May 2, 2023

THE SECURITIES AND EXCHANGE COMMISSION
Markets and Securities Regulation Department
Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City, 1307

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

Subject : **Fruitas Holdings Inc. 2022 SEC Form 17-A Annual Report**

Dear Director Felizmenio and Ms. Wong:

We hereby submit the SEC Form 17-A Annual Report for the year ended 31December 2022 with the following exhibits:

1. 2022 Audited Financial Statement
2. Top 100 Stockholders as of December 31, 2022
3. Sustainability Report

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

Very Truly Yours,

Very Truly Yours,
FRUITAS HOLDINGS INC.

By: Rushell A. Salvador
Compliance Officer

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 17A

2022 ANNUAL REPORT

FORM TYPE

1 2	3 1
Month	Day

Fiscal Year

0 7	2 5
Month	Day

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

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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, 2022**

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, 2022

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, 2022	Php 1.12
Aggregate Market Value of Voting Stock held by Non-Affiliate	Php 973,711,188.80
Level of Public Float based on information available as of Dec. 31, 2022	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) 2022 Consolidated Financial Statements of Fruitas Holdings, Inc. and its Subsidiaries and Fruitas Holdings, Inc. stand-alone 2022 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 25 active brands across its portfolio. As of December 31, 2022, it has established more than 780 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 780 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 and Oceanic Limited (the "Group"), 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,* and *Sabroso Lechon* 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 for the years ended December 31, 2020, 2021, and 2022 respectively, and net income (loss) of Php (Php 48.1) million, (Php 16.3), and Php 82.4 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, which includes 43 company-owned and 6 franchised stores.

In June 2022, FHI, through its wholly-owned subsidiary, Soykingdom Inc., signed an agreement to acquire, Ling Nam. The Group completed the acquisition in 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.

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
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
<u>Foodparks</u>		
150 Maginhawa St, Quezon City	600 sq. m.	Leased
55 Cordillera St, Quezon City	1,646 sq. m.	Sub-leased
<u>Properties for future use</u>		
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***

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

The market capitalization of the Company's common shares as of end 2022, based on the closing price of Php 1.12 per share was Php 2,389,721,600.

b) Holders

Total shares outstanding as of December 31, 2022, 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)	2,018,959,086	94.623%
Lush Properties Incorporated	100,000,000	4.687%
PCD Nominee Corp. (Non-Filipino)	12,067,906	0.566%
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	-

c) Dividends

Last August 5, 2022, the Company declared regular cash dividends amounting to Php0.01 per share or a total of Php 21,336,800.00 on all shares of common stock issued and outstanding to stockholders of record as of August 8, 2022. Cash dividends were paid on September 1, 2022. The amount of Php 21,336,800.00 represents the total cash declared and paid for in 2022.

There are no outstanding dividends payable as at December 31, 2022.

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

The Company did not issue any stocks to its employees as of December 31, 2022.

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 22 Results of Operations

Key Highlights

FRUIT registered a consolidated net income of Php 82.4 million for the twelve months ending December 31, 2022. This yields a net income margin of 4.6%, a turnaround from the reported net loss of Php 16.3 million in 2021.

Revenues

Consolidated net revenues, composed of sales from company-owned stores, franchise and royalty fees from franchisees, and revenue from wholly-owned subsidiaries, reached Php 1,799.2 million, increasing by 63.5% from reported revenues of Php 1,101.7 million for the twelve months ending December 31, 2021.

Cost of Sales

For the year ending 2022, consolidated cost of sales increased by 78.1% from Php 419.3 million in 2021 to Php 746.9 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 1,052.3 million for the full year 2022, increasing by 54.2% from Php 682.4 million in the previous year. This yielded a gross profit margin of 58.5%, a slight decrease due to increasing raw material prices but the Company executed more efficient inventory-buying strategies, implemented price increases, rationalized manpower requirements and expanded product mix to limit the adverse effects.

Selling and Distribution Expenses

For the twelve months ending December 31, 2022, consolidated selling and distribution expenses totaled Php 784.2 million, representing a 43.6% cost-to-sales ratio. This is Php 175.4 million higher compared to Php 608.8 million during the same period in 2021.

General and Administrative Expenses

For the twelve months ending December 31, 2022, consolidated general and administrative expenses totaled Php 138.5 million, representing a 7.7% cost-to-sales ratio. This is Php 21.9 million higher compared to Php 116.6 million during the same period in 2021.

Operating Income (Loss)

Consolidated operating income reached Php 107.9 million in 2022, a turnaround from an operating loss of Php 6.0 million in 2021. 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 24.7 million was recorded for the twelve months ending December 31, 2022.

Other Income

Consolidated other income totaled Php 2.3 million as of year-end 2022. 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 2022, consolidated net income reached Php 82.4 million, yielding a net income margin of 4.6%. This is a complete turnaround from the 2020 and 2021 recorded net loss after tax of Php 48.1 million and Php 16.3 million, respectively.

FY22 Financial Condition

FRUIT had consolidated total assets of Php 1,959.4 million as of December 31, 2022, an increase versus total assets of Php 1,641.4 million as of end-2021.

Cash and cash equivalents

As of end 2022, cash and cash equivalents totaled Php 528.6 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 93.6 million as of year-end 2022 compared to Php 93.3 million in 2021, an increase of 0.3% maintained by efficient third party trade receivables collection.

Inventories

As of December 31, 2022, inventories increased to Php 49.9 million from Php 36.7 million in 2021, an increase of 36.0% due to efficient management of inventory levels during the expansion of the Group's store network in 2022.

Property, plant, and equipment

Consolidated net property, plant, and equipment stood at Php 360.0 million as of year-end 2022. Acquisition of property and equipment for the year reached Php 120.7 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 168.2 million in 2022.

Intangible assets

Intangible assets stood at Php 215.0 million for the period.

Accounts payable and other current liabilities

Accounts payable and other current liabilities increased by 9.6% for the full-year 2022 to Php 330.4 million, 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, 2022, the Company's total interest-bearing debt stood at ₱ 205.1 million. The total amount were short-term loans used to partially fund working capital requirements.

Capital stock and Additional paid-in capital

For the twelve months ending December 31, 2022, the Company's total capital stock stood at Php 213.4 million and additional paid-in capital of Php 777.8 million.

Cash flows

Consolidated net cash provided from operating activities amounted to Php 271.1 million for the full-year 2022, 149.6% increase versus the previous year's Php 108.6 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 201.0 million. This is mainly due to capital expenditures for new store openings and other corporate investments.

Consolidated net cash provided by financial activities was Php 207.6 million in 2022, primarily arising from the issuance of shares during the Initial Public Offering of Balai ni Fruitas Inc.

All in all, net cash generated for the year totaled Php 277.7 million, leading to cash and cash equivalents balance of Php 528.6 million at year-end 2022.

Key Performance Indicators (KPIs)

	Audited Twelve Months Ended December 31, 2021	**Audited Twelve Months Ended December 31, 2022**
Revenue Growth	23.5%	63.3%
Gross Profit Margin	61.9%	58.5%
Net Income Margin	-1.5%	4.6%
EBITDA (Php thousands)	131	287
EBITDA Margin	11.9%	16.0%
Return on Average Assets	-1.0%	4.6%
Return on Average Equity	-1.3%	6.0%
Current Ratio	237.2%	300.9%
Debt to Equity Ratio	34.3%	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, 2022, 2021 and 2020 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 in 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	**2022**	**2021**	**2020**
Audit and Audit-Related Fees[a]	₱ 2.05	₱ 2.20	₱ 1.80
All Other Fees[b]	None	None	None
Total	₱ 2.05	₱ 2.20	₱ 1.80

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
Madelene T. Sayson	Member
Rogelio M. Guadalquiver	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, 2022.

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, 2022:

Name	Age	Nationality	Position
Rogelio M. Guadalquiver	80	Filipino	Chairman
Lester C. Yu	48	Filipino	Director, President, and Chief Executive Officer
Madelene T. Sayson	34	Filipino	Director, Chief Operating Officer
Calvin F. Chua	43	Filipino	Director and Chief Financial Adviser
Bambi Maureen E. Donato	46	Filipino	Independent Director
Dennis T. Beng Hui	52	Filipino	Independent Director
Shirley O'Yek Tan	59	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, 80, 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, 48, 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, and Cocodelivery Incorporated. 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, ***34***, 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., and Toyoda Technik Corporation 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, 43, 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**, 46,** 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, 52, 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**,** ***59,*** 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, 2022:

Name	Age	Nationality	Position
Roselyn A. Legaspi	44	Filipino	Managing Director – Visayas and Mindanao
Juneil P. Torio	30	Filipino	Chief Financial Officer, Treasurer, and IRO
Lerma C. Fajardo	35	Filipino	Deputy Chief Financial Officer and Comptroller
Rushell A. Salvador	33	Filipino	Vice President - Compliance Officer
Marvin C. Yu	44	Filipino	Corporate Secretary

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

Roselyn A. Legaspi, 44*,* 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.

Juneil P. Torio, 30, has been the Investor Relations Officer since July 2019 and was appointed as the Chief Financial Officer and Treasurer on August 2020. He is responsible for the financial health of the Registrant and all interactions with investors and financial institutions through creating programs which strengthens relationship of FHI to the various investment groups and individuals. On December 2021, he was appointed as the Investor Relations Officer of Balai ni Fruitas Inc. Prior to joining FHI, he was a Manager in EXL Services Philippines where he started as a Management Trainee post his graduate studies. In 2013, he started his career as Management Trainee/Special Projects Officer in the Commercial Centers Division of Robinsons Land Corporation. He holds a Master's degree in Business Administration from the Asian Institute of Management and a Bachelor of Arts degree in Management Economics from the Ateneo de Manila University.

Lerma C. Fajardo**,** ***35***, 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.

Rushell A. Salvador, 33, was appointed as our Vice President - Compliance Officer on 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. 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.

Marvin C. Yu, 44, 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, 2020:

Name	Position
Lester C. Yu	Director, President and Chief Executive Officer
Madelene T. Sayson	Director and Chief Operating Officer
Juneil P. Torio	Chief Financial Officer, Treasurer, and IRO
Marvin C. Yu	Corporate Secretary
Rushell A. Salvador	Vice President – Compliance Officer

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, and 2022 (estimated):

Aggregate Compensation – Executive Officers (top five)	
Year	**Total (₱ million)**
2020	5.3
2021	5.3
2022	6.4

Aggregate Compensation – Directors and Executive Officers (excluding top five above)	
Year	**Total (₱ million)**
2020	1.6
2021	1.6
2022	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 2022 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 2022 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, 2022, 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, 2022 attached as Annex "C"	Filipino	2,018,959,086	94.623%

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	-
Common	Rogelio M. Guadalquiver	Filipino	500,000	-	-
Common	Calvin F. Chua	Filipino	4,150,000	59,000	-
Common	Bambi Maureen E. Donato	Filipino	10,000	-	-
Common	Shirley O'Yek Tan	Filipino	10,000	90,000	-
Common	Dennis Beng Hui	Filipino	10,000	-	-
Common	Roselyn A. Legaspi	Filipino	3,319,000	-	-
Common	Madelene T. Sayson	Filipino	1,500,000	-	-
Common	Marvin C. Yu	Filipino	1,030,000	-	-
		Total	133,646,000	1,226,149,010	-

c.) Voting Trust Holder of 5% or more

As of December 31, 2022, 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

[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)

There are no arrangements which may result in a change in control of the Registrant as of December 31, 2022.

Item 12. Certain Relationships and Related Transactions

Due from Related Parties

The Group has outstanding noninterest-bearing amounts due from related parties amounting to ₱123.9 million as of December 31, 2022.

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 operates. There were no impairment losses recognized for the year ended in 2022.

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.

Moving forward, the related party transaction committee shall review all related party transactions of the Company.

Further information on the Company's related part 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 five (5) subsidiaries as of December 31, 2022:

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

(b) Reports on SEC Form 17-C

Date	Subject of Report
January 04, 2022	Report in Number of Shareholders as of December 31, 2021
January 05, 2022	Foreign Ownership Report as of December 31, 2021
January 05, 2022	Public Ownership Report for the quarter ended December 31, 2021
January 11, 2022	List of Top 100 Stockholders for the quarter ended December 31, 2021

January 14, 2022	Disbursement of Proceeds and Progress Report for the quarter ended December 31, 2021
January 14, 2022	Director's Attendance in Board Meetings Held for the year 2021
January 31, 2022	Disbursement of Proceeds and Progress Report for the year ended December 31, 2021
February 04, 2022	Report in Number of Shareholders as of January 31, 2022
February 04, 2022	Foreign Ownership Report as of January 31, 2022
February 21, 2022	Clarification and Confirmation of News Report to the news article entitled “Balai ni Fruitas files for P309-million IPO.” In the said article by BusinessWorld Online posted on February 18, 2022
March 03, 2022	Report in Number of Shareholders as of February 28, 2022
March 03, 2022	Foreign Ownership Report as of February 28, 2022
April 07, 2022	Report in Number of Shareholders as of March 31, 2022
April 07, 2022	Foreign Ownership Report as of March 31, 2022
April 08, 2022	List of Top 100 Stockholders as of March 31, 2022
April 20, 2022	Disbursement of Proceeds and Progress Report for the quarter ended March 31, 2022
May 05, 2022	Report in Number of Shareholders as of April 30, 2022
May 05, 2022	Foreign Ownership Report as of April 30, 2022
May 23, 2022	Fruitas finishes 2021 with strong quarter and continues momentum into 1Q2022 Records 26% sales growth year-on-year, expands gross margins to posts profits
May 30, 2022	Postponement of Annual Stockholders' Meeting 2022
May 31, 2022	Notice of Annual Stockholders' Meeting 2022
June 06, 2022	Report in Number of Shareholders as of May 31, 2022
June 06, 2022	Foreign Ownership Report as of May 31, 2022
July 01, 2022	FRUIT’s wholly owned subsidiary, Soykingdom Inc. enters into agreement to acquire 72-year old Legacy Brand, Ling Nam
July 25, 2022	The Board of Directors of Fruitas Holdings Inc. approved today, July 25, 2022 the declaration of cash dividend of One Centavo (Php 0.01) per share to all stockholders of record as of August 8, 2022 payable on September 1, 2022. The cash dividends shall be paid from the Unrestricted Retained Earnings as of December 31, 2021.
July 04, 2022	Balai ni Fruitas Baking for the Future
July 08, 2022	Public Ownership Report for the quarter ended June 30, 2022
July 08, 2022	List of Top 100 Stockholders for the quarter ended June 30, 2022
July 15, 2022	Disbursement of Proceeds and Progress Report for the quarter ended June 30, 2022
July 25, 2022	Results of the 2022 Annual Stockholders’ Meeting
July 25, 2022	Results of Organizational Meeting of Board of Directors
July 05, 2022	Report in Number of Shareholders as of June 30, 2022
July 06, 2022	Foreign Ownership Report as of June 30, 2022
August 03, 2022	Report in Number of Shareholders as of July 31, 2022
August 03, 2022	Foreign Ownership Report as of July 31, 2022
August 15, 2022	Fruitas reports best quarter since listing – delivers Php168 million of shareholder value in 2Q2022 2Q2022 net income of Php23 million is 3.3x 2Q2021 net income Fruitas records Php145 million in incremental equity reserves from BALAI listing
September 01, 2022	Fruitas aggressively pursues optimized distribution and announces cloud kitchen venture
September 05, 2022	Report in Number of Shareholders as of August 31, 2022
September 05, 2022	Foreign Ownership Report as of August 31, 2022

September 19, 2022	List of Stockholders as of record date who are entitled to participate in the Annual Stockholders Meeting of Fruitas Holdings Inc.
October 05, 2022	Report in Number of Shareholders as of September 30, 2022
October 05, 2022	Foreign Ownership Report as of September 30, 2022
October 11, 2022	Public Ownership Report for the quarter ended September 30, 2022
October 13, 2022	List of Top 100 Stockholders for the quarter ended September 30, 2022
October 14, 2022	Disbursement of Proceeds and Progress Report for the Quarter ending September 30, 2022
October 28, 2022	Board of Directors' Approval- reallocation of proceeds, SKI amendment of AOI and Subscription thereto
November 07, 2022	Report in Number of Shareholders as of October 31, 2022
November 07, 2022	Foreign Ownership Report as of October 31, 2022
November 14, 2022	FRUIT almost doubles revenues for 3Q2022 versus 3Q2021; 9M2022 net income surges to Php43 million
December 05, 2022	Report in Number of Shareholders as of November 30, 2022
December 05, 2022	Foreign Ownership Report as of November 30, 2022

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 APR 25 2023 on _________, 20__.

By:

LESTER C. YU
President and CEO

JUNEIL P. TORIO
CFO and Treasurer

MARVIN C. YU
Corporate Secretary

LERMA C. FAJARDO
Deputy CFO and Comptroller

SUBSCRIBED AND SWORN to before me this APR 25 2023 of ________ 20__ affiant(s) exhibiting to me their Tax Identification No., as follows:

NAMES	TIN NOS.
Lester C. Yu	191309944000
Juneil P. Torio	284239227000
Marvin C. Yu	214877469000
Lerma C. Fajardo	257881618000

ATTY. MA. PERLITO P. CABRERA
Notarial Commission until DEC. 31, 2023
Adm. Matter No. NP-049(2022-2023)
PTR. No.: [illegible]; 01/03/2023 - QC
IBP. No.: 259076; 01/03/2023 - QC
Attorney's Roll No. [illegible]
MCLE Compliance No. VII-00902

DOC. NO. 407
PAGE NO. 83
BOOK NO. XVII
SERIES NO. 2023

February 2001

SECURITIES AND EXCHANGE COMMISSION
SEC Headquarters, 7907 Makati Avenue, Salcedo Village, Barangay Bel-Air, Makati City, 1209, Metro Manila Philippines
Tel: (632) 818-0921 Fax: (632) 818-5293 Email: mls@sec.gov.ph

The following document has been received:

Receiving: Jyrod Genova
Receipt Date and Time: April 17, 2023 07:53:22 PM

Company Information

SEC Registration No.: CS201503014
Company Name: FRUITAS HOLDINGS, INC.
Industry Classification: H55210
Company Type: Stock Corporation

Document Information

Document ID: OST10417202381018857
Document Type: Financial Statement
Document Code: FS
Period Covered: December 31, 2022
Submission Type: Annual
Remarks: None

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

Gmail

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

Your BIR AFS eSubmission uploads were received

eafs@bir.gov.ph <eafs@bir.gov.ph> 17 April 2023 at 16:30
To: COMPLIANCETAX.FHI@gmail.com
Cc: COMPLIANCETAX.FHI@gmail.com

Hi FRUITAS HOLDINGS, INC.,

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- EAFS008961476ITRTY122022.pdf
- EAFS008961476AFSTY122022.pdf
- EAFS008961476RPTTY122022.pdf
- EAFS008961476TCRTY122022-01.pdf

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Transaction Code: **AFS-0-KKGALF70787B978LM1Y3MXW2095AEJA6L**
Submission Date/Time: **Apr 17, 2023 04:30 PM**
Company TIN: **008-961-476**

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

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AFS-0-KKGALF70787B978LM1Y3MXW2095AEJA6L

Submission Date/Time:
Apr 17, 2023 04:30 PM

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C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

CS201503014

C O M P A N Y   N A M E

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

C O M P A N Y   I N F O R M A T I O N

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)	Fiscal 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
Ms. Madelene Timbas-Sayson	madelene.sayson@fruitasholdings.com	(02) 8 243-1741	–

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 Accreditation No. 4782 SEC Group A
Issued August 11, 2022
Valid for Financial Periods 2021 to 2025

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, 2022 and 2021, 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, 2022, 2021 and 2020, and notes to consolidated financial statements, including a summary of significant accounting policies.

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, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2022, 2021 and 2020, 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.

Impairment Assessment of Intangible Assets

The Group carries intangible assets with carrying amount of ₱215.0 million, which represents 11% of the total consolidated assets as at December 31, 2022. The Group is required to test annually the amount of intangible assets with indefinite useful lives for impairment and assess those intangible assets with definite useful lives for any indicator of impairment. The impairment tests were significant to our audit because the assessment process requires significant judgments and assumptions involving expected future financial performance.

We reviewed the cash flow projections included in the annual impairment tests. We assessed and tested 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. Based on the procedures performed, we considered management's key assumptions to be within a reasonable range. We also assessed the adequacy of the disclosures in Note 12 to the consolidated financial statements.

Valuation of Investment Properties Measured at Fair Value

The fair values of the Group's investment properties amounted to ₱168.2 million comprising 8% of the Group's consolidated assets as at December 31, 2022. The net gain from change in fair value of investment properties recognized in the consolidated statements of comprehensive income amounted to ₱737,250 in 2022. 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 measured at fair value as a key audit matter because the determination of the respective values and the selection of appropriate valuation methodology thereof involve significant judgment and estimation. Our audit procedures included, among others, an 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, 2022, 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, 2022 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
SEC Accreditation No. 87322-SEC Group A
Issued April 20, 2022
Valid for Financial Periods 2021 to 2025
BIR Accreditation No. 19-005765-001-2022
Valid until December 13, 2025
PTR No. 9564563
Issued January 3, 2023, Makati City

April 13, 2023
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, 2022 and 2021**, 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: ______________________
Juneil Dominic P. Torio
Chief Financial Officer and Treasurer

SUBSCRIBED AND SWORN TO
BEFORE ME THIS APR 20 2023
AFFIANT EXHIBITING TO ME
WITH VALID I.D. NO.______

Signed this 13th day of April 2023

ATTY. MA. PERPETUA P. CABRERA
Notarial Commission until DEC. 31, 2023
Adm. Matter No. NP-049(2022-2023)
PTR. No.: 2295394; 01/03/2023 - QC
IBP. No.: 259076; 01/03/2023 - QC
Attorney's Roll No.: 44573
MCLE Compliance No. VII-00902

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BOOK NO. XVII
SERIES OF 2023

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2022**	2021
ASSETS			
Current Assets			
Cash and cash equivalents	5	**₱528,582,342**	₱250,885,692
Financial assets at fair value through profit or loss (FVPL)	6	**61,305,065**	67,545,325
Trade receivables	7	**93,598,650**	93,258,137
Due from related parties	16	**123,929,208**	127,428,238
Merchandise inventories	8	**49,918,349**	36,694,592
Deposits and advance rentals	24	**102,047,259**	104,777,430
Other current assets	9	**34,849,570**	34,494,388
Total Current Assets		**994,230,443**	715,083,802
Noncurrent Assets			
Financial assets at fair value through other comprehensive income (FVOCI)	6	**1,725,000**	–
Investment properties	10	**168,173,850**	167,436,600
Property and equipment	11	**360,001,089**	341,684,140
Advances for asset acquisition	24	**54,000,000**	–
Right-of-use (ROU) assets	24	**113,480,249**	131,706,806
Intangible assets	12	**215,038,690**	215,821,056
Net deferred tax assets	25	**52,733,398**	69,682,873
Total Noncurrent Assets		**965,152,276**	926,331,475
		₱1,959,382,719	₱1,641,415,277
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	13	**₱81,725,913**	₱63,455,380
Notes payable	14	**205,000,000**	184,580,500
Current portion of:			
Mortgage payable	15	**80,909**	1,723,368
Lease liabilities	24	**42,752,568**	43,341,691
Income tax payable		**831,880**	8,406,443
Total Current Liabilities		**330,391,270**	301,507,382
Noncurrent Liabilities			
Noncurrent portion of:			
Lease liabilities	24	**89,957,285**	106,443,314
Mortgage payable	15	**–**	80,909
Security deposits	24	**771,128**	642,799
Retirement benefits liability	17	**13,897,930**	10,709,389
Total Noncurrent Liabilities		**104,626,343**	117,876,411
Total Liabilities		**435,017,613**	419,383,793

(Forward)

	Note	December 31 2022	2021
Equity			
Capital stock	18	**₱213,368,000**	₱213,368,000
Additional paid-in capital	18	**777,837,044**	777,837,044
Retained earnings	18	**236,282,749**	180,382,329
Other equity reserves	4	**195,207,311**	51,252,779
Other comprehensive loss	17	**(808,668)**	(808,668)
Equity Attributable to Equity Holders of the Parent Company		**1,421,886,436**	1,222,031,484
Non-controlling interests		**102,478,670**	–
Total Equity		**1,524,365,106**	1,222,031,484
		₱1,959,382,719	₱1,641,415,277

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	**2022**	2021	2020
REVENUE	19	**₱1,799,170,723**	₱1,101,704,546	₱891,847,222
DIRECT COSTS	20	**(746,900,309)**	(419,295,089)	(356,478,659)
GROSS PROFIT		**1,052,270,414**	682,409,457	535,368,563
SELLING AND DISTRIBUTION EXPENSES	21	**(784,153,252)**	(608,755,475)	(493,018,940)
GENERAL AND ADMINISTRATIVE EXPENSES	22	**(138,537,635)**	(116,637,137)	(121,155,301)
GAIN FROM CHANGE IN FAIR VALUE OF INVESTMENT PROPERTIES	10	**737,250**	40,061,550	–
INTEREST EXPENSE	14	**(24,727,470)**	(16,013,614)	(20,658,602)
OTHER INCOME - Net	23	**2,282,054**	12,935,138	26,788,920
INCOME (LOSS) BEFORE INCOME TAX		**107,871,361**	(6,000,081)	(72,675,360)
PROVISION FOR (BENEFIT FROM) INCOME TAX	25			
Current		**13,757,149**	10,351,816	19,794,400
Deferred		**11,754,471**	(27,689)	(44,401,706)
		25,511,620	10,324,127	(24,607,306)
NET INCOME (LOSS)		**82,359,741**	(16,324,208)	(48,068,054)
OTHER COMPREHENSIVE INCOME				
Item not to be reclassified to profit or loss				
Remeasurement gain on retirement benefits liability (net of deferred tax)	17	**–**	105,787	–
TOTAL COMPREHENSIVE INCOME (LOSS)		**₱82,359,741**	(₱16,218,421)	(₱48,068,054)
Net income (loss) attributable to:				
Equity holders of the Parent Company		**₱77,237,220**	(₱16,324,208)	(₱48,068,054)
Non-controlling interests		**5,122,521**	–	–
		₱82,359,741	(₱16,324,208)	(₱48,068,054)
Total comprehensive income (loss) attributable to:				
Equity holders of the Parent Company		**₱77,237,220**	(₱16,218,421)	(₱48,068,054)
Non-controlling interests		**5,122,521**	–	–
		₱82,359,741	(₱16,218,421)	(₱48,068,054)
Basic and Diluted Earnings (Loss) per Share	26	**₱0.0362**	(₱0.0077)	(₱0.0225)

See accompanying Notes to Consolidated Financial Statements.

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	Years Ended December 31		
		2022	2021	2020
Capital Stock - ₱0.10 par value	18			
Authorized - 4,700,000,000 shares				
Issued and outstanding - 2,133,680,000 shares		**₱213,368,000**	₱213,368,000	₱213,368,000
Additional Paid-in Capital	18	**777,837,044**	777,837,044	777,837,044
Retained Earnings	18			
Balance at beginning of year		**180,382,329**	196,706,537	266,111,391
Net income (loss)		**77,237,220**	(16,324,208)	(48,068,054)
Cash dividends		**(21,336,800)**	–	(21,336,800)
Balance at end of year		**236,282,749**	180,382,329	196,706,537
Other Equity Reserves	4			
Balance at beginning of year		**51,252,779**	51,252,779	55,192,582
Equity transaction resulting from the listing of a subsidiary		**160,207,074**	–	–
Acquisition of non-controlling interest		**(16,252,542)**	–	–
Acquisition of a subsidiary		**–**	–	(3,939,803)
Balance at end of year		**195,207,311**	51,252,779	51,252,779
Other Comprehensive Loss	17			
Balance at beginning of year		**(808,668)**	(914,455)	(914,455)
Remeasurement gain on retirement benefits liability, net of deferred tax		**–**	171,105	–
Effect of change in tax rate		**–**	(65,318)	–
Balance at end of year		**(808,668)**	(808,668)	(914,455)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		**1,421,886,436**	1,222,031,484	1,238,249,905
NON-CONTROLLING INTERESTS				
Share of non-controlling interest from listing of a subsidiary	4	**107,603,607**	–	–
Total comprehensive income attributable to non-controlling interests		**5,122,521**	–	–
Acquisition of non-controlling interest		**(10,247,458)**	–	–
Balance at end of year		**102,478,670**	–	–
		₱1,524,365,106	₱1,222,031,484	₱1,238,249,905

See accompanying Notes to Consolidated Financial Statements.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Years Ended December 31 2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax		**₱107,871,361**	(₱6,000,081)	(₱72,675,360)
Adjustments for:				
Depreciation and amortization	11	**152,252,355**	139,821,038	118,487,665
Interest expense	14	**24,727,470**	16,013,614	20,658,602
Fair value loss (gain) on:				
Financial assets at FVPL	6	**7,778,172**	(3,752,282)	–
Investment properties	10	**(737,250)**	(40,061,550)	–
Interest income	5	**(6,402,780)**	(3,442,423)	(15,407,074)
Retirement benefits cost	17	**3,188,541**	2,768,603	2,761,496
Gain from:				
Rent concessions	24	**(1,851,786)**	(2,283,799)	(7,362,437)
Termination of lease	24	**(299,365)**	(2,434,473)	(630,978)
Provision for ECL	22	**–**	–	4,657,995
Unrealized foreign exchange gain	23	**–**	–	(48,726)
Operating income before working capital changes		**286,526,718**	100,628,647	50,441,183
Decrease (increase) in:				
Trade receivables		**(340,513)**	11,146,596	(26,388,704)
Merchandise inventories		**(13,223,757)**	(1,683,440)	14,454,012
Deposits and advance rentals		**4,011,599**	1,972,306	(7,655,384)
Other current assets		**665,075**	4,460,389	(9,879,476)
Deferred input VAT		**–**	1,791,459	(808,671)
Increase (decrease) in:				
Trade and other payables		**18,270,533**	7,955,601	(85,212,824)
Security deposits		**128,329**	642,799	–
Net cash generated from (used for) operations		**296,037,984**	126,914,357	(65,049,864)
Income taxes paid		**(17,156,965)**	(13,044,723)	(35,555,770)
Interest paid		**(14,233,288)**	(8,702,731)	(9,263,087)
Interest received		**6,402,780**	3,442,423	15,407,074
Net cash provided by (used in) operating activities		**271,050,511**	108,609,326	(94,461,647)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
Property and equipment	11	**(120,691,364)**	(165,737,011)	(97,702,315)
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)	–
A subsidiary, net of cash acquired	4	**–**	–	(6,869,893)
Investment properties	10	**–**	(500,000)	(126,875,050)
Intangible assets	12	**–**	(3,000,000)	–
Advances for asset acquisition	24	**(54,000,000)**	–	–
Collections from related parties		**3,499,030**	12,474,776	–
Advances to related parties		**–**	–	(25,157,696)
Advances to contractors	11	**–**	–	(35,086,878)
Input VAT on the acquisition of land	10	**–**	–	(15,000,000)
Net cash used in investing activities		**(200,955,246)**	(220,555,278)	(306,691,832)

(Forward)

	Note	2022	2021	2020
		Years Ended December 31		
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from:				
Issuance of shares to non-controlling interest	4	**₱267,810,681**	₱–	₱–
Issuance of promissory notes	14	**40,000,000**	79,580,500	35,500,000
Availment of mortgage loan	15	**–**	–	2,168,000
Payments of:				
Lease liabilities	24	**(57,568,628)**	(31,555,150)	(26,384,166)
Cash dividends	18	**(21,336,800)**	–	(21,336,800)
Notes payable	14	**(19,580,500)**	(33,922,678)	(87,681,459)
Mortgage payable	15	**(1,723,368)**	(2,095,174)	(2,939,209)
Due to related parties		**–**	–	(663,821)
Net cash provided by (used in) financing activities		**207,601,385**	12,007,498	(101,337,455)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**–**	–	48,726
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**277,696,650**	(99,938,454)	(502,442,208)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**250,885,692**	350,824,146	853,266,354
CASH AND CASH EQUIVALENTS AT END OF YEAR		**₱528,582,342**	₱250,885,692	₱350,824,146

SUPPLEMENTARY INFORMATION ON NONCASH ACTIVITIES				
Derecognition of:				
ROU assets	24	**(₱21,531,698)**	(₱9,174,626)	(₱8,018,962)
Lease liabilities	24	**(8,527,645)**	(11,609,099)	(8,649,940)
Recognition of:				
Lease liabilities	24	**40,378,725**	98,700,866	–
ROU assets	24	**39,097,297**	102,122,732	–
Reclassification of advances to contractors to property and equipment	11	**–**	35,086,878	–

COMPONENTS OF CASH AND CASH EQUIVALENTS	5			
Cash on hand		**₱4,306,465**	₱1,864,311	₱3,830,184
Cash in banks		**403,229,661**	248,521,381	148,853,555
Short-term placements		**121,046,216**	500,000	198,140,407
		₱528,582,342	₱250,885,692	₱350,824,146

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2022 AND 2021 AND FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

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. *(doing business under the name and style of De Original Jamaican Pattie Shop & Juice Bar)* (NTI)	June 20, 1990
Balai Ni Fruitas, Inc. *(formerly: Buko ni Fruitas Inc.)* (BNFI)	May 17, 2005
Fruitasgroup Incorporated *(doing business under the name and style of Bukoloco, Fruitasicecandy and 7,107 Halo Halo Islands)* (FGI)	July 13, 2010
SoyKingdom, Inc. (SKI)	August 28, 2006
CocoDelivery, Inc. (CDI)	September 6, 2018
Subsidiaries with indirect ownership:	
Green Empire International Limited (GEIL)*	May 10, 2017
Oceanic Luck Limited (OLL)**	April 25, 2016

**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, 2022, 2021 and 2020 are presented below.

Subsidiaries	Principal Activities	Principal Place of Business	Percentage of Ownership (%)		
			2022	2021	2020
Direct:					
NTI	Production, processing and distribution of goods	Philippines	**100**	100	100
FGI	Trading of goods	Philippines	**100**	100	100
SKI	Trading of goods	Philippines	**100**	100	–
CDI	Trading of goods	Philippines	**100**	100	–
BNFI	Trading of goods	Philippines	**74.92**	100	100
Indirect:					
GEIL	Holding company	British Virgin Islands	**100**	100	100
OLL	Holding company	Samoan Islands	**100**	100	100

Changes in Ownership Structure

FHI. As at December 31, 2022 and 2021, the Parent Company is 52.84% and 57.53%, respectively, 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.

NTI. In June 2020, the Parent Company subscribed to additional 63,430 common shares at ₱255.00 per share or for ₱16.2 million.

In February 2020, NTI acquired the rights, title and interest to the assets of two stores of Kxn Kuxina Food Corporation ("Kuxina"), operating under the names and styles of Kuxina Ihaw Na! and Kuxina Filipino Fusion. Kuxina serves Filipino food dishes complementing the current brands of the Group. The assets acquired aggregated ₱1.0 million (see Note 4).

BNFI. 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 and the payment of ₱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 (see Note 4).

On December 27, 2021, the stockholder and the BOD 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 approved listed on PSE. On the same date, the Parent Company sold 87.5 million shares as secondary offering. And 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).

FGI. In November 2019, FGI's BOD and stockholders approved another increase in FGI's authorized capital stock from ₱100.0 million divided into 1,000,000 shares at ₱100.00 par value a share to ₱125.0 million divided into 1,230,000 common shares at ₱100.00 par value a share and 200,000 redeemable preferred shares at ₱10.00 par value a share. In relation to the increase, the Parent Company subscribed to additional 200,000 common shares and 80,000 preferred shares of FGI at ₱400.00 and ₱1,000.00 a share, respectively, for ₱160.0 million.

In 2020, the Parent Company subscribed to additional 40,000 common shares at ₱400.00 a share or for ₱16.0 million. On February 2, 2021, the SEC approved the increase in authorized capital stock of FGI to ₱125.0 million.

SKI. In February 2020, the Parent Company acquired 100% of the outstanding shares of SKI for ₱8.6 million. SKI, a domestic company, is engaged in the retail of soy-bean related products.

CDI. In March 2020, the Parent Company acquired 100% of the outstanding shares of CDI for ₱1.1 million. CDI, a domestic company, is engaged in distribution of fresh coconut water.

Authorization for Issuance

The consolidated financial statements as at December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020 were approved and authorized for issuance by the BOD on April 13, 2023, and was reviewed and recommended for approval by the Audit Committee on the same date.

2. Summary of Significant Accounting and Reporting Policies

The significant 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 PFRSs, Philippine Accounting Standards (PAS) and Philippine Interpretation from International Financial Reporting Interpretations Committee issued by the Philippine Financial and Sustainability Reporting Standards Council (formerly Financial 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 and 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 made in measuring fair values is included in Notes 10 and 29 to the consolidated financial statements.

Adoption of Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended PFRS effective January 1, 2022:

- Amendments to PFRS 3, *Reference to Conceptual Framework* – The amendments will replace the reference of PFRS 3 from the 1989 Framework to the current 2018 Conceptual Framework. The amendments include an exception that specifies that, for some types of liabilities and contingent liabilities, an entity applying PFRS 3 should refer to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* or IFRIC 21, *Levies,* instead of the Conceptual Framework. The requirement will ensure that the liabilities recognized in a business combination will remain the same as those recognized applying the current requirements in PFRS 3. The amendments also clarified that an acquirer shall not recognize contingent assets acquired in a business combination. The amendments should be applied prospectively.

- Amendment to PFRS 16, *Leases - COVID-19-Related Rent Concessions beyond June 30, 2021* – In 2020, PFRS 16 was amended to provide practical expedient to lessees from applying the requirements on lease modifications for eligible rent concessions that is a direct consequence of COVID-19 pandemic. A lessee may elect not to assess whether eligible rent concessions from a lessor is a lease modification. A lessee that makes this election account for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for a change that is not a lease modification, e.g., as a variable lease payment. This amendment is effective for annual reporting periods beginning on or after June 1, 2020, with earlier application permitted, and covers eligible rent concessions until June 30, 2021.

  Due to continuing impact of the pandemic, another amendment to PFRS 16 was issued in 2021, which allows lessees to extend the application of the practical expedient regarding COVID-19-related rent concessions to reduction in lease payments that are due on or before June 30, 2022. The 2021 amendment is mandatory for entities that elected to apply the previous amendment. Accordingly, the Group has applied the amendment in the current year financial statements.

  In 2022, 2021 and 2020, the Group received rent concessions from various lessors and recognized "Gain from rent concessions" amounting to ₱1.9 million, ₱2.3 million and ₱7.4 million, respectively (see Note 23).

- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds Before Intended Use* – The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss. The amendments must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when an entity first applied the amendments.

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling a contract comprises both the incremental costs of fulfilling that contract and an allocation of costs directly related to contract activities. The amendments apply to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as applicable. Accordingly, the comparatives are not restated. Earlier application is permitted.

- Annual Improvements to PFRS 2018 to 2020 Cycle:

    - Amendment to PFRS 9, *Financial Instruments - Fees in the '10 percent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity shall include when it applies the '10 percent' test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf. The amendment applies to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applied the amendment.

    - Amendment to PFRS 16, *Leases - Lease Incentives* – The amendment removes from the Illustrative Example 13 the illustration of the reimbursement of leasehold improvements by the lessor. The objective of the amendment is to avoid any potential confusion regarding the treatment of lease incentives because of how the requirements for lease incentives are illustrated.

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

Amended PFRS in Issue But Not Yet Effective or Adopted

Relevant amended PFRS, which are not yet effective as at December 31, 2022 and have not been applied in preparing the consolidated financial statements, are summarized below.

Effective for annual periods beginning on or after 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 significant accounting policies 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. The amendments should be applied prospectively. Earlier application is permitted.

- 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. Earlier application is permitted.

- 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 amendments should be applied on a modified retrospective basis. Earlier application is permitted.

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

- Amendments to PAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Noncurrent* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Company shall also apply Amendments to PAS 1 - *Noncurrent Liabilities with Covenants* for that period.

Under prevailing circumstances, the adoption of the foregoing amended 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.

<u>Basis of Consolidation</u>

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. Non-controlling interests represent the portion of profit or loss and net assets not held by the Group, presented within equity in the consolidated statements of financial position, separately from equity attributable to equity holders of the Parent Company. 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 fair value through profit or loss (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 fair value through other comprehensive income (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, 2022 and 2021, 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, 2022 and 2021, 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 separate statements of comprehensive income.

The Company's investments in Unit Investment Trust Funds (UITFs) 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 separate 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, 2022, the Company 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, 2022 and 2021, the Group's trade and other payables (except statutory payable), notes payable, mortgage payable, lease liabilities, 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 Company has applied the simplified approach and has calculated ECL based on the lifetime ECL. The Company 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.

Other Current Assets

Advances to Officers and Employees. Advances to officers and employees pertain to advances made by the Group to officers and employees to fund for working capital expenditures. These are subject to liquidation and are measured at transaction price less impairment in value, if any. These are charged to appropriate asset or expense account upon liquidation.

Spare Parts, Materials and Supplies. Spare parts, materials and supplies are initially recorded as assets and measured at transaction amounts. Subsequently, these are recognized in profit or loss as these are consumed in operations or expired.

Creditable Withholding Taxes (CWTs). CWTs are deducted from income tax payable in the same year the revenue was recognized and are carried forward to the succeeding year when in excess of income tax payable. CWTs are stated at face amount less impairment in value, if any.

Input VAT. Revenue, expenses and assets are generally recognized net of the amount of VAT. This is measured at face amount less impairment in value, if any. The net amount of VAT recoverable from or payable to the taxation authority is presented as "Input VAT" or "Output VAT" presented as part of "Statutory payable" under "Trade and other payables" in the consolidated statements of financial position.

Advances to Suppliers. Advances to suppliers are recognized whenever the Group pays in advance for its purchase of goods and supplies. The advances to suppliers are measured at transaction price less any impairment in value and recognized to corresponding asset or expense account when the goods or services for which the advances were made are received.

Deferred Input VAT. Deferred input VAT represents the unamortized amount of input VAT on capital goods and input VAT on the unpaid portion of availed services.

In accordance with Revenue Regulations (RR) No. 16-2005, input VAT on purchases or imports of the Group of capital goods (depreciable assets for income tax purposes) made prior to January 1, 2022 with an aggregate acquisition cost (exclusive of VAT) in each of the calendar month exceeding 1.0 million made is claimed as credit against output VAT over 60 months or the estimated useful lives of capital goods, whichever is shorter.

Deferred input VAT that is expected to be realized within 12 months after the financial reporting period is classified as current asset. Otherwise, it is classified as noncurrent asset.

Where the aggregate acquisition cost (exclusive of VAT) of the existing or finished depreciable capital goods purchased or imported during any calendar month does not exceed 1.0 million or if the purchase was made on or after January 1, 2022, the total input VAT will be allowable as credit against output VAT in the month of acquisition.

Prepayments. Prepayments are expenses paid in advance and recorded as assets before these are utilized. Prepayments are apportioned over the period covered by the payment and included in profit or loss when incurred. Prepayments that are 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 Company 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 Company.

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 consist of the difference between the equity of the subsidiaries attributable to the Parent Company's interest and the purchase price.

Other Comprehensive 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 Revenues. 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.

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

Contract Balances

Receivables. A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract Assets. A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays a consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

As at December 31, 2022 and 2021, the Group does not have outstanding contract assets.

Contract Liabilities. A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays a consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made by the customer or when the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract. Contract liabilities also include payments received by the Group from the customers for which revenue recognition has not yet commenced and payments in excess of revenue recognized based on percentage of completion.

As at December 31, 2022 and 2021, the Group does not have outstanding contract liabilities.

Cost to Obtain a Contract. The incremental costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover them. Otherwise, these are treated as expense.

Contract Fulfillment Asset. Contract fulfillment costs are divided into: (i) costs that give rise to an asset; and (ii) costs that are expensed as incurred. When determining the appropriate accounting treatment for such costs, the Group first considers any other applicable standards. If those standards preclude capitalization of a particular cost, then an asset is not recognized under PFRS 15, *Revenue from Contracts with Customers*. If other standards are not applicable to contract fulfillment costs, the Group applies the following criteria which, if met, result in capitalization: (i) the costs directly relate to a contract or to a specifically identifiable anticipated contract; (ii) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (iii) the costs are expected to be recovered. The assessment of these criteria requires the application of judgment, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable.

As at December 31, 2022 and 2021, the Group does not have contract fulfillment assets.

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.

Foreign Currency Translation

The functional currency of the entities of the Group is Peso except for GEIL and OLL, with functional currency in the United States (US) dollar ($). Each entity in the Group determines its own functional currency and items included in the consolidated financial statements are measured using that functional currency. Transactions in foreign currencies are initially recorded using the prevailing exchange rate at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are restated at the functional currency rate of exchange at the reporting date. All differences are taken to the consolidated statements of comprehensive income. For income tax reporting purposes, foreign exchange gains or losses are treated as taxable income or deductible expenses in the year such are realized.

The assets and liabilities of GEIL and OLL are translated into Peso at the rate of exchange ruling at the reporting date and income and expenses are translated to Peso at monthly average exchange rates. The exchange differences arising on the translation are taken directly to OCI. There are no exchange differences recognized in 2022, 2021 and 2020.

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:

Determining the Functional Currency. The functional currency of the companies in the Group has been determined to be Peso except for certain subsidiaries whose functional currency is the US dollar. Peso is the currency that mainly influences the sale of goods and the costs of sales.

Assessing the Group Reorganization. Group reorganization involving entities under common control is outside the scope of PFRS 3 and there is no other specific PFRS guidance. Accordingly, management used its judgment to develop an accounting policy that is relevant and reliable, in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

The management assessed that the substance of the group reorganization does not constitute "purchase" of companies but pooling or merging of the assets and liabilities of the Group. Hence, the most relevant and reliable accounting policy adopted by the Group is the pooling of interests method of accounting.

The Group elected a policy to not restate the financial information in the consolidated financial statements for periods prior to the reorganization of the entities under common control. The acquisition by the Parent Company of the subsidiaries was considered as a group reorganization of entities under common control is disclosed in Note 4.

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 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. 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.

Identifying the Performance Obligations and Timing of Satisfaction of Revenues. The Group enters into contracts with its customers to sell goods where revenue from company-owned outlets and sale of goods are recognized. The Group determined that all the goods prior to transfer to its respective customers are in its full ownership. The Group concluded that it transfers control over its goods and services, at a point in time, upon receipt of the goods and services by the customer.

For revenue from franchise revenue, the performance obligation under the franchise agreement is the delivery of materials and store equipment necessary to operate the franchise store, as this is deemed to be the time that the franchisee obtains control of the promised goods and therefore the benefits of unimpeded access.

Classifying a Property. The Group determines whether a property is classified as investment properties or property and equipment:

- Investment properties which pertain to parcels of land which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and for capital appreciation.

- Property and equipment are tangible items that are held for use in the delivering or supply of goods or services and are expected to be used for more than one period. These are properties which are owner-occupied and are substantially for use of the Group or in the operations.

Properties classified as investment properties and property and equipment are disclosed in Notes 10 and 11, respectively.

Classifying Lease Commitments - Group as a Lessor. The Group entered into a sublease agreement of food park spaces. The Group determined, based on the evaluation of terms and conditions of agreement, that the lessor retains all the significant risks and rewards of ownership of the food park spaces. Thus, the agreement is accounted for as an operating lease.

Rental income in 2022, 2021 and 2020 is disclosed in Note 24.

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, 2022 and 2021 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 27 to the consolidated financial statements.

The carrying amounts of the Group's trade receivables as at December 31, 2022 and 2021 is 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 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 2022, 2021 and 2020. 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 as follows:

Asset Type	Note	**2022**	2021
Cash and cash equivalents	5	**₱528,582,342**	₱250,885,692
Due from related parties	16	**123,929,208**	127,428,238
Construction bond	9	**3,185,750**	3,159,846

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 amounted to ₱61.3 million and ₱67.5 million as at December 31, 2022 and 2021, respectively. Unrealized gain (loss) on changes in fair value of financial assets at FVPL amounted to (₱7.8 million) and ₱3.8 million in 2022 and 2021, respectively. The financial assets at FVPL amounting to ₱1.7 million as at December 31, 2022 are to be held indefinitely and will be sold in response to liquidity requirements; hence, the Group classified it as financial assets at FVOCI (see Note 6).

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, 2022 and 2021 are disclosed in Note 24. Rental expense incurred on short-term leases in 2022, 2021 and 2020 is disclosed in Note 24.

Assessing the Renewal Options of Lease Commitments. The Group's lease commitments contain renewal options exercisable by the Group prior the end of the non-cancelable contract period. Where practicable, the Group seeks to include the renewal options to provide operational flexibility. The Group assessed at lease commencement that it is not reasonably certain that the Group will exercise the renewal options. A reassessment is made whether it is reasonably certain to exercise the renewal options if there is a significant event or significant change in circumstances within its control.

Evaluating the NRV of Merchandise Inventories. The Group assesses at the end of each reporting period whether its merchandise inventories are impaired. Whenever the NRV becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes, the Group recognizes an impairment loss. A new assessment is made of the NRV in each subsequent period. When the circumstances that previously caused the merchandise inventories to be impaired no longer exist or when there is clear evidence of an increase in the NRV because of changed economic circumstances, the amount of the impairment loss is reversed (i.e., the reversal is limited to the amount of the original write-down) so that the new carrying amount is the lower of the cost and the NRV.

The cost of merchandise inventories is lower than its NRV. No inventory loss was recognized in 2022, 2021, and 2020. The carrying amount of merchandise inventories as at December 31, 2022 and 2021 is disclosed in Note 8.

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 9.

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.

Estimating the Useful Lives of Property and Equipment (except Land and CIP), ROU Assets and Intangible Assets. The useful lives of these assets are estimated based on the period over which the assets are expected to be available for use. Such estimation is based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives of each asset are reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by the changes in the factors mentioned above. A reduction in the estimated useful lives would increase the recorded operating expenses and decrease noncurrent assets. There were no changes in the estimated useful lives in 2022, 2021 and 2020.

The carrying amounts of property and equipment, intangible assets and ROU assets as at December 31, 2022 and 2021 are disclosed in Notes 11, 12 and 24, respectively.

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, 2022 and 2021 are greater than the corresponding carrying amounts of the CGUs as at the same dates.

No impairment loss was recognized in 2022, 2021 and 2020. The carrying amount of brand names as at December 31, 2022 and 2021 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 2022, 2021 and 2020. The carrying amounts of deposits and advance rentals, other current assets (except construction bond), investment properties, property and equipment, advances for asset acquisition, software license, ROU assets and deferred input VAT aggregated ₱776.17 million and ₱992.7 million as at December 31, 2022 and 2021, respectively.

Estimating the Retirement Benefits Liability. The determination of the obligation and costs of retirement benefits is dependent on the assumptions used by the actuary in calculating such amounts. These assumptions are described in Note 16 to the consolidated financial statements and include, among others, discount rates and salary increase rates. 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 retirement obligation.

The retirement benefits and cumulative remeasurement losses on retirement benefits liability (net of deferred tax) recognized in equity as at December 31, 2022 and 2021 is disclosed in Note 17.

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, 2022 and 2021 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	₱–

The outstanding payable related to the acquisition amounted to ₱2.8 million as at December 31, 2021 (see Note 13). This was paid in 2022.

SKI. As discussed in Note 1, the Group acquired the net assets of SKI for a total consideration of ₱8.6 million in February 2020. Fair values of the net assets acquired are as follows:

	Amount
Cash	₱2,394,378
Inventories	442,490
Other current assets	88,889
Property and equipment	5,724,812
Trade and other payables	(50,569)
Fair values of net assets	8,600,000
Total consideration	8,600,000
Difference	₱–

Kuxina. On February 1, 2020, the Group acquired the rights, title and interest to the assets of the two owned-stores of Kuxina, operating under the names and styles of “Kuxina Ihaw Na!” and “Kuxina Filipino Fusion” and continuing the franchise agreements of eight other stores. Kuxina serves Filipino food dishes complementing the current brands of the Group. The assets acquired aggregated ₱1.0 million.

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 as part of “Other equity reserves”.

As discussed in Note 1, 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. 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 interest	(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 interest	(22,824,067)
Other equity reserve	₱38,425,933

And 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 decrease/increase in the Parent Company's ownership interest did not result in a loss of control. Accordingly, no gain or loss was recognized on the consolidated statements of comprehensive income.

5. Cash and Cash Equivalents

This account consists of:

	2022	2021
Cash on hand	**₱4,306,465**	₱1,864,311
Cash in banks	**403,229,661**	248,521,381
Short-term placements	**121,046,216**	500,000
	₱528,582,342	₱250,885,692

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 amounted to ₱6.4 million, ₱3.4 million, and ₱15.4 million in 2022, 2021 and 2020, respectively (see Note 23).

6. Financial Assets at FVPL and FVOCI

Financial Assets at FVPL

Investments in UITFs are held for trading. Hence, these have been classified as financial assets at FVPL.

Movements in investments at FVPL are as follows:

	Note	2022	2021
Balance at beginning of year		**₱67,545,325**	₱–
Additions		**1,537,912**	63,793,043
Unrealized gain (loss) on changes in fair value	23	**(7,778,172)**	3,752,282
Balance at end of year		**₱61,305,065**	₱67,545,325

Financial Assets at FVOCI

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

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

7. Trade Receivables

This account consists of:

	2022	2021
Trade	**₱96,836,650**	₱96,496,137
Less allowance for ECL	**3,238,000**	3,238,000
	₱93,598,650	₱93,258,137

Movements in the allowance for ECL are as follows:

	2022	2021
Balance at beginning of year	**₱3,238,000**	₱4,991,503
Write-off	**–**	(1,753,503)
Balance at end of year	**₱3,238,000**	₱3,238,000

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:

	2022	2021
Food and beverages	**₱30,359,215**	₱33,865,868
Store supplies and others	**19,559,134**	2,828,724
	₱49,918,349	₱36,694,592

The Group's merchandise inventories are carried at cost, which is lower than its NRV. No inventory losses were recognized in 2022, 2021 and 2020.

Cost of merchandise inventories charged to "Direct costs" amounted to ₱645.9 million, ₱330.6 million, and ₱305.7 million in 2022, 2021 and 2020, respectively (see Note 20).

9. Other Current Assets

This account consists of:

	2022	2021
Advances to officers and employees	**₱15,391,437**	₱11,295,829
Spare parts, materials and supplies	**5,400,323**	5,498,656
CWTs	**4,824,852**	1,252,925
Input VAT	**3,995,299**	11,964,591
Construction bond	**3,185,750**	3,159,846
Advances to suppliers	**774,308**	10,172
Prepayments	**241,541**	726,419
Others	**1,036,060**	585,950
	₱34,849,570	₱34,494,388

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

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

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

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

10. **Investment Properties**

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

	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**

	2021			
	Land	Land Improvements	Building and Building Improvements	Total
Cost				
Balance at beginning of year	₱95,393,047	₱577,500	₱30,904,503	₱126,875,050
Additions	–	–	500,000	500,000
Balances at end of year	95,393,047	577,500	31,404,503	127,375,050
Cumulative Fair Value Changes				
Gain (loss) from changes in fair value	41,759,553	(115,500)	(1,582,503)	40,061,550
Carrying Amount	₱137,152,600	₱462,000	₱29,822,000	₱167,436,600

In November 2020, the Group purchased a parcel of land with a building located in Sta. Mesa, Manila for ₱126.9 million. Related input VAT amounted to ₱15.0 million.

Fair Value

Land. The fair value of the Group's land is ₱138.5 million and ₱137.2 million as at December 31, 2022 and 2021, respectively. The fair value of the land was determined by an independent property appraiser in 2022 and 2021. 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 2022 and 2021, 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, 2022.

Description of key inputs to valuation on land follows:

Location	Significant unobservable Inputs	Range (weighted average) 2022	2021
Sampaloc District, City of Manila	Selling price per square meter	**₱152,300/sq. m.**	₱150,000/sq. m.
	Value adjustments	**5% 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.

Amounts Recognized in Profit or Loss

Rental income amounted to ₱2.5 million and ₱2.0 million in 2022 and 2021, respectively. The related direct cost incurred pertains to real property taxes amounting to ₱213,492 and ₱213,842 in 2022 and 2021, respectively.

11. Property and Equipment

The composition of and movements in this account follows:

	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

	2021						
	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	₱35,283,628	₱150,030,634	₱38,928,469	₱24,626,788	₱218,419,548	₱499,889,067
Additions	–	24,187,841	32,007,092	14,945,042	2,772,272	126,911,642	200,823,889
Reclassifications	–	(30,643,387)	5,975,460	–	–	24,667,927	–
Balance at end of year	32,600,000	28,828,082	188,013,186	53,873,511	27,399,060	369,999,117	700,712,956
Accumulated Depreciation and Amortization							
Balance at beginning of year	–	–	91,885,253	14,815,815	15,208,452	140,196,804	262,106,324
Depreciation and amortization	–	–	26,978,495	5,728,221	7,422,959	56,792,817	96,922,492
Balance at end of year	–	–	118,863,748	20,544,036	22,631,411	196,989,621	359,028,816
Carrying Amount	₱32,600,000	₱28,828,082	₱69,149,438	₱33,329,475	₱4,767,649	₱173,009,496	₱341,684,140

CIP represents leasehold improvements of store spaces under construction and store furniture and fixtures. As at December 31, 2022, the estimated cost to complete is ₱2.3 million and to be expected to be completed within one year.

In 2020, the Company made advances to contractors aggregating ₱35.1 million for the construction of a new commissary. This was reclassified to property and equipment in 2021.

The cost of fully depreciated and amortized property and equipment that are still in use by the Group amounted to ₱264.4 million and ₱123.2 million as at December 31, 2022 and 2021, respectively.

Transportation equipment with carrying amount of ₱1.4 million and ₱2.5 million as at December 31, 2022 and 2021, respectively, are held as security for the Group's mortgage payable (see Note 15).

Depreciation and amortization are summarized as follows:

	Note	**2022**	2021	2020
Property and equipment		**₱102,374,415**	₱96,922,492	₱91,404,531
ROU assets	24	**49,095,574**	42,116,180	26,300,768
Intangible assets	12	**782,366**	782,366	782,366
		₱152,252,355	₱139,821,038	₱118,487,665

Depreciation and amortization are charged to the following:

	Note	**2022**	2021	2020
Selling and distribution expenses	21	**₱102,973,602**	₱104,750,292	₱86,334,564
Direct costs	20	**26,897,492**	24,808,009	15,296,270
General and administrative expenses	22	**22,381,261**	10,262,737	16,856,831
		₱152,252,355	₱139,821,038	₱118,487,665

12. **Intangible Assets**

This account consists of:

		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**

		2021		
	Note	Brand Names	Software License	Total
Cost				
Balance at beginning of year		₱211,348,448	₱5,193,830	₱216,542,278
Additions		3,000,000	–	3,000,000
Balance at end of year		214,348,448	5,193,830	219,542,278
Accumulated Amortization				
Balance at beginning of year		–	2,938,856	2,938,856
Amortization	11	–	782,366	782,366
Balance at end of year		–	3,721,222	3,721,222
Carrying Amount		₱214,348,448	₱1,472,608	₱215,821,056

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

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).

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 4% to 13%.

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 12.0% to 11.5% in 2022 and 2021, respectively. The recoverable amount of each CGU, calculated using value in use, exceeded the carrying amount of the CGU as at December 31, 2022 and 2021.

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	**2022**	2021
Trade		**₱44,010,626**	₱34,255,117
Nontrade	4	**–**	2,805,000
Accrued expenses:			
Rental		**15,679,650**	9,639,763
Others		**5,773,979**	4,216,438
Statutory payable		**16,261,658**	12,539,062
		₱81,725,913	₱63,455,380

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

Nontrade payable pertains to outstanding balance for the acquisition of inventories, equipment and intangible assets of Balai (see Note 4).

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

Statutory payable pertains to obligations to government agencies such as SSS, HDMF, PHIC, output VAT and withholding taxes that are normally settled in the following month.

14. **Notes Payable**

Movements in this account are as follows:

	2022	2021
Balance at beginning of year	**₱184,580,500**	₱138,922,678
Availments	**40,000,000**	79,580,500
Payments	**(19,580,500)**	(33,922,678)
Balance at end of year	**₱205,000,000**	₱184,580,500

In 2022 and 2021, the Group availed 90 days promissory notes from local banks aggregating ₱40.0 million and ₱79.6 million, respectively, which bear annual stated interest at rates ranging from 4.75% to 7.78%. In 2022 and 2021, the Group rolled-over the long-term promissory notes amounting ₱110.0 million and ₱105.0 million maturing in various dates as at 2022 and 2021, respectively, to 90 days short-term promissory notes with same interest rates.

Interest charged to operations is as follows:

	Note	**2022**	2021	2020
Notes payable		**₱14,182,876**	₱8,377,967	₱8,793,472
Lease liabilities	24	**10,494,182**	7,310,883	11,395,516
Mortgage payable	15	**50,412**	324,764	469,614
		₱24,727,470	₱16,013,614	₱20,658,602

15. **Mortgage Payable**

The Group obtained loans from local commercial banks to finance its acquisition of transportation equipment.

Movements in this account are as follows:

	2022	2021
Balance at beginning of year	**₱1,804,277**	₱3,899,451
Payments	**(1,723,368)**	(2,095,174)
Balance at end of year	**80,909**	1,804,277
Less current portion	**80,909**	1,723,368
Noncurrent portion	**₱–**	₱80,909

The loans are payable in monthly installments up to May 2023 with effective interests ranging from 7.70% to 10.00% per annum. Interest expense amounted to ₱50,412, ₱324,764, and ₱469,614 in 2022, 2021 and 2020, respectively (see Note 14).

The loans are secured by a chattel mortgage on the transportation equipment with a total carrying amount of ₱1.4 million and ₱2.5 million as at December 31, 2022 and 2021, respectively (see Note 11).

16. Related Party Transactions

The Group, in the normal course of business, has advances with its related parties under common management for working capital amounting to ₱123.9 million and ₱127.4 million as at December 31, 2022 and 2021, 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 2022, 2021 and 2020.

Compensation of Key Management Personnel

Compensation of key management personnel, consisting of management fees, salaries and short-term benefits, amounted to ₱22.7 million, ₱20.1 million, and ₱14.6 million in 2022, 2021, and 2020, 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 latest actuarial valuation of the plan was made in 2021 by an independent actuary. The Group did not obtain an actuarial valuation in 2022 because the management has assessed that the effect on the consolidated financial statements of the difference between the retirement benefits expense recognized by the Group and that resulting from actuarial valuation will not be significant.

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

	2022	2021	2020
Current service cost	**₱2,663,431**	₱2,344,902	₱2,489,854
Interest cost	**525,110**	423,701	271,642
	₱3,188,541	₱2,768,603	₱2,761,496

Movements in the retirement benefits liability are as follows:

	2022	2021
Balance at beginning of year	**₱10,709,389**	₱8,168,926
Current service cost	**2,663,431**	2,344,902
Interest cost	**525,110**	423,701
Actuarial gain	**–**	(228,140)
Balance at end of year	**₱13,897,930**	₱10,709,389

The principal assumptions used in determining the Group's retirement benefits liability as at December 31, 2022 and 2021 are as follows:

Discount rate	4.2%
Future salary increases	3.0%

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 2022.

	Effect on Retirement Benefits Liability	
	Discount Rate	Salary Projected Rate
+1%	(₱2,459,410)	₱3,253,929
-1%	3,193,870	(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, 2022 and 2021 is 25 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, 2022 and 2021 are as follows:

	2022		
	Cumulative Remeasurement Loss	**Deferred Tax**	**Net**
Balance at beginning and end of year	**₱1,058,386**	**₱249,718**	**₱808,668**

	2021		
	Cumulative Remeasurement Loss	Deferred Tax	Net
Balance at beginning of year	₱1,286,526	₱372,071	₱914,455
Net remeasurement gain	(228,140)	(57,035)	(171,105)
Change in tax rate	–	(65,318)	65,318
Balance at end of year	₱1,058,386	₱249,718	₱808,668

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

	2022	2021
Less than one year	**₱618,046**	₱1,240,843
One year to less than five years	**817,138**	1,342,423
Five years to less than ten years	**997,538**	1,705,084
Ten years to less than fifteen years	**30,957,469**	33,328,682
Fifteen years to less than twenty years	**12,752,795**	14,232,600
Twenty years and above	**144,223,395**	199,355,352

18. **Equity**

Capital Stock
This account consists of:

	Number of Shares			Amount		
	2022	2021	2020	**2022**	2021	2020
Authorized Capital Stock						
Common - ₱0.10 par value						
Balance at beginning and end of year	**4,700,000,000**	4,700,000,000	4,700,000,000	**₱470,000,000**	₱470,000,000	₱470,000,000
Preferred - ₱0.01 par value						
Balance at beginning and end of year	**3,000,000,000**	3,000,000,000	3,000,000,000	**30,000,000**	30,000,000	30,000,000
	7,700,000,000	7,700,000,000	7,700,000,000	**₱500,000,000**	₱500,000,000	₱500,000,000
Issued and Outstanding- Common						
Balance at beginning and end of year	**2,133,680,000**	2,133,680,000	2,133,680,000	**₱213,368,000**	₱213,368,000	₱213,368,000

Common Shares
On October 6, 2017, the SEC approved the application for 1:10 stock split resulting to a decrease in par value from ₱1.00 to ₱0.10 a share and increasing the authorized capital stock from 500,000,000 shares to 5,000,000,000 shares.

On February 26, 2018, the SEC approved the i) increase in the Parent Company's total authorized capital stock to ₱500.0 million divided into (a) 3,000,000,000 preferred shares at ₱0.01 par value a share, and (b) 4,700,000,000 common shares at ₱0.10 par value a share; and ii) reclassification of 3,000,000,000 common shares to preferred shares.

On November 29, 2019, the Parent Company's common shares were listed on the PSE. As at December 31, 2022, 2021 and 2020, 2,133,680,000 common shares are listed in the PSE.

Preferred Shares
The salient features of the preferred shares follow:

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

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's BOD and stockholders declared cash dividends to stockholders of record on August 27, 2020 for ₱0.01 a share for a total of ₱21,336,800 which were paid on September 18, 2020.

In 2022, the Parent Company's BOD and stockholders declared cash dividends to stockholders of record on August 8, 2022 for ₱0.01 a share for a total of ₱21,336,800 which were paid on September 1, 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:

	2022	2021
Total debt	**₱435,017,613**	₱419,383,793
Total equity	**1,524,365,106**	1,222,031,484
Debt-to-equity ratio	**0.29:1**	0.34:1

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% and 36.06% as at December 31, 2022 and 2021, respectively.

The total number of shareholders of the Parent Company as at December 31, 2022 and 2021 is 124.

19. **Revenue**

This account consists of:

	Note	**2022**	2021	2020
Net sales		**₱1,776,861,676**	₱1,091,889,656	₱872,989,411
Franchise revenues	24	**17,716,102**	6,317,356	13,204,275
Rental income	24	**4,592,945**	3,497,534	5,653,536
		₱1,799,170,723	₱1,101,704,546	₱891,847,222

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.

Details of the Group's revenue based on geographical markets are as follows:

	Note	2022	2021	2020
Sale of goods:				
Luzon		**₱1,588,719,009**	₱938,929,935	₱663,801,125
Visayas		**133,220,049**	108,675,102	163,309,752
Mindanao		**54,922,618**	44,284,619	45,878,534
		1,776,861,676	1,091,889,656	872,989,411
Franchise revenues	24	**17,716,102**	6,317,356	13,204,275
Rental income	24	**4,592,945**	3,497,534	5,653,536
		₱1,799,170,723	₱1,101,704,546	₱891,847,222

20. Direct Costs

This account consists of:

	Note	2022	2021	2020
Direct materials used	8	**₱645,855,662**	₱330,556,331	₱305,734,523
Salaries, wages and other employee benefits		**67,794,777**	55,554,674	30,967,806
Depreciation and amortization	11	**26,897,492**	24,808,009	15,296,270
Utilities		**5,082,064**	6,681,221	2,117,344
Taxes and licenses		**1,270,314**	1,694,854	2,362,716
		₱746,900,309	₱419,295,089	₱356,478,659

Salaries, wages and other employee benefits pertain to outside services and salaries and wages of personnel performing tasks directly related to the production of merchandise inventories.

21. Selling and Distribution Expenses

This account consists of:

	Note	2022	2021	2020
Salaries, wages and other employees' benefits		**₱286,413,147**	₱217,833,569	₱179,729,298
Rental	24	**177,238,124**	130,912,489	112,862,133
Depreciation and amortization	11	**102,973,602**	104,750,292	86,334,564
Outside services		**77,089,231**	53,687,558	25,477,660
Utilities		**45,994,899**	34,368,288	33,538,578
Transportation and travel		**28,270,982**	18,451,413	13,953,403
Management fees		**13,677,704**	2,560,586	4,636,880
Repairs and maintenance		**10,472,293**	9,852,106	8,410,853
Advertisement		**9,598,517**	12,417,252	17,651,552
Training and development		**3,967,599**	2,075,959	1,839,061
Distribution supplies		**3,922,959**	2,261,474	3,291,136
Insurance		**3,222,616**	1,797,024	2,236,662
Others		**21,311,579**	17,787,465	3,057,160
		₱784,153,252	₱608,755,475	₱493,018,940

Salaries, wages and other employees' benefits include government contributions and other allowances.

Outside services pertain to salaries of service crews from agencies.

22. General and Administrative Expenses

This account consists of:

	Note	2022	2021	2020
Taxes and licenses		**₱33,718,273**	₱27,813,894	₱31,316,074
Salaries, wages and other employees' benefits		**32,677,294**	33,557,494	29,871,308
Depreciation and amortization	11	**22,381,261**	10,262,737	16,856,831
Professional fees		**14,984,669**	9,935,823	7,853,681
Representation		**5,669,834**	10,983,449	5,916,663
Rental	24	**5,394,321**	3,080,866	1,462,885
Office supplies		**5,372,628**	4,537,864	2,695,335
Outside services		**5,259,343**	2,140,265	6,834,353
Utilities		**3,667,154**	5,069,603	2,530,105
Retirement benefits cost	17	**3,188,541**	2,768,603	2,761,496
Management fees		**1,923,287**	1,905,404	309,204
Training		**114,665**	211,456	–
Provision for impairment loss	7	**–**	–	4,657,995
Others		**4,186,365**	4,369,679	8,089,371
		₱138,537,635	₱116,637,137	₱121,155,301

23. Other Income

This account consists of:

	Note	2022	2021	2020
Interest income	5	**₱6,402,780**	₱3,442,423	₱15,407,074
Gain (loss) from:				
Change in fair value of financial assets at FVPL	6	**(7,778,172)**	3,752,282	–
Rent concessions	24	**1,851,786**	2,283,799	7,362,437
Termination of lease	24	**299,365**	2,434,473	630,978
Unrealized foreign exchange gain		**–**	–	48,726
Others		**1,506,295**	1,022,161	3,339,705
		₱2,282,054	₱12,935,138	₱26,788,920

Others consist mainly of outlets' 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 ₱54.0 million as at December 31, 2022.

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:

	2022	2021
Rental deposits	**₱93,653,547**	₱95,625,840
Advance rentals	**8,393,712**	9,151,590
	₱102,047,259	₱104,777,430

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	**2022**	2021	2020
Selling and distribution expenses	21	**₱177,238,124**	₱130,912,489	₱112,862,133
General and administrative expenses	22	**5,394,321**	3,080,866	1,462,885
		₱182,632,445	₱133,993,355	₱114,325,018

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 of and movements in ROU assets are as follows:

		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**

	Note	2022 Outlets Spaces	 Land and Building	 Total
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**

	Note	2021 Outlets Spaces	 Land and Building	 Total
Cost				
Balance at beginning of year		₱47,654,844	₱80,740,644	₱128,395,488
Additions		73,174,837	28,947,895	102,122,732
Termination of lease		(15,228,796)	(2,460,200)	(17,688,996)
Balance at end of year		105,600,885	107,228,339	212,829,224
Accumulated Amortization				
Balance at beginning of year		20,079,349	27,441,259	47,520,608
Amortization	11	22,484,717	19,631,463	42,116,180
Termination of lease		(7,284,270)	(1,230,100)	(8,514,370)
Balance at end of year		35,279,796	45,842,622	81,122,418
Carrying Amount		₱70,321,089	₱61,385,717	₱131,706,806

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

	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		**4,950,487**	**5,543,695**	**10,494,182**
Gain from 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**

	Note	2021 Outlets Spaces	 Land and Building	 Total
Balance at beginning of year		₱31,471,177	₱57,750,127	₱89,221,304
Additions		69,752,971	28,947,895	98,700,866
Rental payments		(15,703,125)	(15,852,025)	(31,555,150)
Termination of lease		(10,530,269)	(1,078,830)	(11,609,099)
Interest		3,253,832	4,057,051	7,310,883
Gain from rent concessions		(432,253)	(1,851,546)	(2,283,799)
Balance at end of year		77,812,333	71,972,672	149,785,005
Less current portion		24,001,758	19,339,933	43,341,691
Noncurrent portion		₱53,810,575	₱52,632,739	₱106,443,314

The incremental borrowing rates applied to the lease liabilities range from 10.87% to 11.00%, 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	**2022**	2021	2020
Rental expense - short-term lease		**₱182,632,445**	₱133,993,355	₱114,325,018
Depreciation and amortization of ROU assets	11	**49,095,574**	42,116,180	26,300,768
Interest expense on lease liabilities		**10,494,182**	7,310,883	11,395,516
Gain from rent concessions		**(1,851,786)**	(2,283,799)	(7,362,437)
Gain from termination of lease		**(299,365)**	(2,434,473)	(630,978)
		₱240,071,050	₱178,702,146	₱144,027,887

Lease commitments for short-term leases amounted to ₱145.8 million and ₱88.1 million as at December 31, 2022 and 2021, respectively.

Lease with Variable Payments
The Group has lease contracts that contain variable lease payments based on generated revenue. These terms are negotiated by management for certain location with steady customer demand. Management's objective is to align the lease expense with revenue earned. The following provides information on the Group's variable lease payments, including the magnitude in relation to fixed payments:

		2022	
	Fixed payments	**Variable payments**	**Total**
Fixed rent only	**₱43,489,671**	**₱–**	**₱43,489,671**
Variable rent with minimum payment	**166,312,410**	**22,053,052**	**188,365,462**
Variable rent only	**–**	**8,345,940**	**8,345,940**
	₱209,802,081	**₱30,398,992**	**₱240,201,073**

		2021	
	Fixed payments	Variable payments	Total
Fixed rent only	₱39,093,970	₱–	₱39,093,970
Variable rent with minimum payment	85,044,830	35,626,959	120,671,789
Variable rent only	–	5,782,746	5,782,746
	₱124,138,800	₱41,409,705	₱165,548,505

A 5% increase in revenue would increase total variable lease payments by 5%.

Lease with Extension Options
The Group has several lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgment in determining whether these extension options are reasonably certain to be exercised (see Note 3).

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension options that are not included in the lease term:

	2022	2021
Extension options expected not to be exercised:		
Not later than one year	**₱144,417,510**	₱175,503,958
More than one year but less than five years	**148,772,024**	216,839,514
	₱293,189,534	₱392,343,472

COVID-19-Related Rent Concessions - amendment to PFRS 16 Leases
In 2021 and 2020, many lessors provided rent concessions to the Group as a result of the COVID-19 pandemic. Rent concessions include rent holidays or rent reductions for a certain period of time. The Group elected not to assess whether a COVID-19 related rent concession from a lessor is a lease modification but has applied the practical expedient to all rent concessions that meet the conditions for the practical expedient.

Gain from rent concessions presented under “Other income” account in the 2022, 2021 and 2020 consolidated statements of comprehensive income amounted to ₱1.9 million, ₱2.3 million and ₱7.4 million, respectively (see Note 23).

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 ₱771,128 and ₱642,799 as at December 31, 2022 and 2021, respectively are noninterest-bearing and will be refunded at the end of the lease term.

Rental income amounted to ₱4.6 million, ₱3.5 million, and ₱5.7 million in 2022, 2021 and 2020, respectively (see 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 recognized as part of “Revenue” in the consolidated statements of comprehensive income amounted to ₱17.7 million, ₱6.3 million, and ₱13.2 million in 2022, 2021 and 2020, respectively (see Note 19).

25. **Income Taxes**

The Group's provision for current income tax in 2022, 2021 and 2020 consists of regular corporate income tax (RCIT) and MCIT.

The presentation of expense (benefit) from income tax is as follows:

	2022	2021	2020
Through profit or loss	**₱11,754,471**	(₱27,689)	(₱44,401,706)
Through other comprehensive income	**–**	122,353	–
	₱11,754,471	₱94,664	(₱44,401,706)

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

	2022	2021
Deferred tax assets:		
NOLCO	**₱50,168,923**	₱62,639,212
MCIT	**5,164,615**	10,089,324
Lease liabilities, net of ROU assets	**4,234,292**	3,946,440
Retirement benefits liability	**3,474,483**	2,677,349
Allowance for impairment loss	**809,500**	809,500
	63,851,813	80,161,825
Deferred tax liabilities:		
Gain from change in fair value of investment properties	**10,199,700**	10,015,388
Depreciation expense of investment properties for tax purposes	**868,869**	424,501
Prepayments	**49,846**	39,063
	11,118,415	10,478,952
	₱52,733,398	₱69,682,873

The deferred tax asset on NOLCO of subsidiary amounting to ₱467,233 and ₱645,735 as at December 31, 2022 and 2021, respectively, was not recognized 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	Amount	Incurred	Applied/Expired	Balance	Expiry Date
2022	₱–	₱10,776,686	₱–	₱10,776,686	2025
2021	93,595,297	–	–	93,595,297	2026
2020	117,844,172	–	(18,462,058)	99,382,114	2025
2019	42,566,532	–	(42,566,532)	–	2022
	₱254,006,001	₱10,776,686	(₱61,028,590)	₱203,754,097	

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

Year Incurred	Beginning	Incurred	Applied	Ending	Expiry Year
2022	₱–	₱2,195,214	₱–	₱2,195,214	2025
2021	4,670,624	–	(1,836,597)	2,834,027	2024
2020	5,418,700	–	(5,283,326)	135,374	2023
	₱10,089,324	₱2,195,214	(₱7,119,923)	₱5,164,615	

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

	2022	2021	2020
At statutory tax rate	**₱29,045,494**	(₱283,353)	(₱21,802,608)
Tax effects of:			
IPO expenses charged against APIC	**(5,234,830)**	–	–
Nondeductible expenses	**2,337,959**	3,237,331	1,638,057
Interest income already subjected to final tax	**(878,617)**	(1,611,619)	(4,622,122)
Expired NOLCO	**420,116**	–	–
Change in unrecognized deferred tax asset	**(178,502)**	88,218	179,367
Effect of change in tax rates	**–**	8,893,550	–
At effective tax rate	**₱25,511,620**	₱10,324,127	(₱24,607,306)

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. The changes in the income tax rates retrospectively became effective beginning July 1, 2020.

The income tax rates used in preparing the separate financial statements as at and for the year ended December 31, 2022, 2021, and 2020 were 25%, 25%, and 30% for RCIT and 1%, 1%, and 2% for MCIT, respectively.

The effect of the reduction in tax rates was recognized as part of the 2021 income tax expense, as required by PAS 12, *Income Taxes*. Details of adjustments are as follows:

	Current	Deferred	Total
Income tax expense	₱13,450,148	(₱12,019,571)	₱1,430,577
Effect of change in tax rate	(3,098,332)	11,991,882	8,893,550
Adjusted income tax expense	₱10,351,816	(₱27,689)	₱10,324,127

26. **Earnings (Loss) per Share**

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

	2022	2021	2020
Net income (loss) attributable to equity holders of the Parent Company	**₱77,237,220**	(₱16,324,208)	(₱48,068,054)
Divided by weighted average number of outstanding common shares	**2,133,680,000**	2,133,680,000	2,133,680,000
	₱0.0362	(₱0.0077)	(₱0.0225)

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			
	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**

			Financing Cash Flows			
	2020	Effect of PFRS 16	Proceeds	Payments	Interest	2021
Notes payable	₱138,922,678	₱–	₱79,580,500	(₱42,300,645)	₱8,377,967	₱184,580,500
Mortgage payable	3,899,451	–	–	(2,419,938)	324,764	1,804,277
Lease liabilities	89,221,304	84,807,968	–	(31,555,150)	7,310,883	149,785,005
	₱232,043,433	₱84,807,968	₱79,580,500	(₱76,275,733)	₱16,013,614	₱336,169,782

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 statutory payable), 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:

	2022	2021
Cash and cash equivalents	**₱528,582,342**	₱250,885,692
Financial assets at FVPL	**61,305,065**	67,545,325
Financial assets at FVOCI	**1,725,000**	–
Trade receivables	**93,598,650**	93,258,137
Due from related parties	**123,929,208**	127,428,238
Construction bond *	**3,185,750**	3,159,846
	₱812,326,015	₱542,277,238

*Presented under "Other current asset" account

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:

	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	**–**	**90,360,650**	**–**	**3,238,000**	**93,598,650**
Due from related parties	**–**	**123,929,208**	**–**	**–**	**123,929,208**
Construction bond	**–**	**3,185,750**	**–**	**–**	**3,185,750**
	₱591,612,407	**₱217,475,608**	**₱–**	**₱3,238,000**	**₱812,326,015**

	2021				
	Neither Past Due nor Impaired				
	High Grade	Standard Grade	Past Due but Not Impaired	Impaired	Total
Cash and cash equivalents	₱250,885,692	₱–	₱–	₱–	₱250,885,692
Financial assets at FVPL	67,545,325	–	–	–	67,545,325
Trade receivables	–	93,258,137	–	3,238,000	96,496,137
Due from related parties	–	127,428,238	–	–	127,428,238
Construction bond	–	3,159,846	–	–	3,159,846
	₱318,431,017	₱223,846,221	₱–	₱3,238,000	₱545,515,238

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, 2022 and 2021, 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:

			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 statutory payable.*

			2021			
	Payable on Demand	1 to 120 Days	121 to 240 Days	241 to 360 Days	Over 360 Days	Total
Trade and other payables*	₱–	₱50,916,318	₱–	₱–	₱–	₱50,916,318
Notes payable	–	184,580,500	–	–	–	184,580,500
Mortgage payable	–	608,146	544,585	570,637	80,909	1,804,277
Lease liabilities	–	17,257,520	17,257,520	17,257,520	116,563,388	168,335,948
Future interests	–	724,660	622,969	15,818	930	1,364,377
	₱–	₱254,087,144	₱18,425,074	₱17,843,975	₱116,645,227	₱407,001,420

** Excluding statutory payable.*

29. **Fair Value Measurement**

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

	2022		2021	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets at Amortized Cost				
Cash and cash equivalents	**₱528,582,342**	**₱528,582,342**	₱250,885,692	₱250,885,692
Trade receivables	**93,598,650**	**93,598,650**	93,258,137	93,258,137
Due from related parties	**123,929,208**	**123,929,208**	127,428,238	127,428,238
Construction bond	**3,185,750**	**3,185,750**	3,159,846	3,159,846
Financial Assets at FVPL	**61,305,065**	**61,305,065**	67,545,325	67,545,325
Financial Assets at FVOCI	**1,725,000**	**1,725,000**	–	–
	₱812,326,015	**₱812,326,015**	₱542,277,238	₱542,277,238

	2022		2021	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Liabilities at Amortized Cost				
Trade and other payables*	**₱65,464,255**	**₱65,464,255**	₱50,916,318	₱50,916,318
Notes payable	**205,000,000**	**205,000,000**	184,580,500	184,580,500
Lease liabilities	**132,709,853**	**132,709,853**	149,785,005	148,676,995
Mortgage payable	**80,909**	**80,909**	1,723,368	1,723,368
	₱403,255,017	**₱403,255,017**	₱387,005,191	₱385,897,181

** Excluding statutory payable.*

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 on demand nature 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 2022, 2021 and 2020.

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**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, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020, and have issued our report thereon dated April 4, 2023.

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, 2022
- Reconciliation of Retained Earnings Available for Dividend Declaration of the Parent Company as at December 31, 2022
- Schedule for Listed Companies with a Recent Offering of Securities to the Public as at December 31, 2022
- Conglomerate Map as at December 31, 2022

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.

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Partner
CPA Certificate No. 87322
Tax Identification No. 102-083-647-000
BOA Accreditation No. 4782; Valid until April 13, 2024
SEC Accreditation No. 87322-SEC Group A
    Issued April 20, 2022
    Valid for Financial Periods 2021 to 2025
BIR Accreditation No. 19-005765-001-2022
    Valid until December 13, 2025
PTR No. 9564563
    Issued January 3, 2023, Makati City

April 13, 2023
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, 2022

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, 2022

			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	₱452,573,673	₱78,947,614	₱–	₱–	₱531,521,287	₱–	₱531,521,287

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

SCHEDULE G - CAPITAL STOCK
DECEMBER 31, 2022

				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	–	–	1,264,205,400	869,474,600
Preferred stock - ₱0.01 par value	3,000,000	–	–	–	–	–

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

SUPPLEMENTARY SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION OF THE PARENT COMPANY

DECEMBER 31, 2022

Unappropriated retained earnings at beginning of year as shown in the separate financial statements	₱269,151,612
Less -	
Cumulative fair value gain on investment properties at beginning of year	(40,061,550)
Accumulated depreciation of the investment properties for tax purposes at beginning of year	(1,698,003)
Deferred tax assets at the beginning of year	(10,376,285)
Total unappropriated retained earnings, as adjusted at beginning of year	217,015,774
Cash dividend declared during the year	(21,336,800)
Net income during the year closed to retained earnings	76,468,377
Add/(Less):	
Movement in deferred tax assets	9,869,425
Depreciation expense of the investment properties for tax purposes	(1,777,472)
Fair value gain on investment properties during the year	(737,250)
Total unappropriated retained earnings available for dividend declaration at end of year	₱279,502,054

Reconciliation:	
Unappropriated retained earnings at end of year as shown in the separate financial statements	₱324,283,189
Less:	
Cumulative fair value changes on investment properties at end of year	(40,798,800)
Accumulated depreciation of the investment properties for tax purposes at end of year	(3,475,475)
Deferred tax assets at end of year	(506,860)
Total unappropriated retained earnings available for dividend declaration at end of year	₱279,502,054

FRUITAS HOLDINGS, INC.

(A Subsidiary of LUSH PROPERTIES, INC.)

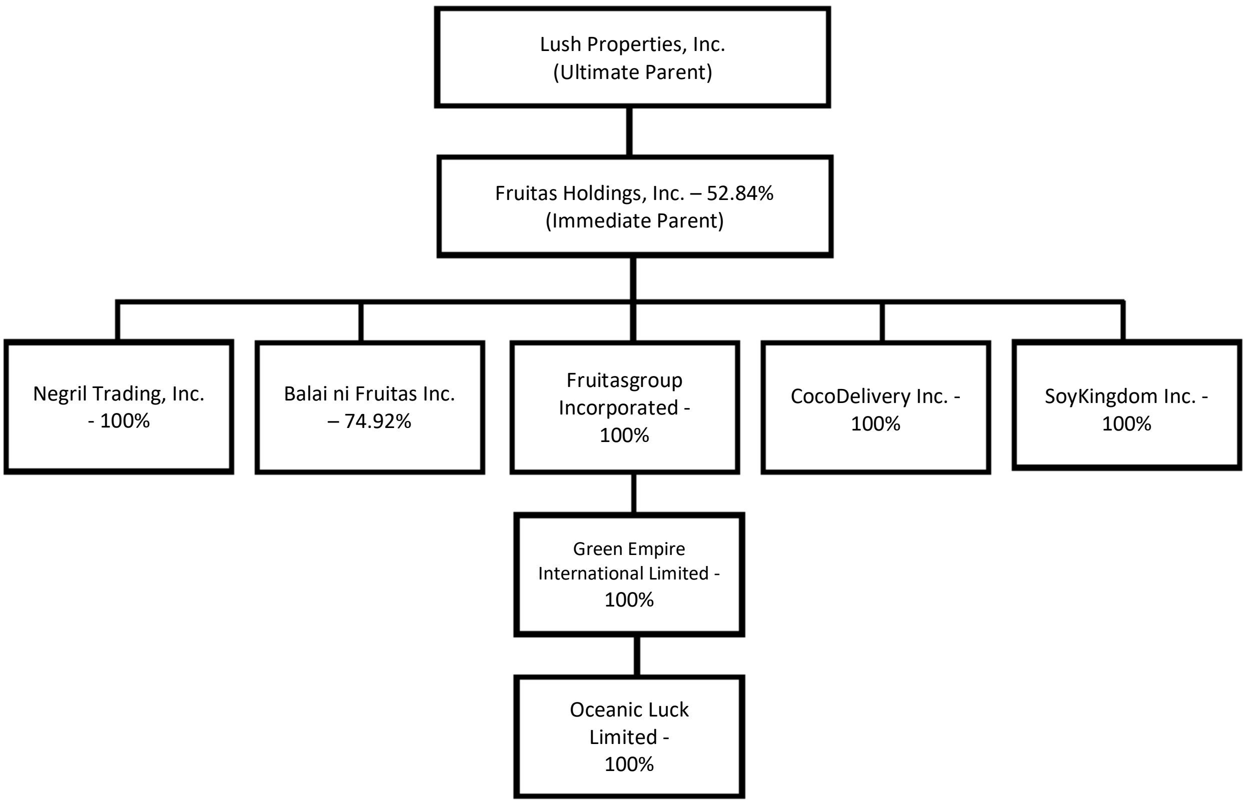
SCHEDULE FOR LISTED COMPANIES WITH A RECENT OFFERING OF SECURITIES TO THE PUBLIC

DECEMBER 31, 2022

	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)	(153,645,647)
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)	(153,151,412)
Commissary expansion	(48,000,000)	(41,309,207)
	(824,084,200)	**(812,481,316)**
Unapplied Proceeds	**₱–**	**₱11,602,884**

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

CONGLOMERATE MAP
DECEMBER 31, 2022



REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Accreditation No. 4782 (Group A)
Issued August 11, 2022
Valid for Financial Periods 2021 to 2025

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 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, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020, and have issued our report thereon dated April 13, 2023. 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, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020 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
SEC Accreditation No. 87322-SEC Group A
Issued April 20, 2022
Valid for Financial Periods 2021 to 2025
BIR Accreditation No. 19-005765-001-2022
Valid until December 13, 2025
PTR No. 9564563
Issued January 3, 2023, Makati City

April 13, 2023
Makati City, Metro Manila

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

FINANCIAL SOUNDNESS INDICATORS
DECEMBER 31, 2022

Below is a schedule showing financial soundness indicators of the Group as at and for the years ended December 31, 2022 and 2021.

	December 31	
	2022	2021
CURRENT/LIQUIDITY RATIO		
Current assets	**₱994,230,443**	₱715,083,802
Current liabilities	**330,391,270**	301,507,382
Current Ratio	**3.01**	2.37
ACID TEST RATIO		
Cash and cash equivalents	**₱528,582,342**	₱250,885,692
Financial assets at FVPL	**61,305,065**	67,545,325
Trade receivables	**93,598,650**	93,258,137
Due from related parties	**123,929,208**	127,428,238
Quick assets	**807,415,265**	539,117,392
Current liabilities	**330,391,270**	301,507,382
Acid Test Ratio	**2.44**	1.37
SOLVENCY RATIO		
Net income before depreciation and amortization	**₱234,612,096**	₱123,496,830
Total liabilities	**435,017,613**	419,383,793
Solvency Ratio	**0.54**	0.29
DEBT-TO-EQUITY RATIO		
Total liabilities	**₱435,017,613**	₱419,383,793
Total equity	**1,524,365,106**	1,222,031,394
Debt-to-Equity Ratio	**0.29**	0.34
ASSET-TO-EQUITY RATIO		
Total assets	**₱1,959,382,719**	₱1,641,415,277
Total equity	**1,524,365,106**	1,222,031,394
Asset-to-Equity Ratio	**1.29**	1.34
INTEREST-COVERAGE RATIO		
Earnings (loss) before interest and taxes	**₱132,598,831**	₱10,013,533
Interest expense	**24,727,470**	16,013,614
Interest-Coverage Ratio	**5.36**	0.63

(Forward)

	December 31	
	2022	2021
PROFITABILITY RATIO		
Net income (loss) attributable to equity holders of the Parent Company	**₱77,237,220**	(₱16,218,421)
Average equity	**1,373,198,295**	1,230,140,694
Return on Equity	**0.06**	(0.01)
RETURN ON ASSETS		
Net income (loss)	**₱82,359,741**	(₱16,324,208)
Average assets	**1,800,398,998**	1,592,728,206
Return on Assets	**0.05**	(0.01)
NET PROFIT MARGIN		
Net income (loss)	**₱82,359,741**	(₱16,324,208)
Revenue	**1,799,170,723**	1,101,704,546
Net Profit Margin	**0.05**	(0.01)

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, 2022. 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, 2022 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: ______________________
Juneil Dominic P. Torio
Chief Financial Officer and Treasurer

SUBSCRIBED AND SWORN TO BEFORE ME THIS MAY 02 2023
AFFIANT EXHIBITING
WITH VALID I.D. NO.

ATTY. MA. PERLITA P. CABRERA
Notarial Commission until DEC. 31, 2023
Adm. Matter No. NP-043(2022-2023)
PTR. No. 2296394; 01/03/2023 - QC
IBP. No.: 259076; 01/03/2023 - QC
Attorney's Roll No.: 44573
MCLE Compliance No. VII-00902

Signed this 13th day of April 2023

DOC. NO: 396
PAGE NO. 81
BOOK NO. XVIII
SERIES 2023

ANNEX B

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

Contact Person

+(632) 8731-8886

Company Telephone Number

SEC FORM 17-C

LIST OF TOP 100 STOCKHOLDERS-DEC 2022

FORM TYPE

1 2 (Month) 3 1 (Day)

Fiscal Year

0 7 (Month) 2 5 (Day)

Annual Meeting

Secondary License Type, If Applicable

Dept Requiring this Doc

Amended Articles Number / Section

Total No. of Stockholders

Total Amount of Borrowings

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 9, 2023

THE SECURITIES AND EXCHANGE COMMISSION
Markets and Securities Regulation Department
Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City, 1307

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

Subject : **SEC FORM 17C- List of Top 100 stockholders as of December 31, 2022**

Gentlemen:

We hereby submit the List of Top 100 Stockholders as of December 31, 2022 both certificated and shares lodged to PCD:

Number of Issued and Outstanding 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	2,018,959,086
PCD Nominee - Non-Filipino	12,067,906
Number of Certificated Common Shares	102,653,008

Very Truly Yours,
FRUITAS HOLDINGS INC.

By: Rushell A. Salvador
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 9, 2023
   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 — 1113
   Address of principal office — 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, 2022. As of covered date, out of the 2,133,680,000 outstanding common shares of FRUIT, there are 102,653,008 certificated common shares and 2,031,026,992 lodged shares. While the lodged shares are composed of 2,018,959,086 PCD Nominee- Filipino and 12,067,906 PCD Nominee – Non-Filipino.

COMPANY NAME : FRUITAS HOLDINGS, INC.
LIST OF TOP 100 STOCKHOLDERS
As Of December 31, 2022

STOCKHOLDER'S NAME	OUTSTANDING & ISSUED SHARES (FULLY PAID)	OUTSTANDING & ISSUED SHARES (PARTIALLY PAID)	TOTAL HOLDINGS (SUBSCRIBED)	PERCENTAGE TO TOTAL
PCD NOMINEE CORP. (FILIPINO)	2,018,959,086	0	2,018,959,086	94.623
LUSH PROPERTIES INCORPORATED	100,000,000	0	100,000,000	4.687
PCD NOMINEE CORP. (NON-FILIPINO)	12,067,906	0	12,067,906	0.566
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
GRAND TOTAL (21)	2,133,680,000	0	2,133,680,000	

TOP 100 STOCKHOLDERS
December 31, 2022

Company Code - FRUIT0000000

Business Date: December 31, 2022

BPNAME	HOLDINGS
UPCC SECURITIES CORP.	328,000
A & A SECURITIES, INC.	3,986,000
ABACUS SECURITIES CORPORATION	46,506,727
PHILSTOCKS FINANCIAL INC	151,314,830
A. T. DE CASTRO SECURITIES CORP.	17,000
ALPHA SECURITIES CORP.	908,000
BA SECURITIES, INC.	105,000
AP SECURITIES INCORPORATED	11,453,100
ANSALDO, GODINEZ & CO., INC.	81,126,000
AB CAPITAL SECURITIES, INC.	128,251,629
SB EQUITIES,INC.	3,520,000
ASIA PACIFIC CAPITAL EQUITIES & SECURITIES CORP.	174,000
ASIASEC EQUITIES, INC.	322,000
ASTRA SECURITIES CORPORATION	3,982,000
CHINA BANK SECURITIES CORPORATION	3,071,000
BELSON SECURITIES, INC.	1,336,000
JAKA SECURITIES CORP.	305,000
BPI SECURITIES CORPORATION	39,151,480
CAMPOS, LANUZA & COMPANY, INC.	8,000
CTS GLOBAL EQUITY GROUP, INC.	77,000
TRITON SECURITIES CORP.	1,189,000
IGC SECURITIES INC.	1,450,000
CUALOPING SECURITIES CORPORATION	92,000
DAVID GO SECURITIES CORP.	253,000
DIVERSIFIED SECURITIES, INC.	855,000
E. CHUA CHIACO SECURITIES, INC.	2,226,000
EASTERN SECURITIES DEVELOPMENT CORPORATION	3,496,000
EQUITIWORLD SECURITIES, INC.	97,000
EVERGREEN STOCK BROKERAGE & SEC., INC.	905,000
FIRST ORIENT SECURITIES, INC.	110,000
FIRST INTEGRATED CAPITAL SECURITIES, INC.	50,000
F. YAP SECURITIES, INC.	1,704,490
AURORA SECURITIES, INC.	30,000
GLOBALINKS SECURITIES & STOCKS, INC.	1,534,000
JSG SECURITIES, INC.	785,000
GOLDSTAR SECURITIES, INC.	1,624,000
GUILD SECURITIES, INC.	17,000
HDI SECURITIES, INC.	1,055,000
I. B. GIMENEZ SECURITIES, INC.	633,000
INVESTORS SECURITIES, INC,	13,223,000
IMPERIAL,DE GUZMAN,ABALOS & CO.,INC.	757,000
INTRA-INVEST SECURITIES, INC.	264,000
J.M. BARCELON & CO., INC.	28,000
VALUE QUEST SECURITIES CORPORATION	459,000
STRATEGIC EQUITIES CORP.	4,690,000
LITONJUA SECURITIES, INC.	160,000
LOPEZ, LOCSIN, LEDESMA & CO., INC.	73,000
LUCKY SECURITIES, INC.	3,569,000
LUYS SECURITIES COMPANY, INC.	1,120,000

OUTSTANDING BALANCES FOR A SPECIFIC COMPANY

Company Code - FRUIT0000000

Business Date: December 31, 2022

BPNAME	HOLDINGS
MANDARIN SECURITIES CORPORATION	1,548,000
COL Financial Group, Inc.	120,360,166
DA MARKET SECURITIES, INC.	265,000
MERCANTILE SECURITIES CORP.	60,000
MERIDIAN SECURITIES, INC.	1,102,000
MDR SECURITIES, INC.	925,000
NEW WORLD SECURITIES CO., INC.	1,534,000
OPTIMUM SECURITIES CORPORATION	503,000
RCBC SECURITIES, INC.	3,741,000
PAN ASIA SECURITIES CORP.	1,181,000
PAPA SECURITIES CORPORATION	8,420,000
MAYBANK SECURITIES, INC.	1,518,000
PNB SECURITIES, INC.	5,972,000
PREMIUM SECURITIES, INC.	123,000
SALISBURY SECURITIES CORPORATION	2,038,000
QUALITY INVESTMENTS & SECURITIES CORPORATION	4,267,000
ALAKOR SECURITIES CORPORATION	25,000
R. COYIUTO SECURITIES, INC.	1,697,000
REGINA CAPITAL DEVELOPMENT CORPORATION	17,661,000
R. NUBLA SECURITIES, INC.	2,767,600
AAA SOUTHEAST EQUITIES, INCORPORATED	8,386,785
R. S. LIM & CO., INC.	130,000
RTG & COMPANY, INC.	491,000
S.J. ROXAS & CO., INC.	491,000
SECURITIES SPECIALISTS, INC.	731,000
FIDELITY SECURITIES, INC.	645,000
SUMMIT SECURITIES, INC.	8,372,091
STANDARD SECURITIES CORPORATION	1,248,000
TANSENGCO & CO., INC.	1,023,000
THE FIRST RESOURCES MANAGEMENT & SECURITIES CORP.	338,000
TOWER SECURITIES, INC.	2,474,010
APEX PHILIPPINES EQUITIES CORPORATION	75,000
LANDBANK SECURITIES, INC.	2,740,000
VENTURE SECURITIES, INC.	385,000
FIRST METRO SECURITIES BROKERAGE CORP.	1,211,604,332
WEALTH SECURITIES, INC.	1,439,000
WESTLINK GLOBAL EQUITIES, INC.	2,481,000
YAO & ZIALCITA, INC.	2,330,000
YU & COMPANY, INC.	610,000
BDO SECURITIES CORPORATION	48,109,926
EAGLE EQUITIES, INC.	1,660,000
GOLDEN TOWER SECURITIES & HOLDINGS, INC.	120,000
SOLAR SECURITIES, INC.	345,000
G.D. TAN & COMPANY, INC.	2,200,000
PHILIPPINE EQUITY PARTNERS, INC.	11,926,000
UNICAPITAL SECURITIES INC.	7,242,926
SunSecurities, Inc.	6,073,000
TIMSON SECURITIES, INC.	1,745,000
STAR ALLIANCE SECURITIES CORP.	1,765,000
VC SECURITIES CORPORATION	6,000
CITIBANK N.A.	322,000

OUTSTANDING BALANCES FOR A SPECIFIC COMPANY

Company Code - FRUIT0000000

Business Date: December 31, 2022

BPNAME	HOLDINGS
DEUTSCHE BANK MANILA-CLIENTS A/C	2,000,000
SOCIAL SECURITY SYSTEM	7,336,900
AB CAPITAL & INVESTMENT CORP. - TRUST & INVESTMENT DIV.	82,000
Total	2,031,026,992

If no written notice of any error or correction is received by PDTC within five (5) calendar days from receipt hereof, you shall be deemed to have accepted the accuracy and completeness of the details indicated in this report.

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

Date

09 January 2023

____
RUSHELL A. SALVADOR
Compliance Officer

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), Balai Ni Fruitas, Inc. (BNFI), Soykingdom, Inc. (SKI), and CocoDelivery, Inc. (CDI)
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, 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, 2022
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)	57,503,792	PhP
Direct economic value distributed:		
a. Operating costs	8,445,164	PhP
b. Taxes given to government	11,182,293	PhP
c. Interest payments to loan providers	2,777,153	Php
d. Dividends given to stockholders	21,336,800	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 100% of five subsidiaries namely Fruitasgroup, Inc., Negril Trading, Inc., Balai ni Fruitas, Inc., Soykingdom Inc,, and Cocodelivery 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 acquistions.

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.

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	N/A	%

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	#

[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.

Currently, the Company does not have a specific program on Anti-corruption aside from the procedures stipulated in the Corporate Governance. 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

[3] International Union for Conservation of Nature

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

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]	6	
a. Number of female employees	3	#
b. Number of male employees	3	#
Attrition rate[5]	0%	rate
Ratio of lowest paid employee against minimum wage	4	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	Y	100%	100%
PhilHealth	Y	100%	100%
Pag-ibig	Y	100%	100%
Parental leaves	N		
Vacation leaves	Y	100%	100%
Sick leaves	Y	100%	100%
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	100	hours
b. Male employees	200	hours
Average training hours provided to employees		
a. Female employees	25	hours/employee
b. Male employees	67	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	1	#

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	50.0%	%
% of male workers in the workforce	50.0%	%
Number of employees from indigenous communities and/or vulnerable sector*	0.0%	#

**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	0	#
No. of work-related fatalities	0	#
No. of work related ill-health	0	#
No. of safety drills	3	#

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	N	
Child labor	N	
Human Rights	N	

There are no specific company policies which disallow violation of labor laws and human rights but the Company practices professionalism in all business endeavors. 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.

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	N/A	

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.*

SECURITIES AND EXCHANGE COMMISSION
SEC Headquarters, 7907 Makati Avenue, Salcedo Village, Barangay Bel-Air, Makati City, 1209, Metro Manila Philippines
Tel: (632) 818-0921 Fax: (632) 818-5293 Email: mis@sec.gov.ph

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Company Information

SEC Registration No.: CS201503014
Company Name: FRUITAS HOLDINGS, INC.
Industry Classification: H55210
Company Type: Stock Corporation

Document Information

Document ID: OST10417202381018857
Document Type: Financial Statement
Document Code: FS
Period Covered: December 31, 2022
Submission Type: Annual
Remarks: None

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

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

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C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

CS201503014

COMPANY NAME

FRUITAS HOLDINGS, 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
AASFS	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
Ms. Madelene Timbas-Sayson	madelene.sayson@fruitasholdings.com	(02) 8 243-1741	–

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.*

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.*

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the separate financial statements of FRUITAS HOLDINGS, INC. (the "Company"), which comprise the separate statements of financial position as at December 31, 2022 and 2021, and the separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for the years ended December 31, 2022, 2021 and 2020, and notes to separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years ended December 31, 2022 2021, and 2020 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 Separate Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to the audit of the separate 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.

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

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

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

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

Auditors' Responsibilities for the Audit of the Separate Financial Statements

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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
SEC Accreditation No. 87322-SEC Group A
Issued April 20, 2022
Valid for Financial Periods 2021 to 2025
BIR Accreditation No. 19-005765-001-2022
Valid until December 13, 2025
PTR No. 9564563
Issued January 3, 2023, Makati City

April 13, 2023
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, 2022 and 2021**, 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: ______________________
Juneil Dominic P. Torio
Chief Financial Officer and Treasurer

SUBSCRIBED AND SWORN TO
BEFORE ME THIS APR 20 2023
AFFIANT EXHIBITING TO ME
WITH VALID I.D. NO.______

Signed this 13th day of April 2023

ATTY. MA. PERPETUA P. CABRERA
Notarial Commission until DEC. 31, 2023
Adm. Matter No. NP-049(2022-2023)
PTR. No.: 2295394; 01/03/2023 - QC
IBP. No.: 259076; 01/03/2023 - QC
Attorney's Roll No.: 44573
MCLE Compliance No. VII-009027

DOC. NO. 178
PAGE NO. 37
BOOK NO. XVII
SERIES OF 2023

FRUITAS HOLDINGS, INC.

SEPARATE STATEMENTS OF FINANCIAL POSITION

	Note	December 31 **2022**	 2021
ASSETS			
Current Assets			
Cash in banks	4	**₱34,430,121**	₱84,734,176
Financial assets at fair value through profit or loss (FVPL)	5	**67,310,128**	51,545,325
Receivables	6	**5,640,640**	282,572
Due from related parties	11	**472,023,407**	367,424,865
Other current assets	7	**5,030,783**	10,907,960
Total Current Assets		**584,435,079**	514,894,898
Noncurrent Assets			
Investment properties	8	**168,173,850**	167,436,600
Investments in subsidiaries	9	**631,493,310**	635,868,310
Deferred tax assets	17	**506,860**	10,376,285
Total Noncurrent Assets		**800,174,020**	813,681,195
		₱1,384,609,099	₱1,328,576,093
LIABILITIES AND EQUITY			
Current Liabilities			
Accrued expenses and other payables	10	**₱590,967**	₱600,711
Notes payable	12	**55,000,000**	55,000,000
Due to related parties	11	**1,124,985**	1,124,985
Total Current Liabilities		**56,715,952**	56,725,696
Noncurrent Liabilities			
Retirement benefits liability	13	**651,854**	497,690
Security deposits	16	**771,128**	642,799
Deferred tax liabilities	17	**11,068,569**	10,439,889
Total Noncurrent liabilities		**12,491,551**	11,580,378
Total Liabilities		**69,207,503**	68,306,074
Equity			
Capital stock	14	**213,368,000**	213,368,000
Additional paid-in capital (APIC)	14	**777,837,044**	777,837,044
Retained earnings	14	**324,283,189**	269,151,612
Other comprehensive loss	13	**(86,637)**	(86,637)
Total Equity		**1,315,401,596**	1,260,270,019
		₱1,384,609,099	₱1,328,576,093

See accompanying Notes to Separate Financial Statements.

FRUITAS HOLDINGS, INC.

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

	Note	Years Ended December 31 2022	2021	2020
REVENUE				
Management fees	11	**₱55,000,000**	₱42,857,143	₱17,926,782
Rental income	16	**2,503,792**	2,016,986	–
Dividend income	9	**–**	8,024,910	21,000,000
		57,503,792	52,899,039	38,926,782
DIRECT COSTS				
Salaries, wages and other benefits		**8,445,164**	7,633,789	6,535,513
Real property taxes	8	**213,492**	213,842	–
		8,658,656	7,847,631	6,535,513
GROSS INCOME		**48,845,136**	45,051,408	32,391,269
GENERAL AND ADMINISTRATIVE EXPENSES	15	**(5,709,098)**	(5,670,248)	(3,324,252)
GAIN ON SALE OF INVESTMENT IN A SUBSIDIARY	9	**56,875,000**	–	–
GAIN FROM CHANGE IN FAIR VALUE OF INVESTMENT PROPERTIES	8	**737,250**	40,061,550	–
INTEREST EXPENSE	12	**(2,777,153)**	(2,611,111)	(2,815,971)
OTHER INCOME (CHARGES)				
Unrealized gain (loss) on changes in fair value of financial assets at FVPL	5	**(12,273,109)**	3,752,282	–
Interest income	4	**1,739,152**	1,613,356	15,109,196
		(10,533,957)	5,365,638	15,109,196
INCOME BEFORE INCOME TAX		**87,437,178**	82,197,237	41,360,242
PROVISION FOR (BENEFIT FROM) INCOME TAX	17			
Current		**470,696**	(56,956)	227,825
Deferred		**10,498,105**	20,985,015	2,192,280
		10,968,801	20,928,059	2,420,105
NET INCOME		**76,468,377**	61,269,178	38,940,137
OTHER COMPREHENSIVE INCOME	13			
Not to be reclassified to profit or loss in subsequent periods				
Remeasurement gain on retirement benefits liability (net of tax effect)		**–**	31,662	–
TOTAL COMPREHENSIVE INCOME		**₱76,468,377**	₱61,300,840	₱38,940,137

See accompanying Notes to Separate Financial Statements.

FRUITAS HOLDINGS, INC.

SEPARATE STATEMENTS OF CHANGES IN EQUITY

		Years Ended December 31					
		Number of Shares			Amount		
	Note	**2022**	2021	2020	**2022**	2021	2020
CAPITAL STOCK	14						
Authorized							
Common - ₱0.10 par value							
Balance at beginning and end of year		**4,700,000,000**	4,700,000,000	4,700,000,000	**₱470,000,000**	₱470,000,000	₱470,000,000
Preferred - ₱0.01 par value							
Balance at beginning and end of year		**3,000,000,000**	3,000,000,000	3,000,000,000	**30,000,000**	30,000,000	30,000,000
		7,700,000,000	7,700,000,000	7,700,000,000	**₱500,000,000**	₱500,000,000	₱500,000,000
Issued - Common							
Balance at beginning and end of year	14	**2,133,680,000**	2,133,680,000	2,133,680,000	**₱213,368,000**	₱213,368,000	₱213,368,000
ADDITIONAL PAID-IN CAPITAL	14				**777,837,044**	777,837,044	777,837,044
RETAINED EARNINGS							
Balance at beginning of year					**269,151,612**	207,882,434	190,279,097
Net income					**76,468,377**	61,269,178	38,940,137
Cash dividends	14				**(21,336,800)**	–	(21,336,800)
Balance at end of year					**324,283,189**	269,151,612	207,882,434
OTHER COMPREHENSIVE LOSS							
Not to be reclassified to profit or loss in subsequent periods							
Balance at beginning of year					**(86,637)**	(118,299)	(118,299)
Remeasurement gain on retirement benefits liability (net of tax effect)	13				**–**	31,662	–
Balance at end of year					**(86,637)**	(86,637)	(118,299)
					₱1,315,401,596	₱1,260,270,019	₱1,198,969,179

See accompanying Notes to Separate Financial Statements.

FRUITAS HOLDINGS, INC.

SEPARATE STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	**2022**	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**₱87,437,178**	₱82,197,237	₱41,360,242
Adjustments for:				
Gain on sale of investment in a subsidiary	9	**(56,875,000)**	–	–
(Gain) loss on change in financial asset at FVPL	5	**12,273,109**	(3,752,282)	–
Interest expense	12	**2,777,153**	2,611,111	2,815,971
Interest income	4	**(1,739,152)**	(1,613,356)	(15,109,196)
Gain from change in fair value of investment properties	8	**(737,250)**	(40,061,550)	–
Dividend income	9	**–**	(8,024,910)	(21,000,000)
Retirement benefits cost	13	**154,164**	139,448	172,647
Operating income before working capital changes		**43,290,202**	31,495,698	8,239,664
Decrease (increase) in:				
Receivables		**(5,358,068)**	(282,572)	–
Other current assets		**6,650,821**	5,177,897	1,396,940
Increase (decrease) in:				
Accrued expenses and other payables		**(9,744)**	(605,745)	(35,363,445)
Security deposits		**128,329**	642,799	–
Net cash generated from (used for) operations		**44,701,540**	36,428,077	(25,726,841)
Interest received		**1,739,152**	1,823,380	14,899,172
Income taxes paid		**(1,244,340)**	(955,554)	(358,173)
Net cash flows from (used in) operating activities		**45,196,352**	37,295,903	(11,185,842)
CASH FLOWS FROM INVESTING ACTIVITIES				
Advances to related parties	11	**(104,598,542)**	(128,666,467)	(366,729,303)
Proceed from sale of investment in a subsidiary	9	**61,250,000**	–	–
Additions to (disposals) of financial asset at FVPL	5	**(28,037,912)**	(47,793,043)	–
Dividends received		**–**	8,024,910	21,000,000
Additions to:				
Investments in subsidiaries	9	**–**	(5,000,000)	(25,899,635)
Deposit for stock subscription	9	**–**	–	(16,000,000)
Investment properties	8	**–**	(500,000)	(126,875,050)
Input VAT on the acquisition of investment properties	8	**–**	–	(15,000,000)
Collection of due from related parties	11	**–**	–	143,613,640
Net cash flows from (used in) investing activities		**(71,386,454)**	(173,934,600)	(385,890,348)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of:				
Dividends	14	**(21,336,800)**	–	(21,336,800)
Interest	12	**(2,777,153)**	(2,611,111)	(2,320,832)
Due to related parties	11	**–**	(11,987,494)	–
Proceeds from issuances of promissory notes	12	**–**	–	5,000,000
Advances from related parties	11	**–**	–	1,761,042
Net cash flows used in financing activities		**(24,113,953)**	(14,598,605)	(16,896,590)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(50,304,055)**	(151,237,302)	(413,972,780)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**84,734,176**	235,971,478	649,944,258
CASH AND CASH EQUIVALENTS AT END OF YEAR		**₱34,430,121**	₱84,734,176	₱235,971,478

(Forward)

		Years Ended December 31		
	Note	**2022**	2021	2020
SUPPLEMENTARY INFORMATION ON NONCASH INVESTING ACTIVITIES				
Application of deposit for stock subscription to investments in subsidiaries	11	**₱–**	₱176,000,000	₱–

COMPONENTS OF CASH AND CASH EQUIVALENTS	4			
Cash in banks		**₱34,430,121**	₱84,734,176	₱37,831,071
Short-term placements		**–**	–	198,140,407
		₱34,430,121	₱84,734,176	₱235,971,478

See accompanying Notes to Separate Financial Statements.

FRUITAS HOLDINGS, INC.

NOTES TO SEPARATE FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

1. **Corporate Information**

FRUITAS HOLDINGS, INC. (FHI or the "Company") was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on February 18, 2015. The Company's primary purpose is to invest in, hold, own, purchase, acquire, lease, contract, operate, improve, develop, manage, grant, sell, exchange, or otherwise, dispose of real and personal properties of every kind and description, including shares of stock, bonds, and other securities or evidence of indebtedness of any other corporation, association, form or entity, domestic or foreign, where necessary or appropriate and to possess and exercise in respect thereof of all the rights, powers and privileges of ownership.

On November 29, 2019, the common shares of the Company were listed and traded in the Philippine Stock Exchange (PSE) through an Initial Public Offering (IPO) under the trading name "FRUIT".

The Company has investments in the following subsidiaries as at December 31, 2022 and 2021:

		Equity interest		
Name of Subsidiary	Principal Activities	**2022**	2021	Principal Place of Business
Direct:				
Negril Trading, Inc. (NTI)	Production, processing and distribution of goods	**100%**	100%	Quezon City
Fruitasgroup Incorporated (FGI)	Trading of goods	**100%**	100%	Quezon City
SoyKingdom Inc. (SKI)	Retail of goods	**100%**	100%	Quezon City
CocoDelivery Inc. (CDI)	Production, processing and distribution of goods	**100%**	100%	Quezon City
Balai ni Fruitas Inc. (BNFI)	Trading of goods	**74.92%**	100%	Quezon City
Indirect:				
Green Empire International Limited (GEIL)*	Holding company	**100%**	100%	British Virgin Islands
Oceanic Luck Limited (OLL)**	Holding company	**100%**	100%	Samoan Islands

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

As at December 31, 2022 and 2021, the Company is 52.84% and 57.53%, respectively, owned by Lush Properties, Inc. (LPI), a company incorporated and domiciled in the Philippines and engaged in leasing/real estate activities.

The Company's registered office address, which is also its principal place of business, is at No. 60 Cordillera St., Brgy. Dona Josefa, Quezon City, 1113.

The separate financial statements of the Company were approved and authorized for issuance by the Board of Directors (BOD) on April 13, 2023.

2. **Summary of Significant Accounting and Reporting Policies**

The significant accounting policies used in the preparation of the separate financial statements have been consistently applied to all years presented, unless otherwise stated.

Basis of Preparation and Statement of Compliance

The separate financial statements have been prepared in accordance 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 (IFRIC) issued by the Philippine Financial and Sustainability Reporting Standards Council (formerly Financial Reporting Standards Council) and adopted by the SEC, including SEC pronouncements.

The Company also prepares consolidated financial statements for the same period in accordance with PFRS, as the separate financial statements presented. In the consolidated financial statements, subsidiary undertakings have been fully consolidated. Users of these separate financial statements should read them together with the consolidated financial statements in order to obtain full information on the consolidated statements of financial position, consolidated financial performance and consolidated cash flows of the Company and its subsidiaries. The consolidated financial statements are available for public use and may be obtained at the Company's registered office address, the SEC and the PSE.

Bases of Measurement

The separate financial statements of the Company have been prepared on a historical cost basis except for financial assets at fair value through profit or loss (FVPL) and investment properties which are measured at fair value and are presented in Philippine Peso (Peso), the Company'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 amount for which an asset could be exchanged, a liability settled or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction. The Company uses observable market data to the extent possible when measuring the fair value of an asset or a liability.

The Company 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 Company 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 made in measuring fair values is included in Notes 5 and 20 to the separate financial statements.

<u>Adoption of Amended PFRS</u>

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended PFRS:

- Amendments to PFRS 3, *Reference to Conceptual Framework* – The amendments will replace the reference of PFRS 3 from the 1989 Framework to the current 2018 Conceptual Framework. The amendments include an exception that specifies that, for some types of liabilities and contingent liabilities, an entity applying PFRS 3 should refer to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* or IFRIC 21, *Levies,* instead of the Conceptual Framework. The requirement will ensure that the liabilities recognized in a business combination will remain the same as those recognized applying the current requirements in PFRS 3. The amendments also clarified that an acquirer shall not recognize contingent assets acquired in a business combination. The amendments should be applied prospectively.

- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds Before Intended Use* – The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss. The amendments must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when an entity first applied the amendments.

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling a contract comprises both the incremental costs of fulfilling that contract and an allocation of costs directly related to contract activities. The amendments apply to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as applicable. Accordingly, the comparatives are not restated. Earlier application is permitted.

- Annual Improvements to PFRS 2018 to 2020 Cycle:

    - Amendment to PFRS 9, *Financial Instruments - Fees in the '10 percent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity shall include when it applies the '10 percent' test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf. The amendment applies to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applied the amendment.

- Amendment to PFRS 16, *Leases - Lease Incentives* – The amendment removes from the Illustrative Example 13 the illustration of the reimbursement of leasehold improvements by the lessor. The objective of the amendment is to avoid any potential confusion regarding the treatment of lease incentives because of how the requirements for lease incentives are illustrated.

The adoption of the amended PFRS did not materially affect the separate financial statements of the Company. Additional disclosures were included in the separate financial statements as necessary.

<u>Amended PFRS in Issue but Not Yet Effective or Adopted</u>
Relevant amended PFRS, which are not yet effective as at December 31, 2022 and have not been applied in preparing the separate financial statements, are summarized below:

Effective for annual periods beginning on or after 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 significant accounting policies 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. The amendments should be applied prospectively. Earlier application is permitted.

- 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. Earlier application is permitted.

- 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 amendments should be applied on a modified retrospective basis. Earlier application is permitted.

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

- Amendments to PAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Noncurrent* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Company shall also apply Amendments to PAS 1 - *Noncurrent Liabilities with Covenants* for that period.

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

<u>Financial Assets and Liabilities</u>

Recognition and Measurement

Date of Recognition. The Company recognizes a financial asset or a financial liability in the separate statement 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, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

"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 Company 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 Company 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 Company determines the appropriate method of recognizing the "*Day 1*" difference.

Classification

Classification of Financial Instruments. The Company 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 fair value through other comprehensive income (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 Company's business model and its contractual cash flow characteristics.

As at December 31, 2022 and 2021, the Company has no financial instruments classified as financial assets at FVOCI and financial liabilities at FVPL.

Classification of Financial Instruments 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 Company; 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 Company 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.

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, 2022 and 2021, the Company's cash in banks, receivables and due from related parties are classified under this category (see Notes 4, 6 and 11).

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 separate statements of comprehensive income.

The Company's investments in Unit Investment Trust Funds (UITFs) which are held for trading are included in this category.

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 Company 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, 2022 and 2021, the Company's accrued expenses and other payables (excluding statutory payables), due to related parties, notes payable, and security deposits are classified under this category (see Notes 10, 11, 12 and 16).

Reclassification

The Company 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 amortized cost, its fair value at the reclassification date becomes its new gross carrying amount. In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

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

For receivables, the Company has applied the simplified approach and has calculated ECL based on the lifetime ECL. The Company 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 due from related parties, the ECL 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 Company 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 Company retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or,
- the Company has transferred its 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 Company 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 Company's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to 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 separate statement 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 Company could raise debt with similar terms and conditions in the market.

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 reported in the separate statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an 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 separate statements of financial position.

Other Current Assets

Value-added Tax (VAT). Revenue, expenses and assets are recognized net of the amount of VAT except for receivables and payables that are stated with the amount of VAT included. This is measured at face amount less any impairment in value.

The net amount of VAT recoverable from taxation authority is presented as “Input VAT” under “Other current assets” in the separate statements of financial position.

Creditable Withholding Taxes (CWTs). CWTs are amounts that are withheld from collections of revenue or receivables and are stated at their face amount less any impairment in value. CWTs can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation. CWTs in excess of income tax payable are carried forward to the succeeding year.

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 separate 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 Company'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

Investments in Subsidiaries

Investments in subsidiaries are accounted for under the cost method less any allowance for impairment losses. The Company recognizes income when its right to receive the dividends is established. Distributions received in excess of such profits are regarded as recovery of investment and are recognized as a reduction of the cost of the investment.

A subsidiary is an entity in which the Company has control. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and,
- The ability to use its power over the investee to affect its returns.

When the Company has less than majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangement; and
- the Company's voting rights and potential voting rights.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

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. If any such indication exists and 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 had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss.

Equity

Capital Stock. Capital stock is measured at par value for all shares issued.

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

Retained Earnings. Retained earnings represent the cumulative balance of 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 Company. Dividends for the year that are declared after the reporting date are dealt with as an event after the reporting date.

Other Comprehensive Loss. This pertains to the accumulated remeasurement loss on the Company'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.

Revenue Recognition

Revenue

Revenue from Contracts with Customers. Revenue from contract 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 Company performs its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

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

Management Fees. Management fees are recognized as revenue over time when services are rendered.

Gain on Sale of Investment in a Subsidiary. Gain on sale of investment in a subsidiary are recognized when sold.

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

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

Other Income
Income from other sources includes-

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

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. These are charged to profit or loss in the period when these are incurred.

Direct Costs. Direct costs, which represent costs of services, are recognized as expense when the related services are rendered.

General and Administrative Expenses. General and administrative expenses constitute costs of administering the business.

Employee Benefits

Short-term Benefits. Short-term employee benefits are recognized as expense in the period when the economic benefits are given. Unpaid benefits at the end of the accounting period are recognized as accrued expense while benefits paid in advance are recognized as prepayment to the extent that it will lead to a reduction in future payments. Short-term benefits given by the Company to its employees include salaries and wages, short-term compensated absences and non-monetary benefits.

Retirement Benefits. The Company 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 Company recognizes current service costs and interest cost on the retirement benefits in profit or loss.

The Company 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 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 Company 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 separate financial statements do not differ materially from the amounts that would be determined at the reporting date.

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 excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT), 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 excess 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 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.

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 Company 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 Company; (b) associates and, (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company 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 Company 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 Company'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 Company's total assets. Details of transactions entered into by the Company with related parties are reviewed by independent directors in accordance with the Company's related party transactions policy.

Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingencies
Contingent liabilities are not recognized in the separate financial statements but are disclosed in the notes to separate financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the separate financial statements but are disclosed in the notes to separate financial statements when an inflow of economic benefits is probable.

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

3. Significant Accounting Judgments and Estimates

The preparation of the Company's separate financial statements requires management to make judgments and accounting estimates that affect the amounts reported in the separate financial statements and accompanying notes. The judgments and accounting estimates used in the separate financial statements are based upon management's evaluation of relevant facts and circumstances as at the reporting date.

While the Company 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.

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 Company:

Assessing ECL. The Company determines the allowance for ECL for other financial assets at amortized cost using general approach based on the probability-weighted estimate of the present value of all cash 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. The information about the ECL on the Company's other financial assets at amortized cost is disclosed in Note 19.

The Company has assessed that the ECL on other financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Company only with reputable banks and companies with good credit standing and relatively low risk of defaults.

No impairment loss on financial assets at amortized cost was recognized in 2022, 2021 and 2020. The carrying amounts of the Company's cash and cash equivalents, receivables and due from related parties as at December 31, 2022 and 2021 are disclosed in Note 19.

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 Company's financial assets at FVPL amounted to ₱67.3 million and ₱51.5 million as at December 31, 2022 and 2021, respectively. Unrealized gain (loss) on changes in fair value on financial assets at FVPL amounted to (₱12.3 million) and ₱3.8 million in 2022 and 2021, respectively (see Note 5).

Estimating the Fair Value of Investment Properties. Investment properties are measured at fair value. The Company 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 8.

For the purpose of fair value determination and disclosure, the Company 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 8.

Determining the Highest and Best Use of Investment Properties. The Company determines the highest and best use of its investment properties when measuring fair value. In making its judgment, the Company takes into account the use of the investment properties that is physically possible, legally permissible and financially feasible. The Company has determined that the highest and best use of the investment properties is their current use.

Assessing Impairment of Nonfinancial Assets. The Company assesses impairment on its nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Company considers important which could trigger an impairment review include significant underperformance relative to expected historical or projected future operating results and significant changes in the manner of use of the acquired assets or the strategy for overall business.

No impairment loss on nonfinancial assets was recognized in 2022, 2021 and 2020. The carrying amounts of other current assets, investment properties and investments in subsidiaries as at December 31, 2022 and 2021 are disclosed in Notes 7, 8 and 9.

Determining the Retirement Benefits Liability. The determination of the obligation and costs of retirement benefits is dependent on the assumptions used by the actuary in calculating such amounts. These assumptions are described in Note 13 to the separate financial statements and include, among others, discount rates and salary increase rates.

The amount of retirement benefits cost recognized and the carrying amount of retirement benefits liability are disclosed in Note 13.

Assessing Recognition of Deferred Tax Assets. The Company 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 Company. This forecast is based on the Company's past results and future expectations on revenue and expenses.

The Company's deferred tax assets as at December 31, 2022 and 2021 are disclosed in Note 17.

4. Cash in Banks

This account pertains cash in banks amounting to ₱34.4 million and ₱84.7 million as at December 31, 2022 and 2021, respectively, which earns interest at the prevailing bank deposit rates amounted to ₱1.7 million, ₱1.6 million and ₱15.1 million in 2022, 2021 and 2020, respectively.

5. Financial Assets at FVPL

Investments in UITFs are held for trading. Hence, these have been classified as financial assets at FVPL.

Movements in investments at FVPL are as follows:

	Note	**2022**	2021
Balance at beginning of year		**₱51,545,325**	₱–
Additions		**28,037,912**	47,793,043
Unrealized gain (loss) on changes in fair value		**(12,273,109)**	3,752,282
Balance at end of year		**₱67,310,128**	₱51,545,325

6. **Receivables**

This account consists of:

		2022	2021
Receivables from tenants:			
Related parties	11	**₱145,000**	₱145,000
Third parties		**127,680**	137,572
Other receivables		**5,367,960**	–
		₱5,640,640	₱282,572

Receivables from tenants, which pertains to uncollected portion of shared utilities expense, are non-interest bearing and is collectible within 30 to 60 days.

Other receivables pertains to reimbursable expenses related to the transfer of title of the investment property. This is non-interest bearing and collectible within one year.

7. **Other Current Assets**

This account consists of:

	2022	2021
Input VAT	**₱3,021,586**	₱9,655,035
CWTs	**2,009,197**	1,252,925
	₱5,030,783	₱10,907,960

8. **Investment Properties**

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

	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 Unrealized Fair Value Adjustments				
Balance at beginning of year	**41,759,553**	**(115,500)**	**(1,582,503)**	**40,061,550**
Gain (loss) from change in fair value	**1,364,250**	**(45,000)**	**(582,000)**	**737,250**
Balance 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**

	2021			
	Land	Land Improvements	Building and Building Improvements	Total
Cost				
Balance at beginning of year	₱95,393,047	₱577,500	₱30,904,503	₱126,875,050
Additions	–	–	500,000	500,000
Balance at end of year	95,393,047	577,500	31,404,503	127,375,050
Cumulative Unrealized Fair Value Adjustments				
Gain (loss) from change in fair value	41,759,553	(115,500)	(1,582,503)	40,061,550
Carrying Amount	₱137,152,600	₱462,000	₱29,822,000	₱167,436,600

In November 2020, the Company purchased a parcel of land with a building located in Sta. Mesa, Manila for a total consideration of ₱126.9 million.

Fair Value

Land. The fair value of the land is ₱138.5 million and ₱137.2 million as at December 31, 2022 and 2021, respectively. The fair value of the land was determined by an independent property appraiser in 2022 and 2021. 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 2022 and 2021, respectively.

Land Improvements, Building and Building Improvements. The fair value of 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.

Descriptions of key inputs to valuation on land are as follows:

		Range (weighted average)	
Location	Significant unobservable Inputs	**2022**	2021
Sampaloc District, City of Manila	Selling price per square meter	**₱152,300/sq. m.**	₱150,000/sq. m
	Value adjustments	**5% 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 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.

Amounts Recognized in Profit or Loss
Rental income amounted to ₱2.5 and ₱2.0 million in 2022 and 2021, respectively (see Note 16). The related direct cost incurred pertains to real property taxes amounting to ₱213,492 and ₱213,842 in 2022 and 2021, respectively.

9. Investments in Subsidiaries

This account consists of investments in the following subsidiaries:

	2022	2021
At cost:		
FGI	**₱308,152,600**	₱308,152,600
NTI	**160,318,625**	160,318,625
BNFI	**153,297,100**	157,672,100
SKI	**8,600,000**	8,600,000
CDI	**1,124,985**	1,124,985
	₱631,493,310	₱635,868,310

Movements in this account are as follows:

	2022	2021
Balance at beginning of year	**₱635,868,310**	₱454,868,310
Disposal of investment	**(4,375,000)**	–
Additions	**–**	5,000,000
Application of deposit for stock subscription	**–**	176,000,000
Balance at end of year	**₱631,493,310**	₱635,868,310

FGI. In November 2019, FGI's BOD and stockholders approved an increase in FGI's authorized capital stock. In relation to the increase, the Company subscribed to additional 200,000 common shares and 80,000 preferred shares of FGI at ₱400.00 and ₱1,000.00 per share, respectively, for a total consideration of ₱160.0 million.

In 2020, the Company subscribed additional 40,000 common shares at ₱400.00 per share or for a total consideration of ₱16.0 million. The subscription amounting to ₱176.0 million is presented as "Deposit for stock subscription" account in the separate statements of financial position as at December 31, 2020. On February 2, 2021, the SEC approved the increase in authorized capital stock to ₱125.0 million. Accordingly, FGI applied its deposit for stock subscription amounting to ₱176.0 million.

NTI. In June 2020, the Company subscribed to additional 63,430 common shares at ₱255.00 per share or for a total consideration of ₱16.2 million.

BNFI. In December 2019, the Company subscribed to additional 60,000 common shares at ₱300.00 per share or for a total consideration of ₱18.0 million. In September 2021, the Company subscribed to additional 100.0 million common shares at ₱100.00 par value a share and paid ₱5.0 million. On December 27, 2021, the stockholders and the BOD authorized the Company's Offering of its common shares with the PSE. This was approved by the SEC and the PSE on May 24, 2022 and May 26, 2022, respectively. In June 2022, the Company disposed 87,500,000 common shares at ₱0.05 par value or ₱4.4 million, for a total consideration of ₱61.3 million resulting to a gain on sale amounting to ₱56.9 million. The Company's ownership interest decreased from 100% in 2021 to 74.92% in 2022 as a result of the disposal. There is no loss of control as a result of the reduction in ownership interest.

SKI and CDI. In February and March 2020, the Company acquired 100% of the outstanding shares of SKI and CDI for a total consideration of ₱8.6 million and ₱1.1 million, respectively. SKI is engaged in retail of soy-bean related products while CDI is engaged in distribution of fresh coconut water. SKI and CDI are companies incorporated and domiciled in the Philippines.

Dividends. The Company earned dividends from its subsidiaries as follows:

			Amounts Received	
Date of Declaration	Subsidiary	Date of Payment	Per Share	Total
September 11, 2021	BNFI	September 30, 2021	₱15.00	₱8,024,910
August 31, 2020	NTI	September 15, 2020	₱21.54	₱14,000,000
August 31, 2020	FGI	September 15, 2020	7.78	7,000,000
				₱21,000,000

Summarized Financial Information. The aggregate summarized financial information of the Company's subsidiaries is as follows:

	2022	2021	2020
Current Assets	**₱949,411,927**	₱714,869,839	₱651,313,119
Noncurrent Assets	**812,470,109**	759,310,164	613,602,706
Current Liabilities	**809,934,993**	760,719,298	521,380,208
Noncurrent Liabilities	**89,581,704**	114,621,141	77,081,159
Equity	**862,365,339**	598,839,564	666,454,458
Revenue	**2,000,303,685**	1,212,613,556	1,014,698,744
Net Income (Loss)	**57,310,681**	(64,664,269)	(66,008,191)
Total Comprehensive Loss	**57,310,681**	(64,590,144)	(66,008,191)

10. Accrued Expenses and Other Payables

This account consists of:

	Note	**2022**	2021
Statutory payable		**₱184,580**	₱158,037
Accrued expenses		**26,119**	303,757
Dividends payable	14	**22,743**	–
Other payable	11	**357,525**	138,917
		₱590,967	₱600,711

Statutory payable pertains to obligations to government agencies such as SSS, HDMF, PHIC and BIR that are normally settled in the following month.

Accrued expenses consist mainly of accrued professional fees. These are normally settled within the next financial year.

Other payable pertains to collections made by the Company on behalf of a related party.

11. Related Party Transactions

The Company, in the normal course of business, has transactions with related parties as follows:

			Amount of Transactions		Outstanding Balances	
Related Party	Note	Nature	**2022**	2021	**2022**	2021
Receivables	6					
Subsidiaries		Management fees*	**₱61,600,000**	₱48,000,000		
		Collections	**(61,600,000)**	(48,000,000)		
		Rent and utility	**756,857**	600,357		
		Collections	**(756,857)**	(455,357)	**₱145,000**	₱145,000
Due from related parties						
Entities under common control		Advances	**₱367,394,865**	₱–		
		Collections	**(8,412,282)**	–	**₱367,394,865**	₱8,412,282
Ultimate Parent		Advances	**30,000**	–	**30,000**	–
Subsidiaries	9	Dividends	**–**	8,024,910		
		Collections	**–**	(8,024,910)		
		Advances	**104,598,542**	128,666,467		
		Collections	**(359,012,583)**	–	**104,598,542**	359,012,583
					₱472,023,407	₱367,424,865
Deposit for stock subscription	9					
Subsidiary		Deposit for stock subscription	**₱–**	₱–		
		Application	**–**	(176,000,000)	**₱–**	₱–
Other Payables						
Subsidiary	10	Collected cash	**₱218,608**	₱138,917	**₱357,525**	₱138,917
Due to related parties						
Entities under common control		Payments	**₱–**	(₱1,064,019)	**₱1,124,985**	₱1,124,985
Stockholders		Payments	**–**	(10,923,475)	**–**	–
					₱1,124,985	₱1,124,985

**inclusive of VAT*

Management Agreements

The Company provides management, technical and financial advisory services to its subsidiaries under a management agreement for a period of one year and renewable upon mutual agreement by both parties.

Management fees earned amounted to ₱55.0 million and ₱42.9 million in 2022 and 2021, respectively.

Terms and Conditions of Transactions with Related Parties

Outstanding balances are unsecured, noninterest-bearing and to be settled in cash upon demand. An assessment is undertaken each financial year through examining financial position of the related party and the market in which the related party operates.

Compensation of Key Management Personnel

Compensation paid to the Company's key management personnel, which pertains to salaries and short-term benefits, amounted to ₱6.9 million, ₱6.0 million and ₱5.1 million in 2022, 2021 and 2020, respectively.

12. Notes Payable

The Company issued promissory notes to local commercial banks amounting to ₱55.0 million. The promissory notes are renewable every three months and bear annual stated interest rates ranging from 4.75% to 6.25%. These were rolled over with similar terms every 3 months in 2022 and 2021.

Interest expense amounted to ₱2.8 million, ₱2.6 million and ₱2.8 million in 2022, 2021 and 2020, respectively.

13. Retirement Benefits Liability

The Company values its retirement benefits liability using the projected unit credit method carried out by an independent actuary and accrues retirement benefits cost for its qualified employees. The Company has not established a formal retirement plan.

The latest actuarial valuation of the plan is as at December 31, 2021. The Company did not obtain an actuarial valuation in 2022 because the management has assessed that the effect on the separate financial statements of the difference between the retirement benefits expense recognized by the Company and that resulting from actuarial valuation will not be significant.

The table below summarizes the components of the retirement benefits cost recognized in the separate statements of comprehensive income (see Note 15):

	2022	2021
Current service cost	**₱128,633**	₱119,068
Interest cost	**25,531**	20,380
	₱154,164	₱139,448

Movements in the retirement benefits liability as shown in the statements of financial position are as follows:

	2022	2021
Balance at the beginning of year	**₱497,690**	₱411,724
Current service cost	**128,633**	119,068
Interest cost	**25,531**	20,380
Remeasurement gain	**–**	(53,482)
Balance at end of year	**₱651,854**	₱497,690

The principal assumptions used in determining the retirement benefits liability as at December 31, 2022 and 2021 are as follows:

Discount rate	5.13%
Future salary increases	3.00%

Sensitivity Analysis

The sensitivity analysis on the defined benefit obligations as at December 31, 2022 and 2021 below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

		Increase (Decrease) on Retirement Benefits Liability	
	Change in Assumption	**2022**	2021
Discount rate	+1%	**(₱101,026)**	(₱77,133)
	-1%	**123,543**	94,235
Salary increase rate	+1%	**126,617**	96,672
	-1%	**(104,892)**	(80,085)

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 corresponding change in the retirement benefits liability was expressed as a percentage change from the base amount.

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

The average duration of the retirement liability as at December 31, 2022 and 2021 is 18 and 19 years, respectively.

Remeasurement Loss

The cumulative remeasurement loss on retirement benefits liability recognized in other comprehensive income in the separate statements of financial position as at December 31, 2022 and 2021 are as follows:

	2022		
	Cumulative Remeasurement Loss	**Deferred Tax**	**Net**
Balance at beginning and end of year	**₱115,516**	**₱28,879**	**₱86,637**

	2021		
	Cumulative Remeasurement Loss	Deferred Tax	Net
Balance at beginning of year	₱168,998	₱50,699	₱118,299
Remeasurement gain	(53,482)	(13,370)	(40,112)
Change in tax rate	–	(8,450)	8,450
Balance at end of year	₱115,516	₱28,879	₱86,637

The maturity profile of the undiscounted benefit payments with more than 10 years are ₱8.2 million and ₱6.2 million as at December 31, 2022 and 2021, respectively.

14. **Equity**

Capital Stock

Common Shares. In October 2017, the SEC approved the application for 1:10 stock split resulting in a decrease in par value from ₱1.00 to ₱0.10 a share and increasing the authorized capital stock from 500,000,000 shares to 5,000,000,000 shares.

On February 26, 2018, the SEC approved the i) increase in the Company's total authorized capital stock to ₱500.0 million divided into (a) 3,000,000,000 preferred shares at ₱0.01 par value a share, and
(b) 4,700,000,000 common shares at ₱0.10 par value a share; and ii) reclassification of 3,000,000,000 common shares to preferred shares.

On November 29, 2019, the Company's common shares were listed with the PSE. As at December 31, 2022, 2021 and 2020, 2,133,680,000 common shares are listed in the PSE.

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

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

Additional Paid-in Capital (APIC)
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 Company's Initial Public Offering amounting to ₱777.8 million.

Retained Earnings

The Company's BOD and stockholders declared the following cash dividends:

			Amounts Received	
Date of Declaration	Stockholders of Record	Date of Payment	Per Share	Total
July 25, 2022	**August 8, 2022**	**September 1, 2022**	**₱0.01**	**₱21,336,800**
August 27, 2020	August 27, 2020	September 18, 2020	₱0.01	₱21,336,800

The Company declared cash dividend in 2022 amounting to ₱21.3 million, a portion of which is not yet paid to its stockholders with a total amount of 22,743 (see Note 10).

Capital Management

The primary objective of the Company'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 reasonable Company maintains its current capital structure and will make adjustments, if necessary, in order to generate a level of returns to stockholders over the long term. No changes were made in the objectives, policies or processes during the year.

The Company considers the equity presented in the separate statements of financial position as its core capital.

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

The debt-to-equity ratio as at December 31, 2022 and 2021 is as follows:

	2022	2021
Debt	**₱69,207,503**	₱68,306,074
Equity	**1,315,401,596**	1,260,270,019
Debt-to-Equity Ratio	**0.05:1**	0.05:1

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% and 36.06% as at December 31, 2022 and 2021, respectively.

The total number of shareholders of the Company as at December 31, 2022 and 2021 is 122 and 124.

15. General and Administrative Expenses

This account consists of:

	Note	**2022**	2021	2020
Professional fees		**₱2,185,813**	₱1,373,459	₱1,479,017
Taxes and licenses		**1,056,500**	1,281,649	439,298
Utilities		**891,242**	420,955	88,170
Representation		**521,525**	–	–
Subscription fee		**260,309**	398,998	526,036
Outside services		**252,447**	452,197	–
Advertising		**201,280**	153,360	214,754
Retirement benefits cost	13	**154,164**	139,448	172,647
Repairs and maintenance		**74,554**	159,541	–
Training and development		**26,820**	–	46,560
Insurance		**–**	85,900	–
Others		**84,444**	1,204,741	357,770
		₱5,709,098	₱5,670,248	₱3,324,252

Others mainly pertains to office supplies and bank charges in 2022, consultancy fee of the previous stockholder of a subsidiary in 2021 and donation in 2020.

16. Lease Agreements

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

Security deposits amounting to ₱771,128 and ₱642,799 as at December 31, 2022 and 2021, respectively are noninterest bearing and will be refunded at the end of the lease term.

Rental income recognized amounted to ₱2.5 million and ₱2.0 million in 2022 and 2021, respectively.

17. Income Taxes

The Company's provision for current income tax represents MCIT in 2022 and 2020, and RCIT in 2021, respectively.

The components of the Company's deferred tax assets and liabilities are as follows:

	2022	2021
Deferred Tax Assets		
MCIT	**₱343,896**	₱135,374
Retirement benefits liability	**162,964**	124,423
NOLCO	**–**	10,116,488
	₱506,860	₱10,376,285

	2022	2021
Deferred Tax Liabilities		
Fair value changes on investment properties	**₱10,199,700**	₱10,015,388
Depreciation expense for tax purposes	**868,869**	424,501
	₱11,068,569	₱10,439,889

The presentation of income tax expense deferred income tax is as follows:

	2022	2021	2020
Through profit or loss	**₱10,498,105**	₱20,985,015	₱2,192,280
Through other comprehensive income	**–**	21,820	–
	₱10,498,105	₱21,006,835	₱2,192,280

In 2019, the Company incurred NOLCO amounting to ₱40.5 million which is applied in 2022.

Details of the Company's MCIT, which can be claimed as a tax credit against future income tax due, are as follows:

Year Incurred	Beginning	Incurred	Applied	Ending	Expiry Year
2022	₱–	₱208,522	₱–	₱208,522	2025
2020	135,374	–	–	135,374	2023
	₱135,374	₱208,522	₱–	₱343,896	

The reconciliation of provision for income tax computed at the statutory tax rate and the effective tax rate is shown below:

	2022	2021	2020
Provision for income tax at statutory tax rate	**₱18,834,302**	₱20,549,309	₱12,408,073
Tax effects of:			
Gain on sale of investment in a subsidiary	**(8,125,000)**	–	–
Nondeductible expenses	**694,287**	335,355	844,791
Dividend income exempt from income tax	**(419,958)**	(2,006,228)	(6,300,000)
Interest income already subjected to a final tax	**(14,830)**	(1,341,410)	(4,532,759)
Change in tax rate	–	3,391,033	–
Provision for income tax at effective tax rate	**₱10,968,801**	₱20,928,059	₱2,420,105

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. The changes in the income tax rates retrospectively became effective beginning July 1, 2020.

The income tax rates used in preparing the separate financial statements as at and for the year ended December 31, 2022, 2021, and 2020 were 25%, 25%, and 30% for RCIT and 1%, 1%, and 2% for MCIT, respectively.

18. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the Company's liabilities arising from financing activities:

	2022			
	Balance at Beginning of Year	**Addition**	**Payments**	**Balance at End of Year**
Notes payable	**₱55,000,000**	**₱–**	**₱–**	**₱55,000,000**
Accrued interest	**–**	**461,806**	**(461,806)**	**–**
Due to related parties	**1,124,985**	**–**	**–**	**1,124,985**
Security deposits	**642,799**	**128,329**	**–**	**771,128**
	₱56,767,784	**₱590,135**	**(₱461,806)**	**₱56,896,113**

	2021			
	Balance at Beginning of Year	Addition	Payments	Balance at End of Year
Notes payable	₱55,000,000	₱–	₱–	₱55,000,000
Accrued interest	495,139	–	(495,139)	–
Due to related parties	13,112,479	–	(11,987,494)	1,124,985
Security deposits	–	642,799	–	642,799
	₱68,607,618	₱642,799	(₱12,482,633)	₱56,767,784

19. Financial Risk Management Objectives and Policies

The Company's financial assets comprise of cash in banks, financial assets at FVPL, receivables and due from related parties. The Company's financial liabilities include accrued expenses and other payables (excluding statutory payable), notes payable, dividends payable, due to related parties and security deposits. The main purpose of these financial liabilities is to finance the Company's operations.

The Company is exposed to credit risk, interest rate risk and liquidity risk. The Company's management oversees the management of these risks. The Company's BOD and management review and approve the policies for managing each of the risks, which are 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 Company 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 Company to credit risk before taking into consideration collateral and other credit enhancements:

	2022	2021
Cash in banks	**₱34,430,121**	₱84,734,176
Financial assets at FVPL	**67,310,128**	51,545,325
Receivables	**5,640,640**	282,572
Due from related parties	**472,023,407**	367,424,865
	₱579,404,296	₱503,986,938

As at December 31, 2022 and 2021, the amount of cash in banks, financial assets at FVPL and receivables are neither past due nor impaired and were classified as "*High Grade*" while due from related parties were classified as "*Standard Grade*". The credit quality of such financial assets at amortized cost is managed by the Company using the internal credit quality ratings as follows:

- *High Grade.* Pertains to counterparty who is not expected by the Company to default in settling its obligations, thus credit risk exposure is minimal. This normally includes large prime financial institutions, companies, government agencies and individual buyers. 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 lifetime expected loss allowance to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

No impairment loss on financial assets was recognized in 2022, 2021 and 2020.

The Company considers that there is evidence of impairment if any of the following indicators are present:

- significant financial difficulties of the debtor
- probability that the debtor will enter bankruptcy or financial reorganization
- default or late payments

Interest Rate Risk

The Company's exposure to the risk for changes in market interest rates relates primarily to the Company's short-term debt obligations.

As at December 31, 2022 and 2021, the Company's interest-bearing debt obligations consist solely of notes payable to local banks with fixed interest rate. In 2022 and 2021, the Company did not engage in any freestanding derivative transactions nor did the Company have any outstanding derivative contracts.

Liquidity Risk

Liquidity risk arises from the possibility that the Company 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 Company's objective is to maintain a balance between continuity of funding and flexibility through local banks 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 following tables detail the Company's remaining contractual maturities for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company could be required to pay. The tables include both interest and principal.

	2022				
	Payable on Demand	**1 to 120 days**	**121 to 240 days**	**Over 241 days**	**Total**
Accrued expenses and other payables*	**₱22,743**	**₱383,644**	**₱–**	**₱–**	**₱406,387**
Notes payable	**–**	**55,000,000**	**–**	**–**	**55,000,000**
Due to related parties	**1,124,985**	**–**	**–**	**–**	**1,124,985**
Security deposits	**–**	**–**	**–**	**771,128**	**771,128**
	₱1,147,728	**₱55,383,644**	**₱–**	**₱771,128**	**₱57,302,500**

**Excluding statutory payables*

	2021				
	Payable on Demand	1 to 120 days	121 to 240 days	Over 241 days	Total
Accrued expenses and other payables*	₱–	₱442,674	₱–	₱–	₱442,674
Notes payable	–	55,000,000	–	–	55,000,000
Due to related parties	1,124,985	–	–	–	1,124,985
Security deposits	–	–	–	642,799	642,799
	₱1,124,985	₱55,442,674	₱–	₱642,799	₱57,210,458

**Excluding statutory payables*

20. Fair Value Measurement

The table below presents the carrying amounts and fair values of the Company's financial instruments as at December 31, 2022 and 2021.

	2022		2021	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets at Amortized Cost				
Cash in banks	**₱34,430,121**	**₱34,430,121**	₱84,734,176	₱84,734,176
Receivables	**5,640,640**	**5,640,640**	282,572	282,572
Due from related parties	**472,023,407**	**472,023,407**	367,424,865	367,424,865
Financial assets at FVPL	**67,310,128**	**67,310,128**	51,545,325	51,545,325
	₱579,404,296	**₱579,404,296**	₱503,986,938	₱503,986,938
Financial Liabilities at Amortized Cost				
Accrued expenses and other payables*	**₱406,387**	**₱406,387**	₱442,674	₱442,674
Notes payable	**55,000,000**	**55,000,000**	55,000,000	55,000,000
Due to related parties	**1,124,985**	**1,124,985**	1,124,985	1,124,985
Security deposits	**771,128**	**771,128**	642,799	642,799
	₱57,302,500	**₱57,302,500**	₱57,210,458	₱57,210,458

**Excluding statutory payables*

The carrying amounts of these financial instruments approximate fair values due to the relatively short-term maturity of these financial instruments.

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Accreditation No. 4782 SEC Group A
Issued August 11, 2022
Valid for Financial Periods 2021 to 2025

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REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY SEPARATE FINANCIAL STATEMENTS FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION

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

We have audited the accompanying separate financial statements of FRUITAS HOLDINGS, INC. (the "Company") as at December 31 , 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020, on which we have rendered our report dated April 13, 2023.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Company has a total number of 121 and 124 stockholders owning one hundred (100) or more shares each as at December 31, 2022 and 2021.

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
SEC Accreditation No. 87322-SEC Group A
Issued April 20, 2022
Valid for Financial Periods 2021 to 2025
BIR Accreditation No. 19-005765-001-2022
Valid until December 13, 2025
PTR No. 9564563
Issued January 3, 2023, Makati City

April 13, 2023
Makati City, Metro Manila

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REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY SCHEDULE OF
RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

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

We have audited in accordance with Philippine Standards on Auditing, the separate financial statements of FRUITAS HOLDINGS, INC. (the "Company") as at December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020, and have issued our report thereon dated April 13, 2023. Our audits were made for the purpose of forming an opinion on the basic separate financial statements taken as a whole. The accompanying Supplementary Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration as at December 31, 2022 is the responsibility of the Company's management. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 and is not part of the basic separate financial statements. The information in this schedule has been subjected to the auditing procedures applied in our audits of the basic separate financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic separate 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
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Valid until December 13, 2025
PTR No. 9564563
Issued January 3, 2023, Makati City

April 13, 2023
Makati City, Metro Manila

FRUITAS HOLDINGS, INC.

SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

DECEMBER 31, 2022

Unappropriated retained earnings at beginning of year as shown in the separate financial statements	₱269,151,612
Less:	
Cumulative fair value gain on investment properties at beginning of year	(40,061,550)
Accumulated depreciation of the investment properties for tax purposes at beginning of year	(1,698,003)
Deferred tax assets at the beginning of year	(10,376,285)
Total unappropriated retained earnings, as adjusted at beginning of year	217,015,774
Cash dividend declared during the year	(21,336,800)
Net income during the year closed to retained earnings	76,468,377
Add/(Less):	
Movement in deferred tax assets	9,869,425
Depreciation expense of the investment properties for tax purposes	(1,777,472)
Fair value gain on investment properties during the year	(737,250)
Total unappropriated retained earnings available for dividend declaration at end of year	₱279,502,054

Reconciliation:	
Unappropriated retained earnings at end of year as shown in the separate financial statements	₱324,283,189
Less:	
Cumulative fair value changes on investment properties at end of year	(40,798,800)
Accumulated depreciation of the investment properties for tax purposes at end of year	(3,475,475)
Deferred tax assets at end of year	(506,860)
Total unappropriated retained earnings available for dividend declaration at end of year	₱279,502,054

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, 2022. 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, 2022 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: ______________________
Juneil Dominic P. Torio
Chief Financial Officer and Treasurer

SUBSCRIBED AND SWORN TO
BEFORE ME THIS MAY 02 2023
AFFIANT EXHIBITING
WITH VALID I.D. NO. ______

ATTY. MA. PERLITA P. CABRERA
Notarial Commission until DEC. 31, 2023
Adm. Matter No. NP-043(2022-2023)
PTR. No. 2286394; 01/03/2023 - QC
IBP. No.: 259076; 01/03/2023 - QC
Attorney's Roll No.: 44573
MCLE Compliance No. VII-00902

Signed this 13th day of April 2023

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