder of BNFI authorized the share offering of BNFI common shares with the PSE. This was approved by the SEC and PSE on May 24, 2022 and May 26, 2022, respectively. On June 30, 2022, 325.0 million common shares were listed in the PSE. On the same date, the Parent Company sold 87.5 million shares as secondary offering. Subsequently in November 2022, the Parent Company reacquired 37.5 million shares. As a result of the listing of BNFI's common shares, the Parent Company's equity interest decreased from 100% to 74.92% in 2022 (see Note 4).

In March 2023, the LNFI acquired the assets, intellectual property rights, recipes and other know-how and related to Ling Nam brand from LN Banaue Inc. The acquisition was completed following the substantial fulfillment of the closing conditions of the Contract to Sell and Deed of Assignment of Registered Trademark and the payment of the consideration amounting to ₱60.0 million.

In June 2023, the Group acquired the net assets of Fly Kitchen Inc., a provider of high-quality cloud kitchen equipment for a total consideration amounting to ₱14.7 million.

Authorization for Issuance

The consolidated financial statements as at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021 were approved and authorized for issuance by the BOD on April 6, 2024, upon review and recommendation for approval by the Audit Committee on the same date.

2. Summary of Material Accounting and Reporting Policies

The material accounting policies used in the presentation of the consolidated financial statements have been consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation and Statement of Compliance

The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretation from International Financial Reporting Interpretations Committee issued by the Philippine Financial and Sustainability Reporting Standards Council and adopted by the SEC, including SEC pronouncements.

Bases of Measurement

The consolidated financial statements of the Group have been prepared on a historical cost basis except for financial assets at fair value through profit or loss (FVPL), financial assets at fair value through other comprehensive income (FVOCI), investment properties which are measured at fair value and retirement benefits and lease liabilities measured at present value. The consolidated financial statements are presented in Philippine Peso (Peso), the Group's functional currency. All amounts are rounded to the nearest Peso, unless otherwise indicated.

Historical cost is generally based on the fair value of the consideration given in exchange for an asset and the fair value of the consideration received in exchange for incurring a liability.

Fair value 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.

The Group uses observable market data to the extent possible when measuring the fair value of an asset or a liability. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

Further information about the assumptions used in measuring fair values is included in Notes 10 and 28 to the consolidated financial statements.

Adoption of Amendments to PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amendments to PFRS effective January 1, 2023:

- Amendments to PAS 1, *Presentation of Financial Statements,* and PFRS Practice Statement 2, *Making Materiality Judgments - Disclosure Initiative - Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its material accounting policy information and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2 is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information.

- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods.

- Amendments to PAS 12, *Income Taxes - Deferred Tax Related Assets and Liabilities from a Single Transaction* – The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

The adoption of the amendments to PFRS did not materially affect the consolidated financial statements of the Group. Additional disclosures were included in the consolidated financial statements, as applicable.

Amendments to PFRS in Issue But Not Yet Effective or Adopted

Relevant amendments to PFRS, which are not yet effective as at December 31, 2023 are summarized below.

Effective for annual periods beginning on or after January 1, 2024 -

- Amendments to PAS 7, *Statement of Cash Flows* and PFRS 7, *Financial Instrument: Disclosures - Supplier Finance Arrangements* – The amendments introduced new disclosure requirements to enable users of the financial statements assess the effects of supplier finance arrangements on the liabilities, cash flows and exposure to liquidity risk. The amendments also provide transitional relief on certain aspects, particularly on the disclosures of comparative information. Earlier application is permitted.

Under prevailing circumstances, the adoption of the foregoing amendments to PFRS is not expected to have any material effect on the consolidated financial statements of the Group. Additional disclosures will be included in the consolidated financial statements, as applicable.

Basis of Consolidation

The consolidated financial statements include the accounts of the Parent Company and its subsidiaries.

Subsidiaries
A subsidiary is an entity that is controlled by the Parent Company. A subsidiary is consolidated from the date when control is transferred to the Parent Company directly or through a holding company. Control is achieved when the Parent Company is exposed or has rights to variable returns from its investment with the investee and has the ability to affect those returns through its power over the investee. A subsidiary is deconsolidated from the date when control ceases.

The financial statements of the subsidiaries are prepared for the same reporting year as that of the Parent Company using uniform accounting policies. Significant intercompany transactions and balances, including intercompany profits, dividends and unrealized profits and losses, are eliminated in full.

Non-controlling interests
Non-controlling interests represent the portion of net results and net assets not held by the Parent Company. They are presented in the consolidated statements of financial position within equity, apart from equity attributable to equity holders of the Parent Company and are separately disclosed in the consolidated statements of comprehensive income. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in ownership interest of a subsidiary, without a change in control, is accounted for as an equity transaction.

If the Parent Company loses control over a subsidiary, the Group: (a) derecognizes the assets and liabilities of the subsidiary; (b) derecognizes the carrying amounts of any non-controlling interest; (c) derecognizes the cumulative translation differences recorded in equity; (d) recognizes the fair value of consideration received; (e) recognizes the fair value of any investment retained; (f) recognizes any surplus or deficit in profit or loss; and (g) reclassifies the Parent Company's share of components previously recognized in other comprehensive income in relation to that subsidiary on same basis as would be required if the Parent Company had directly disposed of the related assets and liabilities.

A change in the ownership interest of a subsidiary, without a change in control, is accounted for as an equity transaction. Upon the loss of control, the Group derecognizes the assets (including goodwill) and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Gain or loss arising from the loss of control is recognized in profit or loss. If the Group retains an interest in the previous subsidiary, then such interest is measured at fair value at the date control is lost. Subsequently, it is accounted for as an equity-accounted investee or as financial assets at FVOCI depending on the level of interest retained.

Non-controlling interests represent the interests of minority shareholders of BNFI.

Business Combination
Business combination is accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. Acquisition-related costs incurred are expensed and included in general and administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date, including the separation of embedded derivatives in host contracts by the acquiree, if any.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with PFRS 9 either in the consolidated statements of comprehensive income or as a change to other comprehensive income. If the contingent consideration is not within the scope of PFRS 9, it is measured in accordance with appropriate PFRS. Contingent consideration that is classified as equity is not remeasured until it is finally settled and accounted for within equity.

If necessary information, such as the fair value of assets and liabilities acquired, is not available by the end of the reporting period in which the business combination occurs, provisional amounts are used for a period not exceeding one year from the date of acquisition or the measurement period. During this period, provisional amounts recognized for a business combination may be retrospectively adjusted if relevant information has been obtained or becomes available.

The Group also considers whether the acquisition represents an acquisition of a business or a group of assets. The Group accounts for an acquisition as a business if it acquires an integrated set of business processes in addition to the group of assets acquired.

A gain from bargain purchase is generated when the fair value of the net assets acquired by the Group exceeds the acquisition price, and is recognized in the consolidated statements of comprehensive income in the year of acquisition.

Business combination arising from transfers of interest involving entities under common control is accounted for using book values. Any difference between the purchase price and the net assets of acquired entity is presented separately within equity on consolidation. Any non-controlling interest is measured as a proportionate share of the book values of the related assets and liabilities. The acquiree's assets and liabilities are recognized at book values and results of operations are included in the consolidated financial statements as at the date of business combination.

Financial Assets and Liabilities

Recognition and Measurement

Date of Recognition. The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments is at fair value plus transaction costs, unless it is carried at FVPL, in which case transaction costs are immediately expensed.

"Day 1" Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "*Day 1*" difference) in profit or loss. In cases where there is no observable data on inception, the Group deems the transaction price as the best estimate of fair value and recognizes "*Day 1*" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "*Day 1*" difference.

Classification
The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at FVOCI. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Group's business model and its contractual cash flow characteristics.

As at December 31, 2023 and 2022, the Group has no financial instruments classified as financial liabilities at FVPL.

Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the 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.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. 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. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2023 and 2022, the Group's cash and cash equivalents, trade receivables, due from related parties and construction bond (presented under "Other current assets") are classified under this category.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of placement and which is subject to an insignificant risk of change in value.

Financial Assets at FVPL. Financial assets that do not meet the criteria for being measured at amortized cost or FVOCI are classified under this category. Specifically, financial assets at FVPL include financial assets that are (a) held for trading, (b) designated upon initial recognition at FVPL, or (c) mandatorily required to be measured at fair value.

Financial assets are classified as held for trading if these are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless these are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are measured at fair value at each reporting date, with any fair value gains or losses recognized in profit or loss to the extent these are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset and is included in the “Gain (loss) on change in fair value at FVPL” under “Other income (loss)” account in the consolidated statements of comprehensive income.

The Group’s investments in Unit Investment Trust Funds (UITF) which are held for trading are included in this category.

Financial Assets at FVOCI. For debt instruments that meet the contractual cash flow characteristic and are not designated at FVPL under the fair value option, the financial assets shall be measured at FVOCI if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets; and,

- the 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.

For equity instruments, the Group may irrevocably designate the financial asset to be measured at FVOCI in case the above conditions are not met.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. After initial recognition, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment losses of debt instruments measured at FVOCI are recognized directly in profit or loss. When the financial asset is derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment. Foreign currency gains or losses and unrealized gains or losses from equity instruments are recognized in other comprehensive income and presented in the equity section of the consolidated statements of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods.

As at December 31, 2023 and 2022, the Group has classified its investments in club shares as financial assets at FVOCI.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As at December 31, 2023 and 2022, the Group's trade and other payables (excluding nonfinancial liabilities), notes payable, mortgage payable, lease liabilities and security deposits are classified under this category.

Reclassification
The Group reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new gross carrying amount. Meanwhile, for a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

Impairment
The Group records an allowance for expected credit losses (ECL) based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

For trade receivables, the Group has applied the simplified approach and has calculated ECL based on the lifetime ECL. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial assets at amortized cost, the Group has applied the general approach and ECL computation is based on the 12-month ECL, which pertains to the portion of lifetime ECL that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Derecognition

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 right to receive cash flows from the asset has expired;
- the Group retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Group's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Group could be required to repay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability 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 original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statements of comprehensive income.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Group could raise debt with similar terms and conditions in the market. The difference between the carrying amount of the original liability and fair value of the new liability is recognized in the consolidated statements of comprehensive income.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statements of financial position.

Classification of Financial Instrument between Liability and Equity
A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;

- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or

- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Merchandise Inventories
Merchandise inventories are carried at the lower of cost and net realizable value (NRV). The cost of merchandise inventories includes all costs of purchase and other costs incurred to bring the merchandise inventories to their present location and condition. The NRV of merchandise inventories is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale. Cost is determined using first-in, first-out method.

At each reporting date, merchandise inventories are assessed for impairment. If merchandise inventories are impaired, the carrying amount is reduced to its NRV. Impairment loss is recognized immediately in profit or loss.

When merchandise inventories are sold, the carrying amount of those merchandise inventories is recognized to profit or loss in the year when the related revenue is recognized.

Deposits and Advance Rentals
Deposits and advance rentals represent payments for security, utilities and other deposits made in relation to the lease agreements entered into by the Group. These are carried at face amounts and will generally be applied as lease payments toward the end of the lease terms. Deposits and advances expected to be realized for no more than 12 months after the financial reporting period are classified as current assets. Otherwise, these are classified as noncurrent assets.

Investment Properties
Investment properties represent a parcel of land, land improvements, and building and building improvements, which are held to earn rental and are not for sale in the ordinary course of business or for administrative purposes.

The investment properties are initially measured at cost. Cost comprises its purchase price, after deducting discounts and rebates, and other directly attributable costs to its working condition and location for its intended use. Subsequent to initial recognition, investment properties are stated at fair value. Any gain or loss resulting from a change in the fair value of the investment properties is recognized in profit or loss as “Gain from change in fair value of investment properties” presented in the consolidated statements of comprehensive income. Fair value is determined by independent appraisers with sufficient experience with respect to both the location and the nature of the investment properties.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by the end of owner-occupation or commencement of an operating lease to another party or ending of the construction or development. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by the commencement of owner-occupation or commencement of development with a view to sell.

Investment properties are derecognized when either these have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment properties are recognized in profit or loss in the year of retirement or disposal.

For tax purposes, the Group's investment properties are carried at cost less accumulated depreciation computed on a straight-line basis over the estimated useful lives of the investment properties:

Asset Type	Useful Life (in years)
Land improvements	5
Building and building improvements	5 - 20

Property and Equipment

Property and equipment, except land and construction-in-progress (CIP), are stated at cost less accumulated depreciation and amortization and any impairment in value. Land is stated at cost less impairment in value, if any.

Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to operations in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

CIP represents structures under construction and is stated at cost. Cost includes costs of construction, labor and other direct costs. CIP is not depreciated until such time that the relevant assets are ready for use. CIP will be reclassified to the appropriate items of property and equipment upon completion of the construction.

Depreciation and amortization are calculated on a straight-line basis over the following estimated useful lives of the property and equipment:

Asset Type	Number of Years
Leasehold improvements	5 years or term of lease, whichever is shorter
Transportation equipment	5-10
Office furniture, fixtures and equipment	2-5
Store furniture, fixtures and equipment	2-5

The estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits for the use of property and equipment.

Fully depreciated and amortized assets are retained in the accounts until these are no longer in use.

When property and equipment are sold or retired, their cost, accumulated depreciation and amortization and any allowance for impairment in value are eliminated and any resulting gain or loss is included in profit or loss.

Advances for Asset Acquisition
Advances for asset acquisition are recognized whenever the Group pays in advance for its purchase of assets. The advances are measured at transaction amount less any impairment in value and will be reclassified to proper asset account upon completeness of the turnover of assets to the Group.

Intangible Assets
Intangible assets are identifiable non-monetary assets of the Group without physical substance held for use in operations, the production of goods or services and for rental to others. This account includes the following:

Brand Names. The cost of an intangible asset acquired in a business combination is its fair value at the date of acquisition. Subsequently, intangible asset is carried at cost less any accumulated impairment losses.

The Group assessed the useful life of brand names to be indefinite. Based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate cash inflows for the Group.

Brand names with indefinite useful lives are tested for impairment annually, either individually or at the cash-generating unit level. Such intangibles are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

The Relief-from-Royalty method was used in the valuation of the brands. Under this method, the value of an intangible asset is determined by reference to the value of the hypothetical royalty payments that would be saved through owning the asset, as compared with licensing the intangible asset from a third party. The hypothetical royalty payments over the life of the intangible asset are adjusted for tax and discounted to present value at the valuation date. Conceptually, the method may also be viewed as a discounted cash flow method applied to the cash flow that the owner of the intangible asset could receive through licensing the intangible asset to third parties.

Software License. Software license is measured initially at cost, which is the amount of the purchase consideration. Following initial recognition, software license is carried at cost less accumulated amortization and any accumulated impairment losses. The Group's software license has a term of five years and is amortized over such period using the straight-line method.

The useful life and amortization method for software license 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 software is accounted for by changing the useful life and amortization method, as appropriate, and treated as a change in accounting estimates. The amortization expense on software is recognized in the profit or loss.

Gains or losses arising from the disposal of intangible assets 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 of Nonfinancial Assets
The carrying amounts of nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Brand names with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. When the carrying amounts exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of the fair value less cost to sell or value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an orderly transaction between market participants less the cost of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax 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 largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In such instance, the carrying amount of the asset is increased to its recoverable amount. However, that increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation and amortization charges are adjusted in future years to allocate the asset's revised carrying amount, on a systematic basis over its remaining useful life.

Operating Segments
The Group operates using different brand names on which operating results are regularly monitored by the chief operating decision-maker (CODM) for the purpose of making decisions regarding resource allocation and performance assessment. The CODM has been identified as the Chief Executive Officer of the Group. However, as permitted by PFRS 8, *Operating Segments*, the Group has aggregated these segments into a single operating segment to which it derives its revenues and incurs expenses as these segments have the same economic characteristics and are similar in the following respects:

- the nature of products and services;
- the nature of production processes;
- the type or class of customer for the products and services; and
- the methods used to distribute their products and services.

Equity

Common Stock. Common stock represents the par value of issued common shares. Unpaid subscriptions are recognized as a reduction from subscribed capital.

Preferred Stock. Preferred shares are voting, cumulative, nonparticipating and nonconvertible and nonredeemable.

Additional Paid-in Capital. Additional paid-in capital represents the excess of proceeds or fair value of consideration received over par value.

Retained Earnings. Retained earnings represent the cumulative balance of the results of operations, net of any dividend declaration.

Dividend Distribution. Dividends are recognized as a liability and deducted from equity when declared by the BOD and the shareholders of the Group. Dividends for the year that are declared after the reporting date are dealt with as an event after the reporting date.

Other Equity Reserves. Other equity reserves arise from business reorganizations within the Group. This represents the difference between the net interest of the Parent Company and the carrying amounts of the assets and liabilities of the combined entities within the Group.

Other Comprehensive Income (Loss). This pertains to the cumulative remeasurement gain or loss on the Group's retirement benefits liability arising from experience adjustments and changes in financial assumptions. Remeasurements of retirement benefits liability, and the corresponding deferred tax component, are recognized immediately in other comprehensive loss and are included in equity. These are not reclassified to profit or loss in subsequent periods.

Earnings (Loss) per Share

Basic earnings (loss) per share is calculated by dividing the net income by the weighted average number of common shares outstanding during the year, with retroactive adjustments for any stock dividends declared and stock split.

Diluted earnings (loss) per share is computed by adjusting the weighted average number of common shares outstanding to assume conversion of all the potentially dilutive common shares into common shares.

The Parent Company has no potentially dilutive common shares.

Revenue Recognition

Revenue
The Group generates revenue primarily from sale of goods and franchise revenues.

Revenue from Contracts with Customers. Revenue from contracts with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Group performs its obligations; (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Group also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Group has assessed that it acts as a principal in all of its revenue sources.

The following specific recognition criteria must also be met before revenue is recognized.

Net Sales. Revenue is recognized, net of sales discounts, at a point in time when the control over the goods has transferred to the customers, which is normally upon delivery to and acceptance of the goods by the buyer.

Franchise Revenue. Revenue from franchisees includes continuing royalty and initial franchise revenues. Royalty fees are recognized in the period earned. Initial franchise revenues are recognized upon opening of a store when the Group has performed substantially all of the performance obligations required under the franchise agreement.

Rental Income. Rental income is recognized on a straight-line basis over the lease term.

Service Fees. Service fees are recognized when the related delivery services are rendered.

Other Sources of Income

Interest Income. Interest income is recognized as it accrues, net of final tax, using the effective interest method.

Dividend Income. Dividend income is recognized when the right to receive the dividend is established.

Other Income. Income from other sources is recognized when earned during the period.

Cost and Expense Recognition

Costs and expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Direct Costs. Direct costs are costs directly related to the production and sale of goods and are recognized as expense when the related goods are sold or the related services are rendered.

Selling and Distribution Expenses. Selling and distribution expenses constitute costs of selling and distribution of the goods to customers that are not qualified as cost of sales. These are recognized in profit or loss in the period when these are incurred.

General and Administrative Expenses. General and administrative expenses constitute costs of administering the business. These are recognized in profit or loss in the period when these are incurred.

Interest Expense. Interest expense includes interest expense and other finance costs. This is recognized in profit or loss using the effective interest method.

Retirement Benefits

The Group has an unfunded, noncontributory defined benefit plan covering all qualified employees. The retirement benefits cost is determined using the projected unit credit method, which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Group recognizes current service costs and interest expense on the retirement benefits liability in profit or loss.

The Group determines the interest expense on retirement benefits liability by applying the discount rate to the retirement benefits liability at the beginning of the year, taking into account any changes in the liability during the period as a result of benefit payments.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding interest cost on defined benefits liability) are recognized immediately in consolidated OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

The retirement benefits liability recognized by the Group is the present value of the defined benefits obligation. This is determined by discounting the estimated future cash outflows using risk-free interest rates of government bonds that have terms to maturity approximating the terms of the related retirement benefits liability.

Actuarial valuations are made with sufficient regularity that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting date.

Leases

The Group assesses whether the contracts is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified assets for a period of time, the Group assesses whether, throughout the period of use, it has both of the following:

i. the right to obtain substantially all of the economic benefits from the use of the identified asset; and

ii. the right to direct the use of the identified asset.

If the Group has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

The Group also assesses whether a contract contains a lease for each potential separate lease component.

The Group as a Lessee. At the commencement date, the Group recognizes ROU assets and lease liabilities for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value in which case the lease payments associated with those leases are recognized as an expense on a straight-line basis.

ROU Assets. At commencement date, the Group measures ROU assets at cost. The cost comprises:

i. the amount of the initial measurement of lease liabilities;

ii. any lease payments made at or before the commencement date less any lease incentives received;

iii. any initial direct costs; and

iv. an estimation of costs to be incurred by the Group in dismantling and removing the underlying asset, when applicable.

The ROU assets are recognized at the present value of the liability at the commencement date of the lease, adding any directly attributable costs. After the commencement date, the ROU assets are carried at cost less any accumulated amortization and accumulated impairment losses, and adjusted for any remeasurement of the related lease liabilities. The ROU assets are amortized over the shorter of the lease terms or the useful lives of the underlying assets ranging from three to eight years.

Lease Liabilities. At commencement date, the Group measures a lease liability at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of a lease liability comprise the following:

i. fixed payments, including in-substance fixed payments;

ii. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

iii. amounts expected to be payable by the lessee under residual value guarantees; and

iv. the exercise price under a purchase option that the Group is reasonably certain to exercise; lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

A lease liability is subsequently measured at amortized cost. Interest on the lease liability and any variable lease payments not included in the measurement of lease liability are recognized in profit or loss unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of the lease liability are recognized in profit or loss when the event or condition that triggers those payments occurs.

If there is a change in the lease term or if there is a change in the assessment of an option to purchase the underlying asset, the lease liability is remeasured using a revised discount rate considering the revised lease payments on the basis of the revised lease term or reflecting the change in amounts payable under the purchase option. The lease liability is also remeasured using the revised lease payments if there is a change in the amounts expected to be payable under a residual value guarantee or a change in future lease payments resulting from a change in an index or a rate used to determine those payments.

For income tax reporting purposes, payments under operating lease agreements are treated as deductible expense in accordance with the terms of the lease agreements.

The Group as a Lessor. Leases where the Group retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which these are earned.

Income Taxes

Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted as at the reporting date.

Deferred Tax. Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of net operating loss carryover (NOLCO) and minimum corporate income tax (MCIT), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward benefits of NOLCO and MCIT can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Deferred tax is recognized in profit or loss except to the extent that it relates to items directly recognized in OCI.

Offsetting. Current tax assets and current tax liabilities are offset, or deferred tax assets and deferred tax liabilities are offset if, and only if, an enforceable right exists to set off the amounts and it can be demonstrated without undue cost or effort that the Group plans either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Related Party Relationships and Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: (a) individuals who, owning directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Group; (b) associates and, (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individual.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on legal form.

Related party transactions consist of transfers of resources, services or obligations between the Group and its related parties, regardless of whether a price is charged.

Related party transactions are considered material and/or significant if i) these transactions amount to 10% or higher of the Group’s total assets or, ii) there are several transactions or a series of transactions over a 12-month period with the same related party amounting to 10% or higher of the Group’s total assets. Details of transactions entered into by the Group with related parties are reviewed by independent directors in accordance with the Group's related party transactions policy.

Provisions

Provisions are recognized when the Group 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 reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefit is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefit is probable.

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

3. Significant Accounting Judgments and Estimates

The preparation of the Group's consolidated financial statements requires management to make judgments and estimates that affect the amounts reported in the consolidated financial statements. The judgments and estimates used in the consolidated financial statements are based on management's evaluation of relevant facts and circumstances as at the reporting date.

While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Changes in accounting estimates are recognized in the period in which the estimate is revised if the change affects only that period or in the period of the change and future periods if the revision affects both current and future periods.

The following are the significant judgments and estimates made by the Group:

Accounting for the Business Acquisition. At the time of acquisition, the Group considers whether the acquisition represents an acquisition of a business or a group of assets. The Group accounts for an acquisition as a business combination if it acquires an integrated set of business processes in addition to the group of assets acquired.

The Group accounts for acquired businesses using the acquisition method of accounting, which requires that the assets acquired and the liabilities assumed are recognized at the date of acquisition based on their respective fair values.

The application of the acquisition method requires certain estimates and assumptions concerning the determination of the fair values of acquired intangible assets and property and equipment, as well as liabilities assumed at the acquisition date. Moreover, the useful lives of the acquired intangible assets and property and equipment have to be determined. Accordingly, for significant acquisitions, the Group obtains assistance from valuation specialists. The valuations are based on information available at the acquisition date. The Group's acquisitions that have resulted in the recognition of intangible assets with indefinite lives is disclosed in Note 4.

Classifying Operating Segments. The Group is organized into operating segments based on brand names but the Group has aggregated the brand names into a single operating segment as allowed under PFRS 8 due to their similar characteristics. This is evidenced by a consistent range of gross margin across all brand outlets as well as uniformity in sales increase and trending for all outlets, regardless of the brand name (see Note30). Moreover, all brands have the following business characteristics:

(a) Similar nature of products/services offered and methods to distribute products and provide services;

(b) Similar class of target customers; and

(c) Primary place of operations is in the Philippines.

Classifying Financial Instruments. The Group exercises judgment 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 definitions 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.

Classifying Lease Commitments - Group as a Lessee. The Group has entered into commercial property leases for its stores. For the Group's non-cancellable lease, the Group recognizes ROU assets and lease liabilities measured at the present value of lease payments to be made over the lease term using the Group's incremental borrowing rate. The Group availed exemption for leases with term of 12 months or less. Accordingly, lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

ROU assets and lease liabilities as at December 31, 2023 and 2022 is disclosed in Note 24.

Assessing the ECL of Trade Receivables. The Group estimates ECL using a provision matrix. Depending on the diversity of its debtor's base, the Group uses its historical credit loss experience adjusted for forward-looking factors, as appropriate. The information about the ECL assessment on the Group's trade receivables is disclosed in Note 28 to the consolidated financial statements.

The carrying amounts of the Group's trade receivables as at December 31, 2023 and 2022 are disclosed in Note 7.

Assessing the ECL on Other Financial Assets at Amortized Cost. The Group determines the allowance for ECL using a general approach based on the probability-weighted estimate of the present value of all cash the shortfalls over the expected life of financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12-months unless there has been a significant increase in credit risk since initial recognition in which case ECL are provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Group considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and
- Actual or expected significant adverse changes in the operating results of the borrower.

The Group also considers financial assets that are more than 30 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower.

No provision for ECL on other financial assets at amortized cost was recognized in 2023, 2022 and 2021. The transactions with respect to these financial assets were entered into by the Group only with reputable banks and companies with good credit standing and relatively low risk of defaults.

The carrying amounts of other financial assets at amortized cost are disclosed in Note 5, 9 and 16.

Estimating the Fair Value of Financial Instruments. When the fair values of financial assets and financial liabilities recorded in the statements of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the earnings method. The inputs to this method are based on future maintainable earnings and price earnings ratio, but where these are not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

The fair value of the Group's financial assets at FVPL and FVOCI is disclosed in Note 29.

Estimating the ROU Assets and Lease Liabilities. The Group's ROU assets and lease liabilities are initially measured at the present value of lease payments. In determining the appropriate discount rate, the Group considered readily available interest rate implicit in the lease agreements, interest rate on its borrowings and the term of each lease commitment. The Group determined that the incremental borrowing rate is readily available and presents the appropriate financing cost in leasing the underlying assets. The incremental borrowing rate is the rate that would cause the present value of the lease payments and unguaranteed residual to equal the sum of the fair value of the underlying assets and initial direct costs incurred.

The carrying amounts of ROU assets and lease liabilities as at December 31, 2023 and 2022 are disclosed in Note 24.

Estimating the Fair Value of Investment Properties. Investment properties are measured at fair value. The Group works closely with external qualified appraisers who performed the valuation using appropriate valuation techniques. The appraiser used a valuation technique based on comparable market data adjusted as necessary to reflect the specific assets' location and condition and, estimated expected future cash flows, yields, occupancy rates, discount rates, replacement costs and remaining economic life. The valuation techniques and inputs used in the fair value measurement of investment properties are disclosed in Note 10.

For the purpose of fair value determination and disclosure, the Group determines the nature, characteristics and risks of the investment properties and the level of the fair value hierarchy.

Details of investment properties are disclosed in Note 10.

Assessing the Impairment of Brand Names with Indefinite Useful Life. The Group tests annually whether any impairment in brand names is to be recognized in accordance with the related accounting policy in Note 2. The recoverable amounts of cash-generating units (CGUs) have been determined based on the higher of fair value less costs to sell and value in use calculations, which require the use of estimates. Based on the impairment testing conducted, the recoverable amounts of the CGUs calculated based on value in use as at December 31, 2023 and 2022 are greater than the corresponding carrying amounts of the CGUs as at the same dates.

No impairment loss was recognized in 2023, 2022 and 2021. The carrying amount of brand names as at December 31, 2023 and 2022 is disclosed in Note 12.

Assessing the Impairment of Other Nonfinancial Assets. The Group assesses impairment of its nonfinancial assets whenever events or changes in circumstances indicate that the carrying amounts of the assets or group of assets may not be recoverable. The relevant factors that the Group considers in deciding whether to perform an asset impairment review include, among others, the following:

- significant underperformance of a business in relation to expectations;
- significant negative industry or economic trends; and
- significant changes or planned changes in the use of the assets.

No impairment was recognized in 2023, 2022 and 2021. The carrying amounts of deposits and advance rentals, other current assets (excluding construction bond), investment properties, property and equipment, advances for asset acquisition, software license and ROU assets are disclosed in Notes 9, 10, 11, 12 and 24, respectively.

Assessing the Recognition of Deferred Tax Assets. The Group reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized within the period allowed by the tax regulations. Recognition of deferred tax assets is determined based on forecasted taxable income of the Group. This forecast is based on the Group's past results and future expectations on revenue and expenses.

Deferred tax assets as at December 31, 2023 and 2022 are disclosed in Note 25.

4. Accounting for Business Acquisition and Group Reorganization

Business Acquisition

Balai. In June 2021, the Group acquired the assets and the brand name Balai Pandesal from BPC. The acquisition was completed following the execution of the Deed of Absolute Sale and the Deed of Assignment of the registered trademark and the payment of the related consideration amounting to ₱11.2 million. The Group accounted for the acquisition of the assets of Balai as an acquisition of a business since it has acquired an integrated set of business processes in addition to the group of assets acquired.

Fair values of the net assets acquired are as follows:

	Amount
Store equipment	₱6,449,000
Intangible assets	3,000,000
Transportation equipment	970,000
Merchandise inventories	801,000
Fair values of the net assets	11,220,000
Total consideration	11,220,000
Difference	₱–

LNFI. In March 2023, the Group acquired the assets and the brand name Lingnam from LN Banaue Inc. for a consideration amounting to ₱60.0 million. Under the agreement, the Group will acquire the trademark, recipes and other technical know-how, leasehold improvements, certain equipment, inventory, among others, from stores located in San Juan City, Quezon City and Manila. The acquisition also includes land and building located in Caloocan City. Consequently, the business combination resulted in a gain from bargain purchase amounting to ₱24.0 million, as the fair values of the assets acquired exceeded the total consideration by the same amount.

The following are the fair values of the identifiable assets acquired and the resulting gain as at acquisition date:

	Amount
Leasehold improvement	₱33,584,244
Intangible asset	27,000,000
Store equipment	9,897,096
Store furniture and fixtures	5,859,910
Land	4,908,750
Transportation equipment	2,750,000
Fair value of identifiable assets	84,000,000
Total consideration	60,000,000
Gain from bargain purchase	₱24,000,000

FKI. In June 2023, the Group acquired 100% of the outstanding shares of FKI for a total consideration of ₱14.7 million.

Fair values of the net assets acquired are as follows:

	Amount
Property and equipment	₱1,679,536
Trade and other receivables	1,395,563
Inventories	877,426
Cash	478,903
Security deposit	26,280
Current liabilities	(16,748,397)
Fair values of the net assets	(12,290,689)
Total consideration	14,680,000
Other equity reserve	(₱2,389,311)

Group Reorganization

The acquisition by the Parent Company of the subsidiaries (FGI, BNFI, NTI) was considered as a group reorganization of entities under common control. Accordingly, the acquisition is accounted for based on the carrying amounts of the assets and liabilities of the subsidiaries. Accordingly, no goodwill was recognized. The effect of the pooling of interests amounting to ₱55.2 million was recognized under "Other equity reserves".

The Parent Company acquired 100% of the outstanding shares of CDI for ₱1.1 million in March 2020. The Parent Company and CDI are entities under common control. Accordingly, the acquisition is accounted for based on the carrying amounts of the assets and liabilities of CDI.

The carrying amounts of the assets and liabilities of CDI as at acquisition date are as follows:

	Amount
Cash	₱460,714
Other current assets	44,714
Property and equipment	2,973,258
Accounts payable and other current liabilities	(1,757,301)
Advances from a related party	(4,536,203)
Net assets acquired	(2,814,818)
Amount paid by the Parent Company	1,124,985
Other equity reserve	(₱3,939,803)

Changes in ownership interest without a loss of control

As discussed in Note 1, the common shares of BNFI were listed in the PSE and 325.0 million new common shares were issued at an offer price of ₱0.70 a share in 2021. Expenses incurred during the listing process amounted to ₱23.7 million. This resulted to a decrease in ownership interest of the Parent Company from 100% to 78.26% and the effect is as follows:

Gross proceeds	₱227,500,000
Less expenses charged to APIC of BNFI	20,939,319
Net proceeds	206,560,681
Share of non-controlling interests	(84,779,540)
Other equity reserve	₱121,781,141

On the same day, the Parent Company disposed 87.5 million common shares of BNFI for a total consideration amounting to ₱61.3 million. Thus, further reducing the ownership interest to 72.41% and the effect is as follows:

Net proceeds	₱61,250,000
Share of non-controlling interests	(22,824,067)
Other equity reserve	₱38,425,933

Subsequently in November 2022, the Parent Company acquired ₱37.5 million common shares of BNFI through the PSE for a total consideration of ₱26.5 million. Accordingly, the acquisition increased the ownership interest to 74.92% and the effect is as follows:

Carrying amount of non-controlling interest acquired	₱10,247,458
Acquisition costs	(26,500,000)
Other equity reserve	(₱16,252,542)

The change in the Parent Company's ownership does not result to losing of control. Accordingly, no gain or loss was recognized on the consolidated statements of comprehensive income.

Details of other equity reserves follows:

	2023	2022
Group reorganization		
FGI, BNFI and NTI	**₱55,192,582**	₱55,192,582
CDI	**(3,939,803)**	(3,939,803)
Changes in ownership interest		
without a loss of control – BNFI	**143,954,532**	143,954,532
Business acquisition – FKI	**(2,389,311)**	–
	₱192,818,000	₱195,207,311

5. Cash and Cash Equivalents

This account consists of:

	2023	2022
Cash on hand	**₱25,624,552**	₱4,306,465
Cash in banks	**445,417,230**	403,229,661
Short-term placements	**110,531,839**	121,046,216
	₱581,573,621	₱528,582,342

Cash in banks earn interest at the prevailing bank deposit rates.

Short-term placements are made for three months depending on the immediate cash requirement of the Group and earn interest at the prevailing short-term placement rates.

Interest income earned is disclosed in Note 23.

6. Financial Assets at FVPL and FVOCI

Financial Assets at FVPL

Investments in unit investment trust funds (UITF) are held for trading. Hence, these have been classified as financial assets at FVPL.

Movements in investments at FVPL are as follows:

	Note	**2023**	2022
Balance at beginning of year		**₱61,305,065**	₱67,545,325
Additions		**–**	1,537,912
Disposals		**(1,115,720)**	–
Dividend income	23	**2,097,144**	–
Unrealized loss on changes in fair value	23	**(969,537)**	(7,778,172)
Balance at end of year		**₱61,316,952**	₱61,305,065

Financial Assets at FVOCI

Financial asset at FVOCI pertains to the investment in club shares amounting to ₱1.7 million.

The Group designated its investment in club shares as financial asset at FVOCI because the Group intends to hold this investment for the long term and for strategic purposes. The Group has assessed that the cost of the recently acquired investment approximates its fair value as at December 31, 2023 and 2022.

7. Trade Receivables

This account consists of:

	2023	2022
Trade receivables	**₱72,436,597**	₱96,836,650
Less allowance for ECL	**3,238,000**	3,238,000
	₱69,198,597	₱93,598,650

Trade receivables represent mainly outstanding receivables from franchisees. These are unsecured, noninterest-bearing and are normally collected on a 30-day term.

8. Merchandise Inventories

This account consists of:

	2023	2022
Food and beverages	**₱39,149,433**	₱30,359,215
Store supplies and others	**17,577,588**	19,559,134
	₱56,727,021	₱49,918,349

Cost of merchandise inventories charged to “Direct costs” is disclosed in Note 20.

9. Other Current Assets

This account consists of:

	2023	2022
Advances to suppliers	**₱32,486,510**	₱774,308
Advances to officers and employees	**24,114,161**	15,391,437
Input VAT	**10,494,435**	3,995,299
Spare parts, materials and supplies	**5,983,804**	5,400,323
Prepayments	**4,082,887**	241,541
Construction bond	**3,873,626**	3,185,750
CWTs	**–**	4,824,852
Others	**169,763**	1,036,060
	₱81,205,186	₱34,849,570

Advances to suppliers were payments for goods pending delivery as at year-end.

Advances to officers and employees pertain to cash advances and are settled through liquidation.

Prepayments mainly consist of insurance, taxes and licenses and advertising.

Construction bond is collectible once the improvement is completed and transferred by the Group to the lessor.

10. Investment Properties

The composition of and movements in this account are as follows:

	2023			
	Land	**Land Improvements**	**Building and Building Improvements**	**Total**
Cost				
Balance at beginning of year	**₱95,393,047**	**₱577,500**	**₱31,404,503**	**₱127,375,050**
Additions	**–**	**–**	**580,000**	**580,000**
Balance at end of the year	**95,393,047**	**577,500**	**31,984,503**	**127,955,050**
Cumulative Fair Value Changes				
Balance at beginning of year	**43,123,803**	**(160,500)**	**(2,164,503)**	**40,798,800**
Gain (loss) from changes in fair value	**1,546,150**	**(41,000)**	**(922,000)**	**583,150**
Balances at end of year	**44,669,953**	**(201,500)**	**(3,086,503)**	**41,381,950**
Carrying Amount	**₱140,063,000**	**₱376,000**	**₱28,898,000**	**₱169,337,000**

	2022			
	Land	Land Improvements	Building and Building Improvements	Total
Cost				
Balance at beginning and end of year	₱95,393,047	₱577,500	₱31,404,503	₱127,375,050
Cumulative Fair Value Changes				
Balance at beginning of year	41,759,553	(115,500)	(1,582,503)	40,061,550
Gain (loss) from changes in fair value	1,364,250	(45,000)	(582,000)	737,250
Balances at end of year	43,123,803	(160,500)	(2,164,503)	40,798,800
Carrying Amount	₱138,516,850	₱417,000	₱29,240,000	₱168,173,850

Fair Value
Land. The fair value of the Group's land is ₱140.4 million and ₱138.5 million as at December 31, 2023 and 2022, respectively. The fair value of the land was determined by an independent property appraiser in 2023 and 2022. The inputs used to determine the market value of the investment properties using the sales comparison approach include location characteristics, size, time element, quality and marketability. Accordingly, the fair value measurement used is classified as Level 3 in 2023 and 2022, respectively.

Land Improvements, Building and Building Improvements. The fair value of land improvements, building and building improvements is categorized under Level 3 using the cost approach wherein the appraised value was based on the cost of constructing an equivalent new structure less depreciation adjustments.

The fair value of the land improvements, building and building improvements was determined by an independent firm of appraisers as at December 31, 2023.

Description of key inputs to valuation on land follows:

		Range (weighted average)	
Location	Significant unobservable Inputs	**2023**	2022
Sampaloc District, City of Manila	Selling price per square meter	**₱154,000/sq. m.**	₱152,300/sq. m.
	Value adjustments	**1% to 15%**	5% to 15%

The significant unobservable inputs to fair valuation are as follows:

Price per square meter: Estimated value prevailing in the real estate market depending on the location, area, shape and time element.

Value adjustments: Adjustments are made to bring the comparative values in approximation to the investment properties taking into account external factors (market conditions, competitiveness, economic condition/demand/growth, time element) and internal factors (location, size/shape/terrain and development).

In valuing the land using sales comparison approach, records of recent sales and offerings of similar land are analyzed and comparisons were made for such factors as size, characteristic of the lot, location, quality and prospective use.

Sensitivity Analysis. Generally, significant increases (decreases) in useful life of assets (excluding land) would result in a significantly higher (lower) fair value measurement. Significant increases (decreases) in factors that contributed in the physical deterioration and all relevant forms of obsolescence in isolation would result in a significantly lower (higher) fair value measurement.

Rental income is disclosed in Note 19. The related direct cost incurred pertains to real property taxes amounting to ₱331,429 in 2023, ₱213,492 in 2022 and ₱213,842 in 2021.

11. Property and Equipment

The composition of and movements in this account follows:

	2023						
	Land	CIP	Leasehold Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Store Furniture, Fixtures and Equipment	Total
Cost							
Balance at beginning of year	₱32,600,000	₱–	₱261,522,408	₱77,550,250	₱53,294,882	₱396,436,780	₱821,404,320
Additions	116,242,350	–	80,333,097	19,313,156	7,822,593	77,394,777	301,105,973
Disposals	–	–	(1,681,069)	–	(10,535,947)	(23,715,980)	(35,932,996)
Balance at end of year	148,842,350	–	340,174,436	96,863,406	50,581,528	450,115,577	1,086,577,297
Accumulated Depreciation and Amortization							
Balance at beginning of year	–	–	148,703,254	32,153,905	41,324,155	239,221,917	461,403,231
Depreciation and amortization	–	–	43,604,600	15,272,536	7,659,093	80,254,421	146,790,650
Disposals	–	–	(1,681,069)	–	(10,535,947)	(23,715,980)	(35,932,996)
Balance at end of year	–	–	190,626,785	47,426,441	38,447,301	295,760,358	572,260,885
Carrying Amount	₱148,842,350	₱–	₱149,547,651	₱49,436,965	₱12,134,227	₱154,355,219	₱514,316,412

	2022						
	Land	CIP	Leasehold Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Store Furniture, Fixtures and Equipment	Total
Cost							
Balance at beginning of year	₱32,600,000	₱28,828,082	₱188,013,186	₱53,873,511	₱27,399,060	₱369,999,117	₱700,712,956
Additions	–	–	54,194,081	23,676,739	25,895,822	16,924,722	120,691,364
Reclassifications	–	(28,828,082)	19,315,141	–	–	9,512,941	–
Balance at end of year	32,600,000	–	261,522,408	77,550,250	53,294,882	396,436,780	821,404,320
Accumulated Depreciation and Amortization							
Balance at beginning of year	–	–	118,863,748	20,544,036	22,631,411	196,989,621	359,028,816
Depreciation and amortization	–	–	29,839,506	11,609,869	18,692,744	42,232,296	102,374,415
Balance at end of year	–	–	148,703,254	32,153,905	41,324,155	239,221,917	461,403,231
Carrying Amount	₱32,600,000	₱–	₱112,819,154	₱45,396,345	₱11,970,727	₱157,214,863	₱360,001,089

The cost of fully depreciated and amortized property and equipment that are still in use by the Group amounted to ₱226.7 million and ₱264.4 million as at December 31, 2023 and 2022, respectively.

Depreciation and amortization are summarized as follows:

	Note	**2023**	2022	2021
Property and equipment		**₱146,790,650**	₱102,374,415	₱96,922,492
ROU assets	24	**56,694,379**	49,095,574	42,116,180
Intangible assets	12	**690,242**	782,366	782,366
		₱204,175,271	₱152,252,355	₱139,821,038

Depreciation and amortization are charged to the following:

	Note	**2023**	2022	2021
Selling and distribution expenses	21	**₱135,599,629**	₱102,973,602	₱104,750,292
General and administrative expenses	22	**41,066,745**	22,381,261	10,262,737
Direct costs	20	**27,508,897**	26,897,492	24,808,009
		₱204,175,271	₱152,252,355	₱139,821,038

12. **Intangible Assets**

This account consists of:

		2023		
	Note	**Brand Names**	**Software License**	**Total**
Cost				
Balance at beginning of year		**₱214,348,448**	**₱5,193,830**	**₱219,542,278**
Additions		**27,000,000**	**–**	**27,000,000**
Balance at end of year		**241,348,448**	**5,193,830**	**246,542,278**
Accumulated Amortization				
Balance at beginning of year		**–**	**4,503,588**	**4,503,588**
Amortization	11	**–**	**690,242**	**690,242**
Balance at end of year		**–**	**5,193,830**	**5,193,830**
Carrying Amount		**₱241,348,448**	**₱–**	**₱241,348,448**

		2022		
	Note	Brand Names	Software License	Total
Cost				
Balance at beginning and end of year		₱214,348,448	₱5,193,830	₱219,542,278
Accumulated Amortization				
Balance at beginning of year		–	3,721,222	3,721,222
Amortization	11	–	782,366	782,366
Balance at end of year		–	4,503,588	4,503,588
Carrying Amount		₱214,348,448	₱690,242	₱215,038,690

Brand Names
In August 2017, FGI subscribed to 1 share of GEIL for US$1. In December 2017, FGI subscribed to an additional 40,000 shares for US$4.0 million (equivalent to ₱200.2 million) at US$100 per share. GEIL then acquired 100% of OLL. OLL holds the intellectual property rights to certain brands including *Fruitas*, *The Mango Farm*, *Shou*, *Black Pearl, Friends Fries* and *Juice Avenue*. The fair value of the net assets of GEIL and OLL is approximately equal to the consideration amounting to ₱200.2 million.

In June 2022, the Group entered into an agreement with LN Banaue Inc. to acquire the assets relating to the latter's business.

In March 2023, the acquisition of LN Banaue Inc.'s assets, intellectual property rights, recipes and other know-how related to Ling Nam brand was completed following the substantial fulfillment of the closing conditions of the Contract to Sell and Deed of Assignment of Registered Trademark and the payment of the consideration amounting to ₱60.0 million. Consequently, As a result, the Group recognized brand name amounting to ₱27.0 million following the completion of the acquisition of *Ling Nam* brand from LN Banaue Inc. see Note 4.

In 2021, the Group also recognized a brand name amounting to ₱3.0 million following the acquisition of the Balai Pandesal brand from Balai (see Note 4).

In 2018, the Group recognized a brand name amounting to ₱11.2 million following the completion of the acquisition of *Sabroso Lechon* brand from SLI.

The Relief-from-Royalty method was used in the valuation of the brands. Under this method, the value of brands is determined by reference to the value of the hypothetical royalty payments that would be saved through owning the asset, as compared with licensing the brands from a third party. The hypothetical royalty payments over the life of the brands are adjusted for tax and discounted to present value at the valuation date.

The fair values of the brand names were determined based on a valuation using cash flow projections (value-in-use) covering a five-year period based on long-range plans approved by management. Cash flows beyond the five-year period are extrapolated using a determined constant growth rate to arrive at its terminal value. The growth rates are consistent with the long-term average growth rate for the industry which ranges from 2% to 8%.

The Group used the weighted average cost of capital as the discount rate, which reflected management's estimate of the risk. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals. The discount rates applied to after-tax cash flow projections is 12.6% to 19.0% in 2023 and 11.5% to 12.0% in 2022, respectively. The recoverable amount of each CGU, calculated using value in use, exceeded the carrying amount of the CGU as at December 31, 2023 and 2022.

Management believes that any reasonably possible change in the key assumptions on which the Group's recoverable amount is based would not result to the Group's carrying amount to exceed its recoverable amount.

Sensitivity Analysis. Generally, an increase (decrease) in the incremental after-tax cash flows will result in an increase (decrease) in the fair value of intangible assets. An increase (decrease) in discount rate will result in a decrease (increase) in the fair value of intangible assets.

13. **Trade and Other Payables**

This account consists of:

	Note	**2023**	2022
Trade payables		**₱63,441,399**	₱44,010,626
Statutory payables		**25,643,105**	16,261,658
Accrued expenses		**7,851,857**	21,453,629
Dividend payable	18	**166,667**	–
		₱97,103,028	₱81,725,913

Trade payables are unsecured, noninterest-bearing and generally settled on a 15 to 60-day term.

Statutory payables pertain to obligations to government agencies which are normally settled in the following month.

Accrued expenses consist mainly of rentals, unpaid salaries and professional fees which are noninterest-bearing and are normally settled in the next financial year.

14. **Notes Payable**

Balances and movements in this account are as follows:

	2023	2022
Balance at beginning of year	**₱205,000,000**	₱184,580,500
Availments	**252,800,000**	40,000,000
Payments	**(205,348,500)**	(19,580,500)
Balance at end of year	**₱252,451,500**	₱205,000,000

In 2023 and 2022, the Group availed short-term loans from various local banks which bear interest at rates ranging from 4.75% per annum to 7.78% per annum. The purpose of the loans is to support the Group's working capital requirements.

Interest charged to operations is as follows:

	Note	**2023**	2022	2021
Notes payable		**₱17,608,962**	₱14,182,876	₱8,377,967
Lease liabilities	24	**9,990,279**	10,494,182	7,310,883
Mortgage payable	15	**1,138**	50,412	324,764
		₱27,600,379	₱24,727,470	₱16,013,614

15. **Mortgage Payable**

The Group obtained loans from local commercial banks to finance its acquisition of transportation equipment. The loans are payable in monthly installments up to May 2023 with effective interests ranging from 7.70% per annum to 10.00% per annum. As at December 31, 2022, the Group's loan amounting to ₱80,909 was subsequently paid in 2023. Interest expense is disclosed in Note 14.

16. Related Party Transactions

The Group, in the normal course of business, has outstanding advances with the Parent Company for working capital amounting to ₱103.6 million and ₱123.9 million as at December 31, 2023 and 2022, respectively. The Group net advances amounted to ₱74.3 million and ₱3.5 million in 2023 and 2022, respectively.

Terms and Conditions of Transactions with Related Parties
Outstanding balances are unsecured, noninterest-bearing and settled in cash upon demand. Management makes an annual assessment of the financial position of the related parties and the market in which the related parties operate. There were no impairment losses recognized in 2023, 2022 and 2021.

Compensation of Key Management Personnel
Compensation of key management personnel, consisting of management fees, salaries and short-term benefits, amounted to ₱26.5 million, ₱22.7 million, and ₱20.1 million in 2023, 2022, and 2021, respectively.

17. Retirement Benefits Liability

The Group's retirement plan is unfunded, noncontributory defined benefit plan with a single lump-sum payment covering retirement based on Republic Act No. 7641. The retirement benefits are based on years of service and compensation on the last year of employment as determined by an external actuary using the projected credit unit method.

The most recent actuarial valuation was made by an independent actuary as at December 31, 2023.

The table below summarizes the components of retirement benefits cost recognized in the consolidated statements of comprehensive income (see Note 22).

	2023	2022	2021
Current service cost	**₱3,501,193**	₱2,663,431	₱2,344,902
Interest cost	**723,402**	525,110	423,701
	₱4,224,595	₱3,188,541	₱2,768,603

Movements in the retirement benefits liability are as follows:

	2023	2022
Balance at beginning of year	**₱13,897,930**	₱10,709,389
Current service cost	**3,501,193**	2,663,431
Interest cost	**723,402**	525,110
Actuarial loss (gain)	**(3,500,003)**	–
Benefits paid	**(295,000)**	–
Balance at end of year	**₱14,327,522**	₱13,897,930

The principal assumptions used in determining the retirement benefits liability as at December 31, 2023 and 2022 are as follows:

	2023	2022
Discount rate	**6.12%**	5.13%
Future salary increases	**3.00%**	3.00%

The projected unit credit method was applied to all the benefits without using one-year term cost.

This sensitivity analysis shows the impact of changes in key actuarial assumptions in 2023 and 2022.

	Basis Points	2023	2022
Discount rate	+1%	**(₱2,227,576)**	(₱2,459,410)
	-1%	**2,797,163**	3,193,870
Salary increase rate	+1%	**2,940,008**	3,253,929
	-1%	**(2,362,810)**	(2,539,971)

Each sensitivity analysis on the significant actuarial assumptions was prepared by remeasuring the retirement benefits liability at the reporting date after adjusting one of the current assumptions according to the applicable sensitivity increment or decrement (based on changes in the relevant assumption that were reasonably possible at the valuation date) while all other assumptions remain unchanged.

The Group does not maintain a fund for its retirement liability. While funding is not a requirement of the law, there is a risk that the Group may not have the cash if several employees retire within the same year.

The average duration of the retirement benefits liability as at December 31, 2023 is 23.4 years.

Remeasurement Loss

The cumulative remeasurement loss on retirement benefits liability recognized in other comprehensive income in the consolidated statements of financial position as at December 31, 2023 and 2022 are as follows:

	Cumulative Actuarial Gain (Loss)	Deferred Tax	Net
Balance as at December 31, 2021 and 2022	(₱1,058,386)	(₱249,718)	(₱808,668)
Actuarial gain –			
Equity holders of the Parent Company	3,441,346	860,336	2,581,010
	2,382,960	610,618	1,772,342
Actuarial gain –			
Non-controlling interests	58,656	14,663	43,993
Balance as at December 31, 2023	₱2,441,616	₱625,281	₱1,816,335

The table below shows the maturity profile of the undiscounted benefit payments:

	2023	2022
Less than five years	**₱557,471**	₱1,435,184
One year to less than 10 years	**5,169,312**	997,538
More than ten years	**355,043,191**	187,933,658

18. **Equity**

Capital Stock
The composition of and movements in this account are as follows:

	2023		2022	
	Number of Shares	**Amount**	Number of shares	Amount
Authorized				
Common Stock – ₱0.10 par value	**4,700,000,000**	**₱470,000,000**	4,700,000,000	₱470,000,000
Preferred Stock – ₱0.01 par value	**3,000,000,000**	**30,000,000**	3,000,000,000	30,000,000

	2023		2022	
	Number of Shares	**Amount**	Number of shares	Amount
Issued and Outstanding				
Common Stock – ₱0.10 par value				
Balance at beginning and end of year	**2,133,680,000**	**₱213,368,000**	2,133,680,000	₱213,368,000
Preferred Stock - ₱0.01 par value				
Issued and balance at end of year	**2,000,000,000**	**20,000,000**	–	–
	4,133,680,000	**₱233,368,000**	2,133,680,000	₱213,368,000

Common Shares
On November 29, 2019, the Parent Company's common shares were listed on the PSE. As at December 31, 2023, 2022 and 2021, 2,133,680,000 common shares are listed in the PSE.

Preferred Shares
The salient features of the preferred shares are as follows:

- guaranteed dividend yield of 2.5% per annum;
- voting, cumulative and non-participating; and,
- shall not be convertible into common share.

In 2023, the Group declared dividends amounting to ₱166,667, representing the guaranteed dividends based on outstanding balance in 2023 (see Note 13).

Additional Paid-in Capital
Additional paid-in capital represents the excess of the amounts received over the par value of the shares issued, net of directly attributable transaction costs on the Parent Company's IPO amounting to ₱777.8 million.

Retained Earnings

The Parent Company declared dividends from available retained earnings as follows:

Common Shares

			Amounts Received	
Date of Declaration	Stockholders of Record	Date of Payment	Per Share	Total
October 13, 2023	**November 8, 2023**	**November 29, 2023**	**₱0.01**	**₱21,336,800**
July 25, 2022	August 8, 2022	September 1, 2022	₱0.01	₱21,336,800

In 2023, the Company paid dividends amounting to ₱21.4 million, representing dividends declared in 2022.

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit standing and stable capital ratios in order to support its business and maximize shareholder value. The Group maintains its current capital structure and will make adjustments, if necessary, in order to generate a reasonable level of returns to stockholders over the long term. No changes were made in the objectives, policies or processes during the year.

The Group considers the equity presented in the consolidated statements of financial position as its core capital.

The Group manages its capital structure and makes adjustments when there are changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using debt-to-equity ratio, which is total debt divided by total equity.

The debt-to-equity ratios are as follows:

	2023	2022
Total debt	**₱493,025,958**	₱446,136,028
Total equity	**1,636,270,023**	1,524,365,106
Debt-to-equity ratio	**0.30:1**	0.29:1

Pursuant to the PSE's rules on minimum public ownership, at least 15.00% of the issued and outstanding shares of a listed company must be owned and held by the public. The public ownership is about 40.75% as at December 31, 2023 and 2022, respectively.

The total number of shareholders of the Parent Company as at December 31, 2023 and 2022 is 122.

Non-controlling Interests

The Group's non-controlling interests represent ownership of non-controlling interests' stockholders of BNFI amounting to ₱117.2 million and ₱102.5 million as at December 31, 2023 and 2022, respectively.

Below are the summarized financial information of BNFI, a subsidiary with material NCI, as at and for the years ended December 31, 2023, 2022 and 2021. The information presented is before intercompany eliminations and other consolidation adjustments.

	2023	2022	2021
Total assets	**₱561,777,870**	₱450,558,999	₱200,948,009
Total liabilities	**101,722,410**	42,025,624	36,108,484
Revenue	**535,205,651**	341,159,284	148,933,421
Total comprehensive income	**58,817,025**	37,133,169	8,184,753

19. Revenue

This account consists of:

	Note	**2023**	2022	2021
Net sales		**₱2,436,352,831**	₱1,776,861,676	₱1,091,889,656
Franchise revenue	24	**29,073,484**	17,716,102	6,317,356
Rental income	24	**3,672,082**	4,592,945	3,497,534
		₱2,469,098,397	₱1,799,170,723	₱1,101,704,546

The Group recognizes revenue from sales of goods and services upon delivery to customers or at a point in time when the Group has no more obligations that could affect the acceptance of goods by the customers.

20. Direct Costs

This account consists of:

	Note	**2023**	2022	2021
Direct materials	8	**₱875,620,398**	₱645,855,662	₱330,556,331
Salaries, wages and other employee benefits		**67,300,832**	67,794,777	55,554,674
Depreciation and amortization	11	**27,508,897**	26,897,492	24,808,009
Utilities		**3,781,200**	5,082,064	6,681,221
Taxes and licenses		**1,333,864**	1,270,314	1,694,854
		₱975,545,191	₱746,900,309	₱419,295,089

21. **Selling and Distribution Expenses**

This account consists of:

	Note	**2023**	2022	2021
Salaries, wages and other employees' benefits		**₱386,734,153**	₱286,413,147	₱217,833,569
Rental	24	**203,613,146**	177,238,124	130,912,489
Depreciation and amortization	11	**135,599,629**	102,973,602	104,750,292
Outside services		**118,542,315**	77,089,231	53,687,558
Utilities		**85,699,267**	45,994,899	34,368,288
Transportation and travel		**36,018,129**	28,270,982	18,451,413
Repairs and maintenance		**23,281,820**	10,472,293	9,852,106
Advertisement		**21,973,574**	9,598,517	12,417,252
Management fees		**9,522,215**	13,677,704	2,560,586
Training and development		**6,794,434**	3,967,599	2,075,959
Distribution supplies		**5,094,419**	3,922,959	2,261,474
Insurance		**3,750,545**	3,222,616	1,797,024
Others		**21,614,887**	21,311,579	17,787,465
		₱1,058,238,533	₱784,153,252	₱608,755,475

22. **General and Administrative Expenses**

This account consists of:

	Note	**2023**	2022	2021
Salaries, wages and other employees' benefits		**₱89,386,021**	₱32,677,294	₱33,557,494
Depreciation and amortization	11	**41,066,745**	22,381,261	10,262,737
Taxes and licenses		**41,007,210**	33,718,273	27,813,894
Professional fees		**29,098,030**	14,984,669	9,935,823
Rental	24	**24,780,412**	5,394,321	3,080,866
Outside services		**10,064,444**	5,259,343	2,140,265
Representation		**9,427,199**	5,669,834	10,983,449
Utilities		**8,307,129**	3,667,154	5,069,603
Store and office supplies		**5,630,620**	5,372,628	4,537,864
Retirement benefits cost	17	**4,224,595**	3,188,541	2,768,603
Management fees		**887,998**	1,923,287	1,905,404
Training		**26,820**	114,665	211,456
Others		**20,690,980**	4,186,365	4,369,679
		₱284,598,203	₱138,537,635	₱116,637,137

23. **Other Income (Charges)**

This account consists of:

	Note	**2023**	2022	2021
Gain (loss) from:				
Bargain purchase	12	**₱24,000,000**	₱–	₱–
Change in fair value of financial assets at FVPL	6	**(969,537)**	(7,778,172)	3,752,282
Gain from change in fair value of investment properties	10	**583,150**	737,250	40,061,550
Rent concessions	24	**–**	1,851,786	2,283,799
Termination of lease	24	**–**	299,365	2,434,473
Interest income	5	**10,549,782**	6,402,780	3,442,423
Dividend income	6	**2,097,144**	–	–
Others		**(1,322,650)**	1,506,295	1,022,161
		₱34,937,889	₱3,019,304	₱52,996,688

Others consist mainly of outlets' reimbursable income, cash overages and fees charged to lessees for utilities incurred on leased spaces on food parks.

24. **Significant Agreements**

Acquisition of Assets Agreement
In June 2022, the Group entered into an agreement with a third party to purchase the latter's assets. The acquisition is expected to be completed upon substantial fulfillment of the closing of the Contract to and upon full payment of the total consideration.

Advances paid by the Company amounted to ₱6.0 million and ₱54.0 million in 2023 and 2022, respectively. The advances were applied as consideration for the acquisition of LNFI in March 2023. (see Note 4).

Group as Lessee - Short-term Lease
The Group entered into several lease agreements with third parties for its store spaces for varying periods of up to one year and renewable annually. The lease contracts for the stores provide for a monthly rental based on a certain percentage of gross sales and a monthly fixed rental or an agreed minimum rental, whichever is higher. Lease agreements are generally renewable through a notice of lease renewal and upon mutual agreement with the lessors.

Details of rental deposits and advance rentals on lease contracts are as follows:

	2023	2022
Rental deposits	**₱66,435,868**	₱93,653,547
Advance rentals	**42,221,445**	8,393,712
	₱108,657,313	₱102,047,259

The rental deposits will be applied against any unpaid rentals and other expenses related to the lease upon termination while the advance rentals will be utilized as rental payments for the last two to three months of the lease term.

Rental expense is charged to operations as follows:

	Note	**2023**	2022	2021
Selling and distribution expenses	21	**₱203,613,146**	₱177,238,124	₱130,912,489
General and administrative expenses	22	**24,780,412**	5,394,321	3,080,866
		₱228,393,558	₱182,632,445	₱133,993,355

Group as Lessee - Long-term Lease

The Group entered into noncancellable leases on outlets spaces, land and building with lease terms ranging from three to ten years subject to renewal. These leases have a fixed monthly rental subject to escalation clause.

The balance and movements in ROU assets are as follows:

		2023		
	Note	**Outlets Spaces**	**Land and Building**	**Total**
Cost				
Balance at beginning of year		**₱106,444,958**	**₱123,949,865**	**₱230,394,823**
Additions		**–**	**22,584,216**	**22,584,216**
Retirement of lease		**(4,045,657)**	**(7,433,276)**	**(11,478,933)**
Balance at end of year		**102,399,301**	**139,100,805**	**241,500,106**
Accumulated Amortization				
Balance at beginning of year		**52,974,594**	**63,939,980**	**116,914,574**
Amortization	11	**19,235,359**	**37,459,020**	**56,694,379**
Retirement of lease		**(4,045,657)**	**(7,433,276)**	**(11,478,933)**
Balance at end of year		**68,164,296**	**93,965,724**	**162,130,020**
Carrying Amount		**₱34,235,005**	**₱45,135,081**	**₱79,370,086**

		2022		
	Note	Outlets Spaces	Land and Building	Total
Cost				
Balance at beginning of year		₱105,600,885	₱107,228,339	₱212,829,224
Additions		22,375,771	16,721,526	39,097,297
Retirement of lease		(3,904,675)	–	(3,904,675)
Termination of lease		(17,627,023)	–	(17,627,023)
Balance at end of year		106,444,958	123,949,865	230,394,823
Accumulated Amortization				
Balance at beginning of year		35,279,796	45,842,622	81,122,418
Amortization	11	30,998,216	18,097,358	49,095,574
Retirement of lease		(3,904,675)	–	(3,904,675)
Termination of lease		(9,398,743)	–	(9,398,743)
Balance at end of year		52,974,594	63,939,980	116,914,574
Carrying Amount		₱53,470,364	₱60,009,885	₱113,480,249

The balance of and movements in lease liabilities are as follows:

	Note	**2023** Outlets Spaces	Land and Building	Total
Balance at beginning of year		**₱65,349,896**	**₱67,359,957**	**₱132,709,853**
Additions		**–**	**22,584,216**	**22,584,216**
Rental payments		**(36,452,456)**	**(31,538,831)**	**(67,991,287)**
Interest	14	**2,932,327**	**7,057,952**	**9,990,279**
Balance at end of year		**31,829,767**	**65,463,294**	**97,293,061**
Less current portion		**27,929,634**	**41,611,323**	**69,540,957**
Noncurrent portion		**₱3,900,133**	**₱23,851,971**	**₱27,752,104**

	Note	2022 Outlets Spaces	Land and Building	Total
Balance at beginning of year		₱77,812,333	₱71,972,672	₱149,785,005
Additions		24,595,799	15,782,926	40,378,725
Rental payments		(32,844,660)	(24,723,968)	(57,568,628)
Termination of lease		(8,527,645)	–	(8,527,645)
Interest	14	4,950,487	5,543,695	10,494,182
Gain on rent concessions		(636,418)	(1,215,368)	(1,851,786)
Balance at end of year		65,349,896	67,359,957	132,709,853
Less current portion		19,278,317	23,474,251	42,752,568
Noncurrent portion		₱46,071,579	₱43,885,706	₱89,957,285

The incremental borrowing rates applied to the lease liabilities range from 10.87% to 11.00% per annum, depending on the lease term. ROU assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments.

The amounts recognized in profit or loss are as follows:

	Note	**2023**	2022	2021
Rental expense - short-term lease		**₱228,393,558**	₱182,632,445	₱133,993,355
Depreciation and amortization of ROU assets	11	**56,694,379**	49,095,574	42,116,180
Interest expense on lease liabilities		**9,990,279**	10,494,182	7,310,883
Gain from rent concessions		**–**	(1,851,786)	(2,283,799)
Gain from termination of lease		**–**	(299,365)	(2,434,473)
		₱295,078,216	₱240,071,050	₱178,702,146

Group as Lessor

In 2017, the Group entered into several sublease agreements with third parties for the lease of spaces in food parks for varying periods up to one year.

In 2021, the Group leased out certain commercial spaces of its building to several parties under various noncancellable operating lease agreements with a term of one year to five years, renewable upon mutual agreement by the parties.

Security deposits amounting to ₱870,799 and ₱771,128 as at December 31, 2023 and 2022, respectively, are noninterest-bearing and will be refunded at the end of the lease term.

Rental income is disclosed in Note 19.

Franchise Agreements
The Group has granted its franchisees the right to operate outlets under various brands for acquired periods and subject to the terms and conditions specified in the franchise agreements. The agreements are renewable at the option of the Group. The agreements provide for an initial franchise fee payable upon execution of the agreements. The non-refundable initial franchise fee payment covers the renovation of franchisee's unit, signage, promotional materials and equipment.

Franchise revenue is disclosed in Note 19.

25. **Income Taxes**

The Group's provision for current income tax in 2023, 2022 and 2021 consists of regular corporate income tax (RCIT) and MCIT.

The details of the Group's deferred tax assets and liabilities are as follows:

	2023	2022
Deferred tax assets:		
MCIT	**₱36,637,590**	₱5,164,615
NOLCO	**15,936,293**	50,168,923
Lease liabilities, net of ROU assets	**3,907,634**	4,234,292
Retirement benefits liability	**3,581,882**	3,474,483
Allowance for impairment loss	**809,500**	809,500
	₱60,872,899	₱63,851,813
Deferred tax liabilities:		
Gain from change in fair value of investment properties	**₱10,345,488**	₱10,199,700
Depreciation expense of investment properties for tax purposes	**868,869**	868,869
Prepayments	**–**	49,846
	₱11,214,357	₱11,118,415

The deferred tax assets on NOLCO and MCIT of subsidiary amounting to ₱18.7 million and ₱467,233 as at December 31, 2023 and 2022, respectively, were not recognized in the consolidated financial statement as management has assessed that there will be no sufficient future taxable income against which the benefit of the deferred tax asset can be utilized within the period allowed by the tax regulations.

The details of the Group's NOLCO are as follows:

Year Incurred	Balance at Beginning	Incurred	Applied	Balance at End	Expiry Date
2023	₱–	₱19,037,720	₱–	₱19,037,720	2026
2022	10,776,687	12,558,812	–	23,335,499	2025
2021	93,595,295	7,685,965	–	101,281,260	2026
2020	99,382,115	1,008,311	(44,196,585)	56,193,841	2025
	₱203,754,097	₱40,290,808	(₱44,196,585)	₱199,848,320	

The details of the Group's MCIT are as follows:

Year Incurred	Balance at Beginning	Incurred	Applied	Balance at End	Expiry Year
2023	₱–	₱17,131,561	₱–	₱17,131,561	2026
2022	2,195,214	–	(208,522)	1,986,692	2025
2021	2,834,027	–	–	2,834,027	2024
2020	135,374	–	(135,374)	–	2023
	₱5,164,615	₱17,131,561	(₱343,896)	₱21,952,280	

The reconciliation of provision for (benefit from) income tax computed at the statutory tax rate and the effective tax rate follows:

	2023	2022	2021
At statutory tax rate	**₱38,896,457**	₱29,045,494	(₱283,353)
Changes in unrecognized deferred tax assets	**12,818,289**	(178,502)	88,218
Tax effects of:			
Nontaxable income	**(6,000,000)**	–	–
Loss on change in fair value of financial assets at FVPL	**2,133,256**	–	–
Dividend income exempt from Income tax	**(1,924,271)**	–	–
Interest income already subjected to final tax	**(1,391,310)**	(878,617)	(1,611,619)
Nondeductible expenses	**348,867**	2,337,959	3,237,331
IPO expenses charged against APIC	**–**	(5,234,830)	–
Expired NOLCO	**–**	420,116	–
Effect of change in tax rates	**–**	–	8,893,550
At effective tax rate	**₱44,881,288**	₱25,511,620	₱10,324,127

Under the Republic Act No. 11494, Bayanihan to Recover As One Act, and Revenue Regulations No. 25-2021, the Company is allowed to carry over its operating losses incurred for the taxable years 2020 and 2021 for the next five years immediately following the year of such loss.

On March 26, 2021, RA No. 11534 or the "Corporate Recovery and Tax Incentives for Enterprises ("CREATE") Act" (the "Act") was signed into law by the President of the Philippines. Under the Act, domestic corporations will be subject to 25% or 20% RCIT depending on the amount of total assets and total amount of taxable income. In, addition, MCIT shall be computed at 1% of gross income for a period of three years up to June 30, 2023 and will revert to 1% effective July 1, 2023. The changes in the income tax rates retrospectively became effective beginning July 1, 2020.

26. Earnings (Loss) per Share

Basic and diluted earnings (loss) per share are computed as follows:

	2023	2022	2021
Net income (loss) attributable to equity holders of the Parent Company	**₱98,465,375**	₱77,237,220	(₱16,324,208)
Divided by weighted average number of outstanding common shares	**2,133,680,000**	2,133,680,000	2,133,680,000
	₱0.0461	₱0.0362	(₱0.0077)

Diluted earnings (loss) per share equals the basic earnings (loss) per share as the Parent Company does not have any potentially dilutive common shares at the end of each of the periods presented.

27. Reconciliation of Liabilities Arising from Financing Activities

The tables below detail changes in the Group's liabilities arising from financing activities, including cash and noncash changes:

			Financing Cash Flows			
	2022	**Effect of PFRS 16**	**Proceeds**	**Payments**	**Interest**	**2023**
Notes payable	**₱205,000,000**	**₱–**	**₱252,800,000**	**(₱222,877,691)**	**₱17,529,191**	**₱252,451,500**
Mortgage payable	**80,909**	**–**	**–**	**(82,047)**	**1,138**	**–**
Lease liabilities	**132,709,853**	**22,584,216**	**–**	**(67,991,287)**	**9,990,279**	**97,293,061**
	₱337,790,762	**₱22,584,216**	**₱252,800,000**	**(290,951,025)**	**₱27,520,608**	**₱349,744,561**

			Financing Cash Flows			
	2021	Effect of PFRS 16	Proceeds	Payments	Interest	2022
Notes payable	₱184,580,500	₱–	₱40,000,000	(₱33,628,385)	₱14,047,885	₱205,000,000
Mortgage payable	1,804,277	–	–	(1,908,771)	185,403	80,909
Lease liabilities	149,785,005	29,999,294	–	(57,568,628)	10,494,182	132,709,853
	₱336,169,782	₱29,999,294	₱40,000,000	(₱93,105,784)	₱24,727,470	₱337,790,762

28. Financial Instruments Risk Management Objectives and Policies

The Group's financial instruments comprise cash and cash equivalents, financial assets at FVPL, trade receivables, due from related parties, construction bond, trade and other payables (excluding non financial liabilities), notes payable, mortgage payable, lease liabilities, and due to related parties. The main purpose of these financial liabilities is to finance the Group's operations.

The Group is exposed to credit risk, interest rate risk and liquidity risk. The Group's management oversees the management of these risks. The Group's BOD reviews and approves policies for managing each of these risks as summarized below.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities and from its deposits with banks and financial institutions.

The table below shows the gross maximum exposure of the Group to credit risk before taking into consideration collateral and other credit enhancements:

	2023	2022
Cash and cash equivalents	**₱581,573,621**	₱528,582,342
Financial assets at FVPL	**61,316,952**	61,305,065
Financial assets at FVOCI	**1,725,000**	1,725,000
Trade receivables	**69,198,597**	93,598,650
Due from related parties	**103,647,446**	123,929,208
Construction bond*	**3,873,626**	3,185,750
	₱821,335,242	₱812,326,015

**Presented under "Other current assets"*

The Group deals only with reputable banks and customer to limit this risk. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, the Group assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the management. The compliance with credit limits by customers is regularly monitored by management.

The tables below show the credit quality of financial assets:

	2023				
	Neither Past Due nor Impaired				
	High Grade	**Standard Grade**	**Past Due but Not Impaired**	**Impaired**	**Total**
Cash and cash equivalents	**₱581,573,621**	**₱–**	**₱–**	**₱–**	**₱581,573,621**
Financial assets at FVPL	**61,316,952**	**–**	**–**	**–**	**61,316,952**
Financial assets at FVOCI	**1,725,000**	**–**	**–**	**–**	**1,725,000**
Trade receivables	**–**	**69,198,597**	**–**	**3,238,000**	**72,436,597**
Due from related parties	**–**	**103,647,446**	**–**	**–**	**103,647,446**
Construction bond	**–**	**3,873,626**	**–**	**–**	**3,873,626**
	₱644,615,573	**₱176,719,669**	**₱–**	**₱3,238,000**	**₱824,573,242**

	2022				
	Neither Past Due nor Impaired				
	High Grade	Standard Grade	Past Due but Not Impaired	Impaired	Total
Cash and cash equivalents	₱528,582,342	₱–	₱–	₱–	₱528,582,342
Financial assets at FVPL	61,305,065	–	–	–	61,305,065
Financial assets at FVOCI	1,725,000				1,725,000
Trade receivables	–	93,598,650	–	3,238,000	96,836,650
Due from related parties	–	123,929,208	–	–	123,929,208
Construction bond	–	3,185,750	–	–	3,185,750
	₱591,612,407	₱220,713,608	₱–	₱3,238,000	₱815,564,015

The credit quality of such financial assets at amortized cost is managed by the Group using the internal credit quality ratings as follows:

- *High Grade.* Pertains to counterparty who is not expected by the Group to default in settling its obligations, thus credit risk exposure is minimal. This normally includes large prime financial institutions and companies. Credit quality was determined based on the credit standing of the counterparty.

- *Standard Grade.* Other financial assets not belonging to high grade financial assets are included in this category.

Impairment. An impairment analysis is performed at each reporting date using a provision matrix to measure ECL. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and other forms of credit insurance). The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity.

Trade receivables arise mainly from transactions with its approved franchisees. Franchisees are subject to stringent financial, credit, and legal verification process. In addition, trade receivable balances are monitored on an on-going basis to ensure timely collections. Allowance for expected credit loss for trade receivables amounted to ₱3.2 million as at December 31, 2023 and 2022, respectively. Management assessed that the allowance is sufficient to cover the ECL of trade receivables of the Group.

The Group's franchise agreement provides that in case of breach of agreement which includes significant delay or non-payment of obligations, the franchise will be terminated and the Group will be given the rights to take-over the franchised outlets. Accordingly, this will allow the Group to have the earning rights over the outlets' assets and this credit enhancement allows the Group to reduce its exposure to credit risk.

For other financial assets at amortized cost which is mainly comprised of cash and cash equivalents, due from related parties, and construction bond, the PFRS 9 impairment requirements do not result in significant ECL. The following are considered in the assessment:

- Cash and cash equivalents are deposited with reputable counterparty banks that possess good credit ratings.

- For construction bond and due from related parties, the Group considered the available liquid assets of the related parties and financial capacity of the third party service provider to refund the construction bond once the construction contract is completed.

<u>Interest Rate Risk</u>

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to its note payable and mortgage payable. The Group obtains additional financing through bank borrowings. The Group's policy is to obtain the most favorable interest rates available.

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's note payable and mortgage payable with variable interest rates as disclosed in Notes 14 and 15, respectively.

The management has assessed that any variation in the interest rate will not have a material impact on the net profit or loss of the Group.

Liquidity Risk

Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet commitments from financial instruments. It may result from either the inability to sell assets quickly at fair values or failure to collect from counterparty.

The Group's objective is to maintain a balance between continuity of funding and flexibility through bank borrowings and related party advances and aims to manage liquidity as follows:

a. To ensure that adequate funding is available at all times;
b. To meet commitments as they arise without incurring unnecessary costs; and
c. To be able to assess funding when needed at the least possible cost.

The tables below summarize the maturity profile of the Group's financial liabilities based on undiscounted cash flows:

	2023					
	Payable on Demand	**1 to 120 Days**	**121 to 240 Days**	**241 to 360 Days**	**Over 360 Days**	**Total**
Trade and other payables*	**₱–**	**₱71,459,923**	**₱–**	**₱–**	**₱–**	**₱71,459,923**
Notes payable	**–**	**252,451,500**	**–**	**–**	**–**	**252,451,500**
Mortgage payable	**–**	**–**	**–**	**–**	**–**	**–**
Lease liabilities	**–**	**23,180,319**	**23,180,319**	**23,180,319**	**27,752,104**	**97,293,061**
Future interests	**–**	**495,217**	**742,825**	**1,238,042**	**1,733,042**	**4,209,126**
	₱–	**₱347,586,959**	**₱23,923,144**	**₱24,418,361**	**₱29,485,146**	**₱425,413,610**

** Excluding nonfinancial liabilities.*

	2022					
	Payable on Demand	1 to 120 Days	121 to 240 Days	241 to 360 Days	Over 360 Days	Total
Trade and other payables*	₱–	₱65,464,255	₱–	₱–	₱–	₱65,464,255
Notes payable	–	205,000,000	–	–	–	205,000,000
Mortgage payable	–	80,909	–	–	–	80,909
Lease liabilities	–	19,629,695	19,629,695	17,730,953	86,386,643	143,376,986
Future interests	–	1,241,547	1,112,309	22,422	4,603,344	6,979,622
	₱–	₱291,416,406	₱20,742,004	₱17,753,375	₱90,989,987	₱420,901,772

** Excluding nonfinancial liabilities.*

29. **Fair Value Measurement**

The table below presents the carrying amounts and fair values of the Group's financial instruments as follows:

	2023		2022	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets at Amortized Cost				
Cash and cash equivalents	**₱581,573,621**	**₱581,573,621**	₱528,582,342	₱528,582,342
Trade receivables	**69,198,597**	**69,198,597**	93,598,650	93,598,650
Due from related parties	**103,647,446**	**103,647,446**	123,929,208	123,929,208
Construction bond	**3,873,626**	**3,873,626**	3,185,750	3,185,750
Financial Assets at FVPL	**61,316,952**	**61,316,952**	61,305,065	61,305,065
Financial Assets at FVOCI	**1,725,000**	**1,725,000**	1,725,000	1,725,000
	₱821,335,242	**₱821,335,242**	₱812,326,015	₱812,326,015

	2023		2022	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Liabilities at Amortized Cost				
Trade and other payables*	**₱71,459,923**	**₱71,459,923**	₱65,464,255	₱65,464,255
Notes payable	**252,451,500**	**252,451,500**	205,000,000	205,000,000
Lease liabilities	**97,293,061**	**97,293,061**	132,709,853	132,709,853
Mortgage payable	**–**	**–**	80,909	80,909
	₱421,204,484	**₱421,204,484**	₱403,255,017	₱403,255,017

** Excluding statutory payables.*

The following methods and assumptions were used to estimate the fair values of each class of financial instruments.

Cash and Cash Equivalents, Trade Receivables, Due from Related Parties, Construction Bond, Trade and Other Payables (Excluding Statutory Payable) and Notes Payable. The carrying amounts of these financial instruments approximate their fair values due to the relatively short-term maturity and demand features of these financial instruments.

Financial Assets at FVPL. The fair value of investments at FVPL classified as Level 1 was determined using the quoted market prices as published by the trust company.

Financial Assets at FVOCI. The fair value of investment in club shares designated as financial assets at FVOCI is classified under Level 3 of the fair value hierarchy.

Lease Liabilities and Mortgage Payable. Fair value is determined based on the discounted cash flow analysis using effective interest rates for similar types of instruments. These financial instruments are classified under Level 2 of the fair value hierarchy groups of the financial statements (significant observable inputs). The rate applied to mortgage payable range from 2.42% to 3.76%, while rates applied to lease liabilities range from 7.30% to 8.35%.

30. **Operating Segment Information**

For management purposes, the Group is organized into operating segments based on brand names. However, due to the similarity in the economic characteristics, such segments have been aggregated into a single operating segment for external reporting purposes.

Outlet stores sales reflected in the consolidated statements of comprehensive income are all from external customers and within the Philippines, which is the Group's domicile and primary place of operations. Additionally, the Group's noncurrent assets are also primarily acquired, located and used within the Philippines.

Outlet stores sales are attributable to revenue from the general public, which are generated through the Group's store outlets. Consequently, the Group has no concentrations of revenue from a single customer in 2023, 2022 and 2021.

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Registration No. PP201007009

BDO Towers Valero
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

**REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors
FRUITAS HOLDINGS, INC. AND SUBSIDIARIES
No. 60 Cordillera St., Brgy. Dona Josefa
Quezon City, 1113

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of FRUITAS HOLDINGS, INC. (a subsidiary of LUSH PROPERTIES, INC.) and Subsidiaries (the "Group") as at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021, and have issued our report thereon dated April 6, 2024.

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying Supplementary Schedules are the responsibility of the Group's management. These supplementary schedules include the following:

- Supplementary Schedules as Required by Part II of the Revised Securities Regulation Code Rule 68 as at December 31, 2023
- Reconciliation of Retained Earnings Available for Dividend Declaration of the Parent Company as at December 31, 2023
- Schedule for Listed Companies with a Recent Offering of Securities to the Public as at December 31, 2023
- Conglomerate Map as at December 31, 2023

These schedules are presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic consolidated financial statements. The information in these supplementary schedules have been subjected to the auditing procedures applied in our audits of the basic consolidated financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

REYES TACANDONG & CO.

CEDRIC M. CATERIO
Partner
CPA Certificate No. 87322
Tax Identification No. 102-083-647-000
BOA Accreditation No. 4782; Valid until April 13, 2024
BIR Accreditation No. 19-005765-001-2022;
Valid until December 13, 2025
PTR No. 10072410;
Issued January 2, 2024, Makati City

April 6, 2024
Makati City, Metro Manila

FRUITAS HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of LUSH PROPERTIES, INC.)

SUPPLEMENTARY SCHEDULES AS REQUIRED BY PART II of THE REVISED SRC RULE 68
DECEMBER 31, 2023

N/A - Not applicable

FRUITAS HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of LUSH PROPERTIES, INC.)

SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

			Ending Balance				
Name and designation of debtor	Balance at beginnning of year	Additions	Amounts collected	Amounts written off	Current	Not current	Balance at end of year
Due from related parties	₱531,521,287	₱61,402,959	₱13,217,710	₱–	₱579,706,536	₱–	₱579,706,536

FRUITAS HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of LUSH PROPERTIES, INC.)

SCHEDULE G - CAPITAL STOCK
DECEMBER 31, 2023

				Number of shares held by		
Title of issue	**Number of shares authorized**	**Number of shares issued and outstanding as shown under related balance sheet caption**	**Number of shares reserved for options, warrants, conversion and other rights**	**Number of shares held by related parties**	**Directors, officers and employees**	**Others**
Common stock - ₱0.10 par value	4,700,000,000	2,133,680,000	–	–	1,264,295,010	869,384,990
Preferred stock - ₱0.01 par value	3,000,000,000	2,000,000,000	–	2,000,000,000	–	–

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION OF THE PARENT COMPANY
FOR THE REPORTING YEAR ENDED DECEMBER 31, 2023

FRUITAS HOLDINGS, INC.
No. 60 Cordillera St., Brgy. Dona Josefa
Quezon City, 1113

		Amount
Unappropriated retained earnings, beginning of reporting period		₱324,283,189
Add: Category A: **Items that are directly credited to unappropriated retained earnings**		
Reversal of retained earnings appropriation/s	–	
Effect of restatements or prior-period adjustments	–	
Others (Beginning balance of cumulative deferred tax assets related to set up of right-of-use of asset and lease liability and set up of retirement obligation directly debited to unappropriated retained earnings)	(41,305,660)	(41,305,660)
Less: Category B: **Items that are directly debited to unappropriated retained earnings**		
Dividend declaration during the reporting period	21,503,467	
Retained earnings appropriated during the reporting period	–	
Effect of restatements or prior-period adjustments	–	
Others (Beginning balance of cumulative deferred tax assets related to set up of right-of-use of asset and lease liability and set up of retirement obligation directly debited to unappropriated retained earnings)	–	21,503,467
Unappropriated retained earnings, as adjusted		261,474,062
Add/less: Net income (loss) for the current year		10,692,814
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	–	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	–	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVPL)	–	
Unrealized fair value gain of investment property	583,150	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the Philippine Financial Reporting Standards (PFRS) (describe nature)	–	583,150
Sub-total		583,150

(Forward)

		Amount
Add: Category C.2: Unrealized income recognized in profit or loss in prior periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to cash and cash equivalents	–	
Realized fair value adjustment (mark-to-market gains) of financial instruments at FVPL	–	
Realized fair value 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)	–	
Realized foreign exchange gain, except those attributable to cash and cash equivalents	–	–
Sub-total		–
Add: Category C.3: Unrealized income recognized in profit or loss in prior 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 adjustment (mark-to-market gains) of financial instruments at FVPL	–	
Reversal of previously recorded fair value 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)		271,583,726
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: Adjustments related to relief granted by the SEC		
Amortization of the effect of reporting relief	–	
Total amount of reporting relief granted during the year	–	
Others (describe nature)	–	–
Sub-total		**–**

(Forward)

		Amount
Add/less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares	–	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	–	
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	(278,321)	
Adjustment due to deviation from PFRS/GAAP - gain (loss)	–	
Others (describe nature)	–	(278,321)
Sub-total		(278,321)
Total retained earnings, end of the reporting period available for dividend		₱271,305,405

FRUITAS HOLDINGS, INC.
(A Subsidiary of LUSH PROPERTIES, INC.)

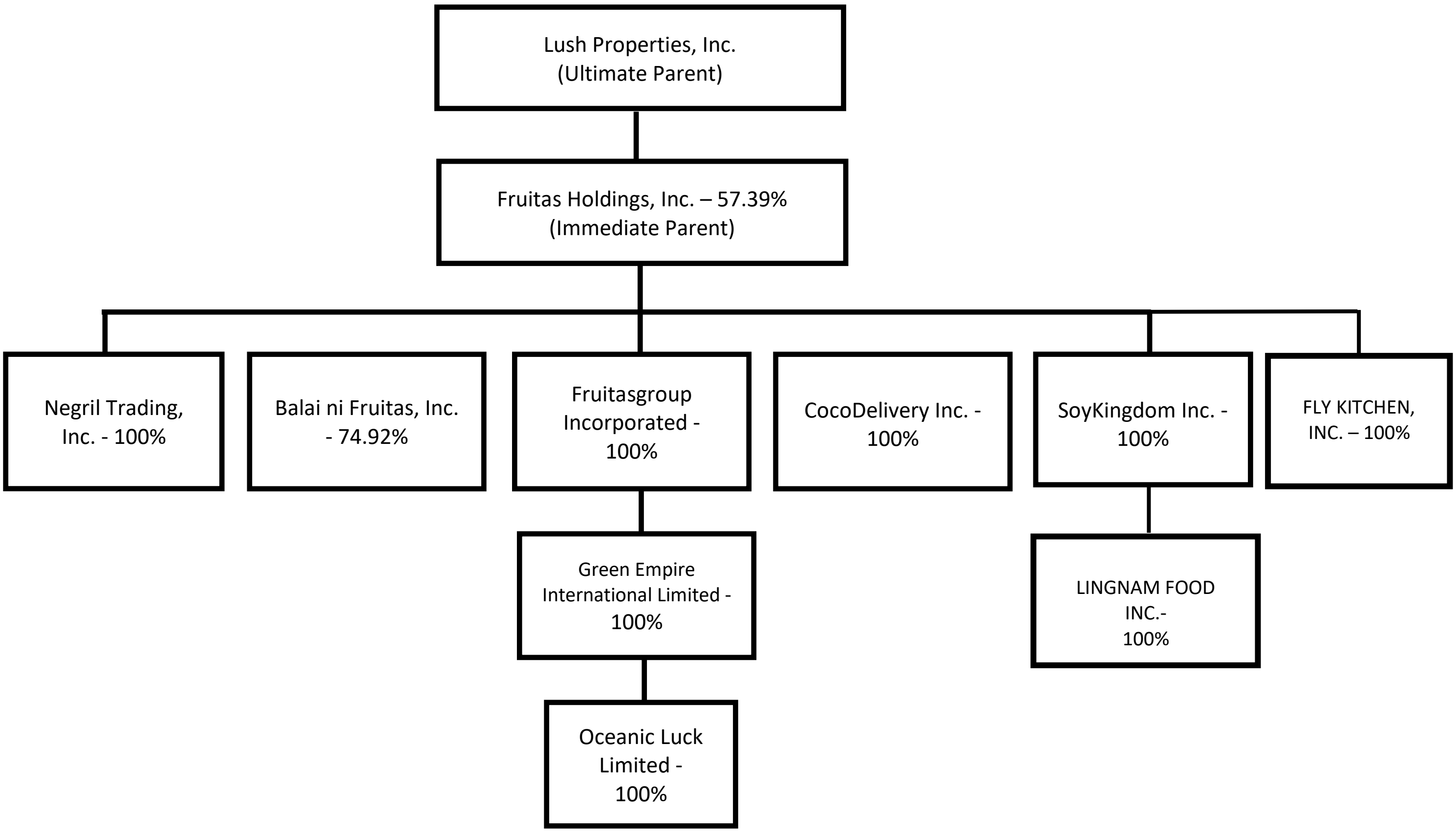
SCHEDULE FOR LISTED COMPANIES WITH A RECENT OFFERING OF SECURITIES TO THE PUBLIC

DECEMBER 31, 2023

	Estimated	Actual
Gross Proceeds	**₱896,548,800**	**₱896,548,800**
Offer Expenses	**(72,464,600)**	**(72,464,600)**
Net Proceeds	**824,084,200**	**824,084,200**
Use of Proceeds		
Store network expansion and store improvement program	(158,048,800)	(158,048,800)
Debt repayment	(175,000,000)	(175,000,000)
Investment or advances to subsidiaries for working capital	(147,000,000)	(147,000,000)
Acquisition of head office of FHI	(142,375,050)	(142,375,050)
Acquisition opportunities and introduction of new concepts	(153,660,350)	(153,660,350)
Commissary expansion	(48,000,000)	(48,000,000)
	(824,084,200)	**(824,084,200)**
Unapplied Proceeds	**₱–**	**₱–**

FRUITAS HOLDINGS, INC.
(A Subsidiary of LUSH PROPERTIES, INC.)
AND SUBSIDIARIES

CONGLOMERATE MAP
DECEMBER 31, 2023



INDEPENDENT AUDITORS' REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
FRUITAS HOLDINGS, INC. AND SUBSIDIARIES
No. 60 Cordillera St., Brgy. Dona Josefa
Quezon City, 1113

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of FRUITAS HOLDINGS, INC. and Subsidiaries (the "Group") as at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021, and have issued our report thereon dated April 6, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated 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 Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) 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 consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2023 and 2021 and no material exceptions were noted.

REYES TACANDONG & CO.

CEDRIC M. CATERIO
Partner
CPA Certificate No. 87322
Tax Identification No. 102-083-647-000
BOA Accreditation No. 4782; Valid until April 13, 2024
BIR Accreditation No. 19-005765-001-2022;
Valid until December 13, 2025
PTR No. 10072410;
Issued January 2, 2024, Makati City

April 6, 2024
Makati City, Metro Manila

FRUITAS HOLDINGS, INC.
(A Subsidiary of LUSH PROPERTIES, INC.)
AND SUBSIDIARIES

FINANCIAL SOUNDNESS INDICATORS
DECEMBER 31, 2023

Below is a schedule showing financial soundness indicators of the Group as at and for the years ended December 31, 2023 and 2022.

	December 31	
	2023	2022
CURRENT/LIQUIDITY RATIO		
Current assets	**₱1,062,326,136**	₱994,230,443
Current liabilities	**438,861,176**	330,391,270
Current Ratio	**2.42**	3.01
ACID TEST RATIO		
Cash and cash equivalents	**₱581,573,621**	₱528,582,342
Financial assets at FVPL	**61,316,952**	61,305,605
Trade receivables	**69,198,597**	93,598,650
Due from related parties	**103,647,446**	123,929,208
Quick assets	**815,736,616**	807,415,805
Current liabilities	**438,861,176**	330,391,270
Acid Test Ratio	**1.86**	2.44
SOLVENCY RATIO		
Net income before depreciation and amortization	**₱317,347,963**	₱234,612,096
Total liabilities	**493,025,958**	435,017,613
Solvency Ratio	**0.64**	0.54
DEBT-TO-EQUITY RATIO		
Total liabilities	**₱493,025,958**	₱435,017,613
Total equity	**1,636,270,023**	1,524,365,106
Debt-to-Equity Ratio	**0.30**	0.29
ASSET-TO-EQUITY RATIO		
Total assets	**₱2,129,295,981**	₱1,959,382,719
Total equity	**1,636,270,023**	1,524,365,106
Asset-to-Equity Ratio	**1.30**	1.29
INTEREST-COVERAGE RATIO		
Earnings (loss) before interest and taxes	**₱185,654,359**	₱132,598,831
Interest expense	**27,600,379**	24,727,470
Interest-Coverage Ratio	**6.73**	5.36

(Forward)

	December 31	
	2023	2022
PROFITABILITY RATIO		
Net income (loss) attributable to equity holders of the Parent Company	**₱98,465,375**	**₱77,237,220**
Average equity	**1,580,317,565**	**1,373,198,295**
Return on Equity	**0.06**	**0.06**
RETURN ON ASSETS		
Net income (loss)	**₱113,172,692**	**₱82,359,741**
Average assets	**2,049,898,558**	**1,800,398,998**
Return on Assets	**0.06**	**0.05**
NET PROFIT MARGIN		
Net income (loss)	**₱113,172,692**	**₱82,359,741**
Revenue	**2,469,098,397**	**1,799,170,723**
Net Profit Margin	**0.05**	**0.05**

FRUITAS HOLDINGS INC.

60 Cordillera St. Brgy Dona Josefa Quezon City, Philippines
Tel: (63.2)8-330-3188; Mobile No. +63928.361.6345
Email: ipo.compliance@fruitasholdings.com; compliancetax.fhi@gmail.com

"STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN"

The Management of **Fruitas Holdings, Inc.** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2023. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2023 and the accompanying Annual Income Tax Return are in accordance with the books and records of Fruitas Holdings, Inc., complete, and correct in all material respects. Management likewise affirms that:

(a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;

(b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards (i.e. Philippine Financial Reporting Standards, or those applicable to Non-Publicly Accountable Entities) and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;

(c) the Company has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

Signature: ______________________
Rogelio M. Guadalquiver
Chairman of the Board

Signature: ______________________
Lester C. Yu
President and Chief Executive Officer

Signature: ______________________
Rushell Salvador
Chief Financial Officer and Treasurer

SUBSCRIBED AND SWORN TO BEFORE ME THIS ______ AFFIANT EXHIBITING TO ME WITH VALID I.D. NO. ______ 11 APR 2024

Signed this 6th day of April 2024.

DOC. NO. 174
PAGE NO. 36
BOOK NO. XVII
SERIES OF 2024

ATTY. MA. PERLITA P. CABRERA
Notarial Commission until DEC. 31, 2025
Adm. Matter No. [illegible] (2024-2025)
PTR. No.: [illegible] 01/02/2024 - QC
IBP. No.: [illegible] 01/02/2024 - QC
Attorney's Roll No. 44573
MCLE Compliance No. VII-[illegible]97,
Valid until 14 APR 2025

ANNEX B to the SEC Form 17-A:
LIST OF TOP 100 STOCKHOLDERS AS OF DEC. 31, 2023

COVER SHEET

C S 2 0 1 5 0 3 0 1 4
SEC Registration Number

F R U I T A S   H O L D I N G S ,   I N C .

(Company's Full Name)

N O . 6 0   C O R D I L L E R A   S T .

B R G Y . D O N A   J O S E F A   Q U E Z O N   C I T Y

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

RUSHELL A. SALVADOR	+(632) 8731-8886
Contact Person	Company Telephone Number

SEC FORM 17-C

LIST OF TOP 100 STOCKHOLDERS-December 2023

1 2	3 1		0 7	2 5
Month	Day	FORM TYPE	Month	Day
Fiscal Year		Annual Meeting		

Secondary License Type, If Applicable

Dept Requiring this Doc

Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes

January 15, 2023

THE SECURITIES AND EXCHANGE COMMISSION
Markets and Securities Regulation Department
17/F SEC Headquarters
7907 Makati Avenue, Salcedo Village,
Barangay Bel-Air, Makati City, 1209

Attention : ***Director Vicente Graciano P. Felizmenio, Jr.***
Markets and Securities Regulation Department

THE PHILIPPINE STOCK EXCHANGE
3rd Floor, Phlippines Stock Exchange Plaza Ayala
Triangle, Ayala Avenue, Makati City

Attention : ***Ms. Alexandra D. Tom Wong***
Officer-in-Charge, Disclosure Department

Gentlemen:

We hereby submit the List of Top 100 Stockholders as of December 31, 2023 both certificated and shares lodged to PCD:

Number of Issued Common Shares	2,133,680,000
Number of Treasury Common Shares, if any	-
Number of Outstanding Common Shares	2,133,680,000
Number of Listed Common Shares	2,133,680,000
Number of Lodged Common Shares	2,031,026,992
PCD Nominee - Filipino	2,019,762,711
PCD Nominee - Non-Filipino	11,264,281
Number of Certificated Common Shares	102,653,008

Very Truly Yours,
FRUITAS HOLDINGS INC.

By: Ralf F. Sarmiento
Compliance Officer

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

**CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER**

1. January 15, 2024
   Date of Report (Date of earliest event reported)

2. SEC Identification Number- CS201503014

3. BIR Tax Identification No.- 008-961-476-000

4. **FRUITASHOLDINGS INC**
   Exact name of issuer as specified in its charter

5. PHILIPPINES
   Province, country or other jurisdiction of incorporation

6. (SEC Use Only)
   Industry Classification Code

7. 60 CORDILLERA ST. COR. E. RODRIGUEZ SR. AVE. QUEZON CITY
   Address of principal office
   1113
   Postal Code:

8. (02)8243-1741
   Issuer's telephone number, including area code

9. N/A
   Former name or former address, if changed since last report

10. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	2,133,680,000

11. Indicate the item numbers reported herein: ITEM 9- OTHER EVENTS

We hereby submit the SEC form 17C for the List of Top 100 stockholders of Fruitas Holdings Inc. (“FRUIT”) as of December 31, 2023. As of covered date, out of the 2,133,680,000 outstanding common shares of FRUIT, there are 102,653,008 certificate common shares and 2,031,026,992 lodged shares. Out of the total lodged shares, 2,019,762,711 are PCD Nominee- Filipino and 11,264,281 are PCD Nominee – Non-Filipino.

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 hereunto duly authorized.

FRUITAS HOLDINGS INC.
Issuer

____
RALF F. SARMIENTO
Compliance Officer

Date

15 January 2024

COMPANY NAME : FRUITAS HOLDINGS, INC.

LIST OF TOP 100 STOCKHOLDERS
As Of December 31, 2023

STOCKHOLDER'S NAME	OUTSTANDING & ISSUED SHARES (FULLY PAID)	OUTSTANDING & ISSUED SHARES (PARTIALLY PAID)	TOTAL HOLDINGS (SUBSCRIBED)	PERCENTAGE TO TOTAL
PCD NOMINEE CORP. (FILIPINO)	2,019,762,711	0	2,019,762,711	94.661
LUSH PROPERTIES INCORPORATED	100,000,000	0	100,000,000	4.687
PCD NOMINEE CORP. (NON-FILIPINO)	11,264,281	0	11,264,281	0.528
NECISTO UY SYTENGCO	2,500,000	0	2,500,000	0.117
MYRA P. VILLANUEVA	59,000	0	59,000	0.003
MILAGROS P. VILLANUEVA	20,000	0	20,000	0.001
MYRNA P. VILLANUEVA	20,000	0	20,000	0.001
MYRA P. VILLANUEVA	11,000	0	11,000	0.001
MARIETTA V. CABREZA	10,000	0	10,000	0.000
IRENE CHUA	10,000	0	10,000	0.000
MA. CHRISTMAS R. NOLASCO	10,000	0	10,000	0.000
MYLENE C. ARNIGO	5,000	0	5,000	0.000
DENNIS T. BENG HUI	1,000	0	1,000	0.000
CALVIN FENIX CHUA	1,000	0	1,000	0.000
VINCENT RICARDO CUEVAS	1,000	0	1,000	0.000
BAMBI MAUREEN ENRIQUEZ DONATO	1,000	0	1,000	0.000
ROGELIO MESINA GUADALQUIVER	1,000	0	1,000	0.000
MADELENE TIMBAS SAYSON	1,000	0	1,000	0.000
SHIRLEY O YEK TAN	1,000	0	1,000	0.000
LESTER C. YU	1,000	0	1,000	0.000
GERARDO L. SALGADO	8	0	8	0.000

FRUIT0000000 December 31, 2023

OUTSTANDING BALANCES FOR SPECIFIC COMPANY

December 31, 2023

FRUIT0000000

BPNAME	QUANTITY
FIRST METRO SECURITIES BROKERAGE CORP.	1,207,009,512
PHILSTOCKS FINANCIAL INC	226,011,262
AB CAPITAL SECURITIES, INC.	127,132,859
COL Financial Group, Inc.	101,929,731
ANSALDO, GODINEZ & CO., INC.	68,587,000
ABACUS SECURITIES CORPORATION	52,531,888
BDO SECURITIES CORPORATION	46,034,926
BPI SECURITIES CORPORATION	35,471,912
AP SECURITIES INCORPORATED	11,659,100
QUALITY INVESTMENTS & SECURITIES CORPORATION	11,124,000
PHILIPPINE EQUITY PARTNERS, INC.	9,428,000
INVESTORS SECURITIES, INC,	7,705,000
SOCIAL SECURITY SYSTEM	7,336,900
REGINA CAPITAL DEVELOPMENT CORPORATION	6,674,000
SunSecurities, Inc.	6,073,000
AAA SOUTHEAST EQUITIES, INCORPORATED	5,545,785
A & A SECURITIES, INC.	5,106,000
UNICAPITAL SECURITIES INC.	4,825,926
STRATEGIC EQUITIES CORP.	4,714,000
PNB SECURITIES, INC.	4,698,000
ASTRA SECURITIES CORPORATION	3,982,000
RCBC SECURITIES, INC.	3,415,000
GOLDSTAR SECURITIES, INC.	3,019,000
SB EQUITIES,INC.	2,834,000
EASTERN SECURITIES DEVELOPMENT CORPORATION	2,765,000
G.D. TAN & COMPANY, INC.	2,720,000
LANDBANK SECURITIES, INC.	2,684,000
SUMMIT SECURITIES, INC.	2,399,091
WESTLINK GLOBAL EQUITIES, INC.	2,337,000
SALISBURY SECURITIES CORPORATION	2,077,000
TIMSON SECURITIES, INC.	2,023,000
MDR SECURITIES, INC.	2,005,000
DEUTSCHE BANK MANILA-CLIENTS A/C	2,000,000
TOWER SECURITIES, INC.	1,951,010
R. NUBLA SECURITIES, INC.	1,891,600
NEW WORLD SECURITIES CO., INC.	1,864,000
MAYBANK SECURITIES, INC.	1,841,000
CHINA BANK SECURITIES CORPORATION	1,820,000
ASIASEC EQUITIES, INC.	1,692,000
R. COYIUTO SECURITIES, INC.	1,667,000
YAO & ZIALCITA, INC.	1,660,000

STANDARD SECURITIES CORPORATION	1,645,000
E. CHUA CHIACO SECURITIES, INC.	1,440,000
WEALTH SECURITIES, INC.	1,418,000
TANSENGCO & CO., INC.	1,410,000
GLOBALINKS SECURITIES & STOCKS, INC.	1,384,000
PAN ASIA SECURITIES CORP.	1,370,000
MANDARIN SECURITIES CORPORATION	1,343,000
EVERGREEN STOCK BROKERAGE & SEC., INC.	1,315,000
EAGLE EQUITIES, INC.	1,259,000
TRITON SECURITIES CORP.	1,189,000
BELSON SECURITIES, INC.	1,135,000
MERIDIAN SECURITIES, INC.	1,042,000
VALUE QUEST SECURITIES CORPORATION	1,009,000
ALPHA SECURITIES CORP.	980,000
F. YAP SECURITIES, INC.	887,490
VENTURE SECURITIES, INC.	885,000
DIVERSIFIED SECURITIES, INC.	830,000
JSG SECURITIES, INC.	785,000
YU & COMPANY, INC.	766,000
STAR ALLIANCE SECURITIES CORP.	765,000
IMPERIAL,DE GUZMAN,ABALOS & CO.,INC.	734,000
SECURITIES SPECIALISTS, INC.	716,000
LUCKY SECURITIES, INC.	665,000
MERCANTILE SECURITIES CORP.	610,000
OPTIMUM SECURITIES CORPORATION	603,000
DA MARKET SECURITIES, INC.	578,000
FIDELITY SECURITIES, INC.	545,000
RTG & COMPANY, INC.	537,000
S.J. ROXAS & CO., INC.	491,000
SOLAR SECURITIES, INC.	345,000
UPCC SECURITIES CORP.	328,000
DRAGONFI SECURITIES, INC.	308,000
JAKA SECURITIES CORP.	295,000
HDI SECURITIES, INC.	282,000
DAVID GO SECURITIES CORP.	253,000
STANDARD CHARTERED BANK	231,000
R. S. LIM & CO., INC.	205,000
PAPA SECURITIES CORPORATION	170,000
ASIA PACIFIC CAPITAL EQUITIES & SECURITIES CORP.	164,000
INTRA-INVEST SECURITIES, INC.	164,000
LITONJUA SECURITIES, INC.	160,000
I. B. GIMENEZ SECURITIES, INC.	150,000
PREMIUM SECURITIES, INC.	123,000
LUYS SECURITIES COMPANY, INC.	120,000
GOLDEN TOWER SECURITIES & HOLDINGS, INC.	120,000
FIRST ORIENT SECURITIES, INC.	110,000
BA SECURITIES, INC.	105,000

CITIBANK N.A.	100,000
EQUITIWORLD SECURITIES, INC.	97,000
CUALOPING SECURITIES CORPORATION	92,000
CTS GLOBAL EQUITY GROUP, INC.	77,000
APEX PHILIPPINES EQUITIES CORPORATION	75,000
LOPEZ, LOCSIN, LEDESMA & CO., INC.	73,000
AB CAPITAL & INVESTMENT CORP. - TRUST & INVESTMENT DIV.	57,000
IGC SECURITIES INC.	50,000
FIRST INTEGRATED CAPITAL SECURITIES, INC.	50,000
THE FIRST RESOURCES MANAGEMENT & SECURITIES CORP.	38,000
AURORA SECURITIES, INC.	30,000
ALAKOR SECURITIES CORPORATION	25,000
A. T. DE CASTRO SECURITIES CORP.	17,000
GUILD SECURITIES, INC.	17,000
H. E. BENNETT SECURITIES, INC.	8,000
VC SECURITIES CORPORATION	6,000
TOTAL	**2,031,026,992**

Annex C to the SEC Form 17-A: FHI Sustainability Report

Contextual Information

Company Details	
Name of Organization	Fruitas Holdings, Inc. (FHI or FRUIT)
Location of Headquarters	60 Cordillera St. corner E. Rodriguez Sr. Ave., Brgy. Doña Josefa, Quezon City
Location of Operations	Philippines
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	This report mainly covers FHI's business as a Holding Company and its investment to its five 100% owned subsidiaries namely Fruitasgroup, Inc. (FGI), Negril Trading, Inc. (NTI), Soykingdom, Inc. (SKI), CocoDelivery, Inc. (CDI) and Flykitchen Inc.(FKI) with the 75% owned subsidiary Balai Ni Fruitas, Inc. (BNFI),
Business Model, including Primary Activities, Brands, Products, and Services	FHI, as a holding company, own investments in shares of stocks of FGI, NTI, BNFI, SKI, CDI, FKI and in various shares of stocks of companies listed in the Philippine Stock Exchange. The Company also serves as a consultant to its subsidiaries to further improve the businesses.
Reporting Period	January 1 to December 31, 2023
Highest Ranking Person responsible for this report	Lester C. Yu – President and Chief Executive Officer

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.

Fruitas Holdings, Inc., as a holding Company, has minimal operations which focus on investments to its subsidiaries, other listed companies through the Philippine Stock Exchange, and different investment instruments through financial institutions. The sustainability of the company is emphasized on the strength of investments in the subsidiaries and the capital market which are expected to produce maximum levels for its shareholders. The report focuses on material topics relating to macroeconomic impact and the actions performed by the Company to manage risk and capitalize on possible opportunities.

In succeeding Sustainability Reports, the 3P's principles will be employed to identify other material topics:

a.) People – this involves the employees, stakeholders, external customers, and other related groups and individuals directly involved in the Company and subsidiaries.

b.) Planet – this involves the environment and how the Company directly and indirectly impacts through its operations

c.) Profit – this involves the financial health and performance of the Company to ensure sustainability of operations

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	2,469,098,397	PhP
Direct economic value distributed:		
a. Operating costs	1,342,836,736	PhP
b. Payments to suppliers (direct cost)	975,545,191	PhP
c. Taxes given to government	44,881,288	PhP
d. Interest payments to loan providers	27,600,379	PhP
e. Dividends given to stockholders	21,503,467	PhP

Direct Economic Value

Discussion on Impact, Risks, and Management Approach

FHI traces its roots from Lush Enterprises Corporation ("LEC"), which was incorporated by Mr. Lester Yu in 2000. LEC opened its first "*Fruitas Fresh from Babot's Farm*" store in 2002 at SM Manila. Fast forward to 2022, FHI has more than 780 stores across the Philippines generally located in prime commercial establishments and institutions. Since its establishment, FHI and its subsidiaries has expanded its brand portfolio to include *Buko Loco*, *Buko ni Fruitas, Juice Avenue*, *Johnn Lemon*, *Black Pearl*, *Tea Rex*, *De Original Jamaican Pattie Shop and Juice Bar*, *The Mango Farm,* and *Sabroso Lechon. Balai Pandesal, Soy & Bean, Ling Nam,* to name a few. The Group continues to make its mark in the industry through the growth of its store network, expansion through acquisitions, and development of new business concepts and formats. In addition, FHI through one of its subsidiaries, Fruitasgroup Incorporated ("FGI"), operates 2 foodparks which are both situated in Quezon City, Philippines. FHI recognizes the following risks and implements several management approaches to mitigate the identified risks.

1. Macro-environmental Risks in the Philippines

The Philippines, as a developing economy, is vulnerable to various macro-environmental risks such as politics, economy, social, and technology which can affect the operations of the Company. Several issues have plagued the country over the years which significantly affected the health of the economy as represented in the decline in Peso value, increased unemployment, higher interest rates, greater volatility, high interest days, and low levels in the stock exchange. The health of the economy may affect the financial performance of the Company.

2. Risk on Investments in Subsidiaries

The Company owns six subsidiaries namely Fruitasgroup, Inc., Negril Trading, Inc., Balai ni Fruitas, Inc., Soykingdom Inc, Cocodelivery Inc. and Flykitchen Inc. Since the company's main revenue stream comes from dividends paid by the subsidiaries, any negative effect in the business of these subsidiaries will also affect the financial performance of the company. The optimum efficiency in operations and financial performance in the subsidiary level will yield greater positive revenue to FHI.

3. Financial Risk

The main financial risks arising from the Company's financial investments are liquidity risk, market risk, and interest rate risk. Liquidity risk involves the capability of the Company to meet its short-term financial obligations. The Company has substantial investments in its subsidiaries which may not be readily convertible to liquid assets necessary to meet urgent financial requirements.

Market risk focuses on the volatility in the market as reflected in price adjustments which affects possible earnings on future earnings and fair market values. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, commodity prices, equity prices, and other market changes. The Company's market risk emanates from its investments in different financial instruments.

The Company's exposure to market risk for changes in fixed interest rates relates primarily to the Company's money market placements and debt securities.

To mitigate these risks, FHI closely monitors macro-environmental issues which include politics, legal, environmental, that may have impact to the Company. In addition, the Company also serves as a consultant to its subsidiaries to ensure the optimum level of operational and financial performance to yield maximum values.

FHI monitors and manages its cash position and overall liquidity position to mitigate financial risks. The Company maintains a sufficient level of cash and cash equivalents ensure continuity of operations and to reduce impacts of fluctuations in cash flows.

FHI constantly monitors the values of its securities and all other factors which could directly or indirectly affect the prices of these instruments. In the event of a projected drop in the equity and securities portfolio, the Company is equipped to take action and grab better opportunities to sustain optimal values.

Discussion of Opportunities

FHI continues to explore possible opportunities in the capital market by building up on its reputation as a prominent holding company through its profitable subsidiaries and successful acquisitions.

Climate-related risks and opportunities[1]

As a holding Company, FHI is not directly at risk of climate-related threats. However, FHI Board of Directors continues to examine and consider high-level risks and opportunities of the Company. At present, the Company alone does not have formal climate-related risk strategies and metrics aside from the ones imposed and followed in the subsidiary level. Nonetheless, the Company will consider adopting a formal enterprise risk management program.

[1] Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	100	%

The current direct operations of FHI do not involve spending significantly on local suppliers.

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	N/A	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	N/A	%
Percentage of directors and management that have received anti-corruption training	N/A	%
Percentage of employees that have received anti-corruption training	N/A	%

Incidents of Corruption

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

Currently, the Company does not have a specific program on Anti-corruption aside from the Whistle- Blowing Policy and Insider Trading Policy in which each employee in the organization if made aware of including the directors and officers . Over the years until the end of 2022, the Company did not have any instances of corruption within the organization. Despite the clean record on corruption, the Company will consider to craft a specific program on Anti-corruption within the organization and with business partners to prevent this bad practice from happening.

ENVIRONMENT

Resource Management

FHI's subsidiaries follow best practices in environmental management to manage and mitigate impacts in the environment. They implement waste reduction and proper disposal protocols to minimize adverse effects in their respective territories. Subsidiaries also encourage and welcome ideas and collaborations to further decrease the impact of operations in the environment.

FHI is set to consolidate the data on resource and environmental management of the subsidiaries and will report on these in the succeeding Sustainability Reports.

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	N/A	GJ
Energy consumption (gasoline)	N/A	GJ
Energy consumption (LPG)	N/A	GJ
Energy consumption (diesel)	N/A	GJ
Energy consumption (electricity)	N/A	kWh

Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	N/A	GJ
Energy reduction (LPG)	N/A	GJ
Energy reduction (diesel)	N/A	GJ
Energy reduction (electricity)	N/A	kWh
Energy reduction (gasoline)	N/A	GJ

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	N/A	Cubic meters
Water consumption	N/A	Cubic meters
Water recycled and reused	N/A	Cubic meters

Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume	N/A	
• renewable	N/A	kg/liters
• non-renewable	N/A	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services	N/A	%

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N/A	
Habitats protected or restored	N/A	ha
IUCN[3] Red List species and national conservation list species with habitats in areas affected by operations	N/A	

Environmental impact management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	N/A	Tonnes CO_2e
Energy indirect (Scope 2) GHG Emissions	N/A	Tonnes CO_2e
Emissions of ozone-depleting substances (ODS)	N/A	Tonnes

Air pollutants

Disclosure	Quantity	Units
NO_x	N/A	kg
SO_x	N/A	kg
Persistent organic pollutants (POPs)	N/A	kg
Volatile organic compounds (VOCs)	N/A	kg
Hazardous air pollutants (HAPs)	N/A	kg
Particulate matter (PM)	N/A	kg

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	N/A	kg
Reusable	N/A	kg
Recyclable	N/A	kg
Composted	N/A	kg
Incinerated	N/A	kg
Residuals/Landfilled	N/A	kg

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	N/A	kg
Total weight of hazardous waste transported	N/A	kg

[3] International Union for Conservation of Nature

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	N/A	Cubic meters
Percent of wastewater recycled	N/A	%

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	N/A	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	N/A	#
No. of cases resolved through dispute resolution mechanism	N/A	#

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees[4]	2,107	count
a. Number of female employees	1,239	count
b. Number of male employees	868	count
Attrition rate[5]	38.32	rate
Ratio of lowest paid employee against minimum wage	1:1	ratio

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS			
Maternity	Y	3.87%	0%
Sickness	Y	1.21%	0.92%
Salary Loan	Y	15.82%	12.21%
Calamity Loan	Y	0.48%	0.46%
PhilHealth	Y	3.15%	1.27%
Pag-ibig	Y	21.97	18.09%
Parental leaves	Y	0%	0.23%
Vacation leaves	Y	87.89%	75.35%
Sick leaves	Y	79.50%	75.69%
Medical benefits (aside from PhilHealth))	N		
Housing assistance (aside from Pag-ibig)	N		
Retirement fund (aside from SSS)	N		
Further education support	N		
Company stock options	N		
Telecommuting	N		
Flexible-working Hours	N		
(Others)			

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	88	hours
b. Male employees	88	hours
Average training hours provided to employees		
a. Female employees	88	hours/employee
b. Male employees	88	hours/employee

[4] Employees are individuals who are in an employment relationship with the organization, according to national law or its application (GRI Standards 2016 Glossary)

[5] Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	0	%
Number of consultations conducted with employees concerning employee-related policies	248	count

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	58.80%	%
% of male workers in the workforce	41.20%	%
Number of employees from indigenous communities and/or vulnerable sector*	N/A	#

**Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours		Man-hours
No. of work-related injuries	14	count
No. of work-related fatalities	N/A	#
No. of work related ill-health	N/A	#
No. of safety drills	2	count

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	Y	POLICY AND DATA RELATION TO HEALTH, SAFETY, AND WELFARE OF EMPLOYEES INCLUDING COMPANY SPONSORED TRAININGS
Child labor	N	
Human Rights	Y	POLICY AND DATA RELATION TO HEALTH, SAFETY, AND WELFARE OF EMPLOYEES INCLUDING COMPANY SPONSORED TRAININGS

The Company values the importance of a secure and safe working environment which is reflected in the Company policies. The policies imposed and followed by the Company are bounded by the Philippine law which includes protection of workers and human rights such as Policy and Data Relation to Health. Safety, and Welfare of Employees including Company Sponsored Trainings.

Supply Chain Management

The Company does not have direct suppliers due to the nature of the business however; FHI encourages its subsidiaries to consider sustainability factors when dealing with their suppliers. The Company acknowledges the relevance of good business practices to ensure the continuity of its supply chain.

FHI is set to consolidate the data on supply chain management of the subsidiaries and will report on these in the succeeding Sustainability Reports.

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	N/A	
Forced labor	N/A	
Child labor	N/A	
Human rights	N/A	
Bribery and corruption	Y	Business Integrity and Ethics Agreement

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)

**Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available:

Certificates	Quantity	Units
FPIC process is still undergoing	N/A	#
CP secured	N/A	#

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	N/A	

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	N/A	#
No. of complaints addressed	N/A	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	N/A	#
No. of complaints addressed	N/A	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	N/A	#
No. of complaints addressed	N/A	#
No. of customers, users and account holders whose information is used for secondary purposes	N/A	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	N/A	#

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Investment in stocks and capital market	FHI's investment in stocks contributes to SDG 9 by helping companies finance projects that will boost their operations.	The lack of proper risk management may consequently result in negative impact to financed businesses and investments	FHI closely monitors the various economic, political, and financial risks that my affect the Company.
Fresh and healthy food and beverage	FHI's subsidiaries manufacture and serve fresh and healthy products which contribute to SDG 2 and 3 by promoting good health and well-being.	Mismanagement of fresh and healthy products may result to negative impacts in health upon consumption	Subsidiaries make sure to serve products at its optimum state always. The companies also provide specific nutritional facts and proper product maintenance to ensure the quality of the products.
Employment opportunities for all	FHI and the group provide employment opportunities for all regardless of ethnicity, religion, gender, age, disability, educational attainment, and more which contribute to SDG 10 by reducing inequality inequalities.	Mismanagement of manpower composed of different background and personalities may result to labor concerns and negative operational implications.	The Group ensures to properly manage its manpower through continuous training, employee engagements, and proper compensation packages.

** None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.*