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

DEFINITIVE INFORMATION STATEMENT

1 2 | 3 1

Month Day

Fiscal Year

FORM TYPE

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

July 4, 2022

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 : **FRUIT- SEC Form 20-IS Definitive Information Statement**

Dear Director Felizmenio and Ms. Wong:

We hereby submit the SEC Form 20-IS Definitive Information Statement ("DIS") of Fruitas Holdings Inc.("FRUIT") as attached for your reference.

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

Tel: +63.2.330.2889 Mobile: +63.939.101.0101 Luzon / +63.947.101.0101 Vis Min
Fruitas HQ: 60 Cordillera St. corner E. Rodriguez Sr. Ave., Brgy. Doña Josefa, Quezon City 1113, Philippines
www.FruitasHoldings.com

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20

OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [ ] Preliminary Information Statement

   [x] Definitive Information Statement

2. Name of Registrant as specified in its charter: **FRUITAS HOLDINGS, INC.**

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

4. SEC Identification Number: **CS201503014**

5. BIR Tax Identification Code: **008-961-476**

6. Address of principal office: **No. 60 Cordillera St., Brgy. Doña Josefa, Quezon City, Philippines** — **1113** Postal Code

7. Registrant's telephone number, including area code: **(632) 8243-1741**

8. Date, time and place of the meeting of security holders:
   25 July 2022, 02:00 p.m., virtual meeting via remote communication using the Zoom platform (with the presiding officer and executive directors physically present in the principal office)

9. Approximate date on which the Information Statement is first to be sent or given to security holders

   04 July 2022

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

Title of Each Class	Number of Shares of Common Stock Outstanding
Common stock	**2,133,680,000 shares**

11. Are any or all of registrant's securities listed in a Stock Exchange?
    Yes [**x**] No [ ]

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

PHILLIPINE STOCK EXCHANGE, COMMON SHARES

Fruitas Holdings, Inc.FRUIT

PSE Disclosure Form 17-5 - Information Statement for Annual or Special Stockholders' Meeting

References: SRC Rule 20 and Section 17.10 of the Revised Disclosure Rules

Date of Stockholders' Meeting	Jul 25, 2022
Type (Annual or Special)	Annual
Time	2:00PM
Venue	virtual meeting via remote communication
Record Date	July 4, 2022

Inclusive Dates of Closing of Stock Transfer Books

Start Date	July 7, 2022
End date	July 7, 2022

Other Relevant Information: Please refer to SEC Form 20-IS -Definitive Information Statement of Fruitas Holdings Inc.

Filed on behalf by:

Name	Rushell A. Salvador
Designation	Compliance Officer

NOTICE OF ANNUAL STOCKHOLDERS' MEETING
OF
FRUITAS HOLDINGS, INC.

Please take notice that the 2022 Annual Stockholders' Meeting ("ASM") of Fruitas Holdings, Inc. (the "Company") will be held on 25 July 2022 (Monday) at 2:00 pm via remote communication. The virtual ASM is necessitated by the COVID-19 pandemic situation during which physical gatherings are highly discouraged.

The Agenda for the ASM shall be as follows:

1. Call to order
2. Certification of service of notice and presence of quorum
3. Reading and approval of the minutes of the last Annual Meeting of Stockholders held on 27 July 2021
4. Ratification of all acts and resolutions of the Board of Directors and Management from the date of the last annual stockholders' meeting until the date of this meeting
5. Presentation of the President's Report
6. Management Report and Approval of Audited Financial Statements for the year 2021
7. Election of the members of the Board of Directors, including the Independent Directors, for the year 2022
8. Appointment of External Auditors
9. Other Matters
10. Adjournment

The Minutes of the 2021 ASM is available for examination on the website of the Company at www.fruitasholdings.com.

The record date shall be on 04 July 2022 for the purpose of determining the list of stockholders of the Corporation who are entitled to vote in the 2022 ASM. The Company will allow attendance by stockholders only by remote communication and voting *in absentia*, subject to validation procedures, though the directors will be in the principal office of the Company.

Stockholders who will participate in the 2022 ASM by remote communication should send an e-mail indicating their intent to participate to IPO.Compliance@fruitasholdings.com. They will then be sent a link to a registration form requiring certain information and documentation. Upon their successful accomplishment of the registration form, they will receive an e-mail invitation with a complete guide on how to join the ASM and how to cast votes *in absentia*. Registration and voting must be accomplished by 21 July 2022. Proxies, in the form provided by the Company, however, must be scanned and emailed to the Company's Corporate Secretary at IPO.Compliance@fruitasholdings.com not later than 18 July 2022. The proxies shall be validated by 20 July 2021. The Corporate Secretary's decision shall be final and binding on the shareholders, and those not settled during the proxy validation shall be deemed waived and may no longer be raised. **WE ARE NOT, HOWEVER, SOLICITING PROXIES.**

For any registration concerns, please contact IPO.Compliance@fruitasholdings.com. Please refer to the *Definitive Information Statement* ("DIS") on the guidelines on attendance by remote communication and voting *in absentia*. The DIS is posted on the website of the Company at www.fruitasholdings.com. Only stockholders who have successfully registered within the prescribed period, together with the stockholders who voted *in absentia* and by proxy, will be included in the determination of quorum.

Stockholders may send their questions about the ASM and the Company to IPO.Compliance@fruitasholdings.com.

Pursuant to SEC Notice dated March 16, 2021, the Stockholders may examine the Definitive Information Statement, Management Report, and SEC Form 17A at the Company's website and through the PSE Edge Portal.

There will be an audio and video recording of the ASM. All votes cast shall be validated by the Stock and Transfer Agent, BDO Unibank, Inc.

Quezon City, Philippines, June 30, 2022.

For the Board of Directors,

MARVIN C. YU
Corporate Secretary

PROXY FORM

Fruitas
Holdings, Inc.

FRUITAS HOLDINGS, INC.
2022 Annual Stockholders' Meeting

I/We hereby name and appoint ____ or in his /her absence, the CHAIRMAN of the meeting, as my/our proxy at the Annual Stockholders' Meeting of FRUITAS HOLDINGS, INC. (“FHI”) to be held via remote communication using the Zoom Video Communications platform on 25 July 2022 at 2:00pm.

2022 Annual Stockholders' Meeting

Place: ____ Date: __________________________

Witness: ____

Number of shares held: ________________________________

____
Signature of Stockholder/s over Printed Name/s

Please scan the completed and signed proxy form and e-mail the scanned copy to the Corporate Secretary at IPO.Compliance@fruitasholdings.com not later than 18 July 2022.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20 OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [ ] Preliminary Information Statement
   [x] Definitive Information Statement

2. Name of Registrant as specified in its charter: **FRUITAS HOLDINGS, INC.**

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

4. SEC Identification Number: **CS201503014**

5. BIR Tax Identification Code: **008-961-476**

6. Address of principal office: **No. 60 Cordillera St., Brgy. Doña Josefa, Quezon City, Philippines**

   1113
   Postal Code

7. Registrant's telephone number, including area code: **(632) 8243-1741**

8. Date, time and place of the meeting of security holders:
   25 July 2022, 02:00 p.m., virtual meeting via remote communication using the Zoom platform (with the presiding officer and executive directors physically present in the principal office)

9. Approximate date on which the Information Statement is first to be sent or given to security holders
   04 July 2022 or earlier

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

Title of Each Class	Number of Shares of Common Stock Outstanding
Common stock	**2,133,680,000 shares**

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

Yes [**x**]	No [ ]	
Name of Stock Exchange:		**Philippine Stock Exchange**
Class of securities listed:		**Common Shares**

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

PART I.

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

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

Date:	25 July 2022
Time:	02:00 pm
Place:	**Virtual meeting via remote communication using the Zoom platform** (with the presiding officer and executive directors physically present in the principal office)
Principal Office:	60 Cordillera St., Brgy. Doña Josefa, Quezon City

The presiding officer and executive directors will be physically present in the Registrant's registered principal office at 60 Cordillera St., Brgy. Doña Josefa, Quezon City for the 2022 Annual Stockholders' Meeting. Successfully registered stockholders of record as of 04 July 2022, the Record Date, may join the meeting through the Zoom platform. The Registrant will provide the necessary details of the meeting once the stockholder of record has successfully completed pre-registration requirements.

This Information Statement shall be sent with the Notice of the Annual Stockholders' Meeting and other related documents to the stockholders, in accordance with the Registrant's By-Laws, by or before 04 July 2022. This Information Statement may likewise be accessed by the Registrant's stockholders beginning 07 June 2022 at the Registrant's website, www.fruitasholdings.com.

Item 2. Dissenters' Right of Appraisal

Pursuant to Section 80, Title X, of the Revised Corporation Code of the Philippines ("Corporation Code"), any stockholder of the Registrant shall have the right to dissent and demand payment of the fair value of his/her shares only in the following instances:

(1) In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of

authorizing preferences in any respect superior to those outstanding shares of any class, or of extending or shortening the term of corporate existence;

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

(3) In case of merger or consolidation; and

(4) In case of investments in another corporation, business or purpose.

The appraisal right, when available, may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the Registrant within thirty (30) days after the date on which the vote was taken, for payment of the fair value of his/her shares, provided that failure to make the demand within such period shall be deemed a waiver of the appraisal right. A stockholder must have voted against the proposed corporate action in order to avail himself/herself of the appraisal right. If the proposed corporate action is implemented or effected, the Registrant shall pay to such stockholder, upon surrender of his/her certificate/s of stock representing his/er shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the Registrant cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation and the third by the two (2) thus chosen. The findings of the majority of appraisers shall be final, and their award shall be paid by the Registrant within thirty (30) days after such award is made, provided that no payment shall be made to any dissenting stockholder unless the Registrant has unrestricted retained earnings in its books to cover such payment and that upon payment by the Registrant of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the Registrant.

No item in the agenda will trigger the exercise of appraisal rights by dissenting shareholders.

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

None of the following has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon, other than election to office:

(1) Each person who has been a director or officer of the Registrant at any time since the beginning of the last fiscal year;
(2) Each nominee for election as a director of the Registrant; and
(3) Each associate of any of the foregoing persons.

No director has informed the Registrant in writing that he/she intends to oppose any action to be taken at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

(a) Number of shares outstanding of the class/es entitled to vote and number of votes of said class/es of shares: Common shares: **2,133,680,000 shares**

(b) Record Date: **04 July 2022**

Under Section 7, Article II of the Registrant's By-Laws, each stockholder shall, at every meeting of the stockholders be entitled to one (1) vote, in person or by proxy, for each share, of capital stock held by such stockholder.

Section 3, Article III of the By-Laws further provides that at each meeting of the stockholders for the election of directors at which a quorum is present, the directors shall be elected by cumulative vote with each share having a number of votes equal to the number of the directors to be elected. The persons receiving the highest number of votes shall be the directors.

Section 8, Article II of the By-Laws, meanwhile, provides that the instrument appointing a proxy shall be in writing, signed under the hand of the appointer or his attorney-in-fact duly authorized in writing or, if the appointer is a corporation, either under the seal of the corporation or under the hand of an officer or attorney-in-fact duly authorized by the corporation. Any corporation that is a stockholder may also by resolution of its directors or other governing body authorize such person as it thinks fit to act as its attorney-in-fact at any and all meetings of stockholders, and the person so authorized shall be entitled to exercise the same powers on behalf of the corporate stockholders that he represents as that which the corporation could have itself exercised if present. A proxy need not be a stockholder, unless otherwise provided in the proxy, and it shall be valid only for the meeting at which it has been presented to the Secretary or Assistant Secretary. All proxies must be in the hands of the Secretary or Assistant Secretary at least five (5) business days before the time set for the meeting. A stockholder shall not be allowed to designate two (2) or more proxies for any meeting unless the designation is in the alternative.

(1) Security Ownership of Certain Record and Beneficial Owners (of more than 5% of the Registrant's voting securities) as of 31 May 2022

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	Percent of class
Common Shares	PCD Nominee Corp. / The Enterprise Center, Ayala Avenue Corner Paseo de Roxas, Makati City / Stockholder of Record	Please see BDO Report as of May 31, 2022	Filipino	2,018,887,086	94.62%

The following are non-certificated shareholders and part of PCD Nominee Corp. (Filipino) which hold significant shares of the Registrant (more than 5%) as of 31 May 2022:

	Stockholder's Name	Common Shares	Percentage
1	Lush Properties Inc.	1,227,500,000	57.53%
2	Lester C. Yu	126,117,000	5.91%

Apart from the stockholders listed above, no other stockholders own at least 5% of the Registrants shares under PCD Nominee Corp.

(2) Security Ownership of Management as of 31 May 2022

Title of Class	Name of Beneficial Owner	Amount and nature of beneficial ownership	Citizenship	Percent of class
Common Shares	Lester C. Yu – Director, President and Chief Executive Officer[1]	126,117,000 – Direct 1,227,500,010 – Indirect	Filipino	63.44%
Common Shares	Rogelio M. Guadalquiver - Chairman	500,000 – Direct	Filipino	0.02%
Common Shares	Calvin F. Chua – Director and Chief Financial Adviser	4,150,000 – Direct 59,000 – Indirect	Filipino	0.20%
Common Shares	Madelene T. Sayson – Director and Chief Operating Officer	1,500,000 – Direct	Filipino	0.07%
Common Shares	Bambi Maureen E. Donato – Independent Director	10,000 – Direct	Filipino	0.00%
Common Shares	Shirley Tan – Independent Director	10,000 – Direct 90,000 – Indirect	Filipino	0.00%
Common Shares	Dennis Beng Hui – Independent Director	10,000 – Direct	Filipino	0.00%
Common Shares	Roselyn A. Legaspi – Managing Director – Visayas and Mindanao	3,319,000 – Direct	Filipino	0.16%
Common Shares	Marvin C. Yu – Corporate Secretary	1,030,000 – Direct	Filipino	0.05%

Except as indicated in the above table, none of the above-listed officers and management indirectly own shares of the Registrant. Except as aforementioned, no other officers of the Registrant hold, directly or indirectly, shares in the Registrant.

(3) Voting Trust Holders of 5% or more

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

[1] The indirect shares of Mr. Lester C. Yu, consisting of 1,227,500,010 shares, includes 1,227,500,000 shares owned by Lush Properties Inc.(57.53% to the Registrant's total outstanding share and 97% owned by Mr. Yu) and 10 shares owned by Ms. Janet Yu (Mr. Yu's mother).

(4) Description of Any Arrangement which May Result in a Change in Control of Registrant/Any Change of Control Since the Beginning of the Last Fiscal Year

No change in control of the Registrant has occurred since the beginning of its last fiscal year. The Registrant is likewise unaware of any arrangement which may result in a change of control.

Item 5. Directors and Executive Officers of the Registrant

The record of attendance of the directors at the meetings of the Board of Directors (the "Board") held in 2021 is as follows:

Directors	No. of Meetings Attended/No. of Meetings as Director	Percent Present
Roger M. Guadalquiver	8/8	100%
Lester C. Yu	8/8	100%
Calvin F. Chua	8/8	100%
Madelene T. Sayson	8/8	100%
Dennis T. Beng Hui	8/8	100%
Bambi Maureen E. Donato	8/8	100%
Shirley O. Tan	8/8	100%

The current Board of Directors was formed on 27 July 2021 during the 2021 Annual Stockholders' Meeting. The meetings of the Board of Directors in 2021 discussed the following matters:

Date	Matters Discussed
April 10, 2021	Approval of the postponement of the 2021 Annual Stockholders' Meeting
May 27, 2021	Approval of the acquisition of certain assets of Balai Pandesal Corp. by one of the Registrant's subsidiaries
June 7, 2021	Finalizing the date of the Annual Stockholder' Meeting to July 27, 2021 at 2:00 pm via Zoom platform with Record date set on June 29, 2021, 5:00 pm
June 29, 2021	Approval of the 2020 Integrated Annual Corporate Governance Report
July 27, 2021	Annual Stockholders' Meeting and Annual Organizational Meeting
Sept. 30, 2021	Equity infusion by Fruitas Holdings, Inc. of P5 million into Buko ni Fruitas Inc. and approval of certain amendments in Buko ni Fruitas Inc.'s Articles of Incorporation
Nov. 8, 2021	Authorized the management to enter into an agreement to acquire 100% of Surehealth Multi-speciality and Diagnostic Clinic Corporation
Dec. 27, 2021	Authorized its wholly-owned subsidiary, Balai ni Fruitas Inc., in connection with the proposed initial public offering, to do the following: 1. Offer up to 50,000,000 common shares of BALAI as part of the base offer and an additional up to 37,500,000 common shares of BALAI, as overallotment option, to the public at a maximum price of Php0.75 per common share of BALAI, out of the total 1,169,988,000 common shares held by FHI in BALAI; 2. Its shareholdings of 1,119,988,000 common shares of BALAI, or 1,082,488,000 common shares of BALAI if the overallotment option is

	fully exercised, shall be subject to a lock-up period of 365 days from listing of BALAI in compliance with PSE Rules and Guidelines; and 3. Appointment of its President & CEO, Lester C. Yu, as representative, with full power and authority to sign, execute and deliver the relevant signature cards, and such other documents and or papers, as it may be deemed necessary to implement the foregoing resolutions.

The Management Committee members and other officers, unless removed by the Board, shall serve as such until their successors are elected or appointed.

The Board of Directors fulfilled its responsibilities by providing ample guidance to the Group through the pandemic. Currently, the Registrant is completing the metrics for performance appraisal of its Directors; this will also include attendance.

(A)(1) Information on directors, executive officers and nominees

The following are the names, ages and citizenship of all directors, including independent directors, executive officers and all persons nominated or chosen to become such:

Directors

Name	Age	Position	Citizenship	Directorship
Rogelio M. Guadalquiver	79	Chairman	Filipino	Nominee
Lester C. Yu	47	Director, President, and Chief Executive Officer	Filipino	Nominee
Calvin F. Chua	42	Director and Chief Financial Adviser	Filipino	Nominee
Madelene T. Sayson	33	Director and Chief Operating Officer	Filipino	Nominee
Bambi Maureen E. Donato	45	Independent Director	Filipino	Nominee
Dennis T. Beng Hui	51	Independent Director	Filipino	Nominee
Shirley O. Tan	57	Independent Director	Filipino	Nominee

Executive Officers

Roselyn A. Legaspi	44	Managing Director – Visayas and Mindanao	Filipino	Non-nominee
Juneil Dominic P. Torio	30	Chief Financial Officer, Treasurer, and Investor Relations Officer	Filipino	Non-nominee
Marvin C. Yu	43	Corporate Secretary	Filipino	Non-nominee
Lerma C. Fajardo	35	Deputy Chief Financial Officer and Comptroller	Filipino	Non-nominee
Rushell A. Salvador	32	Vice-President – Compliance Officer	Filipino	Non-nominee

The following states the positions and offices held or to be held by the directors and executive officers, the period which said director has served of his 1-year term under the By-Laws of the Registrant, the directors' and executive officers' business experience for the last 5 years and their other directorship/s in reporting companies:

***Rogelio M. Guadalquiver*, 79,** 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, 47, 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.

Calvin F. Chua, 42, 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.

Madelene T. Sayson, ***33***, 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.

Bambi Maureen E. Donato, 45, 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, 51, 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 REGISTRANT 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, 57, 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.

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.

Marvin C. Yu, 43, 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.

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, 32, 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.

All the incumbent Directors above have one (1) year term of office. All the current directors have been nominated for re-election to the Board of Directors

No director has resigned or declined to stand for re-election to the Board of Directors since the date of the last annual stockholders’ because of a disagreement with the registrant on any matter relating to the Registrant's operations, policies or practices.

The Registrant does not believe that any of the descriptions provided for or by the directors is incorrect or incomplete.

(A)(2) Significant Employees

The Registrant has no other significant employee other than its Executive Officers. While the Registrant values the contribution of each of its executive and non-executive employees, the Registrant believes there is no non-executive employee that the resignation or loss of whom would have a material adverse impact on the business of the Registrant. Other than standard employment contracts, there are no special arrangements with non-executive employees of the Registrant.

(A)(3) Family Relationships

Mr. Lester C. Yu and Mr. Marvin C. Yu are brothers. Except for said relationship, none of the aforementioned Directors or Executive Officers are related to the others by consanguinity or affinity within the fourth civil degree.

(A)(4) Involvement in Certain Legal Proceedings

None of the directors, executive officers or nominees for election 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 a court of competent jurisdiction, permanently 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 the date of this report, the Registrant 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 Registrant or on the results of its operations. No litigation or claim of material importance is known to be pending or threatened against the Registrant or any of its properties.

Certain Relationships and Related Transactions

Due from Related Parties

The Registrant's group of companies has outstanding non-interest-bearing amounts due from related parties amounting to a total of ₱127.4 million as of December 31, 2021.

Lease Agreements

Group as Lessee - Short-term Lease

The Group entered into several lease agreements with third parties for its store spaces. Said leases are for varying periods of up to 1 year and renewable annually. The lease contracts for the stores require payment of monthly rental based on a certain percentage of gross sales, 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.

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 varying 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, non-interest-bearing and due, demandable and to be settled in cash. Management makes an annual assessment of the financial position of the related parties and the market in which the related parties operate. There were no impairment losses recognized for the year ended in 2021.

A more detailed discussion of related party transactions can be found in Note 15 of the 2021 Consolidated Financial Statement of the Registrant.

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

Item 6. Compensation of Directors and Executive Officers

(1) Summary Compensation Table

Name	Year	Salary	Bonuses	Total
Total Compensation of the 5 most highly compensated executive officers namely:	2021	₱5.3 million	₱0.4 million	₱5.7 million
Lester C. Yu,	2020	₱5.3 million	₱0.4 million	₱5.7 million
Roselyn A. Legaspi, Madelene T. Sayson, Marvin C. Yu, Juneil Dominic P. Torio,	2019	₱5.6 million	₱0.4 million	₱6.0 million
All other officers as a group unnamed	2021	₱1.6 million	₱0.1 million	₱1.7 million
	2020	₱1.6 million	₱0.1 million	₱1.7 million
	2019	₱4.3 million	₱0.1 million	₱4.7 million

The total annual compensation paid to the above-named officers and directors was paid in cash.
The annual compensation includes the basic salary and 13th month bonus.

(2) Standard Arrangements

There are no standard arrangements pursuant to which any director of the Registrant was compensated, or is to be compensated, directly or indirectly by the Registrant, during 2020 and 2021, for any service provided as a director. Directors do not receive a *per diem* amount.

(3) Any Other Arrangement

There are no other arrangements pursuant to which any director of the Registrant was compensated, or is to be compensated, directly or indirectly by the Registrant, during 2020 and 2021, for any service provided as a director.

(4) Contracts between Registrant and Executive Officers

a. Employment Contract

There is a standard employment contract between the Registrant and the named executive officers, but the same does not provide for a standard arrangement pursuant to which the executive officers are compensated. Their compensation is based on several special meetings of directors where executive compensation was discussed and held before the initial public offering of the Registrant in November 2019.

b. Compensatory Plan or Arrangement

There is a standard employment contract between the Registrant and the named executive officers, but the same does not provide for a standard arrangement pursuant to which the executive officers are compensated. Their compensation is based on several special meetings of directors where executive compensation was discussed and held before the initial public offering of the Registrant in November 2019.

c. Warrants and options held by the executive officers and directors

There are no outstanding warrants or options held by the Registrant's named executive officers, and all officers and directors as a group.

d. Per diems

Directors and officers do not receive a *per diem*.

Item 7. Independent Public Accountants

(a) The principal accountant and external auditor of the Registrant is Reyes Tacandong & Co. ("RT & Co.") with Mr. Wilson Teo as partner-in-charge. The same accounting firm is being recommended for re-election at the annual stockholders' meeting.

(b) Representatives of RT & Co. for the current year are not expected to participate at the annual stockholders' meeting. They will be given the opportunity to make a statement if they desire to do so and respond to appropriate questions after the meeting, if necessary.

Pursuant to the General Requirements of SRC Rule 68, par. 3 (Qualifications and Report of Independent Auditors), the Registrant has engaged RT & Co. as external auditor, with Mr. Wilson Teo as the partner-in-charge, for the audit years 2016 to 2021.

(c) Changes in and Disagreement with Accountants on Accounting and Financial Disclosure

Reyes Tacandong & Co. has not resigned from, been dismissed from or ceased service to the Registrant, The Registrant has not had any material disagreements on accounting and financial disclosures with said accountant/external auditor.

There are no disagreements with auditors, represented by Mr. Wilson Teo, on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to their satisfaction, would have caused the auditors to make reference thereto in their reports on the financial statements of the Registrant and its subsidiaries.

(d) Audit and Audit-Related 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 Registrant, excluding fees directly related to the Offer.

In ₱ Millions	**2021**	**2020**	**2019**
Audit and Audit-Related Fees*	₱ 2.20	₱ 1.80	₱ 2.55
All Other Fees**	None	None	None
Total	₱ 2.20	₱ 1.80	₱ 2.55

* 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.

** All Other Fees. This category includes other services rendered by RT&Co. such as internal audit, or special audit if any.

(e) Tax Fees

Except as provided above, the Registrant did not pay any tax fees and other fees to its external auditors.

<u>Item 11. Financial and Other Information</u>

Audit Committee's Approval Policies and Procedures

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 Registrant, (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 Registrant 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 Registrant's internal control system; reviewing the quarterly and annual financial statements before their submission to our Registrant'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

The audited financial statements as of December 31, 2021, Management's Discussion and Analysis, Market Price of Shares Dividends and other data related to the Registrant's financial information are in the Registrant's Annual Report attached to this Information Statement as Annex A.

<u>Item 15. Action with Respect to Reports</u>

The following are included in the agenda for approval by the stockholders on the Annual Meeting of the Stockholders to be held on 25 July 2022:

1. Approval of the Minutes of the Annual Stockholders' Meeting held on 27 July 2022.

   A Copy of the Minutes of the last year's Annual Meeting is hereto attached as Annex B.

2. Approval/Ratification of the 31 December 2021 Reports and the Audited Financial Statements

3. Ratification of all acts and resolutions of the Board of Directors and Management for the year 2021 until the date of the meeting, as set forth in the Minutes of the meetings of the Board of Directors held during the same period and in the disclosures that have been duly filed with the SEC and the PSE.

   These minutes cover the approval of the quarterly and annual reports of the Registrant filed with the SEC and the PSE; resignation/election of members of the Board of Directors; acting as surety for the loans of the subsidiaries and guarantee for the refinancing, additional and new issuance of corporate notes its parent Registrant and affiliates; appointment of authorized signatures for various transactions in the normal course of business of the Registrant as well as opening and closure of various investment and/or deposit accounts.
4. Approval of amendment to Article Two of the Articles of Incorporation to add to Secondary Purposes

5. Election of the Members of the Board of Directors including three (3) Independent Directors to serve for 2022 to 2023.

6. Selection and appointment of External Auditors

Item 16. Matters Not Required to be Submitted

No action will be taken with respect to this item.

Item 17. Other Proposed Action

Please see Items 16.

Item 18. Voting Procedures

Guidelines for Participating via Remote Communication and Voting in Absentia

The 2022 ASM of Fruitas Holdings, Inc. (the "Company") will be held on 25 July 2022 (Monday) at 2:00 pm via remote communication. The virtual ASM is necessitated by the COVID-19 pandemic situation during which physical gatherings are highly discouraged.

The record date shall be 04 July 2022 for the purpose of determining the list of stockholders of the Corporation who are entitled to vote in the 2022 ASM. The Company will allow attendance by stockholders only by remote communication and voting in absentia, subject to validation procedures, though the directors will be in the principal office of the Company.

Stockholders who will participate in the ASM by remote communication should send an e-mail indicating their intent to participate to IPO.Compliance@fruitasholdings.com. They will then be sent a link to a registration form requiring certain information. The following documents must likewise be uploaded:

A. Individual stockholders

1. Copy of valid government ID of stockholder/proxy

2. If appointing a proxy, copy of proxy form duly signed by stockholder (need not be notarized)

B. Multiple stockholders or joint owners

1. Proof of authority of stockholder voting the shares signed by the other registered stockholders, for shares registered in the name of multiple stockholders (need not be notarized)
2. Copy of valid government IDs of all registered stockholders

C. Corporate stockholders

1. Secretary's Certificate or Board Resolution appointing and authorizing a representative
2. Proxy Form for authorized representative
3. Valid government ID of the authorized representative

D. Stockholders with shares under broker account

1. Certification from broker as to the number of shares owned by stockholder
2. Valid government ID of stockholder
3. If appointing a proxy, copy of proxy form duly signed by stockholder (need not be notarized)

The Company will then check and validate the entries uploaded by the stockholder.

Upon their successful accomplishment of the registration form and validation by the Company, they will receive an e-mail invitation with a complete guide on how to join the ASM and how to cast votes in absentia. Registration and voting must be accomplished by July 21, 2022. Only stockholders who have successfully registered within the prescribed period, together with the stockholders who voted in absentia and by proxy, will be included in the determination of quorum. Validity of votes cast by proxy will be subject to the validation of the proxies submitted.

Proxies, in the form provided by the Company, must be scanned and emailed to the Company's Corporate Secretary at IPO.Compliance@fruitasholdings.com not later than 18 July 2022. The proxies shall be validated by 20 July 2022. The Corporate Secretary's decision shall be final and binding on the shareholders, and those not settled during the proxy validation shall be deemed waived and may no longer be raised.

Manner of voting

In all items for approval, except in the election of directors, each share of stock entitles its registered owner to 1 vote.

For the purpose of electing directors, a stockholder may vote such number of his shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them in the same principle among as many candidates as he shall see fit. Unless required by law, or demanded by a stockholder present or represented at the meeting and entitled to vote thereat, voting need not be by ballot and will be done by show of hands.

The matters to be acted upon by the stockholders as contained in the agenda, except the election of Directors, would require the affirmative vote of a majority of the shares of the Registrant's common stock represented and entitled to vote.

Stockholders who have successfully registered in accordance with the Guidelines for Participating via Remote Communication shall be provided via e-mail of the link to the voting portal. Stockholders can then cast their votes for specific items in the agenda, as follows:

1. Said stockholders shall access the voting portal by clicking the link sent by e-mail to the email-address of the stockholder provided to the Registrant.
2. Upon accessing the portal, the stockholders can proceed to vote on each agenda item.

    a. A stockholder has the option to vote "Approve", "Disapprove", or "Abstain" on each agenda item for approval.
    b. For the election of directors, the stockholder has the option to vote for all nominees, withhold vote for any of the nominees, or vote for certain nominees only. Accordingly, a stockholder entitled to vote: (i) may vote such number of shares owned by it for as many persons as there are Directors to be elected; or (ii) may cumulate said shares and give one candidate as many votes as the number of Directors to be elected multiplied by the number of their shares; or (iii) may distribute them on the same principle among as many candidates as may be seen fit.

3. Once the stockholder has finalized his/her vote, he/she can proceed to submit his/her vote by clicking the "Submit" button.

Voting requirements

(a) With respect to the election of directors, candidates who received the highest number of votes shall be declared elected.

(b) With respect to the adoption of the Audited Financial Statements for the year ended 31 December 2021, the vote of majority of the outstanding capital stock entitled to vote and represented in the meeting is required to approve such matters.

Method of counting votes

The Corporation's stock transfer agent and Office of the Corporate Secretary will tabulate all votes received and will validate the results.

PART III.

INFORMATION REQUIRED IN A PROXY FORM

UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE REGISTRANT UNDERTAKES TO FURNISH SAID STOCKHOLDER A COPY OF SEC FORM 17-A FREE OF CHARGE, EXCEPT FOR EXHIBITS ATTACHED THERETO WHICH SHALL BE CHARGED AT COST. ANY WRITTEN REQUEST FOR A COPY OF SEC FORM 17-A SHALL BE ADDRESSED AS FOLLOWS:

FRUITAS HOLDINGS, INC.
60 Cordillera St. corner E. Rodriguez Sr. Ave.
Brgy. Doña Josefa, Quezon City

<u>SIGNATURE PAGE</u>

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth on this Report is true, complete and correct. This Report is signed in Quezon City on June 30, 2022.

By:

Junell Dominic P. Torio
CFO and Treasurer

MANAGEMENT REPORT

I. FINANCIAL STATEMENTS

The Financial Statements of the Registrant as of and for the year ended December 31, 2021 are incorporated herein in the accompanying Index to Financial Statements and Supplementary Schedules of the 2021 Annual Report in Annex A.

II. INFORMATION ON INDEPENDENT ACCOUNTANT

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, 2021, 2020 and 2019 in accordance with the Philippine Standards on Auditing.

Wilson P. Teo is the current audit partner and has served the Registrant from 2016 to 2021. 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 the Registrant nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities of our Registrant. RT&Co. will not receive any direct or indirect interest in the Registrant or our securities (including options, warrants or rights thereto) pursuant to or in connection with the Registration 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.

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 the Registrant, excluding fees directly related to the Offer.

In ₱ Millions	**2021**	**2020**	**2019**
Audit and Audit-Related Fees*	₱ 2.20	₱ 1.80	₱ 2.55
All Other Fees**	None	None	None
Total	₱ 2.20	₱ 1.80	₱ 2.55

* 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.

** All Other Fees. This category includes other services rendered by RT&Co. such as internal audit, or special audit if any.

III. AUDIT COMMITTEE’S APPROVAL AND PROCEDURES FOR THE SERVICES OF THE EXTERNAL AUDITOR

The scope, extent and nature of the services to be referred to, and/or rendered by the appointed external auditor of the Registrant has been unanimously approved by the audit committee in a meeting duly called for the purpose, including the fees to be paid for the services thus rendered and/or referred. In relation to the audit of the Registrant's annual financial statements, the Registrant's Corporate Governance Manual 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 the Registrant; (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 the Registrant with acceptable auditing and accounting standards and regulations.

IV. MANAGEMENT'S DISCUSSION AND ANALYSIS

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 A". The consolidated financial statements and notes thereto have been prepared in accordance with the Philippine Financial Reporting Standards (PFRS).

Results of Operations for First Quarter ended 2022 vs First Quarter ended 2021

	Mar-22	Mar-21	Increase/ (Decrease)	% Change
Revenue	330,476.00	261,374.00	69,102.00	26.44%
Cost of sales	- 124,886.00	- 102,729.00	- 22,157.00	21.57%
Gross profit	205,590.00	158,645.00	46,945.00	29.59%
Operating expenses	- 193,365.00	- 178,896.00	- 14,469.00	8.09%
Income from operations	12,225.00	- 20,251.00	32,476.00	160.37%
Other income (expense)-net	- 3,369.00	- 1,307.00	- 2,062.00	157.77%
Income before income tax	8,856.00	- 21,558.00	30,414.00	141.08%
Income tax expense	2,464.00	- 6,022.00	8,486.00	140.92%
Net income	6,392.00	- 15,536.00	21,928.00	141.14%

Revenues
The Group generated revenues of ₱330.5 million for the first three months of the year ended March 31, 2022, a 26.4% or ₱69.1 million increase from the same period in 2021, which closed at ₱261.4 million. The increase was driven by the continuous opening and re-opening of store operations and stronger performances of the outlets.

Cost of Sales
Cost of sales for the three months ended March 31, 2022 closed at ₱124.9 million, 21.6% or ₱22.2 million increase from the same period in 2021 which closed at ₱102.7 million. The increase is attributable mainly to the rise in revenues, although the Group was still able to improve its gross profit margin which registered at 62.2% for the first three months of 2022 versus the 60.7% of the same period in 2021.

Operating Expenses
The Group's operating expenses settled at ₱193.4 million at the close of the first three months of 2022, a 8.1% or a ₱14.5 million increase from the same period in 2021 which settled at ₱178.9. The increase was attributed to the heightened business volume in 2022 and cost measures undertaken by the Group.

Income Tax Expense/ Benefits
The Group recognized ₱2.5 million income tax expense in the first quarter of 2022, compared to the ₱6.0 income tax benefit in the same period in 2021. Expenses from income tax for the three months of 2022 was primarily due to the taxable income in the period.

Net income/ loss
Net income for the three months ended March 31, 2022 closed at ₱6.4 million compared to the same period of the prior year of ₱15.5 million net loss driven by the increase in revenues and improvement in gross profit margin of the Group

Financial Condition as of MARCH 31, 2022 versus DECEMBER 31, 2021

	Mar-22	Dec-21	Increase/ (Decrease)	% Change
ASSETS				
Current Assets				
Cash and cash equivalents	325,544	318,431	7,113	2.23%
Trade and other receivables	94,154	93,258	896	0.96%
Merchandise inventories	37,418	36,695	723	1.97%
Due from related parties	127,428	127,428	-	0.00%
Deposits and advance rentals	102,427	104,777	- 2,350	-2.24%
Other current assets	48,765	34,494	14,271	41.37%
Total Current Assets	735,736	715,083	20,653	2.89%
Noncurrent Assets				
Deferred input vat				
Property and equipment	321,878	341,684	- 19,806	-5.80%
Intangible assets	215,579	215,821	- 242	-0.11%
Investment property	167,437	167,437	-	0.00%
Right-of-use (ROU) assets	119,760	131,707	- 11,947	-9.07%
Net deferred tax assets	71,462	69,683	1,779	2.55%
Total Noncurrent Assets	896,116	926,332	- 30,216	-3.26%
	1,631,852	**1,641,415**	**- 9,563**	**-0.58%**
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	54,403	63,455	- 9,052	-14.27%
Current portion of:	-	-	-	0.00%
Notes payable	184,581	184,581	-	0.00%
Mortgage payable	1,462	1,723	- 261	-15.15%
Lease liabilities	47,408	43,342	4,066	9.38%
Income tax payable	12,378	8,406	3,972	47.25%
Total Current Liabilities	300,232	301,507	- 1,275	-0.42%

Noncurrent Liabilities				
Noncurrent portion of:				
Mortgage payable	-	81	-81	-100.00%
Lease liabilities	91,486	106,443	-14,957	-14.05%
Security Deposits	643	643	-	0.00%
Retirement benefits liability	11,069	10,709	360	3.36%
Total Noncurrent Liabilities	103,198	117,876	-14,678	-12.45%
Total Liabilities	403,430	419,383	-15,953	-3.80%
Equity				
Capital stock	213,368	213,368	-	0.00%
Additional paid-in capital	777,837	777,837	-	0.00%
Retained earnings	186,773	180,382	6,391	3.54%
Other equity reserves	51,253	51,253	-	0.00%
Other comprehensive loss	-809	-809	-	0.00%
Total Equity	1,228,422	1,222,031	6,391	0.52%
	1,631,852	**1,641,415**	**-9,562**	**-0.58%**

FRUIT had consolidated total assets of ₱1.63 billion as of March 31, 2022 a slight decrease from the total assets of ₱1.64 billion last December 2021.

Cash and cash equivalents

As of March 31, 2022, cash and cash equivalents totalled ₱325.5 million, increase from ₱318.4 million as of end-2021 primarily as a result of increased store operations. 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 were at ₱94.2 million as of March 31, 2022 compared to ₱93.3 million as of end-2021, an increase of 1.0% due to higher third party trade receivables.

Inventories

As of March 31, 2022, inventories increased to ₱37.4 million from ₱36.7 million as of end-2021. The increase was attributed to the Group's continuous opening and re-opening of stores.

Other Current assets

Other current assets stood at ₱48.8 million as of March 31, 2022 which was 41.37% higher than as of December 31, 2021, ₱34.5 million. The increase is due to increase in Prepayments which pertains to unamortized part of Business Permits.

Property, plant, and equipment

Consolidated net property, plant, and equipment stood at ₱321.9 million as of March 31, 2022. Acquisition of property and equipment for the first quarter of the year reached ₱7.7 million, which was invested in the building of new stores and improvements in the corporate office and commissary.

Trade and other payables

Trade and other payables decreased by 14.3% for the first three months ending March 2022 to ₱54.4 million driven by the payment of trade payables for the purchase of inventories towards the end of 2021.

Mortgage payable

Total mortgage payable comprising of current and non-current portion as of March 31, 2022 stood at ₱1.462 million lower than December 31, 2021 amount of ₱1.804 million. The decrease was due to amortization of the said liability.

Notes payable

As of March 31, 2022, the Group's notes payable still stood at ₱184.6 million as the Group did not avail of new loans.

Income tax payable

The increase in Income tax as of March 31, 2022 was due to the income tax effect of result of operation of the company for the first quarter of 2022.

Lease liabilities

Total lease liabilities comprising of current and non-current portion as of March 31, 2022 stood at ₱138.9 million lower than December 31, 2021 amount of ₱149.8 million. The decrease was due to amortization of the company's lease liability.

Equity

As of March 31, 2022, the Company's consolidated equity slightly increased to ₱1.23 billion from ₱1.22 billion as of end-2021.

Cash Flow Summary

	Mar-22	Dec-21	Increase/ (Decrease)	% Change
Net cash generated from/ (used) in operating activities	28,738.00	112,362.00	- 83,624.00	-74%
Net cash generated from/ (used) in investing activities	- 7,731.00	- 156,762.00	149,031.00	-95%
Net cash generated from/ (used) in financing activities	- 13,894.00	12,007.00	- 25,901.00	-216%

Net cash generated in operating activities amounted to ₱28.7 million for the three months of 2022.

Net cash used in investing activities was ₱7.7 million for the first three months of 2022, driven by CAPEX.

Net cash used in financing activities was ₱13.9 million for the first three months of 2022 mainly due to the roll forward of lease liabilities.

	Interim Three Months Ended March 31, 2022	Interim Three Months Ended March 31, 2021
Revenue Growth	26.4%	(30.1%)
Gross Profit Margin	62.2%	60.7%
Net Income/ Loss (₱ million)	1.9%	(5.9%)
	As of March 31, 2022	**As of December 31, 2021**
Current Ratio	2.45	3.36
Debt to Equity Ratio	0.33	0.24

REVIEW OF DECEMBER 2021 VS DECEMBER 2020

Key Highlights

FRUIT registered a consolidated net loss of Php 16.3 million for the twelve months ending December 31, 2021. This yields a net loss margin of 1.5% however, an increase of 66.0% year-on-year compared to the reported net loss of Php 48.1 million in 2020.

	Dec-21	Dec-20	Increase/ (Decrease)	% Change
Revenue	1,101,705	891,847	209,858	23.53%
Cost of sales	- 419,295	- 356,479	- 62,816	17.62%
Gross profit	682,410	535,368	147,042	27.47%
Operating expenses	- 725,393	- 614,174	- 111,219	18.11%
Income from operations	- 42,983	- 78,806	35,823	45.46%
Other income (expense)-net	36,983	6,130	30,853	503.31%
Income before income tax	- 6,000	- 72,676	66,676	91.74%
Income tax expense	10,324	- 24,607	34,931	141.96%
Net income	- 16,324	- 48,069	31,745	66.04%

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 1,101.7 million, increasing by 23.5% from reported revenues of Php 891.8 million for the twelve months ending December 31, 2020.

Cost of Sales

For the year ending 2021, consolidated cost of sales increased by 17.6% from Php 356.5 million in 2020 to Php 419.3 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 682.4 million for the full year 2021, increasing by 27.5% from Php 535.4 million in the previous year. This yielded a gross profit margin of 61.9% as the Company executed inventory-buying strategies, implemented price increases, rationalized manpower requirements and expanded product mix.

Selling and Distribution Expenses

For the twelve months ending December 31, 2021, consolidated selling and distribution expenses totaled Php 608.8 million, representing a 55.3% cost-to-sales ratio. This is Php 115.7 million higher compared to Php 493.0 million during the same period in 2020.

General and Administrative Expenses

For the twelve months ending December 31, 2021, consolidated general and administrative expenses totaled Php 116.6 million, representing a -10.6% cost-to-sales ratio. This is Php 4.5 million lower compared to Php 121.2 million during the same period in 2020.

Operating Income (Loss)

Consolidated operating loss reached Php 6.0 million in 2021, decreasing by 91.7% from Php 72.7 million in 2020. This was primarily driven by improvement of revenues from the opening and reopening of store operations, lower interest expenses, and higher gross profit margin.

Interest Expense

Interest expense of Php 16.0 million was recorded for the twelve months ending December 31, 2021.

Other Income

Consolidated other income totaled Php 12.9 million as of year-end 2021. This is composed mainly of Php 7.2 million interest income from investments. Other items included in other income are Php 2.3 million from rental concessions and Php 2.4 million from the termination of lessees.

Net Income

For the year ending 2021, consolidated net loss reached Php 16.3 million, yielding a net loss margin of 1.5%. This is an improvement of 66.0% versus the 2020 recorded net loss after tax of Php 48.1 million.

Financial Condition for the year ended December 31, 2021 and December 31, 2020

	Dec-21	Dec-20	Increase/ (Decrease)	% Change
ASSETS				
Current Assets				
Cash and cash equivalents	318,431	350,824	-32,393	-9.23%
Trade and other receivables	93,258	104,405	-11,147	-10.68%
Merchandise inventories	36,695	35,011	1,684	4.81%
Due from related parties	127,428	139,903	-12,475	-8.92%
Deposits and advance rentals	104,777	110,172	-5,395	-4.90%
Other current assets	34,494	37,935	-3,441	-9.07%
Total Current Assets	715,083	778,250	-63,167	-8.12%
Noncurrent Assets				
Deferred input vat	-	1,791	-1,791	-100.00%
Property and equipment	341,684	237,783	103,901	43.70%
Intangible assets	215,821	213,603	2,218	1.04%
Investment property	167,437	126,875	40,562	31.97%
Advances to contractors	-	35,087	-35,087	-100.00%
Right-of-use (ROU) assets	131,707	80,875	50,832	62.85%
Net deferred tax assets	69,683	69,778	-95	-0.14%
Total Noncurrent Assets	926,332	765,792	160,540	20.96%
	1,641,415	**1,544,042**	**97,373**	**6.31%**
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	63,455	55,500	7,955	14.33%
Current portion of:	-	-	-	0.00%
Notes payable	184,581	138,923	45,658	32.87%
Mortgage payable	1,723	2,695	- 972	-36.07%
Lease liabilities	43,342	21,102	22,240	105.39%
Income tax payable	8,406	10,079	- 1,673	-16.60%
Total Current Liabilities	301,507	228,299	73,208	32.07%
Noncurrent Liabilities				
Noncurrent portion of:				
Mortgage payable	81	1,204	- 1,123	-93.27%
Lease liabilities	106,443	68,120	38,323	56.26%
Security Deposits	643	-	643	0.00%
Retirement benefits liability	10,709	8,169	2,540	31.09%
Total Noncurrent Liabilities	117,876	77,493	40,383	52.11%
Total Liabilities	419,383	305,792	113,591	37.15%
Equity				
Capital stock	213,368	213,368	-	0.00%
Additional paid-in capital	777,837	777,837	-	0.00%
Retained earnings	180,382	196,707	- 16,325	-8.30%
Other equity reserves	51,253	51,253	-	0.00%
Other comprehensive loss	- 809	- 914	105	-11.49%
Total Equity	1,222,031	1,238,251	- 16,220	-1.31%
	1,641,415	**1,544,042**	**97,371**	**6.31%**

FRUIT had consolidated total assets of Php 1,641.4 million as of December 31, 2021, an increase versus total assets of Php 1,544.0 million as of end-2020.

Cash and cash equivalents

As of end 2021, cash and cash equivalents totaled Php 318.4 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 93.3 million as of year-end 2021 compared to Php 104.4 million in 2020, a decrease of 10.7% due to higher collection third party trade receivables.

Inventories

As of December 31, 2021, inventories decreased to Php 36.7 million from Php 35.0 million in 2020, an increase of 4.8% due to improved sales performance while ensuring an efficient management of inventory levels.

Property, plant, and equipment

Consolidated net property, plant, and equipment stood at Php 341.7 million as of year-end 2021. Acquisition of property and equipment for the year reached Php 200.8 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 167.4 million in 2021.

Intangible assets

Intangible assets stood at Php 215.8 million for the period.

Accounts payable and other current liabilities

Accounts payable and other current liabilities increased by 32.1% for the full-year 2021 to Php 301.5 million, driven primarily by the increase in the current portion of notes payables and lease liabilities.

Mortgage payable

Total mortgage payable comprising of current and non-current portion as of December 31, 2021 stood at ₱1.804 million lower than December 31, 2020 amount of ₱3.899 million. The decrease was due to amortization of the said liability.

Lease liabilities

Total lease liabilities comprising of current and non-current portion as of December 31, 2021 stood at ₱149.8 million higher than December 31, 2020 amount of ₱89.2 million. The increase was due to qualification of new outlets of the company to PFRS 16.

Loans payable

As of December 31, 2021, the Company's total interest-bearing debt stood at ₱ 186.4 million. Short-term loans amounting to Php 186.3 million was used to partially fund working capital requirements.

Total long-term loans payable stood at Php 0.1 million, which was primarily used to acquire vehicles.

Capital stock and Additional paid-in capital

For the twelve months ending December 31, 2021, the Company's total capital stock stood at Php 213.4 million and additional paid-in capital of Php 777.8 million.

Cash flows

	Dec-21	Dec-20	Increase/ (Decrease)	% Change
Net cash generated from/ (used) in operating activities	112,362	- 94,462	206,824	-219%
Net cash generated from/ (used) in investing activities	- 156,762	- 306,692	149,930	-49%
Net cash generated from/ (used) in financing activities	12,007	- 101,337	113,344	-112%

Consolidated net cash generated from operating activities amounted to Php 112.4 million for the full-year 2021, 218.6% reversal versus the previous year's (Php 94.7) million. The increase is primarily attributable to the opening and reopening of store operations during the year.

Consolidated net cash used in investing activities was Php 156.8 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 12.0 million in 2021, primarily arising from interest payments and dividends which were partially offset by loan availments.

All in all, net cash used for the year totaled Php 32.4 million, leading to cash and cash equivalents balance of Php 318.4 million at year-end 2021.

Key Performance Indicators (KPIs)

	Audited Twelve Months Ended December 31, 2020	Audited Twelve Months Ended December 31, 2021
Revenue Growth	-54.2%	23.5%
Gross Profit Margin	60.0%	61.9%
Net Income Margin	-5.4%	-1.5%
EBITDA (Php thousands)	65	131
EBITDA Margin	7.3%	11.9%
Return on Average Assets	-2.9%	-1.0%
Return on Average Equity	-3.8%	-1.3%
Current Ratio	340.9%	237.2%
Debt to Equity Ratio	24.7%	34.3%

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

REVIEW OF DECEMBER 2020 VS DECEMBER 2019

Key Highlights

FRUIT registered a consolidated net loss of Php 48.1 million for the twelve months ending December 31, 2020. This yields a net loss margin of 5.4% and a decrease of 139.6% year-on-year compared to the reported net income of Php 121.5 million in 2019.

	Dec-20	Dec-19	Increase/ (Decrease)	% Change
Revenue	891,847	1,945,185	- 1,053,338	-54.15%
Cost of sales	- 356,479	- 814,397	457,918	-56.23%
Gross profit	535,368	1,130,788	- 595,420	-52.66%
Operating expenses	- 614,174	- 954,271	340,097	-35.64%
Income from operations	- 78,806	176,517	- 255,323	144.64%
Other income (expense)-net	6,130	- 30,774	36,904	-119.92%
Income before income tax	- 72,676	145,743	- 218,419	149.87%
Income tax expense	- 24,607	24,215	- 48,822	201.62%
Net income	- 48,069	121,528	- 169,597	139.55%

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 891.8 million, decreasing by 54.2% from reported revenues of Php 1,945.2 million for the twelve months ending December 31, 2019.

Cost of Sales

For the year ending 2020, consolidated cost of sales decreased by 56.2% from Php 813.9 million in 2019 to Php 356.5 million.

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

Selling and Distribution Expenses

For the twelve months ending December 31, 2020, consolidated selling and distribution expenses totalled Php 493 million, representing a 55.3% cost-to-sales ratio. This is Php 279.1 million lower compared to Php 772.1 million during the same period in 2019.

General and Administrative Expenses

For the twelve months ending December 31, 2020, consolidated general and administrative expenses totalled Php 121.2 million, representing a 13.6% cost-to-sales ratio. This is Php 61 million lower compared to Php 182.2 million during the same period in 2019.

Operating Income (Loss)

Consolidated operating loss reached Php 72.7 million in 2020, decreasing by 149.9% from Php 145.7 million in 2019. This was primarily driven by significant reduction of revenues from the temporary suspension of store operations.

Interest Expense

Interest expense of Php 20.7 million was recorded for the twelve months ending December 31, 2020. The Group further lowered down its short term loans through the additional allocation of Php 25 million from the use of proceeds.

Other Income

Consolidated other income totalled Php 26.8 million as of year-end 2019. This is composed mainly of Php 15.4 million interest income from investments. Other items included in other income are Php 7.4 million from rental concessions and Php 3.3 million from outlet's cash overages and fees charged to lessees.

Net Income

For the year ending 2020, consolidated net loss reached Php 48.1 million, yielding a net loss margin of 5.4%. This is a decrease of 139.6% versus the 2019 recorded net income after tax of Php 121.5 million.

FY20 Financial Condition

	Dec-20	Dec-19	Increase/ (Decrease)	% Change
ASSETS				
Current Assets				
Cash and cash equivalents	350,824	853,266	-502,442	-58.88%
Trade and other receivables	104,405	83,566	20,839	24.94%
Merchandise inventories	35,011	49,908	-14,897	-29.85%
Due from related parties	139,903	114,745	25,158	21.93%
Deposits and advance rentals	110,172	102,516	7,656	7.47%
Other current assets	37,935	13,686	24,249	177.18%
Total Current Assets	778,250	1,217,687	-439,437	-36.09%
Noncurrent Assets				
Deferred input vat	1,791	983	808	82.20%
Property and equipment	237,783	222,787	14,996	6.73%
Intangible assets	213,603	214,386	-783	-0.37%
Investment property	126,875	0	126,875	0.00%
Advances to contractors	35,087	0	35,087	0.00%
Right-of-use (ROU) assets	80,875	115,195	-34,320	-29.79%
Net deferred tax assets	69,778	25,376	44,402	174.98%
Total Noncurrent Assets	765,792	578,727	187,065	32.32%
	1,544,042	**1,796,414**	**-252,372**	**-14.05%**
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	55,500	136,018	-80,518	-59.20%
Current portion of:	0	0	0	0.00%
Notes payable	138,923	115,834	23,089	19.93%
Mortgage payable	2,695	2,322	373	16.06%
Lease liabilities	21,102	27,981	-6,879	-24.58%
Due to related parties	0	664	-664	-100.00%
Dividends payable	0	0	0	0.00%
Income tax payable	10,079	26,733	-16,654	-62.30%
Total Current Liabilities	228,299	309,552	-81,253	-26.25%
Noncurrent Liabilities				
Noncurrent portion of:				
Notes payable	0	75,270	-75,270	-100.00%
Mortgage payable	1,204	2,349	-1,145	-48.74%
Lease liabilities	68,120	92,241	-24,121	-26.15%
Security Deposits	0	0	0	0.00%
Retirement benefits liability	8,169	5,407	2,762	51.08%
Total Noncurrent Liabilities	77,493	175,267	-97,774	-55.79%
Total Liabilities	305,792	484,819	-179,027	-36.93%
Equity				
Capital stock	213,368	213,368	0	0.00%
Additional paid-in capital	777,837	777,837	0	0.00%
Retained earnings	196,707	266,111	-69,404	-26.08%
Other equity reserves	51,253	55,193	-3,940	-7.14%
Other comprehensive loss	-914	-914	0	0.00%
Total Equity	1,238,251	1,311,595	-73,344	-5.59%
	1,544,042	**1,796,414**	**-252,371**	**-14.05%**

FRUIT had consolidated total assets of Php 1,544.0 million as of December 31, 2020, a decrease versus total assets of Php 1,796.4 million as of end-2019.

Cash and cash equivalents

As of end 2020, cash and cash equivalents totalled Php 350.8 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 104.4 million as of year-end 2020 compared to Php 83.6 million in 2019, an increase of 24.9% due to higher third party trade receivables.

Inventories

As of December 31, 2020, inventories decreased to Php 35.0 million from Php 49.9 million in 2018, a decrease of 29.9% due to improved management of inventory levels.

Property, plant, and equipment

Consolidated net property, plant, and equipment stood at Php 364.7 million as of year-end 2020. Acquisition of property and equipment for the year reached Php 98 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.

Intangible assets

Intangible assets stood at Php 213.6 million for the period.

Accounts payable and other current liabilities

Accounts payable and other current liabilities decreased by 59.2% for the full-year 2020 to Php 55.5 million, driven primarily by the increase in nontrade payables.

Loans payable

As of December 31, 2020, the Company's total interest-bearing debt stood at ₱ 142.8 million. Short-term loans amounting to Php 141.6 million was used to partially fund working capital requirements.

Total long-term loans payable stood at Php 1.2 million, which was primarily used to acquire vehicles.

Capital stock and Additional paid-in capital

For the twelve months ending December 31, 2020, the Company's total capital stock stood at Php 213.4 million and additional paid-in capital of Php 777.8 million.

Cash flows

	Dec-20	Dec-19	Increase/ (Decrease)	% Change
Net cash generated from/ (used) in operating activities	- 94,462	185,698	- 280,160	-151%
Net cash generated from/ (used) in investing activities	- 306,692	- 191,381	- 115,311	60%
Net cash generated from/ (used) in financing activities	- 101,337	599,302	- 700,639	-117%

Consolidated net cash used by operating activities amounted to Php 94.4 million for the full-year 2020, 151.0% lower versus the previous year's Php 185.7 million. The decrease is primarily attributable to the suspension of store operations during the different levels of community quarantine in 2020.

Consolidated net cash used in investing activities was Php 306.7 million. This is mainly due to capital expenditures for new store openings and other corporate investments.

Consolidated net cash used by financial activities was Php 101.3 million in 2020, primarily arising from interest payments and dividends which were partially offset by loan availments.

All in all, net cash used for the year totaled Php 502.4 million, leading to cash and cash equivalents balance of Php 350.8 million at year-end 2020.

Key Performance Indicators (KPIs)

	Audited Twelve Months Ended December 31, 2019	**Audited Twelve Months Ended December 31, 2020**
Revenue Growth	23.2%	-54.2%
Gross Profit Margin	58.1%	60.0%
Net Income Margin	6.2%	-5.4%
EBITDA (Php million)	292	65
EBITDA Margin	15.0%	7.3%
Return on Average Assets	9.0%	-2.9%
Return on Average Equity	14.3%	-3.8%
Current Ratio	393.3%	340.9%
Debt to Equity Ratio	37.0%	24.7%

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

COMMITMENTS AND CONTINGENCIES

There is no material commitment and contingency as of 31 December 2020 and as of 31 December 2019.

REVIEW OF YEAR END 2019 VS YEAR END 2018

FINANCIAL CONDITION

	Dec-19	Dec-18	Increase/ (Decrease)	% Change
ASSETS				
Current Assets				
Cash and cash equivalents	853,266	260,498	592,768	227.55%
Trade and other receivables	83,566	55,638	27,928	50.20%
Merchandise inventories	49,908	52,025	- 2,117	-4.07%
Due from related parties	114,745	40,571	74,174	182.83%
Deposits and advance rentals	102,516	85,559	16,957	19.82%
Other current assets	13,686	6,344	7,342	115.73%
Total Current Assets	1,217,687	500,635	717,052	143.23%
Noncurrent Assets				
Deferred input vat	983	2,379	- 1,396	-58.68%
Property and equipment	222,787	182,742	40,045	21.91%
Intangible assets	214,386	214,309	77	0.04%
Right-of-use (ROU) assets	115,195	-	115,195	0.00%
Net deferred tax assets	25,376	4,334	21,042	485.51%
Total Noncurrent Assets	578,727	403,764	174,963	43.33%
	1,796,414	**904,399**	**892,015**	**98.63%**

	Dec-19	Dec-18	Increase/ (Decrease)	% Change
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	136,018	112,682	23,336	20.71%
Current portion of:	-	-	-	0.00%
Notes payable	115,834	283,689	- 167,855	-59.17%
Mortgage payable	2,322	2,589	- 267	-10.31%
Lease liabilities	27,981	-	27,981	0.00%
Due to related parties	664	22,116	- 21,452	-97.00%
Dividends payable	-	45,500	- 45,500	-100.00%
Income tax payable	26,733	30,865	- 4,132	-13.39%
Total Current Liabilities	309,552	497,441	- 187,889	-37.77%
Noncurrent Liabilities				
Noncurrent portion of:				
Notes payable	75,270	27,625	47,645	172.47%
Mortgage payable	2,349	3,372	- 1,023	-30.34%
Lease liabilities	92,241	-	92,241	0.00%
Retirement benefits liability	5,407	2,230	3,177	142.47%
Total Noncurrent Liabilities	175,267	33,227	142,040	427.48%
Total Liabilities	484,819	530,668	- 45,849	-8.64%
Equity				
Capital stock	213,368	160,000	53,368	33.36%
Additional paid-in capital	777,837	-	777,837	0.00%
Retained earnings	266,111	158,584	107,527	67.80%
Other equity reserves	55,193	55,193	-	0.00%
Other comprehensive loss	- 914	- 46	- 868	1886.96%
Total Equity	1,311,595	373,731	937,864	250.95%
	1,796,414	**904,399**	**892,015**	**98.63%**

As of December 31, 2019 vs. December 31, 2018

FRUIT had consolidated total assets of Php 1,796.4 million as of December 31, 2019, an increase of 98.6% versus total assets of Php 904.4 million as of end-2018.

As of end 2019, cash and cash equivalents totalled Php 853.3 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 was at Php 83.6 million as of year-end 2019 compared to Php 55.6 million in 2018, an increase of 48% due to higher third party trade receivables.

As of December 31, 2019, inventories decreased from Php 49.9 million to Php 52.0 million in 2018, a decrease of 4.1% due to improved management of inventory levels.

Consolidated net property, plant, and equipment stood at Php 222.8 million as of year-end 2019, 21.9% higher than December 31, 2018 which stands at Php 182.7 million. The increase over this period was due to continued store network expansion

Accounts payable and other current liabilities increased by 20.70% for the full-year 2019 to Php 136.0 million, driven primarily by the increase in nontrade payables.

As of December 31, 2019, the Registrant's total interest-bearing debt stood at ₱ 195.7 million. Short-term loans amounting to Php 118.1 million was used to partially fund working capital requirements.

Total long-term loans payable stood at Php 77.6 million, which was primarily used prior to the Registrant's IPO in 2019 for the capital expenditures for the commissaries and head office.

For the twelve months ending December 31, 2019, the Registrant's total capital stock stood at Php 213.4 million, a 33.4% increase from the total capital stock of Php 160 million as of December 31, 2018.

REVIEW OF YEAR END 2018 VS YEAR END 2017

FINANCIAL CONDITION

	Dec-18	Dec-17	Increase/ (Decrease)	% Change
ASSETS				
Current Assets				
Cash and cash equivalents	260,498	294,435	- 33,937	-11.53%
Trade and other receivables	55,638	19,208	36,430	189.66%
Merchandise inventories	52,025	38,966	13,059	33.51%
Due from related parties	40,571	7,082	33,489	472.87%
Deposits and advance rentals	85,559	66,026	19,533	29.58%
Financial assets at fair value	-	11,236	- 11,236	-100.00%
Other current assets	6,344	5,800	544	9.38%
Total Current Assets	500,635	442,753	57,882	13.07%
Noncurrent Assets				
Deferred input vat	2,379	-	2,379	0.00%
Property and equipment	182,742	84,460	98,282	116.37%
Intangible assets	214,309	201,335	12,974	6.44%
Net deferred tax assets	4,334	611	3,723	609.33%
Total Noncurrent Assets	403,764	286,406	117,358	40.98%
	904,399	**729,158**	**175,240**	**24.03%**
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	112,682	48,400	64,282	132.81%
Current portion of:	-	-	-	0.00%
Notes payable	283,689	311,750	- 28,061	-9.00%
Mortgage payable	2,589	1,131	1,458	128.91%
Due to related parties	22,116	7,908	14,208	179.67%
Dividends payable	45,500	-	45,500	0.00%
Income tax payable	30,865	36,044	- 5,179	-14.37%
Total Current Liabilities	497,441	405,233	92,208	22.75%
Noncurrent Liabilities				
Noncurrent portion of:				
Notes payable	27,625	-	27,625	0.00%
Mortgage payable	3,372	3,294	78	2.37%
Retirement benefits liability	2,230	1,702	528	31.02%
Total Noncurrent Liabilities	33,227	4,996	28,231	565.07%
Total Liabilities	530,668	410,229	120,439	29.36%
Equity				
Capital stock	160,000	160,000	-	0.00%
Retained earnings	158,584	103,781	54,803	52.81%
Other equity reserves	55,193	55,193	-	0.00%
Other comprehensive loss	- 46	- 46	-	0.00%
Total Equity	373,731	318,928	54,803	17.18%
	904,399	**729,158**	**175,242**	**24.03%**

Year Ended December 31, 2018 compared to year ended December 31, 2017

Our total assets stood at ₽904.4 million as of December 31, 2018, higher by 24.0% than the total assets of ₽729.2 million as of December 31, 2017.

Cash and cash equivalents stood at ₱260.5 million as of December 31, 2018, lower by 11.5% than the amount of ₱294.4 million as of December 31, 2017. The decrease was due to net cash outflows from investing activities of ₱187.8 million outpacing combined net cash inflows from operating activities and financing activities of ₱153.9 million in 2018.

Trade and other receivables stood at ₱55.6 Million as of December 31, 2018, higher by 189.7% than the trade and other receivables of ₱19.2 million as of December 31, 2017. The increase during this period was due to higher volume of sales to franchisees.

Merchandise inventory stood at ₱52.0 million as of December 31, 2018, higher by 33.5% than the total merchandise inventory of ₱39.0 million as of December 31, 2017. The increase from 2017 to 2018 was due to the store network expansion of the Group.

Property and equipment stood at ₱182.7 million in 2018, higher by 116.4% than the property and equipment in 2017, of ₱84.5 million. The increase from 2017 to 2018 was due to the store improvement program implemented during the year.

Trade and other payables stood at ₱112.7 million in 2018, higher by 132.8% than the trade and other payables in 2017, of ₱48.4 million. The increase in trade and other payables from 2017 to 2018 was due to the increased level of purchases for the period.

Mortgage payable stood at ₱5.96 million in 2018, a 34.54% increase from 2017, where mortgage payable stood at ₱4.43 Million. The increase in mortgage payable is due to additional vehicles acquired.

Notes Payable in 2018 stood at ₱311.1 million, a slight decrease of 0.2% from 2017 when the outstanding balance stood at ₱311.8 million. The Notes Payable were sourced from local commercial banks, to finance its working capital requirements.

Capital stock stood at ₱160 million as of December 31, 2018, unchanged from ₱160 million in 2017.

Total equity stood at ₱373.7 million in 2018, which was an increase of 15.2% from 2017, where total equity was at ₱318.9 million. Total equity increased from 2017 to 2018 due to addition of net income of ₱100.3 million for the period, which was reduced by the declaration of ₱45.5 million of dividends.

Events within the Reporting Period

Impact of COVID-19. In March 2020, the COVID-19 outbreak was declared to be a global pandemic by the World Health Organization and the Registrant's Group temporarily closed its Group-operated stores across the country beginning March 16, 2020. The Registrant expects these stores to remain closed until further notice. The Registrant plans to follow the guidance of local governments and health organizations to determine when it can reopen these stores. As the situation continues to evolve rapidly, the Registrant is not currently able to predict the timing of the reopening of all its stores but will be subject on a location-by-location basis.

As the community quarantine eases, the Registrant expects to see material improvement in sales as compared to sales while the country was subject to Enhanced Community Quarantine imposed. The Group has started to strategically re-open stores and around 70% of its total stores have reopened.

Despite the decrease of the Registrant Group's topline, management made sure to manage and rationalize expenses to maximize the bottom line. The Group took additional steps from March 2020 onwards to reduce discretionary spending and other expenditures, rolled out procedures to ensure continuous delivery of products using the newly acquired subsidiary, Cocodelivery Inc., and repurposed or upgrade some stores into delivery hubs, also known as Community Stores. The Registrant continues to monitor the situation closely and may implement further measures to provide additional flexibility and improve the Registrant's cash position and liquidity. We managed our payables through negotiating longer terms with suppliers and decreasing our rent expenses.

After-effects of the pandemic also caused disruption in the economy which includes increased interest rates, high inflation, poor performance of the capital markets, and more. These collective disruptions negatively affect the company's operations and financial condition. However, the company is able to maneuver itself through these uncertainties through successful execution of its strategies which include store expansion, disciplined acquisitions, and profitable investments.

The Registrant Group is still pushing through with its plans to expand more stores in strategic locations. The Registrant wants to position itself in high foot-traffic and logistically viable areas to ensure the sustainability of the store which may be located inside and outside of commercial centers. Aside from the current pandemic and its effects in the global and local economies, the Registrant sees no major risk on the business' operational and financial health and management believes that the Registrant's strong financial condition and ability to obtain short-term or long-term borrowings, the Registrant Group can continue in this more health-conscious environment.

Apart from the events discussed above or in this Management Report, there are no other known trends, events or uncertainties expected to have a material impact on liquidity/sales or events that will trigger direct or contingent financial obligation that is material to the Registrant, including any default or acceleration of an obligation. There is also no known cause for any material change from period to period of financial statements or any seasonal aspects that may have a material effect on the financial statements.

Likewise, the corporation has not entered into any material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships with unconsolidated entities or other persons during the reporting period nor made any material commitments for capital expenditures

IV. NATURE AND SCOPE OF BUSINESS

(A) Background

Fruitas Holdings, Inc. ("FHI") serves as the holding Registrant of food and beverage kiosk operators with 24 active brands across its portfolio. As of December 31, 2021, it has about 720 stores across the Philippines. The Group serves Philippine consumers daily with fresh fruit shakes and juices, lemonade, coolers, milk tea, desserts, meat-filled pastries, soy-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 2022, FHI has more than

700 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,* 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 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 kiosk format enables the Group to be flexible and expand faster. 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 1,945.2 million, Php 891.8 million, Php 1,101.7 million for the years ended December 31, 2019, 2020, and 2021 respectively, and net income (loss) of Php 120.7 million, Php (Php 48.1) million, and (Php 16.3) 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 31 community stores as of the end of December 2021, which includes 25 company-owned and 6 franchised stores within 6 months after the acquisition.

(B) Risks Relating to the Business

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.

Food service 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 food services that compete directly and indirectly with FHI. FHI's 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 the Registrant's 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, such as 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.

V. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDERS MATTERS

Market Information

The Registrant's common shares are being traded at the Philippine Stock Exchange. The high and low sales prices for each quarter within the last three fiscal years as traded on the Philippine Stock Exchange are as follows:

Quarter	**2022**			**2021**		
	High	Low	Close	High	Low	Close
1st	1.30	1.10	1.12	1.80	1.31	1.43
2nd	1.16	0.99	1.08	1.49	1.31	1.40
3rd				1.40	1.15	1.32
4th				1.43	1.20	1.22

The market capitalization of the Company's common shares as of end 2021, based on the closing price of Php 1.22 per share was Php 2,603,089,600. The market capitalization of the Company's common shares as of June 30, 2022, based on the closing price of Php 1.08 per share was Php 2,304,374,400.

Price Information as of the Latest Practicable Trading Date

Trading Date	High	Low	Close
30 June 2022	1.09	1.04	1.08

Stockholders

The number of shareholders of record as of May 31, 2022, was 21. The shareholders as of the same date are as follows:

Name of Shareholder	Number of Shares	% Ownership
PCD Nominee Corp. (Filipino)	2,018,887,086	94.62%
Lush Properties Incorporated	100,000,000	4.69%
PCD Nominee Corp. (Non-Filipino)	12,139,906	0.57%
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	-

The following are non-certificated shareholders and part of PCD Nominee Corp. (Filipino) which hold significant shares of the Registrant (more than 5%) as of May 31, 2021:

	Stockholder's Name	Common Shares	Percentage
1	Lush Properties Inc.	1,127,500,000	52.84%
2	Lester C. Yu	126,116,000	5.91%

Apart from the stockholders listed above, no other stockholders own at least 5% of the Registrants shares under PCD Nominee Corp.

Dividends

On August 7, 2020, the Company declared dividends amounting to Php 0.01 per share or a total of Php 21,336,800.00 on all shares of common stock issued and outstanding to stockholders as of record as of August 27, 2020. Cash dividends were paid on September 18, 2020. The amount of Php 21,336,800.00 represents the total cash declared and paid for in 2020. There are no outstanding dividends payable as at December 31, 2020.

The Company did not declare dividends for the year 2021. There are no outstanding dividends payables as at December 31, 2021.

Dividend Policy

We have approved a dividend policy of distributing 30% of our net income after tax from the preceding year payable primarily in cash. However, the Board of Directors, in its discretion, may decide to declare dividends to be payable in property or share. Declaration of dividends is subject to the requirements of applicable laws and regulations, the terms and conditions of our outstanding loan facilities, and the absence of circumstances that may restrict the payment of such dividends, such as when we undertake major projects, expansions, and developments. Dividends must be approved by our Board of Directors and in the case of stock dividends, approved by 2/3 of the Registrant's total outstanding capital stock at a regular or special meeting called for the purpose, and may be declared only from our unrestricted retained earnings. The Registrant will conduct a periodic review of available unrestricted balance of retained earnings for purposes of earmarking surplus profit for future capital expenditures or for distributing the same as special cash or stock dividends. Our board of directors may, at any time, modify our dividend policy or declare special dividends, depending upon our capital expenditure plans and/or any terms of financing facilities entered into to fund our current and future operations and projects. We cannot assure you that we will pay any dividends in the future.

Record Date

Pursuant to existing Philippine SEC rules, cash dividends declared by a Registrant must have a record date not less than 10 nor more than 30 days from the date the cash dividends are declared. With respect to stock dividends, the record date is to be not less than 10 or more than 30 days from the date of shareholder approval, provided however, that the set record date is not to be less than 10 trading days from receipt by the PSE of the notice of declaration of stock dividend. In the event that a stock dividend is declared in connection with an increase in authorized capital stock, the corresponding record date is to be fixed by the Philippine SEC.

Recent Sale of Unregistered Securities

The following securities were issued as exempt from the registration requirements of the SRC and therefore have not been registered with the Philippine SEC.

- In November 2016, the Registrant sold its common shares at par value of Php1.00 per share to the following individuals and entity: Madelene Timbas-Sayson (150,000 shares); Marvin Yu (100,000 shares), and Lester Yu (7,000,000 shares).

- In February 2017, the Registrant sold its common shares at par value of Php1.00 per share to Melanie Legaspi (50,000 shares); and to Lush Properties Incorporated (12,700,000 shares).

- On 15 February 2017, the majority of the Board of Directors of the Registrant and its stockholders owning or representing at least two-thirds of the outstanding capital stock of the Registrant approved to change the par value of its common shares from Php1.00 to Php0.10 per share and reclassified Php 30 million of its authorized capital stock to 3,000,000,000 preferred shares with par value of Php0.01 per share. Thus, the number of common shares of the Registrant increased from 500,000,000 common shares at Php1.00 per share, to 4,700,000,000 common shares at Php0.10 per share. As a result of the lowering of the par value, the common shares of the following entities and individuals increased: Lush Properties

Incorporated (from 38,700,000 common shares to 387,000,000 common shares); Ralproperties Inc. (from 10,000,000 common shares to 100,000,000 common shares); Lester C. Yu (from 17,250,000 common shares to 172,500,000 common shares); Jonathan G. Co (from 100,000 common shares to 1,000,000 common shares); Sherlyn U. Gonzales (from 250,000 common shares to 2,500,000 common shares); Roselyn A. Legaspi (from 300,000 common shares to 3,000,000 common shares); Madelene Timbas-Sayson (from 150,000 common shares to 1,500,000 common shares); Marvin C. Yu (from 100,000 common shares to 1,000,000 common shares); Melanie Legaspi (from 150,000 common shares to 1,500,000 common shares); Lush Enterprises Corporation (from 26,000,000 common shares to 260,000,000 common shares); FGI (from 26,000,000 common shares to 260,000,000 common shares); and BNF (from 26,000,000 common shares to 260,000,000 common shares).

- On 7 November 2017, the Registrant sold its common shares at par value of Php0.10 to the following entities and individuals: Next Merchant Holdings, Inc. (74,490,000 common shares); Highlands Sunrise Holdings Inc. (74,480,000 common shares); Calvin Chua (500,000 common shares); Rogelio Guadalquiver (500,000 common shares); Bambi Maureen Donato (10,000 common shares); Bernardino Ramos (10,000 common shares); and Shirley Tan (10,000 common shares).

- On 20 August 2019, the Registrant sold its common shares at par value of Php 0.10 to the following individuals: Dennis Beng Hui (10,000 commons shares); and Irene O. Chua (10,000 common shares).

Stock Options

None.

VI. COMPLIANCE WITH LEADING PRACTICE ON CORPORATE GOVERNANCE

The Registrant's Board has adopted a Revised Manual on Corporate Governance. The Registrant's Revised Manual on Corporate Governance describes the terms and conditions by which the Registrant intends to conduct sound corporate governance practices that are consistent with the relevant laws and regulations of the Republic of the Philippines, and which seek to enhance business transparency and build shareholder value.

Ultimate responsibility and oversight of the Registrant's adherence to superior corporate governance practices rests with the Board of Directors. As a policy matter, the Board will hold monthly meetings, at which any number of relevant corporate governance issues may be raised for discussion.

Practical oversight of the Registrant's corporate governance standards is exercised through the Board's Corporate Governance Committee.

The Registrant is committed to building a solid reputation for sound corporate governance practices, including a clear understanding by its Directors of the Registrant's strategic objectives, structures to ensure that such objectives are realized, systems to ensure the effective management of risks and the systems to ensure the Registrant's obligations are identified and discharged in all aspects of its business. Each January, the Registrant will issue a certification to the Philippines Securities and Exchange Commission and the Philippine Stock Exchange that it has fulfilled its corporate governance obligations.

As of the date of this report, there are no known material deviations from the Registrants Manual of Corporate governance. The Registrant is taking further steps to enhance adherence to principles and practices of good corporate governance.

ANNEX A

May 16, 2022

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. 2021 SEC Form 17-A Annual Report**

Dear Director Felizmenio and Ms. Encarnacion:

We hereby submit the SEC Form 17-A Annual Report for the year ended 31December 2021 with the following exhibits:

1. 2021 Audited Financial Statement
2. Top 100 Stockholders as of December 31, 2021
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

C S 2 0 1 5 0 3 0 1 4

SEC Registration Number

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

(Company's Full Name)

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

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

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

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

SEC FORM 17-A

1 2	3 1			
Month	Day	FORM TYPE	Month	Day
Fiscal Year			Annual Meeting	

Secondary License Type, If Applicable

Dept Requiring this Doc

Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes

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, 2021**

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, 2021

Total Number of Outstanding Shares	2,133,680,000
Less: Outstanding Shares held by Affiliates	1,364,295,010
Shares held by Non-Affiliates	769,384,990
Closing price as of December 31, 2021	Php 1.22
Aggregate Market Value of Voting Stock held by Non-Affiliate	Php 938,649,687.80
Level of Public Float based on information available as of Dec. 31, 2021	36.06%

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) 2021 Consolidated Financial Statements of Fruitas Holdings, Inc. and its Subsidiaries ;

(b) List of Stockholders;

(c) Sustainability Report.

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

a. Overview

Fruitas Holdings, Inc. ("FHI") serves as the holding company of food and beverage kiosk operators with over 25 active brands across its portfolio. As of December 31, 2021, it has established around 720 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 around 720 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 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 kiosk format enables the Group to be flexible and expand faster. 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 1,945.2 million, Php 891.8 million, Php 1,101.7 million for the years ended December 31, 2019, 2020, and 2021 respectively, and net income (loss) of Php 120.7 million, Php (Php 48.1) million, and (Php 16.3) 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 31 community stores as of the end of December 2021, which includes 25 company-owned and 6 franchised stores within 6 months after the acquisition.

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
Foodparks		
150 Maginhawa St, Quezon City	600 sq. m.	Leased
55 Cordillera St, Quezon City	1,646 sq. m.	Sub-leased
Properties for future use		
71 Brixton Hills, Quezon City	750 sq. m.	leased
Tisa, Cebu City	457 sq. m.	Owned**
Catwayan, Carles, Iloilo	6,128 sq. m.	Owned**
Sta. Mesa, Manila	909.5 sq. m.	Owned***

** 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

The market capitalization of the Company's common shares as of end 2021, based on the closing price of Php 1.22 per share was Php 2,603,089,600.

b) Holders

Total shares outstanding as of December 31, 2021, is 2,133,680,000 with a par value of P1.00. The shareholders as of the same date are as follows:

Name of Shareholder	Number of Shares	% Ownership
PCD Nominee Corp. (Filipino)	2,017,896,086	94.574%
Lush Properties Incorporated	100,000,000	4.687%
PCD Nominee Corp. (Non-Filipino)	13,130,906	0.615%
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

The Company did not declare dividends for the year 2021. There are no outstanding dividends payables as at December 31, 2021.

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, 2021.

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 21 Results of Operations

Key Highlights

FRUIT registered a consolidated net loss of Php 16.3 million for the twelve months ending December 31, 2021. This yields a net loss margin of 1.5% however, an increase of 66.0% year-on-year compared to the reported net loss of Php 48.1 million in 2020.

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 1,101.7 million, increasing by 23.5% from reported revenues of Php 891.8 million for the twelve months ending December 31, 2020.

Cost of Sales

For the year ending 2021, consolidated cost of sales increased by 17.6% from Php 356.5 million in 2020 to Php 419.3 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 682.4 million for the full year 2021, increasing by 27.5% from Php 535.4 million in the previous year. This yielded a gross profit margin of 61.9% as the Company executed inventory-buying strategies, implemented price increases, rationalized manpower requirements and expanded product mix.

Selling and Distribution Expenses

For the twelve months ending December 31, 2021, consolidated selling and distribution expenses totaled Php 608.8 million, representing a 55.3% cost-to-sales ratio. This is Php 115.7 million higher compared to Php 493.0 million during the same period in 2020.

General and Administrative Expenses

For the twelve months ending December 31, 2021, consolidated general and administrative expenses totaled Php 116.6 million, representing a -10.6% cost-to-sales ratio. This is Php 4.5 million lower compared to Php 121.2 million during the same period in 2020.

Operating Income (Loss)

Consolidated operating loss reached Php 6.0 million in 2021, decreasing by 91.7% from Php 72.7 million in 2020. This was primarily driven by improvement of revenues from the opening and reopening of store operations, lower interest expenses, and higher gross profit margin.

Interest Expense

Interest expense of Php 16.0 million was recorded for the twelve months ending December 31, 2021.

Other Income

Consolidated other income totaled Php 12.9 million as of year-end 2021. This is composed mainly of Php 7.2 million interest income from investments. Other items included in other income are Php 2.3 million from rental concessions and Php 2.4 million from the termination of lessees.

Net Income

For the year ending 2022, consolidated net loss reached Php 16.3 million, yielding a net loss margin of 1.5%. This is an improvement of 66.0% versus the 2020 recorded net loss after tax of Php 48.1 million.

FY21 Financial Condition

FRUIT had consolidated total assets of Php 1,641.4 million as of December 31, 2021, an increase versus total assets of Php 1,544.0 million as of end-2020.

Cash and cash equivalents

As of end 2021, cash and cash equivalents totaled Php 318.4 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 93.3 million as of year-end 2021 compared to Php 104.4 million in 2020, a decrease of 10.7% due to higher collection third party trade receivables.

Inventories

As of December 31, 2021, inventories decreased to Php 36.7 million from Php 35.0 million in 2020, an increase of 4.8% due to improved sales performance while ensuring an efficient management of inventory levels.

Property, plant, and equipment

Consolidated net property, plant, and equipment stood at Php 341.7 million as of year-end 2021. Acquisition of property and equipment for the year reached Php 200.8 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 167.4 million in 2021.

Intangible assets

Intangible assets stood at Php 215.8 million for the period.

Accounts payable and other current liabilities

Accounts payable and other current liabilities increased by 32.1% for the full-year 2021 to Php 301.5 million, driven primarily by the increase in the current portion of notes payables and lease liabilities.

Loans payable

As of December 31, 2021, the Company's total interest-bearing debt stood at ₱ 186.4 million. Short-term loans amounting to Php 186.3 million was used to partially fund working capital requirements.

Total long-term loans payable stood at Php 0.1 million, which was primarily used to acquire vehicles.

Capital stock and Additional paid-in capital

For the twelve months ending December 31, 2021, 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 generated from operating activities amounted to Php 112.4 million for the full-year 2021, 218.6% reversal versus the previous year's (Php 94.7) million. The increase is primarily attributable to the opening and reopening of store operations during the year.

Consolidated net cash used in investing activities was Php 156.8 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 12.0 million in 2021, primarily arising from interest payments and dividends which were partially offset by loan availments.

All in all, net cash used for the year totaled Php 32.4 million, leading to cash and cash equivalents balance of Php 318.4 million at year-end 2021.

Key Performance Indicators (KPIs)

	Audited Twelve Months Ended December 31, 2020	Audited Twelve Months Ended December 31, 2021
Revenue Growth	-54.2%	23.5%
Gross Profit Margin	60.0%	61.9%
Net Income Margin	-5.4%	-1.5%
EBITDA (Php thousands)	65	131
EBITDA Margin	7.3%	11.9%
Return on Average Assets	-2.9%	-1.0%
Return on Average Equity	-3.8%	-1.3%
Current Ratio	340.9%	237.2%
Debt to Equity Ratio	24.7%	34.3%

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, 2021, 2020 and 2019 in accordance with the Philippine Standards on Auditing.

Wilson P.Teo is the current audit partner and has served our Company from 2015 to 2021. 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	**2021**	**2020**	**2019**
Audit and Audit-Related Fees[a]	₱ 2.20	₱ 1.80	₱ 2.55
All Other Fees[b]	None	None	None
Total	₱ 2.20	₱ 1.80	₱ 2.55

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, 2021.

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, 2021:

Name	Age	Nationality	Position
Rogelio M. Guadalquiver	79	Filipino	Chairman
Lester C. Yu	47	Filipino	Director, President, and Chief Executive Officer
Madelene T. Sayson	33	Filipino	Director, Chief Operating Officer
Calvin F. Chua	41	Filipino	Director and Chief Financial Adviser
Bambi Maureen E. Donato	45	Filipino	Independent Director
Dennis T. Beng Hui	51	Filipino	Independent Director
Shirley O'Yek Tan	57	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, 79, 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, 47, 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, ***33***, 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, 42, 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**, 45,** 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, 51, 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*, 57,** 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, 2021:

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	43	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 2022, 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 2022. She holds a Bachelor of Science degree in Accountancy from Polytechnic University of the Philippines and is a Certified Public Accountant.

Rushell A. Salvador, 32, 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, 43, has been FHI's Corporate Secretary since Aug. 24, 2019. On December 2022, 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. Mr. Jonathan Co is a brother of the mother of Mr. Lester C. Yu and Mr. Marvin C. Yu. 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
Roselyn A. Legaspi	Managing Director – Visayas & Mindanao

Madelene T. Sayson	Chief Operating Officer
Juneil P. Torio	Chief Financial Officer, Treasurer, and IRO
Marvin C. Yu	Corporate Secretary

The following table identifies and summarizes the aggregate compensation of our President and CEO and the four most highly compensated executive officers, as well as the aggregate compensation paid to all other officers and Directors as a group, for the years ended December 31, 2019, 2020, and 2021 (estimated):

Aggregate Compensation – Executive Officers (top five)

Year	Total (₱ million)
2019	5.3
2020	5.3
2021	5.3

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

Year	Total (₱ million)
2019	4.3
2020	1.6
2021	1.6

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 2021 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 2021 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 March 31, 2021, 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, 2021 attached as Annex "C"	Filipino	2,017,896,086	94.574%

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	1,227,500,010	-
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, 2021, there are no persons holding more than 5.0% of a class of shares under a voting trust or similar agreement.

d.) Changes in Control

There are no arrangements which may result in a change in control of the Registrant as of December 31, 2021.

Item 12. Certain Relationships and Related Transactions

Due from Related Parties

The Group has outstanding noninterest-bearing amounts due from related parties amounting to ₱127.4 million as of December 31, 2021.

Lease Agreements

[1] PCD Nominee Corp. includes 1,353,617,010 shares beneficially owned by Lester C. Yu representing 63.44% of outstanding shares (126,117,000 in his name, 1,227,500,000 shares owned by Lush Properties Inc., and 10 shares owned by Ms. Janet Yu, Mr. Yu's mother)

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 2021.

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, 2021:

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
Buko ni Fruitas, Inc.	Operating company primarily housing the stores under the Balai Pandesal, Buko ni Fruitas, and House of Desserts brands.	100%	Philippines
Soykingdom, Inc.	Operating company primarily manufacturing soya-based products for the Group.	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 14, 2021	Fruitas gears up for a strong rebound in 2021
January 18, 2021	Fruitas unveils medium-term "5 by 5" vision
February 01, 2021	Fruitas accelerates community store rollout
February 08, 2021	Fruitas enters the bakery business
March 16, 2021	Fruitas tackles COVID surge with aggressive product breadth expansion and community store rollout
April 12, 2021	Postponement of 2021 Annual Stockholders Meeting of Fruitas Holdings Inc.
April 15, 2021	Fruitas increases revenues by 58% quarter-on-quarter and generates Php19 million EBITDA in 4Q2020
May 27, 2021	Fruitas to acquire Balai Pandesal and double down on building stores in communities
June 01, 2021	Fruitas maintains sales momentum and records third straight quarter of positive EBITDA in 1Q2021
June 7, 2021	Notice of Annual Stockholders Meeting of Fruitas Holdings Inc.
June 8, 2021	Amendment of Article II of the Articles of Incorporation
July 21, 2021	Fruitas well-prepared for challenge of new pandemic risks as community stores reach 74
July 27, 2021	Results of the 2021 Annual Stockholders' Meeting
July 27, 2021	Results of 2021 Organizational Meeting of Fruitas Holdings, Inc.
July 29, 2021	Fruitas to innovate and seize opportunities as more stores reopen

August 17, 2021	Fruitas returns to profitability in 2Q2021
September 30, 2021	Board of Directors Meeting Approvals: Infusion to BNFi and AOI Amendment
October 22, 2021	Fruitas achieves target of 100 community stores 71 days ahead of schedule; reopens 90% of store network; nears vaccinating 100% of its workforce
November 08, 2021	Fruitas records 49% revenue increase in 3Q2021 compared to the same period in 2020.
November 08, 2021	Fruitas enters the healthcare industry and inks deal to acquire 100% of Surehealth Clinic
November 15, 2021	Fruitas records 90% revenue increase quarter-on-quarter and positive EBITDA in 3Q2020; continues expansion and pivot of its business
November 18, 2021	Fruitas terminates discussions to acquire Surehealth Clinic
November 27, 2021	Board of Directors Meeting: December 27, 2021
December 13, 2021	Fruitas posts strongest sales since pandemic in November 2021 and anticipates better performance in December 2021
December 27, 2021	Fruitas Holdings subsidiary Balai ni Fruitas set to file for Php309 million IPO

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 MAY 18 2022 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 MAY 18 2022 day 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. PERLITA P. CABRERA
Notarial Commission Extended Until
June 30, 2022, Per Supreme Court
Resolution Under B.M. No. 3795
Notary Public
PTR No. 2200394; 01/03/22 - QC
IBP No. 176830; 01/03/22 - QC
MCLE VII Compliant as of Oct. 2021
[Awaiting Compliance Certificate]

DOC. NO. 176
PAGE NO. 101
BOOK NO. XVIII
SERIES NO. 2022

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	1	5	0	3	0	1	4

COMPANY NAME

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

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

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

Form Type	Department requiring the report	Secondary License Type, If Applicable
ACFS	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)	Fiscal Year (Month / Day)
124	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. 0207-FR-3 (Group A)
August 29, 2019, valid until August 28, 2022

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, 2021 and 2020, 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, 2021, 2020 and 2019, 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, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2021, 2020 and 2019, in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the 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.

Emphasis of Matter - Novel Coronavirus (COVID-19) Pandemic

We draw attention to Note 1 to the consolidated financial statements concerning the significant impact of the still prevailing COVID-19 pandemic to the Group's business operations. The Group, however, believes that it can continue as a going concern with the initiatives it adopted in improving its cash and liquidity position, managing costs and improving operational efficiencies. Our opinion is not modified in respect of this matter.

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.

Valuation of Intangible Assets and Assessment of the Recoverable Amounts of Property and Equipment, Right-of-Use (ROU) Assets and Deferred Tax Assets

The Group carries a significant amount of intangible assets, property and equipment, ROU assets, and deferred tax assets as at December 31, 2021. The aggregate carrying amount of intangible assets, property and equipment, ROU assets, and deferred tax assets amounted to ₱758.9 million as at December 31, 2021. These assets comprise 46% of the Group's total consolidated assets as at December 31, 2021. Further, the Group is significantly affected by the COVID-19 pandemic. Under PFRSs, the Group is required to assess annually the intangible assets with indefinite useful lives for possible impairment and assess other nonfinancial assets for impairment when there are indicators of impairment. The impairment tests were significant to our audit because the assessment process requires significant judgments and assumptions involving expected future financial performance, which mainly include estimation of future cash flows that are highly dependent on management's strategies and business plans to mitigate the continuing impact of the COVID-19 pandemic.

We reviewed the cash flow projections considered in the impairment assessment by the Group's management. We assessed and tested the reasonableness and appropriateness of the assumptions, methodologies and other data used by comparing them to external and historical data and by analyzing sensitivities in the Group's valuation model. We evaluated the cash generating units whether a reasonably possible change in assumptions could cause the carrying amount to exceed its recoverable amount, and also assessed the appropriateness of its expected cash flow projections in a business environment that continues to be affected by the COVID-19 pandemic. For the recoverability of deferred tax assets, we also considered in our evaluation the extent and the timing when it is probable that the Group will have appropriate future taxable profit and the extent that tax planning opportunities available to the Group would create sufficient taxable profit, in consideration of the relevant taxation rules and regulations. 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 Notes 2, 3, 10, 11, 23, and 24 to the consolidated financial statements.

Valuation of Investment Properties Measured at Fair Value

The fair values of the Group's investment properties amounted to ₱167.4 million, comprising 10% of the Group's consolidated assets as at December 31, 2021. The gain from change in fair value of investment properties recognized in the consolidated statement of comprehensive income amounted to ₱40.1 million in 2021. 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 of the significance of the gain from change in fair value of investment properties recognized in 2021, and 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, understanding of the valuation process of the investment properties, evaluating the appraisal reports prepared by the independent firm of appraisers that support the fair value determination, and reviewing 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 9 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, 2021, 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, 2021 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 PFRSs, 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 PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, these 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 PSAs, 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 audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 Wilson P. Teo.

REYES TACANDONG & CO.

WILSON P. TEO
Partner
CPA Certificate No. 92765
Tax Identification No. 191-520-944-000
BOA Accreditation No. 4782; Valid until April 13, 2024
SEC Accreditation No. 92765-SEC Group A
Issued January 28, 2020
Valid for Financial Periods 2019 to 2023
BIR Accreditation No. 08-005144-014-2020
Valid until January 1, 2023
PTR No. 8851714
Issued January 3, 2022, Makati City

April 9, 2022
Makati City, Metro Manila

FRUITAS HOLDINGS INC.

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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, 2021, 2020 and 2019**, 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

Signature ____________________
Lester C. Yu
Chief Executive Officer and President

Signature ____________________
Juneil Dominic P. Torio
Chief Financial Officer /Treasurer

SUBSCRIBED AND SWORN TO
BEFORE ME THIS APR 0 4 2022.
AFFIANT EXHIBITING TO ME
WITH VALID I.D. NO.

Signed this 9th day of April 2022

DOC. NO. 112
PAGE NO. 24
BOOK NO. VII
SERIES NO. 2022

ATTY. MA. PERL ... P. CABRERA
Notarial Commission Extended Until
June 30, 2022, Per Supreme Court
Resolution Under B.M. No. 3795
PTR No. 229639; 01/03/22 - QC
IBP No. 178630; 01/03/22 - QC
MCLE VII Compliant as of Oct. 2021
[Awaiting Compliance Certificate]

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2021**	2020
ASSETS			
Current Assets			
Cash and cash equivalents	5	**₱318,431,017**	₱350,824,146
Trade receivables	6	**93,258,137**	104,404,733
Due from related parties	15	**127,428,238**	139,903,014
Merchandise inventories	7	**36,694,592**	35,011,152
Deposits and advance rentals	23	**104,777,430**	110,171,602
Other current assets	8	**34,494,388**	37,934,520
Total Current Assets		**715,083,802**	778,249,167
Noncurrent Assets			
Investment properties	9	**167,436,600**	126,875,050
Property and equipment	10	**341,684,140**	237,782,743
Right-of-use (ROU) assets	23	**131,706,806**	80,874,880
Intangible assets	11	**215,821,056**	213,603,422
Net deferred tax assets	24	**69,682,873**	69,777,537
Advances to contractors	10	**–**	35,086,878
Deferred input value-added tax (VAT)		**–**	1,791,459
Total Noncurrent Assets		**926,331,475**	765,791,969
		₱1,641,415,277	₱1,544,041,136
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	12	**₱63,455,380**	₱55,499,779
Notes payable	13	**184,580,500**	138,922,678
Current portion of:			
Mortgage payable	14	**1,723,368**	2,695,005
Lease liabilities	23	**43,341,691**	21,101,793
Income tax payable		**8,406,443**	10,079,093
Total Current Liabilities		**301,507,382**	228,298,348

(Forward)

	Note	December 31 2021	2020
Noncurrent Liabilities			
Noncurrent portion of:			
Mortgage payable	14	**₱80,909**	₱1,204,446
Lease liabilities	23	**106,443,314**	68,119,511
Security deposits	23	**642,799**	–
Retirement benefits liability	16	**10,709,389**	8,168,926
Total Noncurrent Liabilities		**117,876,411**	77,492,883
Total Liabilities		**419,383,793**	305,791,231
Equity			
Capital stock	17	**213,368,000**	213,368,000
Additional paid-in capital	17	**777,837,044**	777,837,044
Retained earnings		**180,382,329**	196,706,537
Other equity reserves	4	**51,252,779**	51,252,779
Other comprehensive loss	16	**(808,668)**	(914,455)
Total Equity		**1,222,031,484**	1,238,249,905
		₱1,641,415,277	₱1,544,041,136

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	**2021**	2020	2019
REVENUE	18	**₱1,101,704,546**	₱891,847,222	₱1,945,184,563
DIRECT COSTS	19	**(419,295,089)**	(356,478,659)	(814,396,877)
GROSS PROFIT		**682,409,457**	535,368,563	1,130,787,686
SELLING AND DISTRIBUTION EXPENSES	20	**(608,755,475)**	(493,018,940)	(772,051,259)
GENERAL AND ADMINISTRATIVE EXPENSES	21	**(116,637,137)**	(121,155,301)	(182,220,088)
GAIN FROM CHANGE IN FAIR VALUE OF INVESTMENT PROPERTIES	9	**40,061,550**	–	–
INTEREST EXPENSE	13	**(16,013,614)**	(20,658,602)	(38,664,963)
OTHER INCOME - Net	22	**12,935,138**	26,788,920	7,890,994
INCOME (LOSS) BEFORE INCOME TAX		**(6,000,081)**	(72,675,360)	145,742,370
PROVISION FOR (BENEFIT FROM) INCOME TAX	24			
Current		**10,351,816**	19,794,400	44,884,664
Deferred		**(27,689)**	(44,401,706)	(20,669,486)
		10,324,127	(24,607,306)	24,215,178
NET INCOME (LOSS)		**(16,324,208)**	(48,068,054)	121,527,192
OTHER COMPREHENSIVE INCOME (LOSS)				
Item not to be reclassified to profit or loss				
Remeasurement gain (loss) on retirement benefits liability (net of deferred tax)	16	**105,787**	–	(868,167)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO THE PARENT COMPANY		**(₱16,218,421)**	(₱48,068,054)	₱120,659,025
Basic and Diluted Earnings (Loss) per Share	25	**(₱0.0077)**	(₱0.0225)	₱0.0739

See accompanying Notes to Consolidated Financial Statements.

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Years Ended December 31					
		Number of Shares			Amount		
	Note	**2021**	2020	2019	**2021**	2020	2019
Capital Stock - ₱0.10 par value	17						
Balance at beginning of year		**2,133,680,000**	2,133,680,000	1,600,000,000	**₱213,368,000**	₱213,368,000	₱160,000,000
Issuances		**–**	–	533,680,000	**–**	–	53,368,000
Balance at end of year		**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	17						
Balance at beginning of year					**777,837,044**	777,837,044	–
Issuances					**–**	–	777,837,044
Balance at end of year					**777,837,044**	777,837,044	777,837,044
Retained Earnings							
Balance at beginning of year					**196,706,537**	266,111,391	158,584,199
Net income (loss)					**(16,324,208)**	(48,068,054)	121,527,192
Cash dividends	17				**–**	(21,336,800)	(14,000,000)
Balance at end of year					**180,382,329**	196,706,537	266,111,391

(Forward)

		Years Ended December 31		
		Amount		
	Note	**2021**	2020	2019
Other Equity Reserves	4			
Balance at beginning of year		**₱51,252,779**	₱55,192,582	₱55,192,582
Acquisition of a subsidiary		**–**	(3,939,803)	–
Balance at end of year		**51,252,779**	51,252,779	55,192,582
Other Comprehensive Loss	16			
Balance at beginning of year		**(914,455)**	(914,455)	(46,288)
Remeasurement gain (loss) on retirement benefits liability, net of deferred tax		**171,105**	–	(868,167)
Effect of change in tax rate		**(65,318)**	–	–
Balance at end of year		**(808,668)**	(914,455)	(914,455)
		₱1,222,031,484	₱1,238,249,905	₱1,311,594,562

See accompanying Notes to Consolidated Financial Statements.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	**2021**	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax		**(₱6,000,081)**	(₱72,675,360)	₱145,742,370
Adjustments for:				
Depreciation and amortization	10	**139,821,038**	118,487,665	101,893,210
Gain from change in fair value of investment properties	9	**(40,061,550)**	–	–
Interest expense	13	**16,013,614**	20,658,602	38,664,963
Interest income	5	**(7,194,705)**	(15,407,074)	(1,877,693)
Retirement benefits cost	16	**2,768,603**	2,761,496	1,937,327
Gain from:				
Termination of lease	23	**(2,434,473)**	(630,978)	–
Rental concessions	23	**(2,283,799)**	(7,362,437)	–
Provision for impairment loss	6	**–**	4,657,995	–
Unrealized foreign exchange loss (gain)	22	**–**	(48,726)	850,409
Operating income before working capital changes		**100,628,647**	50,441,183	287,210,586
Decrease (increase) in:				
Trade receivables		**11,146,596**	(26,388,704)	(27,928,117)
Merchandise inventories		**(1,683,440)**	14,454,012	2,117,021
Deposits and advance rentals		**1,972,306**	(7,655,384)	(17,766,992)
Other current assets		**4,460,389**	(9,879,476)	(8,578,692)
Deferred input VAT		**1,791,459**	(808,671)	1,396,598
Increase (decrease) in:				
Trade and other payables		**7,955,601**	(85,212,824)	23,335,622
Security deposits		**642,799**	–	–
Net cash generated from (used for) operations		**126,914,357**	(65,049,864)	259,786,026
Income taxes paid		**(13,044,723)**	(35,555,770)	(47,779,442)
Interest paid		**(8,702,731)**	(9,263,087)	(28,186,315)
Interest received		**7,194,705**	15,407,074	1,877,693
Net cash provided by (used in) operating activities		**112,361,608**	(94,461,647)	185,697,962
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
Investment properties	9	**(500,000)**	(126,875,050)	–
Property and equipment	10	**(165,737,011)**	(97,702,315)	(116,452,712)
A subsidiary, net of cash acquired	4	**–**	(6,869,893)	–
Intangible assets	11	**(3,000,000)**	–	(754,017)
Collections from related parties		**12,474,776**	–	186,303,675
Advances to contractors	10	**–**	(35,086,878)	–
Advances to related parties		**–**	(25,157,696)	(260,477,832)
Input VAT on the acquisition of land	9	**–**	(15,000,000)	–
Net cash used in investing activities		**(156,762,235)**	(306,691,832)	(191,380,886)

(Forward)

	Note	2021	2020	2019
		Years Ended December 31		
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from:				
Issuance of promissory notes	13	**₱79,580,500**	₱35,500,000	₱187,326,411
Availment of mortgage loan	14	**–**	2,168,000	1,564,000
Issuance of shares, net of share issue costs	17	**–**	–	831,205,044
Payments of:				
Notes payable	13	**(33,922,678)**	(87,681,459)	(307,536,378)
Lease liabilities	23	**(31,555,150)**	(26,384,166)	(29,449,542)
Mortgage payable	14	**(2,095,174)**	(2,939,209)	(2,854,748)
Cash dividends	17	**–**	(21,336,800)	(59,500,320)
Due to related parties		**–**	(663,821)	(96,783,725)
Advances from related parties		**–**	–	75,331,166
Net cash provided by (used in) financing activities		**12,007,498**	(101,337,455)	599,301,908
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**–**	48,726	(850,409)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(32,393,129)**	(502,442,208)	592,768,575
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**350,824,146**	853,266,354	260,497,779
CASH AND CASH EQUIVALENTS AT END OF YEAR		**₱318,431,017**	₱350,824,146	₱853,266,354

SUPPLEMENTARY INFORMATION ON NONCASH ACTIVITIES				
Derecognition of:				
ROU assets	23	**(₱9,174,626)**	(₱8,018,962)	₱–
Lease liabilities	23	**(11,609,099)**	(8,649,940)	–
Reclassification of advances to contractors to property and equipment	10	**35,086,878**	–	–
Recognition of:				
ROU assets	23	**102,122,732**	–	140,003,225
Lease liabilities	23	**98,700,866**	–	139,193,225

COMPONENTS OF CASH AND CASH EQUIVALENTS	5			
Cash on hand		**₱1,864,311**	₱3,830,184	₱2,394,334
Cash in banks		**248,521,381**	148,853,555	249,451,631
Short-term placements		**68,045,325**	198,140,407	601,420,389
		₱318,431,017	₱350,824,146	₱853,266,354

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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, 2021, 2020 and 2019 are presented below.

Subsidiaries	Principal Activities	Principal Place of Business	Percentage of Ownership (%)		
			2021	2020	2019
Direct:					
NTI	Production, processing and distribution of goods	Philippines	**100**	100	100
BNFI	Trading 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	–
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, 2021 and 2020, the Parent Company is 57.53% and 57.39%-owned, respectively, 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 a total consideration of ₱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).

In December 2019, NTI acquired the assets of *Heat Stroke Grill* (HSG) from a sole proprietor for a total consideration of ₱368,000 (see Note 4).

BNFI. In June 2021, BNFI acquired the assets and the brand name *Balai Pandesal* from Balai Pandesal Corporation (Balai). 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 (see Note 4).

In December 2019, the Parent Company subscribed to additional 60,000 shares at ₱300.00 for a total consideration of ₱18.0 million.

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 with ₱100.00 par value a share to ₱125.0 million divided into 1,230,000 common shares with ₱100.00 par value a share and 200,000 redeemable preferred shares with ₱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 per share, respectively, for a total consideration of ₱160.0 million.

In 2020, the Parent Company subscribed to additional 40,000 common shares at ₱400.00 per share or for a total consideration of ₱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 a total consideration of ₱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 a total consideration of ₱1.1 million. CDI, a domestic company, is engaged in distribution of fresh coconut water.

Impact of the Coronavirus (COVID-19) Pandemic

In March 2020, the World Health Organization (WHO) declared the COVID-19 outbreak as a global pandemic resulting to a nationwide lockdown. There were stores that were temporarily and permanently closed during the community quarantine periods. Pursuant to the directives of the WHO, the Department of Health and the local government, the Group had to implement activities and programs to preserve the health of its employees and support the prevention of the contagion. The Group incurred a significant decline in revenue in 2021 and 2020.

It is not practicable to estimate the potential impact of the still prevailing COVID-19 pandemic on the Group's operations after the reporting date. The country's economic recovery is dependent on measures adopted by the national government such as quarantine and any economic stimulus that may be provided.

The Group has implemented initiatives to improve its cash position and liquidity, which include reducing discretionary spending, and also cost management measures and improving efficiencies across all areas of operations. It is projecting continued positive results in the coming years.

Accordingly, the consolidated financial statements were prepared on a going concern basis.

Authorization for Issuance

The consolidated financial statements as at December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019 were approved and authorized for issuance by the BOD on April 9, 2022, 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 accordance with Philippine Financial Reporting Standards (PFRSs) issued by the Philippine Financial Reporting Standards Council and adopted by the SEC, including SEC pronouncements. This financial reporting framework includes PFRSs, Philippine Accounting Standards (PAS) and Philippine Interpretations on International Financial Reporting Interpretations Committee (IFRIC).

Bases of Measurement

The consolidated financial statements of the Group have been prepared on a historical cost basis except for investment properties which are measured at fair 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 9 and 28 to the consolidated financial statements.

Adoption of Amended PFRSs
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended PFRSs -

- 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 2021 and 2020, the Group received rent concessions from various lessors and recognized “Gain from rent concessions” amounting to ₱2.3 million and ₱7.4 million, respectively (see Note 22).

Amended PFRSs Issued But Not Yet Effective

Relevant amended PFRSs, which are not yet effective as at December 31, 2021 and have not been applied in preparing the consolidated financial statements, are summarized below.

Effective for annual periods beginning on or after 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.

- 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 per cent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity shall include when it applies the '10 per cent' 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 amendments. Earlier application is permitted.

- 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.

Effective for annual periods beginning on or after January 1, 2023:

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current* – 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.

- Amendments to PAS 1 and PFRS Practice Statement 2, *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, *Making Materiality Judgements*, 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, *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, *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. Earlier application is permitted.

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

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

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

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

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.

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 statement 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 statement 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 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 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, 2021 and 2020, the Group has no financial instruments classified as financial assets at FVPL and FVOCI and 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, 2021 and 2020, 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 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, 2021 and 2020, 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.

Impairment
The Group records an allowance for expected credit loss (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.

Trade Receivables. For trade receivables, the Group has applied the simplified approach in measuring ECL.

Simplified approach requires that ECL should always be based on the lifetime ECL. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Other Financial Assets at Amortized Cost. For these debt instruments, the Group has applied the general approach in measuring ECL.

Under the general approach, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECL that result 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 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 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 statement 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 statement 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 statement 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.

<u>Merchandise Inventories</u>
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.

<u>Deposits and Advance Rentals</u>
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.

<u>Other Current Assets</u>

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 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.

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.

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 impairment in value, if any. These are charged to appropriate asset or expense account upon receipt from suppliers.

Deferred Input VAT. In accordance with Revenue Regulations No. 16-2005, input VAT on purchases or imports of capital goods (depreciable assets for income tax purposes) with an aggregate acquisition cost (exclusive of VAT) in each of the calendar month exceeding ₱1.0 million are 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.

Advances to Contractors

Advances to contractors are recognized whenever the Group pays in advance for its purchase of various assets and services. These are measured at transaction price less any impairment in value and are reclassified to the corresponding asset account when the goods or services for which the advances were made are received or rendered.

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.

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.

<u>Revenue Recognition</u>

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 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, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020, 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 statement 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 2021, 2020 and 2019.

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. In particular, the COVID-19 pandemic and the resulting adverse effects to the global economic conditions, as well as to the Group's operations, may impact future estimates including, but not limited to, the allowance for ECL, NRV of merchandise inventories, fair value measurements, impairment of nonfinancial assets, recognition of deferred tax assets, actuarial losses on retirement benefit plans and discount rate assumptions.

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.

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 9 and 10, 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 2021, 2020, and 2019 is disclosed in Note 23.

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, 2021 and 2020 is disclosed in Note 23.

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, 2021 and 2020 is disclosed in Note 6.

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 2021, 2020 and 2019. 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	**2021**	2020
Cash and cash equivalents	5	**₱318,431,017**	₱350,824,146
Due from related parties	15	**127,428,238**	139,903,014
Construction bond	8	**3,159,846**	2,857,541

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 ate December 31, 201 and 2020 are disclosed in Note 23. Rental expense incurred on short-term leases in 2021 and 2020 is disclosed in Note 23.

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 2021, 2020, and 2019. The carrying amount of merchandise inventories as at December 31, 2021 and 2020 is disclosed in Note 7.

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 9.

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 2021 and 2020.

The carrying amounts of property and equipment, intangible assets and ROU assets as at December 31, 2021 and 2020 are disclosed in Notes 10, 11 and 23, 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, 2021 and 2020 are greater than the corresponding carrying amounts of the CGUs as at the same dates.

No impairment loss was recognized in 2021, 2020 and 2019. The carrying amount of brand names as at December 31, 2021 and 2020 is disclosed in Note 11.

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 2021, 2020 and 2019. The carrying amounts of deposits and advance rentals, other current assets (except construction bond), property and equipment, software license, ROU assets and deferred input VAT aggregated ₱825.3 million and ₱593.2 million as at December 31, 2021 and 2020, 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, 2021 and 2020 is disclosed in Note 16.

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, 2021 and 2020 are disclosed in Note 24.

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 Balai. 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.

The acquisition resulted in the recognition of the following assets:

	Amount
Store equipment	₱6,449,000
Intangible assets	3,000,000
Transportation equipment	970,000
Merchandise inventories	801,000
	₱11,220,000

The identifiable assets acquired as at acquisition date are based on their provisional fair values. The purchase price allocation has been prepared on a preliminary basis. The Group is still in the process of completing its accounting of the transaction and reasonable changes are expected as additional information becomes available. This will be finalized within one year as allowed by PFRSs.

The outstanding payable related to the acquisition amounted to ₱2.8 million as at December 31, 2021 (see Note 12).

SKI. As discussed in Note 1, the Parent Company 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:

	Note	Amount
Cash		₱2,394,378
Inventories		442,490
Other current assets		88,889
Property and equipment	10	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 Company 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 Company. The assets acquired aggregated ₱1.0 million.

HSG. In December 2019, the Company acquired the assets including recipes and marketing collateral of HSG from a sole proprietor for a total consideration of ₱368,000. These resulted to a business combination due to acquisition of the significant inputs, processes and outputs of HSG. The carrying amounts of the assets acquired approximate the fair values as at acquisition date. Hence, no goodwill nor gain from bargain purchase was recognized.

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:

	Note	Amount
Cash		₱460,714
Other current assets		44,714
Property and equipment	10	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)

5. Cash and Cash Equivalents

This account consists of:

	2021	2020
Cash on hand	**₱1,864,311**	₱3,830,184
Cash in banks	**248,521,381**	148,853,555
Short-term placements	**68,045,325**	198,140,407
	₱318,431,017	₱350,824,146

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 ₱7.2 million, ₱15.4 million and ₱1.9 million in 2021, 2020 and 2019, respectively (see Note 22).

6. Trade Receivables

This account consists of:

	2021	2020
Trade	**₱96,496,137**	₱109,396,236
Less allowance for impairment loss	**3,238,000**	4,991,503
	₱93,258,137	₱104,404,733

Movements in the allowance for impairment loss are as follows:

	Note	2021	2020
Balance at beginning of year		**₱4,991,503**	₱333,508
Write-off		**(1,753,503)**	–
Provision	21	**–**	4,657,995
Balance at end of year		**₱3,238,000**	₱4,991,503

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

7. Merchandise Inventories

This account consists of:

	2021	2020
Food and beverages	**₱33,865,868**	₱17,988,646
Store supplies and others	**2,828,724**	17,022,506
	₱36,694,592	₱35,011,152

The Group's merchandise inventories are carried at cost, which is lower than its NRV. No inventory losses were recognized in 2021, 2020 and 2019.

Cost of merchandise inventories charged to "Direct costs" amounted to ₱330.6 million, ₱305.7 million and ₱726.9 million in 2021, 2020 and 2019, respectively (see Note 19).

8. Other Current Assets

This account consists of:

	2021	2020
Input VAT	**₱11,964,591**	₱14,511,131
Advances to officers and employees	**11,295,829**	10,698,888
Spare parts, materials and supplies	**5,498,656**	6,635,883
Construction bond	**3,159,846**	2,857,541
CWTs	**1,260,672**	240,415
Prepayments	**726,419**	1,410,531
Advances to suppliers	**10,172**	729,455
Current portion of deferred input VAT	**–**	706,385
Others	**578,203**	144,291
	₱34,494,388	₱37,934,520

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.

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

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

9. Investment Properties

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

	December 31, 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 - subsequent disbursements	**–**	**–**	**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 a total consideration of ₱126.9 million. Related input VAT amounted to ₱15.0 million.

Fair Value

The fair value of the investment properties as at December 31, 2020 approximates the carrying amount since the investment properties were recently acquired in November 2020.

Land. The fair value of the Group's land is ₱137.2 million as at December 31, 2021. The fair value of the land was determined by an independent firm of appraisers as at March 31, 2022. The inputs used to determine the market value of the investment properties using the sales comparison approach include location characteristics, size, time element, quality and marketability. Accordingly, the fair value measurement used is classified as Level 3.

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 March 31, 2022.

Description of key inputs to valuation on land follows:

Location	Significant unobservable Inputs	Range (weighted average)
Sampaloc District, City of Manila	Selling price per square meter	₱128,205 to ₱179,886/ sq. m.
	Value adjustments	-5% to -20%

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 ₱2.0 million in 2021. The related direct cost incurred pertains to real property taxes amounting to ₱213,842 in 2021.

10. Property and Equipment

The composition of and movements in this account follows:

	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**

	2020						
	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	₱3,212,152	₱124,174,868	₱33,316,198	₱19,559,312	₱178,319,732	₱391,182,262
Additions	–	32,071,476	16,017,851	5,499,325	4,962,358	39,151,305	97,702,315
Effect of business combination	–	–	9,837,915	112,946	105,118	948,511	11,004,490
Balance at end of year	32,600,000	35,283,628	150,030,634	38,928,469	24,626,788	218,419,548	499,889,067
Accumulated Depreciation and Amortization							
Balance at beginning of year	–	–	64,189,898	9,229,773	7,840,103	87,135,599	168,395,373
Depreciation and amortization	–	–	26,345,452	5,479,137	7,330,550	52,249,392	91,404,531
Effect of business combination	–	–	1,349,903	106,905	37,799	811,813	2,306,420
Balance at end of year	–	–	91,885,253	14,815,815	15,208,452	140,196,804	262,106,324
Carrying Amount	₱32,600,000	₱35,283,628	₱58,145,381	₱24,112,654	₱9,418,336	₱78,222,744	₱237,782,743

CIP represents leasehold improvements of store spaces under construction and store furniture and fixtures. The construction is estimated 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 ₱123.2 million and ₱91.7 million as at December 31, 2021 and 2020, respectively.

Transportation equipment with carrying amount of ₱2.5 million and ₱5.3 million as at December 31, 2021 and 2020, respectively, are held as security for the Group's mortgage payable (see Note 14).

Depreciation and amortization are summarized as follows:

	Note	**2021**	2020	2019
Property and equipment		**₱96,922,492**	₱91,404,531	₱76,407,515
ROU assets	23	**42,116,180**	26,300,768	24,808,615
Intangible assets	11	**782,366**	782,366	677,080
		₱139,821,038	₱118,487,665	₱101,893,210

Depreciation and amortization are charged to the following:

	Note	**2021**	2020	2019
Selling and distribution expenses	20	**₱104,750,292**	₱86,334,564	₱64,878,345
Direct costs	19	**24,808,009**	15,296,270	17,449,482
General and administrative expenses	21	**10,262,737**	16,856,831	19,565,383
		₱139,821,038	₱118,487,665	₱101,893,210

11. **Intangible Assets**

This account consists of:

		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	10	**–**	**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**

		2020		
	Note	Brand Names	Software License	Total
Cost				
Balance at beginning and end of year		₱211,348,448	₱5,193,830	₱216,542,278
Accumulated Amortization				
Balance at beginning of year		–	2,156,490	2,156,490
Amortization	10	–	782,366	782,366
Balance at end of year		–	2,938,856	2,938,856
Carrying Amount		₱211,348,448	₱2,254,974	₱213,603,422

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 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 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 11.5% to 15.6% in 2021 and 2020, respectively. The recoverable amount of each CGU, calculated using value in use, exceeded the carrying amount of the CGU as at December 31, 2021 and 2020.

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.

12. Trade and Other Payables

This account consists of:

	Note	**2021**	2020
Trade		**₱34,255,117**	₱32,553,614
Nontrade	4	**2,805,000**	–
Accrued expenses:			
Rental		**9,639,763**	6,578,449
Salaries and wages		**–**	7,108,375
Others		**4,216,438**	1,193,188
Statutory payable		**12,539,062**	8,066,153
		₱63,455,380	₱55,499,779

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 professional fees, rentals and unpaid salaries 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.

13. **Notes Payable**

Movements in this account follow:

	2021	2020
Balance at beginning of year	**₱138,922,678**	₱191,104,137
Issuances	**79,580,500**	35,500,000
Payments	**(33,922,678)**	(87,681,459)
Balance at end of year	**₱184,580,500**	₱138,922,678

Short-term. In 2021 and 2020, the Group issued three-month promissory notes to local banks aggregating ₱79.6 million and ₱35.5 million, respectively, which bear annual stated interest at rates ranging from 4.25% to 6.25%.

Long-term. The terms of the promissory notes are as follows:

Availment Date	Maturity Date	Amount of Loan	Interest Payment	Stated and Effective Rate
March 5, 2019	June 7, 2021	₱101,000,000	Monthly	7.75%
January 24, 2019	June 7, 2021	5,400,000	Monthly	7.88%
November 15, 2018	November 15, 2021	10,000,000	Monthly	7.87%
June 7, 2018	June 7, 2021	40,000,000	Monthly	5.50%
		₱156,400,000		

Of the long-term loans, ₱33.9 million were repaid in 2021 and ₱105.0 million were rolled over for 90 days with the same interest rate. The interest rate is subject to repricing every 30 to 180 days as agreed by the parties.

Interest charged to operations is as follows:

	Note	**2021**	2020	2019
Notes payable		**₱8,377,967**	₱8,793,472	₱27,611,875
Lease liabilities	23	**7,310,883**	11,395,516	10,478,648
Mortgage payable	14	**324,764**	469,614	574,440
		₱16,013,614	₱20,658,602	₱38,664,963

14. **Mortgage Payable**

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

Movements in this account follow:

	2021	2020
Balance at beginning of year	**₱3,899,451**	₱4,670,660
Availments	**–**	2,168,000
Payments	**(2,095,174)**	(2,939,209)
Balance at end of year	**1,804,277**	3,899,451
Less current portion	**1,723,368**	2,695,005
Noncurrent portion	**₱80,909**	₱1,204,446

The loans are payable in monthly installments up to May 2023 with effective interests ranging from 7.70% to 14.56% per annum. Interest expense amounted to ₱324,764 and ₱469,614 in 2021 and 2020, respectively (see Note 13).

The loans are secured by a chattel mortgage on the transportation equipment with a total carrying amount of ₱2.5 million and ₱5.3 million as at December 31, 2021 and 2020, respectively (see Note 10).

15. 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 ₱127.4 million and ₱139.9 million as at December 31, 2021 and 2020, 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 operates. There were no impairment losses recognized in 2021, 2020 and 2019.

Compensation of Key Management Personnel
Compensation of key management personnel, consisting of management fees, salaries and short-term benefits, amounted to ₱20.1 million, ₱14.6 million and ₱25.1 million in 2021, 2020 and 2019, respectively.

16. Retirement Benefits Liability

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

The most recent actuarial valuation was made in 2021 by an independent actuary.

The table below summarizes the components of retirement benefits expense recognized in the consolidated statements of comprehensive income (see Note 21).

	2021	2020	2019
Current service cost	**₱2,344,902**	₱2,489,854	₱1,759,025
Interest cost	**423,701**	271,642	125,180
Increase in transitional liability	**–**	–	53,122
	₱2,768,603	₱2,761,496	₱1,937,327

Movements in the retirement benefits liability follow:

	2021	2020
Balance at beginning of year	**₱8,168,926**	₱5,407,430
Current service cost	**2,344,902**	2,489,854
Interest cost	**423,701**	271,642
Actuarial gain	**(228,140)**	–
Balance at end of year	**₱10,709,389**	₱8,168,926

The principal assumptions used in determining the Group's retirement benefits liability are as follows:

	2021	2020
Discount rate	**4.2%**	5.1%
Future salary increases	**3.0%**	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 2021.

	Effect on Retirement Benefits Liability	
	Discount Rate	Salary Projected Rate
+1%	(₱411,367)	₱546,022
-1%	524,881	(322,238)

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, 2021 and 2020 is 25 years and 26 years, respectively.

Remeasurement Loss (Gain)

The cumulative remeasurement loss (gain) on retirement benefits liability recognized in other comprehensive income in the consolidated statements of financial position as at December 31, 2021 and 2020 are as follows:

	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**

	2020		
	Cumulative Remeasurement Loss	Deferred Tax	Net
Balance at beginning and end of year	₱1,286,526	(₱372,071)	₱914,455

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

	2021	2020
Less than one year	**₱1,240,843**	₱1,043,201
One year to less than five years	**1,342,423**	806,330
Five years to less than ten years	**1,705,084**	1,235,976
Ten years to less than fifteen years	**33,328,682**	4,066,636
Fifteen years to less than twenty years	**14,232,600**	9,636,323
Twenty years and above	**199,355,352**	275,731,481

17. **Equity**

Capital Stock
This account consists of:

	Number of Shares			Amount		
	2021	2020	2019	**2021**	2020	2019
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 of year	**2,133,680,000**	2,133,680,000	1,600,000,000	**₱213,368,000**	₱213,368,000	₱160,000,000
Issuances	**–**	–	533,680,000	**–**	–	53,368,000
Balance at end of year	**2,133,680,000**	2,133,680,000	2,133,680,000	**213,368,000**	213,368,000	213,368,000
				₱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 August 24, 2019, the stockholders and the BOD authorized the Parent Company's Public Offering of its common shares with the PSE. This was approved by the SEC and the PSE on October 17, 2019 and October 23, 2019, respectively. On November 29, 2019, the Parent Company's 533,660,000 common shares were officially listed on the PSE with an Oversubscription Option of up to 68,340,000 common shares at an offer price of ₱1.68 a share.

The Offer Period was from November 18, 2019 to November 22, 2019. The trading of the shares commenced on November 29, 2019.

Preferred Shares

The 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. Details are as follows:

Proceeds in excess of par value	₱843,182,800
IPO expenses	65,345,756
Additional paid-in capital	₱777,837,044

In 2019, IPO expenses were charged as follows:

Additional paid-in capital	₱65,345,756
General and administrative expenses	6,891,892
Input VAT	975,843
Deferred input VAT	444,435
	₱73,657,926

Retained Earnings

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

			Amounts Paid	
Date of Declaration	Stockholders of Record	Date of Payment	Per Share	Total
August 27, 2020	August 27, 2020	September 18, 2020	₱0.01	₱21,336,800
June 27, 2019	June 27, 2019	June 27, 2019	0.00875	14,000,000

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:

	2021	2020
Total debt	**₱419,383,793**	₱305,791,231
Total equity	**1,222,031,484**	1,238,249,905
Debt-to-equity ratio	**0.34:1**	0.25:1

Pursuant to the PSE's rules on minimum public ownership, at least 10.00% of the issued and outstanding shares of a listed company must be owned and held by the public. The public ownership is about 36.06% and 36.36% as at December 31, 2021 and 2020, respectively.

The total number of shareholders of the Parent Company as at December 31, 2021 and 2020 is 124.

18. **Revenue**

This account consists of:

	Note	**2021**	2020	2019
Net sales		**₱1,091,889,656**	₱872,989,411	₱1,904,664,106
Franchise revenues	23	**6,317,356**	13,204,275	32,956,171
Rental income	23	**3,497,534**	5,653,536	7,564,286
		₱1,101,704,546	₱891,847,222	₱1,945,184,563

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	**2021**	2020	2019
Sale of goods:				
Luzon		**₱938,929,935**	₱663,801,125	₱1,534,613,722
Visayas		**108,675,102**	163,309,752	273,436,992
Mindanao		**44,284,619**	45,878,534	96,613,392
		1,091,889,656	872,989,411	1,904,664,106
Franchise revenues	23	**6,317,356**	13,204,275	32,956,171
		₱1,098,207,012	₱886,193,686	₱1,937,620,277

19. **Direct Costs**

This account consists of:

	Note	**2021**	2020	2019
Direct materials used	7	**₱330,556,331**	₱305,734,523	₱726,901,305
Salaries, wages and other employee benefits		**55,554,674**	30,967,806	62,214,295
Depreciation and amortization	10	**24,808,009**	15,296,270	17,449,482
Utilities		**6,681,221**	2,117,344	5,997,493
Taxes and licenses		**1,694,854**	2,362,716	1,834,302
		₱419,295,089	₱356,478,659	₱814,396,877

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.

20. Selling and Distribution Expenses

This account consists of:

	Note	**2021**	2020	2019
Salaries, wages and other employees' benefits		**₱217,833,569**	₱179,729,298	₱258,421,846
Rental	23	**130,912,489**	112,862,133	256,316,266
Depreciation and amortization	10	**104,750,292**	86,334,564	64,878,345
Outside services		**53,687,558**	25,477,660	49,105,262
Utilities		**34,368,288**	33,538,578	53,976,937
Transportation and travel		**18,451,413**	13,953,403	23,742,565
Advertisement		**12,417,252**	17,651,552	22,698,253
Repairs and maintenance		**9,852,106**	8,410,853	11,888,628
Management fees		**2,560,586**	4,636,880	6,490,665
Distribution supplies		**2,261,474**	3,291,136	15,162,433
Training and development		**2,075,959**	1,839,061	3,277,597
Insurance		**1,797,024**	2,236,662	2,993,768
Others		**17,787,465**	3,057,160	3,098,694
		₱608,755,475	₱493,018,940	₱772,051,259

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

Outside services pertain to salaries of service crews from agencies.

21. General and Administrative Expenses

This account consists of:

	Note	**2021**	2020	2019
Salaries, wages and other employees' benefits		**₱33,557,494**	₱29,871,308	₱58,264,834
Taxes and licenses		**27,813,894**	31,316,074	39,969,877
Representation		**10,983,449**	5,916,663	6,368,030
Depreciation and amortization	10	**10,262,737**	16,856,831	19,565,383
Professional fees		**9,935,823**	7,853,681	22,045,256
Utilities		**5,069,603**	2,530,105	5,969,141
Office supplies		**4,537,864**	2,695,335	7,062,008
Rental	23	**3,080,866**	1,462,885	2,239,229
Retirement benefits cost	16	**2,768,603**	2,761,496	1,937,327
Outside services		**2,140,265**	6,834,353	–
Management fees		**1,905,404**	309,204	5,599,091
Training		**211,456**	–	–
Provision for impairment loss	6	**–**	4,657,995	–
IPO expenses		**–**	–	6,891,892
Others		**4,369,679**	8,089,371	6,308,020
		₱116,637,137	₱121,155,301	₱182,220,088

22. **Other Income (Charges)**

This account consists of:

	Note	**2021**	2020	2019
Interest income	5	**₱7,194,705**	₱15,407,074	₱1,877,693
Gain from:				
Termination of lease	23	**2,434,473**	630,978	–
Rental concessions	23	**2,283,799**	7,362,437	–
Unrealized foreign exchange gain (loss)		**–**	48,726	(850,409)
Others		**1,022,161**	3,339,705	6,863,710
		₱12,935,138	₱26,788,920	₱7,890,994

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

23. **Significant Agreements**

<u>Group as Lessee - Short-term Lease</u>
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:

	2021	2020
Rental deposits	**₱95,625,840**	₱99,462,827
Advance rentals	**9,151,590**	10,708,775
	₱104,777,430	₱110,171,602

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	**2021**	2020	2019
Selling and distribution expenses	20	**₱130,912,489**	₱112,862,133	₱256,316,266
General and administrative expenses	21	**3,080,866**	1,462,885	2,239,229
		₱133,993,355	₱114,325,018	₱258,555,495

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 follows:

		2021		
	Note	**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	10	**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**

		2020		
	Note	Outlets Spaces	Land and Building	Total
Cost				
Balance at beginning of year		₱53,733,063	₱86,270,162	₱140,003,225
Termination of lease		(6,078,219)	(5,529,518)	(11,607,737)
Balance at end of year		47,654,844	80,740,644	128,395,488
Accumulated Amortization				
Balance at beginning of year		10,427,361	14,381,254	24,808,615
Amortization	10	11,305,432	14,995,336	26,300,768
Termination of lease		(1,653,444)	(1,935,331)	(3,588,775)
Balance at end of year		20,079,349	27,441,259	47,520,608
Carrying Amount		₱27,575,495	₱53,299,385	₱80,874,880

The balance of and movements in lease liabilities follows:

		2021		
	Note	**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	13	**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**

	Note	2020 Outlets Spaces	Land and Building	Total
Balance at beginning of year		₱46,430,167	₱73,792,164	₱120,222,331
Rental payments		(8,781,096)	(17,603,070)	(26,384,166)
Termination of lease		(4,725,046)	(3,924,894)	(8,649,940)
Interest	13	4,052,651	7,342,865	11,395,516
Gain from rent concessions		(5,505,499)	(1,856,938)	(7,362,437)
Balance at end of year		31,471,177	57,750,127	89,221,304
Less current portion		8,382,389	12,719,404	21,101,793
Noncurrent portion		₱23,088,788	₱45,030,723	₱68,119,511

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 follows:

	Note	**2021**	2020
Rental expense - short-term lease		**₱133,993,355**	₱114,325,018
Depreciation and amortization of ROU assets	10	**42,116,180**	26,300,768
Interest expense on lease liabilities	13	**7,310,883**	11,395,516
Gain from termination of lease		**(2,434,473)**	(630,978)
Gain from rent concessions		**(2,283,799)**	(7,362,437)
		₱178,702,146	₱144,027,887

Lease commitments for short-term leases amounted to ₱88.1 million and ₱69.7 million as at December 31, 2021 and 2020, 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:

	2021		
	Fixed payments	**Variable payments**	**Total**
Fixed rent only	**₱39,093,970**	**₱–**	**₱39,093,970**
Variable rent with minimum payment	**68,188,714**	**35,626,959**	**103,815,673**
Variable rent only	**–**	**5,782,746**	**5,782,746**
	₱107,282,684	**₱41,409,705**	**₱148,692,389**

	2020		
	Fixed payments	Variable payments	Total
Fixed rent only	₱45,281,605	₱–	₱45,281,605
Variable rent with minimum payment	63,630,809	35,135,799	98,766,608
Variable rent only	–	2,614,497	2,614,497
	₱108,912,414	₱37,750,296	₱146,662,710

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:

	2021	2020
Extension options expected not to be exercised:		
Not later than one year	**₱175,503,958**	₱191,063,375
More than one year but less than five years	**216,839,514**	182,607,938
	₱392,343,472	₱373,671,313

COVID-19-Related Rent Concessions - amendment to PFRS 16 Leases
In 2021 and 2020, many lessors have 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 2021 and 2020 consolidated statements of comprehensive income amounted to ₱2.3 million and ₱7.4 million, respectively (see Note 22).

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

Rental income amounted to ₱3.5 million, ₱5.7 million and ₱7.6 million in 2021, 2020 and 2019, respectively (see Note 18).

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 ₱6.3 million, ₱13.2 million and ₱33.0 million in 2021, 2020 and 2019, respectively (see Note 18).

24. **Income Taxes**

The Group's provision for current income tax pertains to regular corporate income tax (RCIT) and MCIT in year 2021, 2020 and 2019, respectively.

The presentation of benefit from deferred income tax is as follows:

	2021	2020	2019
Through profit or loss	**₱27,689**	₱44,401,706	₱20,669,486
Through other comprehensive income	**(122,353)**	–	372,071
	(₱94,664)	₱44,401,706	₱21,041,557

The details of the Group's net deferred tax assets follow:

	2021	2020
Deferred tax assets:		
NOLCO	**₱62,639,212**	₱55,240,858
MCIT	**10,089,324**	8,522,398
Lease liabilities, net of ROU assets	**3,946,440**	2,503,929
Retirement benefits liability	**2,677,349**	2,450,678
Allowance for impairment loss	**809,500**	1,497,451
	80,161,825	70,215,314
Deferred tax liabilities:		
Gain from change in fair value of investment properties	**10,015,388**	–
Depreciation expense of investment properties for tax purposes	**424,501**	–
Prepayments	**39,063**	423,159
Unrealized foreign exchange gain	–	14,618
	10,478,952	437,777
	₱69,682,873	₱69,777,537

The deferred tax asset on NOLCO of subsidiary amounting to ₱645,735 and ₱836,277 as at December 31, 2021 and 2020, 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	Balance	Expiry Date
2021	₱–	₱93,595,297	₱–	₱93,595,297	2026
2020	117,844,172	–	–	117,844,172	2025
2019	66,789,824	–	(24,223,292)	42,566,532	2022
2018	2,888,702	–	(2,888,702)	–	2021
	₱187,522,698	₱93,595,297	(₱27,111,994)	₱254,006,001	

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

Year Incurred	Beginning	Incurred	Applied	Change in tax rate	Ending	Expiry Year
2021	₱–	₱4,670,624	₱–	₱–	₱4,670,624	2024
2020	8,203,893	–	(517,152)	(1,547,764)	6,138,977	2023
2019	318,505	–	(318,505)	–	–	2022
	₱8,522,398	₱4,670,624	(₱835,657)	(₱1,547,764)	₱10,809,601	

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

	2021	2020	2019
At statutory tax rate	**(₱283,353)**	(₱21,802,608)	₱43,722,711
Effect of change in tax rates	**8,893,550**	–	–
Tax effects of:			
Nondeductible expenses	**3,237,331**	1,638,057	432,750
Interest income already subjected to final tax	**(1,611,619)**	(4,622,122)	(563,308)
IPO expenses charged against APIC	**–**	–	(19,603,727)
Expired NOLCO	**–**	–	226,752
Change in unrecognized deferred tax asset	**88,218**	179,367	–
At effective tax rate	**₱10,324,127**	(₱24,607,306)	₱24,215,178

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 or 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 financial statements as at and for the year ended December 31, 2020 were 30% and 2% for RCIT and 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

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

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

	2021	2020	2019
Net income (loss) attributable to equity holders of the Parent Company	**(₱16,324,208)**	(₱48,068,054)	₱121,527,192
Divided by weighted average number of outstanding common shares	**2,133,680,000**	2,133,680,000	1,644,472,000
	(₱0.0077)	(₱0.0225)	₱0.0739

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.

26. **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			
	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**

			Financing Cash Flows			
	2019	Effect of PFRS 16	Proceeds	Payments	Interest	2020
Notes payable	₱191,104,137	₱–	₱35,500,000	(₱96,474,931)	₱8,793,472	₱138,922,678
Mortgage payable	4,670,660	–	2,168,000	(3,408,823)	469,614	3,899,451
Lease liabilities	120,222,331	(16,012,377)	–	(26,384,166)	11,395,516	89,221,304
Due to related parties	663,821	–	–	(663,821)	–	–
	₱316,660,949	(₱16,012,377)	₱37,668,000	(₱126,931,741)	₱20,658,602	₱232,043,433

27. **Financial Instruments Risk Management Objectives and Policies**

The Group's financial instruments comprise cash and cash equivalents, 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:

	2021	2020
Cash and cash equivalents	**₱318,431,017**	₱350,824,146
Trade receivables	**93,258,137**	104,404,733
Due from related parties	**127,428,238**	139,903,014
Construction bond	**3,159,846**	2,857,541
	₱542,277,238	₱597,989,434

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:

	2021				
	Neither Past Due nor Impaired				
	High Grade	**Standard Grade**	**Past Due but Not Impaired**	**Impaired**	**Total**
Cash and cash equivalents	**₱318,431,017**	**₱–**	**₱–**	**₱–**	**₱318,431,017**
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**

	2020				
	Neither Past Due nor Impaired				
	High Grade	Standard Grade	Past Due but Not Impaired	Impaired	Total
Cash and cash equivalents	₱350,824,146	₱–	₱–	₱–	₱350,824,146
Trade receivables	–	104,404,733	–	4,991,503	109,396,236
Due from related parties	–	139,903,014	–	–	139,903,014
Construction bond	–	2,857,541	–	–	2,857,541
	₱350,824,146	₱247,165,288	₱–	₱4,991,503	₱602,980,937

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 and ₱5.0 million as at December 31, 2021 and 2020, 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.

Interest Rate Risk

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 13 and 14, 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:

	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**

** Except statutory payable.*

	2020					
	Payable on Demand	1 to 120 Days	121 to 240 Days	241 to 360 Days	Over 360 Days	Total
Trade and other payables*	₱–	₱47,433,626	₱–	₱–	₱–	₱47,433,626
Notes payable	–	73,000,000	10,922,678	55,000,000	–	138,922,678
Mortgage payable	–	1,245,578	721,232	728,195	1,204,446	3,899,451
Lease liabilities	501,067	10,209,378	10,209,378	10,209,378	61,371,434	92,500,635
Future interests	–	1,135,307	219,448	37,761	43,200	1,435,716
	₱501,067	₱133,023,889	₱22,072,736	₱65,975,334	₱62,619,080	₱284,192,106

** Except statutory payable.*

28. Fair Value Measurement

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

	2021		2020	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets at Amortized Cost				
Cash and cash equivalents	**₱318,431,017**	**₱318,431,017**	₱350,824,146	₱350,824,146
Trade receivables	**93,258,137**	**93,258,137**	104,404,733	104,404,733
Due from related parties	**127,428,238**	**127,428,238**	139,903,014	139,903,014
Construction bond	**3,159,846**	**3,159,846**	2,857,541	2,857,541
	₱542,277,238	**₱542,277,238**	₱597,989,434	₱597,989,434

	2021		2020	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Liabilities at Amortized Cost				
Trade and other payables*	**₱50,916,318**	**₱50,916,318**	₱47,661,005	₱47,661,005
Notes payable	**184,580,500**	**184,580,500**	138,922,678	138,922,678
Lease liabilities	**149,785,005**	**148,676,995**	89,221,304	90,412,634
Mortgage payable	**1,723,368**	**1,723,368**	3,899,451	3,899,451
	₱387,005,191	**₱385,897,181**	₱279,704,438	₱280,895,768

** Except 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 (Except Statutory Payable), Due to Related Parties and Notes Payable. The carrying amounts of these financial instruments approximate their fair values due to the relatively short-term maturity of these financial instruments.

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%.

29. 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 2021, 2020 and 2019.

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Accreditation No. 0207-FR-3 (Group A)
August 29, 2019, valid until August 28, 2022

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

REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY CONSOLIDATED 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 consolidated financial statements of FRUITAS HOLDINGS, INC. (the "Parent Company") AND SUBSIDIARIES (a subsidiary of LUSH PROPERTIES, INC.) as at December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019, on which we have rendered our report dated April 9, 2022.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Parent Company has 123 stockholders and 124 stockholders owning one hundred (100) or more shares each as at December 31, 2021 and 2020, respectively.

REYES TACANDONG & CO.

WILSON P. TEO
Partner
CPA Certificate No. 92765
Tax Identification No. 191-520-944-000
BOA Accreditation No. 4782; Valid until April 13, 2024
SEC Accreditation No. 92765-SEC Group A
Issued January 28, 2020
Valid for Financial Periods 2019 to 2023
BIR Accreditation No. 08-005144-014-2020
Valid until January 1, 2023
PTR No. 8851714
Issued January 3, 2022, Makati City

April 9, 2022
Makati City, Metro Manila

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Accreditation No. 0207-FR-3 (Group A)
August 29, 2019, valid until August 28, 2022

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Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

**REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY SCHEDULES**

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of FRUITAS HOLDINGS, INC. (a subsidiary of LUSH PROPERTIES, INC.) and Subsidiaries (the "Group") as at December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019, and have issued our report thereon dated April 9, 2022.

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, 2021
- Reconciliation of Retained Earnings Available for Dividend Declaration of the Parent Company as at December 31, 2021
- Schedule for Listed Companies with a Recent Offering of Securities to the Public as at December 31, 2021
- Conglomerate Map as at December 31, 2021

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.

WILSON P. TEO
Partner
CPA Certificate No. 92765
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April 9, 2022
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, 2021

Schedule	Description	Page
A	Financial Assets	1
B	Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)	N/A
C	Amounts Receivable from Related Parties which are Eliminated During the Consolidation of the Financial Statements	3
D	Long-Term Debt	4
E	Indebtedness to Related Parties (Long-term Loans from Related Companies)	N/A
F	Guarantees of Securities of Other Issuers	N/A
G	Capital Stock	5

N/A - Not applicable

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

SCHEDULE A - FINANCIAL ASSETS
DECEMBER 31, 2021

Description	Number of Shares or Principal Amount of bonds and notes	Amount Shown in the Statements of Financial Position	Income received and accrued
Cash in banks	–	₱248,521,381	₱3,536,668
Short-term placements	–	68,045,325	3,658,037
Trade receivables	–	93,258,137	–
Due from related parties	–	127,428,238	–
Construction bond	–	3,159,846	–
		₱540,412,927	₱7,194,705

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, 2021

			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	₱363,073,019	₱89,500,654	₱–	₱–	₱452,573,673	₱–	₱452,573,673

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

SCHEDULE D - LONG-TERM DEBT
DECEMBER 31, 2021

Title of Issue and Type of Obligation	Amount Shown as Current	Amount Shown as Long-Term	Total
Notes payable	₱184,580,500	₱–	₱184,580,500
Mortgage payable	1,723,368	80,909	1,804,277
	₱186,303,868	₱80,909	₱186,384,777

Note: The terms, interest rates, collaterals and other relevant information are shown in the Notes 13 and 14 to the Consolidated Financial Statements.

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

SCHEDULE G - CAPITAL STOCK
DECEMBER 31, 2021

				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	–	–	1,359,946,010	773,733,990

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, 2021

Unappropriated retained earnings at beginning of year as shown in the separate financial statements	₱207,882,434
Less -	
Deferred tax assets at the beginning of year	(20,943,231)
Total unappropriated retained earnings, as adjusted at beginning of year	186,939,203
Net income during the year closed to retained earnings	61,269,178
Add/(Less):	
Fair value change of investment properties resulting to gain, net of tax	(30,046,163)
Movement in deferred tax assets	10,566,946
Depreciation expense of the investment properties for tax purposes	424,501
Total unappropriated retained earnings available for dividend declaration at end of year	₱229,153,665

Reconciliation:	
Unappropriated retained earnings at end of year as shown in the separate financial statements	₱269,151,612
Add deferred tax liability at end of year	10,439,889
Less:	
Cumulative fair value changes on investment properties	(40,061,551)
Deferred tax assets at end of year	(10,376,285)
Total unappropriated retained earnings available for dividend declaration at end of year	₱229,153,665

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

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

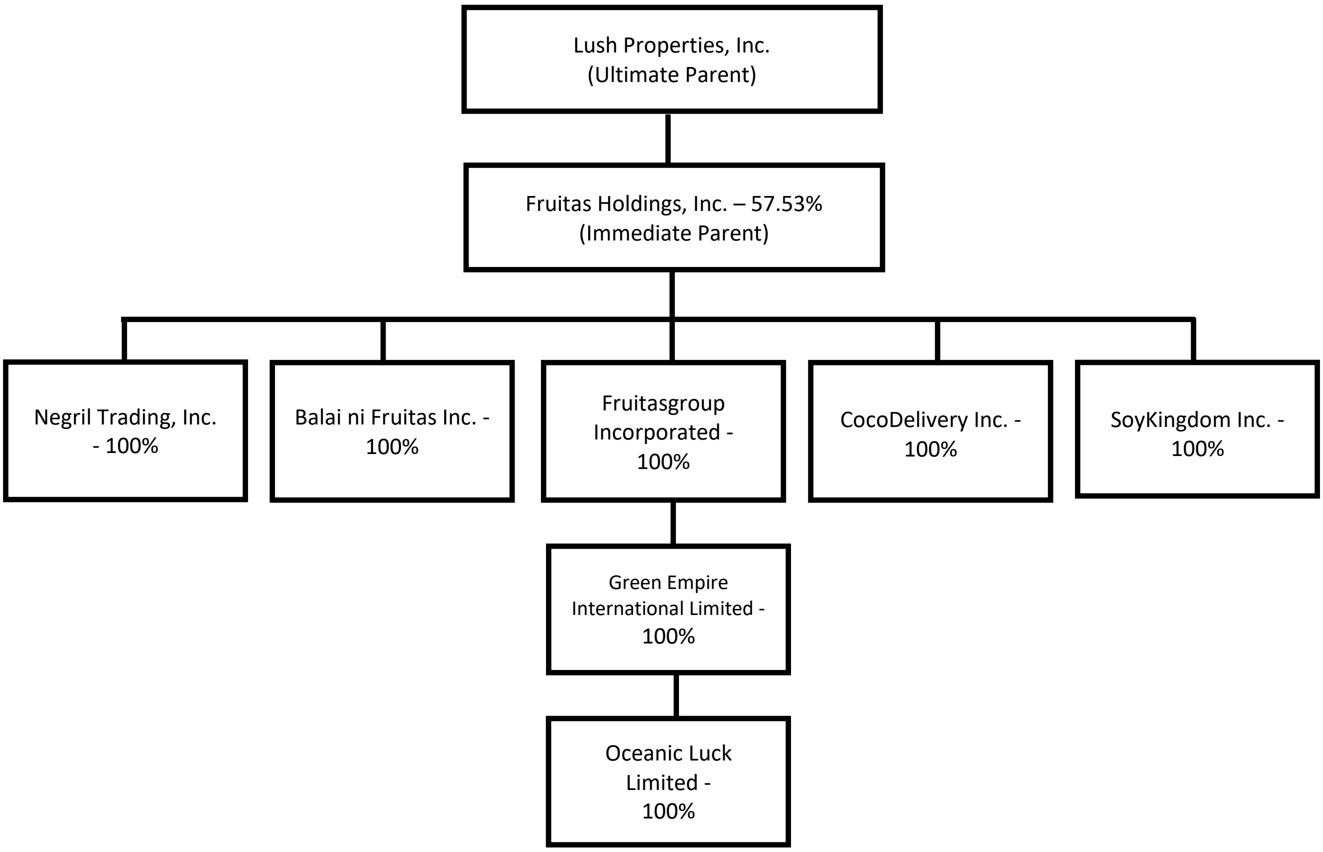
DECEMBER 31, 2021

	Estimated	Actual
Gross Proceeds	**₱896,548,800**	**₱896,548,800**
Offer Expenses	**(76,500,000)**	**(72,464,600)**
Net Proceeds	**820,048,800**	**824,084,200**
Use of Proceeds		
Store network expansion and store improvement program	(158,048,800)	(103,235,634)
Debt repayment	(175,000,000)	(174,732,180)
Investment or advances to subsidiaries for working capital	(147,000,000)	(146,657,896)
Acquisition of head office of FHI	(145,000,000)	(142,375,050)
Acquisition opportunities and introduction of new concepts	(135,000,000)	(84,298,453)
Commissary expansion	(60,000,000)	(35,011,802)
Balance of amounts infused in subsidiaries	–	(43,514,783)
	(820,048,800)	**(729,825,798)**
Unapplied Proceeds	**₱–**	**₱94,258,402**

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

CONGLOMERATE MAP

DECEMBER 31, 2021



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, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019, and have issued our report thereon dated April 9, 2022. 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 (PFRSs) 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 PFRSs. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020, and 2019 and no material exceptions were noted.

REYES TACANDONG & CO.

WILSON P. TEO
Partner
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PTR No. 8851714
Issued January 3, 2022, Makati City

April 9, 2022
Makati City, Metro Manila

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

FINANCIAL SOUNDNESS INDICATORS
DECEMBER 31, 2021

Below is a schedule showing financial soundness indicators of the Group as at and for the years ended December 31, 2021, 2020 and 2019.

	December 31		
	2021	2020	2019
CURRENT/LIQUIDITY RATIO			
Current assets	**₱715,083,802**	₱778,249,167	₱1,217,687,467
Current liabilities	**301,507,382**	228,298,348	309,551,149
Current Ratio	**2.37**	3.41	3.93
ACID TEST RATIO			
Cash and cash equivalents	**₱318,431,017**	₱350,824,146	₱853,266,354
Trade receivables	**93,258,137**	104,404,733	83,566,374
Due from related parties	**127,428,238**	139,903,014	114,745,318
Quick assets	**539,117,392**	595,131,893	1,051,578,046
Current liabilities	**301,507,382**	228,298,348	309,551,149
Acid Test Ratio	**1.79**	2.61	3.4 0
SOLVENCY RATIO			
Net income before depreciation and amortization	**₱123,496,830**	₱70,419,611	₱223,420,402
Total liabilities	**419,383,793**	305,791,231	484,818,811
Solvency Ratio	**0.29**	0.23	0.46
DEBT-TO-EQUITY RATIO			
Total liabilities	**₱419,383,793**	₱305,791,231	₱48,818,811
Total equity	**1,222,031,394**	1,238,249,905	1,311,594,562
Debt-to-Equity Ratio	**0.34**	0.25	0.37
ASSET-TO-EQUITY RATIO			
Total assets	**₱1,641,415,277**	₱1,544,041,136	₱1,796,413,373
Total equity	**1,222,031,394**	1,238,249,905	1,311,594,562
Asset-to-Equity Ratio	**1.34**	1.25	1.37
INTEREST-COVERAGE RATIO			
Earnings (loss) before interest and taxes	**₱10,013,533**	(₱52,016,758	₱184,407,333
Interest expense	**16,013,614**	20,658,602	38,664,963
Interest-Coverage Ratio	**0.63**	(2.52)	4.77

(Forward)

	December 31		
	2021	2020	2019
PROFITABILITY RATIO			
Net income (loss) attributable to equity holders of the Parent Company	**(₱16,218,421)**	(₱48,068,054)	₱121,527,192
Average equity	**1,230,140,694**	1,274,922,234	842,634,922
Return on Equity	**(0.01)**	(0.04)	0.14
RETURN ON ASSETS			
Net income (loss)	**(₱16,324,208)**	(₱48,068,054)	₱121,527,192
Average assets	**1,592,728,206**	1,670,227,255	1,350,406,581
Return on Assets	**(0.01)**	(0.03)	0.09
NET PROFIT MARGIN			
Net income (loss)	**(₱16,324,208)**	(₱48,068,054)	₱121,527,192
Revenue	**1,101,704,546**	891,847,222	1,945,184,563
Net Profit Margin	**(0.01)**	(0.05)	0.06

FRUITAS HOLDINGS INC.
60 Cordillera St. Brgy Dona Josefa Quezon City, Philippines
Mobile: +63.967.78242.86
Email: ipo.compliance@fruitasholdings.com;compliancetax.fhi@gmail.com
Website: www.fruitasholdings.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, 2021. 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, 2021 and the accompanying Annual Income Tax Return are in accordance with the books and records of, 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

Signature ____________________
Lester C. Yu
Chief Executive Officer and President

Signature ____________________
Juneil Dominic P. Torio
Chief Financial Officer /Treasurer

Signed this 9th day of April 2022

SUBSCRIBED AND SWORN TO BEFORE ME THIS APR 12 2022
AFFIANT EXHIBITING TO ME WITH VALID I.D. NO.

DOC. NO. 111
PAGE NO. 24
BOOK NO. XV
SERIES NO. 2022

ATTY. MA. PERLITA P. CABRERA
Notarial Commission Extended Until June 30, 2022, Per Supreme Court Resolution Under B.M. No. 3795
PTR No. 2236394; 01/03/22 - QC
IBP No. 178630; 01/03/22 - QC
MCLE VII Compliant as of Oct. 2021
[Awaiting Compliance Certificate]

Fruitas Holdings, Inc.

COMPANY NAME : FRUITAS HOLDINGS, INC.

LIST OF TOP 100 STOCKHOLDERS

As Of December 31, 2021

STOCKHOLDER'S NAME	OUTSTANDING & ISSUED SHARES (FULLY PAID)	OUTSTANDING & ISSUED SHARES (PARTIALLY PAID)	TOTAL HOLDINGS (SUBSCRIBED)	PERCENTAGE TO TOTAL
PCD NOMINEE CORP. (FILIPINO)	2,017,896,086	0	2,017,896,086	94.574
LUSH PROPERTIES INCORPORATED	100,000,000	0	100,000,000	4.687
PCD NOMINEE CORP. (NON-FILIPINO)	13,130,906	0	13,130,906	0.615
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	

OUTSTANDING BALANCES FOR A SPECIFIC COMPANY

Company Code - FRUIT0000000

Business Date: December 31, 2021

BPNAME	HOLDINGS
FIRST METRO SECURITIES BROKERAGE CORP.	1,316,116,333
COL Financial Group, Inc.	137,409,318
AB CAPITAL SECURITIES, INC.	127,787,629
ANSALDO, GODINEZ & CO., INC.	82,560,000
BDO SECURITIES CORPORATION	49,961,881
BPI SECURITIES CORPORATION	40,438,156
PHILSTOCKS FINANCIAL INC	35,401,374
ABACUS SECURITIES CORPORATION	34,112,890
REGINA CAPITAL DEVELOPMENT CORPORATION	16,872,000
AAA SOUTHEAST EQUITIES, INCORPORATED	13,719,785
INVESTORS SECURITIES, INC,	13,168,000
AP SECURITIES INCORPORATED	10,925,100
PAPA SECURITIES CORPORATION	8,610,000
LUCKY SECURITIES, INC.	7,960,000
UNICAPITAL SECURITIES INC.	7,835,526
SOCIAL SECURITY SYSTEM	7,336,900
SunSecurities, Inc.	5,593,000
PNB SECURITIES, INC.	5,342,000
STRATEGIC EQUITIES CORP.	5,163,000
PHILIPPINE EQUITY PARTNERS, INC.	4,808,000
QUALITY INVESTMENTS & SECURITIES CORPORATION	4,645,000
F. YAP SECURITIES, INC.	4,309,490
A & A SECURITIES, INC.	4,066,000
ASTRA SECURITIES CORPORATION	3,982,000
SUMMIT SECURITIES, INC.	3,926,000
SB EQUITIES,INC.	3,892,000
RCBC SECURITIES, INC.	3,859,000
EASTERN SECURITIES DEVELOPMENT CORPORATION	3,603,000
TOWER SECURITIES, INC.	3,475,010
R. NUBLA SECURITIES, INC.	3,102,600
STANDARD SECURITIES CORPORATION	3,048,000
UCPB SECURITIES, INC.	2,743,000
CHINA BANK SECURITIES CORPORATION	2,559,000
WESTLINK GLOBAL EQUITIES, INC.	2,486,000
E. CHUA CHIACO SECURITIES, INC.	2,476,000
TRITON SECURITIES CORP.	2,393,000
YAO & ZIALCITA, INC.	2,330,000
WEALTH SECURITIES, INC.	2,282,000
SALISBURY BKT SECURITIES CORPORATION	2,043,000
DEUTSCHE BANK MANILA-CLIENTS A/C	2,000,000
R. COYIUTO SECURITIES, INC.	1,940,000
G.D. TAN & COMPANY, INC.	1,703,000
TIMSON SECURITIES, INC.	1,649,000
NEW WORLD SECURITIES CO., INC.	1,644,000
MAYBANK ATR KIM ENG SECURITIES, INC.	1,561,000
MANDARIN SECURITIES CORPORATION	1,548,000
GLOBALINKS SECURITIES & STOCKS, INC.	1,534,000

BPNAME	HOLDINGS
TANSENGCO & CO., INC.	1,503,000
EAGLE EQUITIES, INC.	1,420,000
BELSON SECURITIES, INC.	1,411,000
MERIDIAN SECURITIES, INC.	1,182,000
PAN ASIA SECURITIES CORP.	1,181,000
HDI SECURITIES, INC.	1,048,000
YU & COMPANY, INC.	1,029,000
AB CAPITAL & INVESTMENT CORP. - TRUST & INVESTMENT DIV.	966,000
MDR SECURITIES, INC.	925,000
EVERGREEN STOCK BROKERAGE & SEC., INC.	870,000
JSG SECURITIES, INC.	785,000
DIVERSIFIED SECURITIES, INC.	775,000
STAR ALLIANCE SECURITIES CORP.	765,000
I. B. GIMENEZ SECURITIES, INC.	713,000
FIDELITY SECURITIES, INC.	645,000
SECURITIES SPECIALISTS, INC.	631,000
GOLDSTAR SECURITIES, INC.	624,000
IMPERIAL,DE GUZMAN,ABALOS & CO.,INC.	574,000
RTG & COMPANY, INC.	538,000
OPTIMUM SECURITIES CORPORATION	513,000
S.J. ROXAS & CO., INC.	491,000
VALUE QUEST SECURITIES CORPORATION	459,000
ALPHA SECURITIES CORP.	389,000
VENTURE SECURITIES, INC.	385,000
THE FIRST RESOURCES MANAGEMENT & SECURITIES CORP.	378,000
UPCC SECURITIES CORP.	363,000
SOLAR SECURITIES, INC.	355,000
DA MARKET SECURITIES, INC.	330,000
JAKA SECURITIES CORP.	305,000
ASIASEC EQUITIES, INC.	282,000
CITIBANK N.A.	282,000
LUYS SECURITIES COMPANY, INC.	270,000
GOLDEN TOWER SECURITIES & HOLDINGS, INC.	270,000
INTRA-INVEST SECURITIES, INC.	264,000
BA SECURITIES, INC.	254,000
DAVID GO SECURITIES CORP.	253,000
R. S. LIM & CO., INC.	234,000
ASIA PACIFIC CAPITAL EQUITIES & SECURITIES CORP.	174,000
LITONJUA SECURITIES, INC.	160,000
CUALOPING SECURITIES CORPORATION	142,000
PREMIUM SECURITIES, INC.	123,000
FIRST ORIENT SECURITIES, INC.	110,000
CTS GLOBAL EQUITY GROUP, INC.	99,000
EQUITIWORLD SECURITIES, INC.	97,000
APEX PHILIPPINES EQUITIES CORPORATION	75,000
REGIS PARTNERS, INC.	67,000
H. E. BENNETT SECURITIES, INC.	60,000
MERCANTILE SECURITIES CORP.	60,000
VC SECURITIES CORPORATION	56,000
IGC SECURITIES INC.	50,000
FIRST INTEGRATED CAPITAL SECURITIES, INC.	50,000
AURORA SECURITIES, INC.	30,000
J.M. BARCELON & CO., INC.	28,000

BPNAME	HOLDINGS
ALAKOR SECURITIES CORPORATION	25,000
A. T. DE CASTRO SECURITIES CORP.	17,000
GUILD SECURITIES, INC.	17,000
LOPEZ, LOCSIN, LEDESMA & CO., INC.	3,000
CAMPOS, LANUZA & COMPANY, INC.	2,000
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.

Annex "A"

REPUBLIC OF THE PHILIPPINES)
CITY OF __________) S.S.
QUEZON CITY

SECRETARY'S CERTIFICATE

I, Marvin C. Yu, Filipino, of legal age, with principal office at 60 Cordillera after having been sworn according to law, hereby depose and state:

1. I am the duly elected and qualified Corporate Secretary of Fruitas Holdings Inc. (the "Corporation"), a corporation duly organized and existing under the laws of the Philippines with principal address at 60 Cordillera St. Brgy. Dona Josefa, Quezon City and listed on The Philippine Stock Exchange, Inc. since November 29, 2019.

2. As Corporate Secretary, I have custody and access to the corporate records of the Corporation, including, but not limited to, the books and records of the transfer agent;

3. Based on the records of the Corporation as of December 31, 2021 (the "Covered Period"), the Corporation's capital structure is as follows:

Authorized Capital Stock	₱500,000,000.00
Number, Classes of Shares, Par Value per Share	3,000,000,000, preferred, ₱0.01 per share 4,700,000,000, common, ₱0.10 per share
Issued and Outstanding Shares	2,133,680,000
Fully-paid Shares	2,133,680,000
Treasury Shares	-
Outstanding Shares	2,133,680,000
Listed Shares	2,133,680,000
Certificated Shares	102,653,008

4. Based on the records of PDTC as of the Covered Period, there are 2,031,026,992 lodged shares, broken down, as follows:

PCD Nominee - Filipino	2,017,896,086
PCD Nominee – Non-Filipino	13,130,906

5. All issued shares are duly and validly issued in accordance with existing laws, rules and regulations and are likewise listed in The Philippine Stock Exchange, Inc. ("PSE").

6. All lodged shares are validly issued and listed on the PSE.

7. The 2,133,680,000 shares which have been issued are fully paid.

8. All shares which have been issued and outstanding are listed.

IN WITNESS WHEREOF, I have hereunto set my hand this JAN 10 2022 day of ________ 2022, ________ in QUEZON CITY Philippines.

Marvin C. Yu
Corporate Secretary

SUBSCRIBED AND SWORN to before me, a notary public in and for the city named above, personally appeared ZON CITY with ID No. ____________ issued on ____________ at ____________, who is personally known to me to be the same person who executed the foregoing instrument, signed the same in my presence and who took an oath before me, as to such instrument.

Doc. No. 499
Page No. 101
Book No. I
Series of 2022.

ATTY. MA. PERLITA P. CABRERA
Notarial Commission Extended Until
June 30, 2022, Per Supreme Court
Resolution Under B.M. No. 3795
PTR No. 2296394; 01/03/22 - QC
IBP No. 178630; 01/03/22 - QC
MCLE VII Compliant as of Oct. 2021
[Awaiting Compliance Certificate]

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 three 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, 2021
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)	58,264,677	PhP
Direct economic value distributed:		
a. Operating costs	7,633,789	PhP
b. Taxes given to government	66,264,646	PhP
c. Interest payments to loan providers	2,611,111	Php
d. Dividends given to stockholders	-	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 700 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,* 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 acquisitions.

Climate-related risks and opportunities[1]

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

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	#

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[2] Red List species and national conservation list species with habitats in areas affected by operations	N/A	

Environmental impact management

Air Emissions

GHG

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

Air pollutants

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

Solid and Hazardous Wastes

Solid Waste

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

Hazardous Waste

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

[2] International Union for Conservation of Nature

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[3]	6	
a. Number of female employees	3	#
b. Number of male employees	3	#
Attrition rate[4]	0%	rate
Ratio of lowest paid employee against minimum wage	2.5	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

[3] Employees are individuals who are in an employment relationship with the organization, according to national law or its application (GRI Standards 2016 Glossary)
[4] 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
Secretariat Building, PICC Complex, Roxas Boulevard, Pasay City, 1307 Metro Manila Philippines
Tel: (632) 818-0921 Fax: (632) 818-5293 Email: mis@sec.gov.ph

The following document has been received:

Receiving: AARON PAGKATIPUNAN
Receipt Date and Time: May 06, 2022 03:20:13 PM

Company Information

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

Document Information

Document ID: OST1050620228368164
Document Type: Financial Statement
Document Code: FS
Period Covered: December 31, 2021
Submission Type: Annual
Remarks: None

File Upload

All files successfully uploaded

Transaction Code:
AFS-0-4R1WSQPP0M4VRVZ1YM1WQPMTP06BG7J7K7

Submission Date/Time:
Apr 21, 2022 05:41 PM

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Gmail

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

Your BIR AFS eSubmission uploads were received

eafs@bir.gov.ph <eafs@bir.gov.ph>
To: COMPLIANCETAX.FHI@gmail.com
Cc: COMPLIANCETAX.FHI@gmail.com

21 April 2022 at 17:41

Hi FRUITAS HOLDINGS, INC.,

Valid files

- EAFS008961476OTHTY122021.pdf
- EAFS008961476RPTTY122021.pdf
- EAFS008961476ITRTY122021.pdf
- EAFS008961476TCRTY122021-02.pdf
- EAFS008961476AFSTY122021.pdf
- EAFS008961476TCRTY122021-03.pdf
- EAFS008961476TCRTY122021-01.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-4R1WSQPP0M4VRVZ1YM1WQPMTP06BG7J7K7**
Submission Date/Time: **Apr 21, 2022 05:41 PM**
Company TIN: **008-961-476**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- 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.

This is a system-generated e-mail. Please do not reply.

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

SEC Registration Number

C	S	2	0	1	5	0	3	0	1	4

C O M P A N Y   N A M E

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

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
A S F S	C R M D	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)	Calendar Year (Month / Day)
124	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.*

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Accreditation No. 0207-FR-3 (Group A)
August 29, 2019, valid until August 28, 2022

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.
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, 2021 and 2020, 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, 2021, 2020 and 2019, 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, 2021 and 2020, and its financial performance and its cash flows for the years ended December 31, 2021, 2020 and 2019 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the 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 PFRSs, 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 PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, these 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 PSAs, 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 audit.

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

REYES TACANDONG & CO.

WILSON P. TEO
Partner
CPA Certificate No. 92765
Tax Identification No. 191-520-944-000
BOA Accreditation No. 4782; Valid until April 13, 2024
SEC Accreditation No. 92765-SEC Group A
Issued January 28, 2020
Valid for Financial Periods 2019 to 2023
BIR Accreditation No. 08-005144-014-2020
Valid until January 1, 2023
PTR No. 8851714
Issued January 3, 2022, Makati City

April 9, 2022
Makati City, Metro Manila

FRUITAS HOLDINGS INC.
60 Cordillera St. Brgy Dona Josefa Quezon City, Philippines
Mobile: +63.967.78242.86
Email: ipo.compliance@fruitasholdings.com;compliancetax.fhi@gmail.com
Website: www.fruitasholdings.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, 2021, 2020 and 2019**, 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

Signature ____________________
Lester C. Yu
Chief Executive Officer and President

Signature ____________________
Juneil Dominic P. Torio
Chief Financial Officer /Treasurer

SUBSCRIBED AND SWORN TO
BEFORE ME THIS APR 09 2022.
AFFIANT EXHIBITING TO ME
WITH VALID I.D. NO.

Signed this 9th day of April 2022

DOC. NO. 112
PAGE NO. 24
BOOK NO. VI
SERIES NO. 2022

ATTY. MA. PERLA P. CABRERA
Notarial Commission Extended Until
June 30, 2022, Per Supreme Court
Resolution Under B.M. No. 3795
PTR No. 2296394; 01/03/22 - QC
IBP No. 178630; 01/03/22 - QC
MCLE VII Compliant as of Oct. 2021
[Awaiting Compliance Certificate]

FRUITAS HOLDINGS, INC.

SEPARATE STATEMENTS OF FINANCIAL POSITION

	Note	December 31 2021	2020
ASSETS			
Current Assets			
Cash and cash equivalents	4	**₱136,279,501**	₱235,971,478
Receivables	5	**282,572**	210,024
Due from related parties	10	**367,424,865**	238,758,398
Other current assets	6	**10,907,960**	15,073,347
Total Current Assets		**514,894,898**	490,013,247
Noncurrent Assets			
Investment properties	7	**167,436,600**	126,875,050
Investments in subsidiaries	8	**635,868,310**	454,868,310
Deposit for stock subscription	10	**–**	176,000,000
Deferred tax assets	16	**10,376,285**	20,943,231
Total Noncurrent Assets		**813,681,195**	778,686,591
		₱1,328,576,093	₱1,268,699,838
LIABILITIES AND EQUITY			
Current Liabilities			
Accrued expenses and other payables	9	**₱600,711**	₱1,206,456
Notes payable	11	**55,000,000**	55,000,000
Due to related parties	10	**1,124,985**	13,112,479
Total Current Liabilities		**56,725,696**	69,318,935
Noncurrent Liabilities			
Retirement benefits liability	12	**497,690**	411,724
Security deposits	15	**642,799**	–
Deferred tax liabilities	16	**10,439,889**	–
Total Noncurrent liabilities		**11,580,378**	411,724
Total Liabilities		**68,306,074**	69,730,659
Equity	13		
Capital stock		**213,368,000**	213,368,000
Additional paid-in capital		**777,837,044**	777,837,044
Retained earnings		**269,151,612**	207,882,434
Other comprehensive loss	12	**(86,637)**	(118,299)
Total Equity		**1,260,270,019**	1,198,969,179
		₱1,328,576,093	₱1,268,699,838

See accompanying Notes to Separate Financial Statements.

FRUITAS HOLDINGS, INC.

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	**2021**	2020	2019
REVENUE				
Management fees	10	**₱42,857,143**	₱17,926,782	₱21,428,572
Dividend	8	**8,024,910**	21,000,000	65,000,000
Interest income	4	**5,365,638**	15,109,196	1,439,086
Rental income	15	**2,016,986**	–	–
		58,264,677	54,035,978	87,867,658
DIRECT COSTS				
Salaries, wages and other benefits		**7,633,789**	6,535,513	5,503,311
Real property taxes	7	**213,842**	–	–
		7,847,631	6,535,513	5,503,311
GROSS INCOME		**50,417,046**	47,500,465	82,364,347
GENERAL AND ADMINISTRATIVE EXPENSES	14	**(5,670,248)**	(3,324,252)	(7,496,120)
GAIN FROM CHANGE IN FAIR VALUE OF INVESTMENT PROPERTIES	7	**40,061,550**	–	–
INTEREST EXPENSE	11	**(2,611,111)**	(2,815,971)	(8,442,327)
INCOME BEFORE INCOME TAX		**82,197,237**	41,360,242	66,425,900
PROVISION FOR (BENEFIT FROM) INCOME TAX	16			
Current		**(56,956)**	227,825	318,505
Deferred		**20,985,015**	2,192,280	(19,519,550)
		20,928,059	2,420,105	(19,201,045)
NET INCOME		**61,269,178**	38,940,137	85,626,945
OTHER COMPREHENSIVE INCOME (LOSS)	12			
Not to be reclassified to profit or loss in subsequent periods				
Remeasurement gain (loss) on retirement benefits liability (net of tax effect)		**31,662**	–	(118,299)
TOTAL COMPREHENSIVE INCOME		**₱61,300,840**	₱38,940,137	₱85,508,646

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	**2021**	2020	2019	**2021**	2020	2019
CAPITAL STOCK	13						
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 of year		**2,133,680,000**	2,133,680,000	1,600,000,000	**₱213,368,000**	₱213,368,000	₱160,000,000
Issuances	13	**–**	–	533,680,000	**–**	–	53,368,000
Balance at end of year		**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	13				**777,837,044**	777,837,044	777,837,044
RETAINED EARNINGS							
Balance at beginning of year					**207,882,434**	190,279,097	118,652,152
Net income					**61,269,178**	38,940,137	85,626,945
Cash dividends	13				**–**	(21,336,800)	(14,000,000)
Balance at end of year					**269,151,612**	207,882,434	190,279,097

(Forward)

		Years Ended December 31					
		Number of Shares			Amount		
	Note	**2021**	2020	2019	**2021**	2020	2019
OTHER COMPREHENSIVE LOSS							
Not to be reclassified to profit or loss in subsequent periods							
Balance at beginning of year					**(₱118,299)**	(₱118,299)	₱–
Remeasurement gain (loss) on retirement benefits liability (net of tax effect)	12				**31,662**	–	(118,299)
Balance at end of year					**(86,637)**	(118,299)	(118,299)
					₱1,260,270,019	₱1,198,969,179	₱1,181,365,842

See accompanying Notes to Separate Financial Statements.

FRUITAS HOLDINGS, INC.

SEPARATE STATEMENTS OF CASH FLOWS

	Note	Years Ended December 31		
		2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**₱82,197,237**	₱41,360,242	₱66,425,900
Adjustments for:				
Gain from change in fair value of investment properties	7	**(40,061,550)**	–	–
Dividend income	8	**(8,024,910)**	(21,000,000)	(65,000,000)
Interest income	4	**(5,365,638)**	(15,109,196)	(1,439,086)
Interest expense	11	**2,611,111**	2,815,971	8,442,327
Retirement benefits cost	12	**139,448**	172,647	70,079
Operating income before working capital changes		**31,495,698**	8,239,664	8,499,220
Decrease (increase) in:				
Receivable from tenants	5	**(282,572)**	–	–
Other current assets		**5,177,897**	1,396,940	(146,446)
Increase (decrease) in:				
Accrued expenses and other payables		**(605,745)**	(35,363,445)	35,597,699
Security deposits		**642,799**	–	–
Net cash generated from (used for) operations		**36,428,077**	(25,726,841)	43,950,473
Interest received		**5,575,662**	14,899,172	1,439,086
Income taxes paid		**(955,554)**	(358,173)	(428,572)
Net cash provided by (used in) operating activities		**41,048,185**	(11,185,842)	44,960,987
CASH FLOWS FROM INVESTING ACTIVITIES				
Advances to related parties	10	**(128,666,467)**	(366,729,303)	(28,767,143)
Dividends received	8	**8,024,910**	21,000,000	84,999,680
Additions to:				
Investments in subsidiaries	8	**(5,000,000)**	(25,899,635)	(18,000,000)
Deposit for stock subscription	8	**–**	(16,000,000)	(160,000,000)
Additions to investment properties	7	**(500,000)**	(126,875,050)	–
Input VAT on the acquisition of investment properties	7	**–**	(15,000,000)	–
Collection of due from related parties	10	**–**	143,613,640	24,633,336
Net cash used in investing activities		**(126,141,557)**	(385,890,348)	(97,134,127)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of:				
Due to related parties	10	**(11,987,494)**	–	(26,784,816)
Interest	11	**(2,611,111)**	(2,320,832)	(8,442,327)
Dividends		**–**	(21,336,800)	(59,500,000)
Notes payable		**–**	–	(110,500,000)
Proceeds from issuances of:				
Promissory notes	11	**–**	5,000,000	35,500,000
Shares, net of share issue costs		**–**	–	831,205,044
Advances from related parties	10	**–**	1,761,042	37,864,559
Net cash provided by (used in) financing activities		**(14,598,605)**	(16,896,590)	699,342,460

(Forward)

		Years Ended December 31		
	Note	**2021**	2020	2019
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(₱99,691,977)**	(₱413,972,780)	₱647,169,320
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**235,971,478**	649,944,258	2,774,938
CASH AND CASH EQUIVALENTS AT END OF YEAR		**₱136,279,501**	₱235,971,478	₱649,944,258
SUPPLEMENTARY INFORMATION ON NONCASH ACTIVITIES				
Application of deposit for stock subscription to investments in subsidiaries	10	**₱176,000,000**	₱–	₱82,000,000
COMPONENTS OF CASH AND CASH EQUIVALENTS	4			
Cash in banks		**₱84,734,176**	₱37,831,071	₱48,523,869
Short-term placements		**51,545,325**	198,140,407	601,420,389
		₱136,279,501	₱235,971,478	₱649,944,258

See accompanying Notes to Separate Financial Statements.

FRUITAS HOLDINGS, INC.

NOTES TO SEPARATE FINANCIAL STATEMENTS

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.

The Company has investments in the following subsidiaries as at December 31, 2021 and 2020:

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

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

In 2021 and 2020, the Company was 57.53% and 57.39%, 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 No. 60 Cordillera St., Brgy. Dona Josefa, Quezon City, 1113.

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 separate financial statements of the Company were approved and authorized for issuance by the Board of Directors (BOD) on April 9, 2022.

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 of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs) issued by the Philippine Financial Reporting Standards Council and adopted by the SEC, including SEC pronouncements. This financial reporting framework includes PFRSs, Philippine Accounting Standards (PASs) and Philippine interpretations from International Financial Reporting Interpretations Committee.

The Company also prepares consolidated financial statements for the same period in accordance with PFRSs, 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 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.

In 2021, the Company voluntarily changed its accounting policy on investment properties from cost model to fair value model. The change in accounting policy has no significant impact on the comparative balances (see Note 7).

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 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 Note 19 to the separate financial statements.

Adoption of Amended PFRSs

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

- 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. The Company applied the practical expedient in its financial statements for the year ended December 31, 2020.

  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 amendment is effective for annual reporting periods beginning on or after April 1, 2021 but earlier application is permitted. The 2021 amendment is mandatory for entities that elected to apply the previous amendment. Accordingly, the Company has applied the amendment in the current year financial statements.

Under prevailing circumstances, the adoption of the foregoing amended PFRSs did not have any material effect on the separate financial statements of the Company. Additional disclosures were included in the separate financial statements as necessary.

Amended PFRSs Issued But Not Yet Effective

Relevant amended PFRSs, which are not yet effective as at December 31, 2021 and have not been applied in preparing the separate financial statements, are summarized below.

Effective for annual periods beginning on or after 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.

- 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 1, *First-time Adoption of Philippine Financial Reporting Standards - Subsidiary as a First-time Adopter* – The amendment permits a subsidiary that becomes a first-time adopter later than its parent and measures its assets and liabilities in accordance with paragraph D16 (a) of PFRS 1 to measure cumulative translation differences for all foreign operations using the amounts reported by its parent, based on the parent's date of transition to PFRS. Earlier application of the amendment is permitted.

  - 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 amendments. Earlier application is permitted.

  - 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.

Effective for annual periods beginning on or after January 1, 2023:

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current* – 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.

- Amendments to PAS 1 and PFRS Practice Statement 2, *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, *Making Materiality Judgments*, 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, *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 require 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, *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. Earlier application is permitted.

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

Financial Assets and Liabilities

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, 2021 and 2020, the Company has no financial instruments classified as financial assets and liabilities at FVPL and financial assets at FVOCI.

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, 2021 and 2020, the Company's cash and cash equivalents, receivables and due from related parties are classified under this category (see Notes 4, 5 and 10).

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 are subject to an insignificant risk of change in value.

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, 2021 and 2020, the Company's accrued expenses and other payables (excluding statutory payable), notes payable, due to related parties and security deposits are classified under this category (see Notes 9, 10, 11 and 15).

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.

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 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 statement 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 receivable 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.

Deposit for Stock Subscription

Deposit for stock subscription, which represents payment for stock subscription where actual issuance is not yet made, is carried at cost, less any impairment in value.

The Company classifies its deposit for stock subscription as a separate account under noncurrent assets in the separate statements of financial position.

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. 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 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.

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

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

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

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 expense 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

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

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3. **Significant Accounting Judgments and Estimates**

The preparation of the Company's separate financial statements requires management to make judgments and estimates that affect the amounts reported in the separate financial statements and accompanying notes. The judgments and 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 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 2021, 2020 and 2019. The carrying amounts of the Company's cash and cash equivalents, interest receivable and due from related parties as at December 31, 2021 and 2020 are disclosed in Note 19.

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 7.

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 7.

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 2021, 2020 and 2019. The carrying amounts of other current assets, investment properties, investments in subsidiaries and deposit for stock subscription as at December 31, 2021 and 2020 are disclosed in Notes 6, 7, 8 and 10.

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 12 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 14.

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, 2021 and 2020 are disclosed in Note 16.

4. Cash and Cash Equivalents

This account consists of:

	2021	2020
Cash in banks	**₱84,734,176**	₱37,831,071
Short-term placements	**51,545,325**	198,140,407
	₱136,279,501	₱235,971,478

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 Company and earn interest at the prevailing short-term placement rates.

Interest income was derived from the following:

	2021	2020	2019
Cash in banks	**₱1,707,601**	₱4,263,077	₱1,439,086
Short-term placements	**3,658,037**	10,846,119	–
	₱5,365,638	₱15,109,196	₱1,439,086

5. Receivables

This account consists of:

	2021	2020
Receivable from tenants	**₱282,572**	₱–
Interest receivable	**–**	210,024
	₱282,572	₱210,024

Receivable from tenants, which pertains to uncollected portion of shared utilities expense, is noninterest-bearing and is collectible within 30 to 60 days.

6. Other Current Assets

This account consists of:

	2021	2020
Input VAT	**₱9,655,035**	₱14,832,932
CWTs	**1,252,925**	240,415
	₱10,907,960	₱15,073,347

7. Investment Properties

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

	December 31, 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 - subsequent disbursements	**–**	**–**	**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 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. Related input VAT amounted to ₱15.0 million.

Fair Value
In 2021, the Company voluntarily changed its accounting policy on investment properties from cost model to fair value model. The change in accounting policy has no impact in 2020 since the fair value of the investment property as at December 31, 2020 approximates the carrying amount since the investment properties were recently acquired in November 2020.

Land. The fair value of the Company's land is ₱137.2 million. The fair value of the land was determined by an independent firm of appraisers as at March 31, 2022. The inputs used to determine the market value of the investment properties using the Market Approach include location characteristics, size, time element, quality and marketability. Accordingly, the fair value measurement used is classified as Level 2.

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.

Description of key inputs to valuation on land follows:

Location	Significant unobservable Inputs	Range (weighted average)
Sampaloc District, City of Manila	Selling price per square meter	₱128,205 to ₱179,886/ sq. m.
	Value adjustments	-5% to -20%

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 ₱2.0 million in 2021 (see Note 15). The related direct cost incurred pertains to real property taxes amounting to ₱213,842 in 2021.

8. Investments in Subsidiaries

This account consists of investments in the following subsidiaries:

	2021	2020
At cost:		
FGI	**₱308,152,600**	₱132,152,600
NTI	**160,318,625**	160,318,625
BNFI	**157,672,100**	152,672,100
SKI	**8,600,000**	8,600,000
CDI	**1,124,985**	1,124,985
	₱635,868,310	₱454,868,310

Movements in this account follow:

	2021	2020
Balance at beginning of year	**₱454,868,310**	₱428,968,675
Additions	**5,000,000**	25,899,635
Application of deposit for stock subscription	**176,000,000**	–
Balance at end of year	**₱635,868,310**	₱454,868,310

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 with ₱100.00 par value a share to ₱125.0 million divided into 1,230,000 common shares with ₱100.00 par value a share and 200,000 redeemable preferred shares with ₱10.00 par value a share. 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 September 2021, the Company subscribed to additional 100.0 million common shares at ₱100.00 par value a share and paid ₱5.0 million.

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.

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
June 27, 2019	FGI	June 30, 2019	₱120.00	₱60,000,000
June 27, 2019	BNF	June 30, 2019	8.42	4,000,000
June 27, 2019	NTI	June 30, 2019	1.54	1,000,000
				₱65,000,000

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

	2021	2020	2019
Current Assets	**₱714,869,839**	₱651,313,119	₱698,704,897
Noncurrent Assets	**759,310,164**	613,602,706	560,410,812
Current Liabilities	**760,719,298**	521,380,208	363,008,262
Noncurrent Liabilities	**114,621,141**	77,081,159	175,100,725
Equity	**598,839,564**	666,454,458	721,006,722
Revenue	**1,212,613,556**	1,014,698,744	1,881,342,929
Net income (Loss)	**(64,664,269)**	(66,008,191)	100,487,221
Total Comprehensive Income (Loss)	**(64,590,144)**	(66,008,191)	99,737,353

9. Accrued Expenses and Other Payables

This account consists of:

	Note	2021	2020
Accrued expenses		**₱303,757**	₱702,038
Statutory payable		**158,037**	504,418
Other payable	10	**138,917**	–
		₱600,711	₱1,206,456

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

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

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

10. 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	**2021**	2020	**2021**	2020
Receivables						
Subsidiaries		Management fees*	**₱48,000,000**	₱20,077,996		
		Collections	**(48,000,000)**	(20,077,996)		
		Rent and utility	**600,357**	–		
		Collections	**(455,357)**	–	**₱145,000**	₱–
Due from related parties						
Subsidiaries	8	Dividends	**₱8,024,910**	₱21,000,000		
		Collections	**(8,024,910)**	(21,000,000)		
		Advances	**128,666,467**	366,729,303		
		Collections	**–**	143,613,640	**₱359,012,583**	₱230,346,116
Entities under common control		Advances	**–**	–	**8,412,282**	8,412,282
					₱367,424,865	₱238,758,398
Deposit for stock subscription	8					
Subsidiary		Deposit for stock subscription	**₱–**	₱16,000,000		
		Application	**(176,000,000)**	–	**₱–**	₱176,000,000
Other Payables						
Subsidiary	9	Collected cash	**₱138,917**	₱–	**₱138,917**	₱–

(Forward)

			Amount of Transactions		Outstanding Balances	
Related Party	Note	Nature	**2021**	2020	**2021**	2020
Due to related parties						
Stockholders		Payments	**(₱10,923,475)**	₱–	**₱–**	₱10,923,475
Entities under common control		Advances	**–**	1,761,042		
		Payments	**(1,064,019)**	–	**1,124,985**	2,189,004
					₱1,124,985	₱13,112,479

**inclusive of VAT*

<u>Management Agreements</u>

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 ₱42.9 million and ₱17.9 million in 2021 and 2020, respectively.

<u>Terms and Conditions of Transactions with Related Parties</u>

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.

<u>Compensation of Key Management Personnel</u>

Compensation paid to the Company's key management personnel, which pertains to salaries and short-term benefits, amounted to ₱6.0 million, ₱5.1 million and ₱4.9 million in 2021, 2020 and 2019, respectively.

11. Notes Payable

Movements in this account are as follows:

	2021	2020
Balance at beginning of year	**₱55,000,000**	₱50,000,000
Availment	**–**	5,000,000
Balance at end of year	**₱55,000,000**	₱55,000,000

In 2020, the Company issued promissory notes to local commercial banks amounting to ₱5.0 million. The promissory notes are renewable every three months and bear annual stated interest rates ranging from 4.75% to 6.25%.

Interest expense amounted to ₱2.6 million, ₱2.8 million and ₱8.4 million in 2021, 2020 and 2019, respectively.

12. **Retirement Benefits Liability**

The Company valued 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 most recent actuarial valuation was carried out as at December 31, 2021.

The table below summarizes the components of the retirement benefits cost recognized in the statement of comprehensive income (see Note 14):

	2021	2020
Current service cost	**₱119,068**	₱160,813
Interest cost	**20,380**	11,834
	₱139,448	₱172,647

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

	2021	2020
Balance at the beginning of year	**₱411,724**	₱239,077
Current service cost	**119,068**	160,813
Interest cost	**20,380**	11,834
Remeasurement gain	**(53,482)**	–
Balance at end of year	**₱497,690**	₱411,724

The principal assumptions used in determining the retirement benefits liability are as follows:

	2021	2020
Discount rate	**5.13%**	4.95%
Future salary increases	**3.00%**	3.00%

Sensitivity Analysis

The sensitivity analysis on the defined benefit obligations as at December 31, 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.

	Change in Assumption	Increase (Decrease) on Retirement Benefits Liability
Discount rate	+1%	(₱77,133)
	-1%	94,235
Salary increase rate	+1%	96,672
	-1%	(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, 2021 and 2020 is 19 and 20 years, respectively.

Remeasurement Loss (Gain)

The cumulative remeasurement loss on retirement benefits liability recognized in other comprehensive income in the separate statements of financial position as at December 31, 2021 and 2020 are as follows:

	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**

	2020		
	Cumulative Remeasurement Loss	Deferred Tax	Net
Balance at beginning and end of year	₱168,998	₱50,699	₱118,299

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

	2021	2020
Less than five years	**₱–**	₱282,219
More than 10 years	**6,226,136**	5,898,169

13. 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 August 24, 2019, 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 October 17, 2019 and October 23, 2019, respectively. On November 29, 2019, the Company's 533,660,000 common shares were officially listed on the PSE with an Oversubscription Option of up to 68,340,000 common shares at an offer price of ₱1.68 a share.

The Offer Period was from November 18, 2019 to November 22, 2019. The trading of the shares commenced on November 29, 2019.

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

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 (IPO). Details are as follows:

Proceeds in excess of par value	₱843,182,800
IPO expenses	65,345,756
Additional paid-in capital	₱777,837,044

In 2019, IPO expenses were charged as follows:

Additional paid-in capital	₱65,345,756
General and administrative expenses	6,891,892
Input VAT	975,843
Deferred input VAT	444,435
	₱73,657,926

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
August 27, 2020	August 27, 2020	September 18, 2020	₱.01	₱21,336,800
June 27, 2019	June 27, 2019	June 27, 2019	₱0.00875	₱14,000,000

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, 2021 and 2020 follows:

	2021	2020
Debt	**₱68,306,074**	₱69,730,660
Equity	**1,260,270,019**	1,198,969,179
Debt-to-Equity Ratio	**0.05:1**	0.06:1

Pursuant to the PSE's rules on minimum public ownership, at least 10.00% of the issued and outstanding shares of a listed company must be owned and held by the public. The public ownership is about 36.06% and 36.36% as at December 31, 2021 and 2020, respectively.

The total number of shareholders of the Company as at December 31, 2021 and 2020 is 124.

14. General and Administrative Expenses

This account consists of:

	Note	**2021**	2020	2019
Professional fees		**₱1,373,459**	₱1,479,017	₱290,376
Taxes and licenses		**1,281,649**	439,298	179,057
Outside services		**452,197**	–	–
Utilities		**420,955**	88,170	–
Subscription fee		**398,998**	526,036	–
Repairs and maintenance		**159,541**	–	–
Advertising		**153,360**	214,754	–
Retirement benefits cost	12	**139,448**	172,647	70,079
Insurance		**85,900**	–	–
Training and development		**–**	46,560	–
IPO		**–**	–	6,891,892
Others		**1,204,741**	357,770	64,716
		₱5,670,248	₱3,324,252	₱7,496,120

Others mainly pertains to consultancy fee of the previous stockholder of a subsidiary.

15. **Operating Lease Agreements**

The Company 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 ₱642,799 as at December 31, 2021 are noninterest-bearing and will be refunded at the end of the lease term.

Rental income recognized amounted to ₱2.0 million in 2021.

16. **Income Taxes**

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

Deferred Tax

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

	2021	2020
Deferred Tax Assets		
NOLCO	**₱10,116,488**	₱20,273,384
MCIT	**135,374**	546,330
Retirement benefits liability	**124,423**	123,517
	₱10,376,285	₱20,943,231
Deferred Tax Liabilities		
Fair value changes on investment properties	**₱10,015,388**	₱–
Depreciation expense for tax purposes	**424,501**	–
	₱10,439,889	₱–

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

	2021	2020	2019
Through profit or loss	**₱20,985,015**	₱2,192,280	(₱19,519,550)
Through other comprehensive income	**21,820**	–	50,699
	₱21,006,835	₱2,192,280	(₱19,468,851)

Details of the Company's NOLCO are as follows:

Year Incurred	Beginning	Applied	Ending	Expiry Year
2019	₱64,689,244	(₱24,223,292)	₱40,465,952	2022
2018	2,888,702	(2,888,702)	–	2021
	₱67,577,946	(₱27,111,994)	₱40,465,952	

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	Applied	Change in tax rate	Ending	Expiry Year
2020	₱227,825	(₱35,495)	(₱56,956)	₱135,374	2023
2019	318,505	(318,505)	–	–	2022
	₱546,330	(₱354,000)	(₱56,956)	₱135,374	

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

	2021	2020	2019
Provision for income tax at statutory tax rate	**₱20,549,309**	₱12,408,073	₱19,927,770
Change in tax rate	**3,391,033**	–	–
Tax effects of:			
Dividend income exempt from income tax	**(2,006,228)**	(6,300,000)	(19,500,000)
Interest income already subjected to a final tax	**(1,341,410)**	(4,532,759)	(431,726)
Nondeductible expenses	**335,355**	844,791	179,886
IPO expenses charged against APIC	**–**	–	(19,603,727)
Expired NOLCO	**–**	–	226,752
Provision for (benefit from) income tax at effective tax rate	**₱20,928,059**	₱2,420,105	(₱19,201,045)

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 or 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 financial statements as at and for the year ended December 31, 2020 were 30% and 2% for RCIT and 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	₱–	₱17,537,026	₱17,537,026
Effect of change in tax rate	(56,956)	3,447,989	3,391,033
Adjusted current income tax expense	(₱56,956)	₱20,985,015	₱20,928,059

17. Reconciliation of Liabilities Arising from Financing Activities

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

	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**

	2020				
	Balance at Beginning of Year	Proceeds/ Advances	Interest Expense	Payments	Balance at End of Year
Notes payable	₱50,000,000	₱5,000,000	₱–	(₱–)	₱55,000,000
Accrued interest	–	–	2,815,972	(2,320,833)	495,139
Due to related parties	11,351,437	1,761,042	–	–	13,112,479
	₱61,351,437	₱6,761,042	₱2,815,972	(₱2,320,833)	₱68,607,618

18. Financial Risk Management Objectives and Policies

The Company's financial assets comprise of cash and cash equivalents, interest receivable and due from related parties. The Company's financial liabilities include accrued expenses and other payables (excluding statutory payable), notes 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:

	2021	2020
Cash and cash equivalents	**₱136,279,501**	₱235,971,478
Receivables	**282,572**	210,024
Due from related parties	**367,424,865**	238,758,398
	₱503,986,938	₱474,939,900

As at December 31, 2021 and 2020, the amount of cash and cash equivalents and interest receivable 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 2021, 2020 and 2019.

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, 2021 and 2020, the Company's interest-bearing debt obligations consist solely of notes payable to local banks with fixed interest rate. In 2021 and 2020, 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.

	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**

	2020				
	Payable on Demand	1 to 120 days	121 to 240 days	Over 241 days	Total
Accrued expenses and other payables	₱–	₱702,038	₱–	₱–	₱702,038
Notes payable	–	55,000,000	–	–	55,000,000
Future interests	–		423,611	–	423,611
Due to related parties	13,112,479	–	–	–	13,112,479
	₱13,112,479	₱55,702,038	₱423,611	₱–	₱69,238,128

19. **Fair Value Measurement**

The table below presents the carrying amounts and fair values of the Company's financial instruments as at December 31, 2021 and 2020.

	2021		2020	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets at Amortized Cost				
Cash and cash equivalents	**₱136,279,501**	**₱136,279,501**	₱235,971,478	₱235,971,478
Receivables	**282,572**	**282,572**	210,024	210,024
Due from related parties	**367,424,865**	**367,424,865**	238,758,398	238,758,398
	₱503,986,938	**₱503,986,938**	₱474,939,900	₱474,939,900
Financial Liabilities at Amortized Cost				
Accrued expenses and other payables	**₱442,674**	**₱442,674**	₱702,038	₱702,038
Notes payable	**55,000,000**	**55,000,000**	55,000,000	55,000,000
Due to related parties	**1,124,985**	**1,124,985**	13,112,479	13,112,479
Security deposits	**642,799**	**642,799**	–	–
	₱57,210,458	**₱57,210,458**	₱68,814,517	₱68,814,517

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

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Accreditation No. 0207-FR-3 (Group A)
August 29, 2019, valid until August 28, 2022

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

**REPORT OF INDEPENDENT AUDITORS
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 , 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019, on which we have rendered our report dated April 9, 2022.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Company has 123 stockholders and 124 stockholders owning one hundred (100) or more shares each as at December 31, 2021 and 2020, respectively.

REYES TACANDONG & CO.

WILSON P. TEO
Partner
CPA Certificate No. 92765
Tax Identification No. 191-520-944-000
BOA Accreditation No. 4782; Valid until April 13, 2024
SEC Accreditation No. 92765-SEC Group A
Issued January 28, 2020
Valid for Financial Periods 2019 to 2023
BIR Accreditation No. 08-005144-014-2020
Valid until January 1, 2023
PTR No. 8851714
Issued January 3, 2022, Makati City

April 9, 2022
Makati City, Metro Manila

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

**REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY 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, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019, and have issued our report thereon dated April 9, 2022. 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, 2021 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.

WILSON P. TEO
Partner
CPA Certificate No. 92765
Tax Identification No. 191-520-944-000
BOA Accreditation No. 4782; Valid until April 13, 2024
SEC Accreditation No. 92765-SEC Group A
Issued January 28, 2020
Valid for Financial Periods 2019 to 2023
BIR Accreditation No. 08-005144-014-2020
Valid until January 1, 2023
PTR No. 8851714
Issued January 3, 2022, Makati City

April 9, 2022
Makati City, Metro Manila

FRUITAS HOLDINGS, INC.

SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2021

Unappropriated retained earnings at beginning of year as shown in the separate financial statements	₱207,882,434
Less -	
Deferred tax assets at the beginning of year	(20,943,231)
Total unappropriated retained earnings, as adjusted at beginning of year	186,939,203
Net income during the year closed to retained earnings	61,269,178
Add/(Less):	
Fair value change of investment properties resulting to gain, net of tax	(30,046,163)
Movement in deferred tax assets	10,566,946
Depreciation expense of the investment properties for tax purposes	424,501
Total unappropriated retained earnings available for dividend declaration at end of year	₱229,153,665

Reconciliation:	
Unappropriated retained earnings at end of year as shown in the separate financial statements	₱269,151,612
Add deferred tax liability at end of year	10,439,889
Less:	
Cumulative fair value changes on investment properties	(40,061,551)
Deferred tax assets at end of year	(10,376,285)
Total unappropriated retained earnings available for dividend declaration at end of year	₱229,153,665

FRUITAS HOLDINGS INC.

60 Cordillera St. Brgy Dona Josefa Quezon City, Philippines
Mobile: +63.967.78242.86
Email: ipo.compliance@fruitasholdings.com;compliancetax.fhi@gmail.com
Website: www.fruitasholdings.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, 2021. 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, 2021 and the accompanying Annual Income Tax Return are in accordance with the books and records of, 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

Signature ____________________
Lester C. Yu
Chief Executive Officer and President

Signature ____________________
Juneil Dominic P. Torio
Chief Financial Officer /Treasurer

Signed this 9th day of April 2022

SUBSCRIBED AND SWORN TO BEFORE ME THIS APR 12 2022 AFFIANT EXHIBITING TO ME WITH VALID I.D. NO.____

DOC. NO: 111
PAGE NO. 24
BOOK NO. XV
SERIES NO. 2022

ATTY. MA. PERLITA P. CABRERA
Notarial Commission Extended Until June 30, 2022, Per Supreme Court Resolution Under B.M. No. 3795
PTR No. 2296394; 01/03/22 - QC
IBP No. 178630; 01/03/22 - QC
MCLE VII Compliant as of Oct. 2021
[Awaiting Compliance Certificate]

ANNEX B

July 27, 2021

PHILIPPINE STOCK EXCHANGE, INC.
PSE Tower, 28th Street, cor. 5th Avenue,
Bonifacio Global City, Taguig City

ATTENTION : **MS. JANET A. ENCARNACION**
Head, Disclosure Department

via PSE EDGE
SECURITIES AND EXCHANGE COMMISSION
Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City, 1307

ATTENTION : **DIR. VICENTE GRACIANO P. FELIZMENIO, JR.**
Markets and Securities Regulation Department

Gentlemen:

Please see attached the SEC Form 17-C (Current Report) of **Fruitas Holdings, Inc**. for the Results of the Annual Stockholders Meeting on July 27, 2021 filed in compliance with the Securities Regulation Code, its 2015 Implementing Rules and Regulations and the Revised Disclosure Rules of the Philippine Stock Exchange (PSE).

Thank you.

Very truly yours,

FRUITAS HOLDINGS, INC.
By:

Rushell 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 17-C

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

Secondary License Type, If Applicable

Dept Requiring this Doc Section

Second Article

Amended Articles Number /

Total Amount of Borrowings

16

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes

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. July 27, 2021
   Date of Report (Date of earliest event reported)

2. SEC Identification Number- CS201503014

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

4. **FRUITAS HOLDINGS, 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 4: Resignation, Removal or Election of Registrant's Directors or Officers
    Item 9: Other Events

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

RUSHELL A. SALVADOR
Compliance Officer

Date
27 July 2021

PSE Disclosure Form 4-24 Results of Annual Stockholders' Meeting
References: SRC Rule 17 (SEC Form 17-C) and
Sections 6 and 4.4 of the Revised Disclosure Rules

FRUITAS HOLDINGS, INC.'S DISCLOSURE

Subject of the Disclosure:
Results of the 2021 Annual Stockholders' Meeting
Background/Description of the Disclosure
Results of the 2021 Annual Stockholders' Meeting , resolutions on various matters as approved by the stockholders
List of elected directors for the ensuing year with their corresponding shareholdings in the Issuer

Name of Person	***Shareholdings in the Listed Company***		***Nature of Indirect Ownership***
	Direct	***Indirect***	
ROGELIO M. GUADALQUIVER	500,000-	-	N/A
LESTER C. YU	123,117,000-	1,227,500,010-	i) held by members of a person's immediate family sharing the same household; ii) held by a corporation of which he is a controlling shareholder
CALVIN F. CHUA	4,150,000-	59,000-	i) held by members of a person's immediate family sharing the same household;
MADELENE T. SAYSON	1,500,000-	-	N/A
DENNIS T. BENG HUI	10,000-	-	N/A
SHIRLEY O. TAN	10,000-	90,000-	i) held by members of a person's immediate family sharing the same household;
BAMBI MAUREEN E. DONATO	10,000-	-	N/A

External Auditor	:	Reyes Tacandong & Co.

List of Other Material Resolutions, Transactions and Corporate Actions Approved by the Stockholders

1. Approval of the minutes of the last Annual Meeting of Stockholders held on December 1, 2020
2. Approval of Amendment to Article II of the Articles of Incorporation to add to Secondary Purposes:

   "11. To assume, undertake, guarantee, or secure, whether as solidary obligor, surety, guarantor, or security provider, or in any other capacity, and either on its general credit or on the mortgage or security over any of its property, the whole or any part of the liabilities and obligations of any of its direct or indirect parent, stockholders, subsidiaries, or affiliates, or any person, firm, association, or corporation, whether domestic or foreign, in which the corporation has lawful interest and for the benefit of the corporation."

3. Ratification of all acts and resolutions of the Board of Directors and Management in 2020 up to July 27, 2021

4. Approval of Audited Financial Statements for the year 2020

5. Approval of the nominees for the Election of the members of the Board of Directors, including the Independent Directors, for the year 2021

Other Relevant Information	:	Please refer to attached Minutes on the Annual Stockholder's Meeting of Fruitas Holdings, Inc.

MINUTES OF THE ANNUAL MEETING OF THE STOCKHOLDERS
FRUITAS HOLDINGS, INC. (FHI)
Conducted via remote communication through Zoom
July 27, 2021
2:00 P.M.

TOTAL NUMBER OF SHARES OUTSTANDING	**2,133,680,000**
Total No. of Shares of Stockholders Participating Remotely or in Absentia	1,432,349,874
Percentage	67.13%
Total Shares Not Represented	701,330,126
Percentage	32.87%

Directors in Attendance:

1. Rogelio M. Guadalquiver	Chairman
2. Lester C. Yu	President and Chief Executive Officer
3. Calvin F. Chua	Chief Financial Adviser
4. Madelene T. Sayson	Chief Operations Officer
5. Dennis T. Beng Hui	Independent Director
6. Bambi Maureen E. Donato	Independent Director
7. Shirley O. Tan	Independent Director

Corporate Officers in Attendance:

1. Roselyn A. Legaspi	Managing Director – Visayas and Mindanao
2. Juneil Dominic P. Torio	Chief Financial Officer, Treasurer, and Investor Relations Officer
3. Lerma C. Fajardo	Deputy Chief Financial Officer and Comptroller
4. Rushell A. Salvador	Vice President – Compliance Officer
5. Marvin C. Yu	Corporate Secretary

I. CERTIFICATION OF NOTICE OF MEETING & QUORUM AND CALL TO ORDER

The Chairman opened the meeting by welcoming the shareholders to the 2021 ASM of the company. After indicating that the meeting was held via remote communication due to the ongoing COVID-19 pandemic, he then called the meeting to order.

Upon request of the Chairman of the Board, Mr. Rogelio M. Guadalquiver, the Corporate Secretary, Mr. Marvin C. Yu, announced that the notices for the meeting were distributed to the stockholders through the following: (1) Publication of the Notice of the ASM in the Business Sections of Businessworld and the Manila Standard, both newspapers of General Circulation in the Philippines, in both print and online format on July 5, 2021 and July 6, 2021; (2) Disclosure of the ASM Notice on the Philippine Stock Exchange Edge portal; and (3) Posting on the Corporation's website at www.fruitasholdings.com. These alternative modes of notification to stockholders are in compliance with the guideline of the SEC per its Notice dated March 16, 2021.

He reported the computation of FHI's Stock Transfer Agent (BDO) that out of 2,133,680,000 shares of stock outstanding and entitled to vote, 1,432,349,874 shares or 67.13% were represented at the meeting by stockholders participating remotely or in absentia or represented by proxies. The Corporate Secretary then certified the existence of a quorum.

II. APPROVAL OF THE MINUTES OF THE LAST ANNUAL MEETING OF THE STOCKHOLDERS

The Chairman proceeded to the next item in the agenda, which was the approval of the minutes of the annual meeting of the stockholders held on December 1, 2020. It was manifested by the Corporate Secretary that the minutes of the said meeting were provided through posting in the Corporation's website.

On motion duly made and seconded, the stockholders dispensed with the reading of the minutes of the last stockholders' meeting of the Corporation held on December 1, 2020 and submitted the same for approval as recorded. Accordingly, the following resolution was thus adopted and approved:

> "**RESOLVED,** that the stockholders of Fruitas Holdings, Inc. hereby approve the Minutes of the Annual Stockholders' Meeting held on December 1, 2020 as recorded."

The Chairman requested the Corporate Secretary to record the votes for this agenda item. The above resolution was approved by more than a majority of the total outstanding shares entitled to vote as detailed below:

AGENDA	YES		NO		ABSTAIN	
	NO. OF SHARES	%	NO. OF SHARES	%	NO. OF SHARES	%
Approval of Minutes of the Annual Stockholders Meeting held on Dec. 1, 2020.	1,431,550,874	67.09%	0	0.00%	799,000	0.037%

Based on the existing process, votes were casted through an online portal which was accessed by eligible shareholders upon successful registration to the ASM 2021.

III. APPROVAL OF AMENDMENT TO ARTICLE II OF THE ARTICLES OF INCORPORATION TO ADD TO SECONDARY PURPOSES

The chairman proceeds with the next agenda, which was the approval of amendment to Article II of the Articles of Incorporation to add a secondary purpose which will allow the Company to act as surety, guarantor, or the likes with its subsidiaries and affiliates.

On motion duly made and seconded, the stockholders approved the following resolution:

> "**RESOLVED,** that the stockholders of Fruitas Holdings, Inc., hereby approve to amend the Article II of the Articles of Incorporation to add secondary purposes:
>
> > "11. To assume, undertake, guarantee, or secure, whether as solidary obligor, surety, guarantor, or security provider, or in any other capacity, and either on its general credit or on the mortgage or security over any of its property, the whole or any part of the liabilities and obligations of any of its direct or indirect parent, stockholders, subsidiaries, or affiliates, or any person, firm, association, or corporation, whether domestic or foreign, in which the corporation has lawful interest and for the benefit of the corporation."

The Chairman requested the Corporate Secretary to record the votes for this agenda item. The above resolution was approved by more than a majority of the total outstanding shares entitled to vote as detailed below:

AGENDA	YES		NO		ABSTAIN	
	NO. OF SHARES	%	NO. OF SHARES	%	NO. OF SHARES	%
Ratification of all acts and resolutions of the Board of Directors and Management from the date of the last annual stockholders' meeting until the date of this meeting	1,431,550,874	67.09%	0	0.00%	799,000	0.037%

IV. **RATIFICATION OF ALL ACTS AND RESOLUTIONS OF THE BOARD OF DIRECTORS AND MANAGEMENT FROM THE DATE OF THE LAST ANNUAL STOCKHOLDERS' MEETING UNTIL THE DATE OF THIS MEETING**

The next item on the agenda was the ratification of acts and resolutions of the Board of Directors and Management for Y2020 and up to present. On motion duly made and seconded, the stockholders approved the following resolution:

> "**RESOLVED,** that the stockholders of Fruitas Holdings, Inc., hereby approve and ratify all the actions taken by the Corporation's Board of Directors and Management for the year 2020 and up to the present."

The Chairman requested the Corporate Secretary to record the votes for this agenda item. The stockholders owning more than a majority of the total outstanding shares entitled to vote ratified all acts of the Corporation, its Board of Directors and Management from the last annual stockholders' meeting to the present, as detailed below:

AGENDA	YES		NO		ABSTAIN	
	NO. OF SHARES	%	NO. OF SHARES	%	NO. OF SHARES	%
Ratification of all acts and resolutions of the Board of Directors and Management from the date of the last annual stockholders' meeting until the date of this meeting	1,431,550,874	67.09%	0	0.00%	799,000	0.037%

Based on the existing process, votes were casted through an online portal which was accessed by eligible shareholders upon successful registration to the ASM 2021.

V. **PRESENTATION OF THE PRESIDENT'S REPORT**

The Chairman of the Meeting then gave the floor to the President of the Corporation, Mr. Lester C. Yu, for the latter's report on the Corporation's achievements and milestones throughout the year 2020 and 2021.

The President reported on the significant business transaction undertaken by Management and the financial targets and achievements for the year 2020 and 2021.

VI. **MANAGEMENT REPORT AND APPROVAL OF AUDITED FINANCIAL STATEMENT FOR THE YEAR 2020**

The Chairman of the Meeting then gave the floor to the Chief Financial Adviser of the Corporation, Mr. Calvin F. Chua, for the latter's report on the Corporation's results of operations and financial condition for year 2020 and 2021.

After Mr. Chua's presentation, the Chairman opened the floor for questions. On motion duly made and seconded, the stockholders approved the following resolution:

> "**RESOLVED,** that the stockholders of Fruitas Holdings, Inc. hereby approve the 2020 Annual Report and the Audited Consolidated Financial Statements of Fruitas Holdings, Inc. for the year ended December 31, 2020."

The Chairman requested the Corporate Secretary to record the votes for this agenda item. The stockholders owning more than a majority of the total outstanding shares entitled to vote approved the report for the year 2020 and the audited financial statements for year ended December 31, 2020, as detailed below:

AGENDA	**YES**		**NO**		**ABSTAIN**	
	NO. OF SHARES	**%**	**NO. OF SHARES**	**%**	**NO. OF SHARES**	**%**
Management report and approval of audited financial statement for the year 2020	1,431,550,874	67.09%	0	0.00%	799,000	0.037%

Based on the existing process, votes were casted through an online portal which was accessed by eligible shareholders upon successful registration to the ASM 2021.

VII. **ELECTION OF THE MEMEBERS OF THE BOARD OF DIRECTORS, INCLUDING INDEPENDENT DIRECTORS, FOR THE YEAR 2021**

The Articles of Incorporation of the Corporation provide for 7 directors, with 3 being Independent Directors. The Corporate Secretary announced the names of the persons nominated for election as directors and independent directors of Fruitas Holdings, Inc. as follows:

1. Rogelio M. Guadalquiver
2. Lester C. Yu
3. Calvin F. Chua
4. Madelene T. Sayson
5. Bambi Maureen E. Donato (Independent Director)
6. Dennis T. Beng Hui (Independent Director)
7. Shirley O. Tan (Independent Director)

On motion duly made and seconded, the above-named nominees were nominated and elected as directors and independent directors of the Corporation. There was no objection, the nomination was closed.

Since no objection was made, the motion was carried and all the seven (7) nominees were elected as directors based on votes of stockholders participating remotely or in absentia and by proxy. The Chairman requested the Corporate Secretary to record the votes for this agenda item. The stockholders owning more than a majority of the total outstanding shares entitled to vote casted the votes via the online portal and results were shown to the stockholders, as detailed below:

AGENDA	VOTES	
	NO. OF SHARES	%
Election of Directors		
1. Rogelio M. Guadalquiver	1,427,609,874	66.91%
2. Lester C. Yu	1,428,039,874	66.93%
3. Calvin F. Chua	1,428,039,874	66.93%
4. Madelene T. Sayson	1,428,039,874	66.93%
5. Bambi Maureen E. Donato	1,423,259,007	66.70%
6. Dennis T. Beng Hui	1,422,794,007	66.68%
7. Shirley O. Tan	1,422,293,007	66.66%

VIII. APPOINTMENT OF EXTERNAL AUDITORS

The stockholders were informed that present auditor, Reyes Tacandong & Co. (RTC), was appointed as Company auditor since 2015. The Audit Committee, headed by Mr. Dennis T. Beng Hui, recommend the re-appointment of RTC and RTC has accepted the invitation to stand for re-appointment this year. The Company is in compliance with Rule 68 of the Securities Regulation Code requiring the rotation of external auditors or engagement partners who have been engaged by the company for a period of 5 consecutive years.

There being no other questions, on motion duly made and seconded, the following resolution was adopted and approved:

> "**RESOLVED**, that the stockholders of Fruitas Holdings, Inc. (the "Corporation") hereby approve and ratify the appointment of Reyes Tacandong & Co. (RTC) as the external auditor of the Corporation for the year 2021."

The Chairman requested the Corporate Secretary to record the votes for this agenda item. The stockholders owning more than a majority of the total outstanding shares entitled to vote approved the re-appointment of Reyes Tacandong & Co. as the external auditor of the Corporation for the year 2021, as detailed below:

AGENDA	YES		NO		ABSTAIN	
	NO. OF SHARES	%	NO. OF SHARES	%	NO. OF SHARES	%
Appointment of External Auditors	1,431,550,874	67.09%	0	0.00%	799,000	0.037%

Based on the existing process, votes were casted through an online portal which was accessed by eligible shareholders upon successful registration to the ASM 2021.

IX. OTHER MATTERS AND ADJOURNMENT

There being no further business to transact, on motion duly made and seconded, the Chairman adjourned the meeting. The Chairman thanked all the stockholders for their attendance and participation remotely.

Certified Correct:

MARVIN C. YU
Corporate Secretary

ANNEX C

June 6, 2022

Philippine Stock Exchange
6/F PSE Tower, 5th Avenue corner 28th Street
Bonifacio Global City, Taguig City

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

Subject: Report on Number of Stockholders as of May 31, 2022

Ma'am,

We report to you herewith the number of stockholders owning at least one board lot each of FRUITAS HOLDINGS, INC., as of May 31, 2022.

Total Issued and Outstanding Shares (Net of Treasury Shares Common	:	2,133,680,000
Total Number of Stockholders Common	:	21
Number of Shares per Board Lot Common	:	1000
Total Number of Stockholders Owning at least 1 Board Lot Common	:	20
Closing market Price	:	1.11
Last trading date	:	May 31, 2022

Very Truly Yours,
FRUITAS HOLDINGS INC.

By: Rushell A. Salvador
Compliance Officer

COMPANY NAME : FRUITAS HOLDINGS, INC.

LIST OF ALL STOCKHOLDERS

As Of May 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)	2,018,887,086	0	2,018,887,086	94.620
LUSH PROPERTIES INCORPORATEI	100,000,000	0	100,000,000	4.687
PCD NOMINEE CORP. (NON-FILIPIN	12,139,906	0	12,139,906	0.569
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 DONA	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	100.000

ANNEX D

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **DENNIS T. BENG HUI**, Filipino, of legal age and a resident of **104A VALENCIA HILLS CONDOMINIUM, N. DOMINGO ST., VALENCIA, QUEZON CITY**, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **FRUITAS HOLDINGS, INC.** and have been its independent director since 2019.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Technopoly Inc.	Managing Director and Co-Founder	2013 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **FRUITAS HOLDINGS, INC.**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director/officer/substantial shareholder of **FRUITAS HOLDINGS, INC. and any of its subsidiaries** other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of **FRUITAS HOLDINGS, INC.** of any changes in the abovementioned information within five days from its occurrence.

JUN 07 2021 QUEZON CITY

Done, this ________ day of __________, at ________________.

Dennis T. Beng Hui

JUN 07 2022,

SUBSCRIBED AND SWORN to before me this _____ day of ___________ at QUEZON CITY affiant personally appeared before me and exhibited to me his/her _______________ issued at _______________ on _______________.

Doc. No. 159;
Page No. 33;
Book No. XXI;
Series of 2022;

ATTY. MA. PERLITA P. CABRERA
Notary Public
Notarial Commission until DEC. 31, 2023
Adm. Matter No. NP-049(2022-2023)
PTR. No.: 2296394 01/03/2022 - QC
IBP. No.: 178630; 01/03/2022 - QC
Attorney's Roll No. 44573
MCLE Compliance No. VI-0026703

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **SHIRLEY O. TAN**, Filipino, of legal age and a resident of **4 MADELAINE ST., PARKWAY VILLAGE, BRGY. APOLONIO SAMSON, QUEZON CITY**, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **FRUITAS HOLDINGS, INC.** and have been its independent director since 2019.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Bank of Makati	Corporate Treasurer	Jan. 2003 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **FRUITAS HOLDINGS, INC.**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director/officer/substantial shareholder of **FRUITAS HOLDINGS, INC. and any of its subsidiaries** other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of **FRUITAS HOLDINGS, INC.** of any changes in the abovementioned information within five days from its occurrence.

JUN 07 2022

Done, this ________ day of __________, at QUEZON CITY.

M SOA
Shirley O. Tan

SUBSCRIBED AND SWORN to before me this JUN 07 2022 day of __________ at QUEZON CITY, affiant personally appeared before me and exhibited to me his/her __________________ issued at __________________ on __________________.

Doc. No. 157;
Page No. 33;
Book No. XXI;
Series of 2022;

ATTY. MA. PERLITA P. CABRERA
Notary Public
Notarial Commission until DEC. 31, 2023
Adm. Matter No. NP-049(2022-2023)
PTR. No.: 2296394 01/03/2022 - QC
IBP. No.: 178630; 01/03/2022 - QC
Attorney's Roll No. 44573
MCLE Compliance No. VI-0026703

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **BAMBI MAUREEN E. DONATO**, Filipino, of legal age and a resident of **1 VERDE DE PASADENA TOWNHOMES, PASADENA DRIVE, SAN JUAN**, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **FRUITAS HOLDINGS, INC.** and have been its independent director since 2019.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Linq Academy Education Services, Inc.	Program and Marketing Manager	May 2015 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **FRUITAS HOLDINGS, INC.**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director/officer/substantial shareholder of **FRUITAS HOLDINGS, INC. and any of its subsidiaries** other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of **FRUITAS HOLDINGS, INC.** of any changes in the abovementioned information within five days from its occurrence.

Done, this JUN 07 2022 day of ________, at QUEZON CITY.

Bambi Maureen E. Donato

SUBSCRIBED AND SWORN to before me this ______ day of ____________ at QUEZON CITY, affiant personally appeared before me and exhibited to me his/her JUN 07 2022
issued at ______________________ on ______________________

Doc. No. 98;
Page No. 99;
Book No. XX;
Series of 2022;

ATTY. MA. PERLITA P. CABRERA
Notary Public
Notarial Commission until DEC. 31, 2023
Adm. Matter No. NP-049(2022-2023)
PTR. No.: 2286394 01/03/2022 - QC
IBP. No.: 178630; 01/03/2022 - QC
Attorney's Roll No. 44573
MCLE Compliance No. VI-0026703

QUEZON CITY

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

SECRETARY'S CERTIFICATE

I, **MARVIN C. YU**, of legal age, Filipino and with office address at No. 60 Cordillera St., Brgy. Doña Josefa, Quezon City, Philippines 1113, after having been duly sworn in accordance with law, hereby certify that:

1. I am the duly elected and incumbent Corporate Secretary of **FRUITAS HOLDINGS INC.** (the "Corporation"), a corporation duly organized and existing under the laws of the Republic of the Philippines, with principal address at No. 60 Cordillera St., Brgy. Doña Josefa, Quezon City, Philippines 1113;

2. None of the following Directors or Officers of the Corporation are connected with any government agencies or its instrumentalities:

Name	Position
Rogelio M. Guadalquiver	Chairman
Lester C. Yu	Director, President, and Chief Executive Officer
Calvin F. Chua	Director and Chief Financial Adviser
Bambi Maureen E. Donato	Independent Director
Dennis T. Beng Hui	Independent Director
Shirley O. Tan	Independent Director
Roselyn A. Legaspi	Managing Director – Visayas and Mindanao
Madelene T. Sayson	Chief Operating Officer
Marvin C. Yu	Corporate Secretary
Lerma C. Fajardo	Deputy Chief Financial Officer and Comptroller
Rushell A. Salvador	Vice-President – Compliance Officer
Juneil Dominic P. Torio	Chief Financial Officer, Treasurer, and Investor Relations Officer

3. This certification is being issued to attest to the truth of the foregoing statements and for whatever legal purpose it may serve.

QUEZON CITY

IN WITNESS WHEREOF, I have hereunto set my hand this JUN 29 2022 in ________________.

Mar-y
MARVIN C. YU
Corporate Secretary

SUBSCRIBED AND SWORN to before me this JUN 29 2022 in ________________, affiant exhibiting and presenting to me competent evidence of identity, ________________ issued by the ________________ on ________________ valid until ________________.

Doc. No. 204;
Page No. 42;
Book No. XXIV;
Series of 2022.

ATTY. MA. PERLITA P. CABRERA
Notary Public
Notarial Commission until DEC. 31, 2023
Adm. Matter No. NP-049(2022-2023)
PTR. No.: 2296394 01/03/2022 - QC
IBP. No.: 178630; 01/03/2022 - QC
Attorney's Roll No. 44573
MCLE Compliance No. VI-0026703

QUEZON CITY

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

SECRETARY'S CERTIFICATE

I, **MARVIN C. YU**, of legal age, Filipino and with office address at No. 60 Cordillera St., Brgy. Doña Josefa, Quezon City, Philippines 1113, after having been duly sworn in accordance with law, hereby certify that:

1. I am the duly elected and incumbent Corporate Secretary of **FRUITAS HOLDINGS INC.** (the "Corporation"), a corporation duly organized and existing under the laws of the Republic of the Philippines, with principal address at No. 60 Cordillera St., Brgy. Doña Josefa, Quezon City, Philippines 1113;

2. None of the following Directors or Officers of the Corporation are connected with any government agencies or its instrumentalities:

Name	Position
Rogelio M. Guadalquiver	Chairman
Lester C. Yu	Director, President, and Chief Executive Officer
Calvin F. Chua	Director and Chief Financial Adviser
Bambi Maureen E. Donato	Independent Director
Dennis T. Beng Hui	Independent Director
Shirley O. Tan	Independent Director
Roselyn A. Legaspi	Managing Director – Visayas and Mindanao
Madelene T. Sayson	Chief Operating Officer
Marvin C. Yu	Corporate Secretary
Lerma C. Fajardo	Deputy Chief Financial Officer and Comptroller
Rushell A. Salvador	Vice-President – Compliance Officer
Juneil Dominic P. Torio	Chief Financial Officer, Treasurer, and Investor Relations Officer

3. This certification is being issued to attest to the truth of the foregoing statements and for whatever legal purpose it may serve.

QUEZON CITY
IN WITNESS WHEREOF, I have hereunto set my hand this JUN 2 9 2022 in ________________.

Ma—y
MARVIN C. YU
Corporate Secretary

SUBSCRIBED AND SWORN to before me this ____________ in JUN 2 9 2022, affiant exhibiting and presenting to me competent evidence of identity, ________________ issued by the ________________ on ____________ valid until ____________.

Doc. No. 204;
Page No. 42;
Book No. XXIV;
Series of 2022.

ATTY. MA. PERLITA P. CABRERA
Notary Public
Notarial Commission until DEC. 31, 2023
Adm. Matter No. NP-049(2022-2023)
PTR. No.: 2296394 01/03/2022 - QC
IBP. No.: 178630; 01/03/2022 - QC
Attorney's Roll No. 44573
MCLE Compliance No. VI-0026703

ANNEX E

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

SEC Registration Number

C	S	2	0	1	5	0	3	0	1	4

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
ACFS	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)	Fiscal Year (Month / Day)
124	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.*

FRUITAS HOLDINGS, INC. AND SUBSIDIARIES

(A Subsidiary of LUSH PROPERTIES, INC.)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes		As of March 31, 2022 (Unaudited)		As of December 31, 2021 (Audited)
ASSETS					
Current Assets					
Cash and cash equivalents	5	₱	325,544,057	₱	318,431,017
Trade and other receivables	6		94,153,583		93,258,137
Merchandise inventories	7		37,418,030		36,694,592
Due from related parties	15		127,428,238		127,428,238
Deposits and advance rentals	23		102,427,103		104,777,430
Other current assets	8		48,764,769		34,494,388
Total Current Assets			735,735,780		715,083,802
Noncurrent Assets					
Deferred input vat					
Property and equipment	10		321,878,399		341,684,140
Intangible assets	11		215,578,589		215,821,056
Investment property	9		167,436,600		167,436,600
Advances to contractors					
Right-of-use (ROU) assets	23		119,759,957		131,706,806
Net deferred tax assets			71,461,843		69,682,873
Total Noncurrent Assets			896,115,389		926,331,475
		₱	**1,631,851,169**	₱	**1,641,415,277**
LIABILITIES AND EQUITY					
Current Liabilities					
Trade and other payables	12	₱	54,402,912	₱	63,455,380
Current portion of:					
Notes payable	13		184,580,500		184,580,500
Mortgage payable	14		1,461,627		1,723,368
Lease liabilities	23		47,407,717		43,341,691
Income tax payable			12,378,002		8,406,443
Total Current Liabilities			300,230,758		301,507,382

(Forward)

Noncurrent Liabilities			
Noncurrent portion of:			
Mortgage payable	14	-	80,909
Lease liabilities	23	91,486,198	106,443,314
Security Deposits		642,799	642,799
Retirement benefits liability	16	11,069,389	10,709,389
Total Noncurrent Liabilities		103,198,386	117,876,411
Total Liabilities		403,429,144	419,383,793
Equity			
Capital stock	17	213,368,000	213,368,000
Additional paid-in capital	17	777,837,044	777,837,044
Retained earnings		186,772,870	180,382,329
Other equity reserves		51,252,779	51,252,779
Other comprehensive loss		- 808,668	- 808,668.00
Total Equity		1,228,422,025	1,222,031,484
		₱ 1,631,851,169	**₱ 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

	Notes		For the quarter ended March 2022 (Unaudited)		For the quarter ended March 2021 (Unaudited)
REVENUE	18	₱	330,475,768	₱	261,374,182
DIRECT COST	19		(124,886,452)		(102,729,044)
GROSS PROFIT			205,589,316		158,645,138
SELLING AND DISTRIBUTION EXPENSES	20		(163,351,790)		(141,776,266)
GENERAL AND ADMINISTRATIVE EXPENSES	21		(30,013,650)		(37,119,584)
INTEREST EXPENSE			(5,082,620)		(4,297,217)
OTHER INCOME-net	22		1,713,490		2,990,146
INCOME/ (LOSS) BEFORE INCOME TAX			8,854,746		(21,557,784)
PROVISION FOR INCOME TAX					
Current			4,243,175		3,914,979
Deferred			(1,778,970)		(9,936,987)
			2,464,206		(6,022,008)
NET INCOME/ (LOSS)			6,390,540		(15,535,776)
OTHER COMPREHENSIVE LOSS					
Item not to be reclassified to profit or loss			-		-
Actuarial loss on retirement benefits liability					
(net of deferred income tax)					
TOTAL COMPREHENSIVE INCOME/ (LOSS)		₱	6,390,540	₱	(15,535,776)
NET INCOME ATTRIBUTABLE:					
Equity holders of the Parent Company			-		-
Non-controlling interests					
		₱	6,390,540	₱	(15,535,776)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Equity holders of the Parent Company			-		-
Non-controlling interests					
			6,390,540		(15,535,776)
Basic and Diluted Earnings (Loss) per share			0.0030		(0.0073)

(See accompanying Notes to Consolidated Financial Statements)

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Notes		As of March 31, 2022 (Unaudited)		As of March 31, 2021 (Unaudited)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY					
Capital Stock					
Issued					
Balance at beginning of year	17	₱	213,368,000	₱	213,368,000
Issuances			-		
Effect of stock split					
Balance at end of year			213,368,000		213,368,000
Additional Paid-in Capital		₱	777,837,044	₱	777,837,044
Retained Earnings					
Balance at beginning of year, as previously reported			180,382,329		196,706,537
Gain from bargain purchase					
Balance at beginning of year			180,382,329		196,706,537
Net Income/ (Loss)			6,390,540		(15,535,776)
Cash dividends					
Balance at end of year			186,772,870		181,170,761
Other Equity Reserves					
Balance at beginning of year			51,252,779		51,252,779
Excess value over cost of investments					
Balance at end of year			51,252,779		51,252,779
Other Comprehensive Loss					
Not to be reclassified to profit or loss when realized					
Balance at beginning of year			(808,668)		(914,455)
Remeasurement adjustments on net retirement benefits liability, net of deferred tax					
			(808,668)		(914,455)
		₱	1,228,422,025	₱	1,222,714,129

(See accompanying Notes to Consolidated Financial Statements)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes		As of March 31, 2022 (Unaudited)		As of March 31, 2021 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES					
Income before income tax		₱	8,854,746	₱	(21,557,784)
Adjustments for:					
Depreciation and amortization	10		39,725,921		32,107,624
Interest expense			5,082,620		4,297,217
Retirement benefits expense	16		360,000		
Interest income	22		(829,620)		(169,752)
Income on market investments			-		(1,726,942)
Operating income before working capital changes			53,193,667		12,950,363
Decrease (increase) in:					
Trade and other receivables	6		(895,446)		(13,323,242)
Merchandise inventories	7		(723,438)		(2,023,604)
Deposits and advance rentals	23		2,350,327		(5,585,915)
Other current assets	8		(14,270,381)		(20,861,001)
Unamortized input VAT			-		12,010
Financial assets carried at FVPL			-		
Increase in trade and other payables	12		(9,052,468)		(7,030,969)
Net cash generated from operations			30,602,261		(35,862,358)
Income taxes paid			(271,617)		-
Interest paid			(2,422,044)		(1,677,943)
Interest received	22		829,620		169,752
Net cash flows from operating activities		₱	28,738,220	₱	(37,370,549)
CASH FLOWS FROM INVESTING ACTIVITIES					
Advances to related parties			-		
Collections of due from related parties	15				2,229,917
Acquisitions of:					
Property and equipment	10		(7,730,864)		(27,906,328)
Intangible assets			-		-
Loss/Income on market investments			-		-
Net cash flows from investing activities		₱	(7,730,864)	₱	(25,676,411)

(Forward)

CASH FLOWS FROM FINANCING ACTIVITIES					
Payments of:					
Notes payable	13		-		(2,159,861)
Lease liabilities	23		(13,551,666)		(5,370,987)
Mortgage payable	14		(342,650)		(695,445)
Advances from related parties			-		
Net cash flows from financing activities		₱	(13,894,316)	₱	(8,226,293)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			-		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			7,113,040		(71,273,253)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			318,431,017		350,824,146
CASH AND CASH EQUIVALENTS AT END OF YEAR		₱	325,544,057	₱	279,550,893

(See accompanying Notes to Consolidated Financial Statements)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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, 2021, 2020 and 2019 are presented below.

Subsidiaries	Principal Activities	Principal Place of Business	Percentage of Ownership (%)		
			2021	2020	2019
Direct:					
NTI	Production, processing and distribution of goods	Philippines	**100**	100	100
BNFI	Trading 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	–
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, 2021 and 2020, the Parent Company is 57.53% and 57.39%-owned, respectively, 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 a total consideration of ₱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).

In December 2019, NTI acquired the assets of *Heat Stroke Grill* (HSG) from a sole proprietor for a total consideration of ₱368,000 (see Note 4).

BNFI. In June 2021, BNFI acquired the assets and the brand name *Balai Pandesal* from Balai Pandesal Corporation (Balai). 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 (see Note 4).

In December 2019, the Parent Company subscribed to additional 60,000 shares at ₱300.00 for a total consideration of ₱18.0 million.

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 with ₱100.00 par value a share to ₱125.0 million divided into 1,230,000 common shares with ₱100.00 par value a share and 200,000 redeemable preferred shares with ₱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 per share, respectively, for a total consideration of ₱160.0 million.

In 2020, the Parent Company subscribed to additional 40,000 common shares at ₱400.00 per share or for a total consideration of ₱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 a total consideration of ₱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 a total consideration of ₱1.1 million. CDI, a domestic company, is engaged in distribution of fresh coconut water.

Impact of the Coronavirus (COVID-19) Pandemic
In March 2020, the World Health Organization (WHO) declared the COVID-19 outbreak as a global pandemic resulting to a nationwide lockdown. There were stores that were temporarily and permanently closed during the community quarantine periods. Pursuant to the directives of the WHO, the Department of Health and the local government, the Group had to implement activities and programs to preserve the health of its employees and support the prevention of the contagion. The Group incurred a significant decline in revenue in 2021 and 2020.

It is not practicable to estimate the potential impact of the still prevailing COVID-19 pandemic on the Group's operations after the reporting date. The country's economic recovery is dependent on measures adopted by the national government such as quarantine and any economic stimulus that may be provided.

The Group has implemented initiatives to improve its cash position and liquidity, which include reducing discretionary spending, and also cost management measures and improving efficiencies across all areas of operations. It is projecting continued positive results in the coming years.

Accordingly, the consolidated financial statements were prepared on a going concern basis.

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 accordance with Philippine Financial Reporting Standards (PFRSs) issued by the Philippine Financial Reporting Standards Council and adopted by the SEC, including SEC pronouncements. This financial reporting framework includes PFRSs, Philippine Accounting Standards (PAS) and Philippine Interpretations on International Financial Reporting Interpretations Committee (IFRIC).

Bases of Measurement

The consolidated financial statements of the Group have been prepared on a historical cost basis except for investment properties which are measured at fair 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 9 to the consolidated financial statements.

Adoption of Amended PFRSs

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

- 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 2021 and 2020, the Group received rent concessions from various lessors and recognized “Gain from rent concessions” amounting to ₱2.3 million and ₱7.4 million, respectively .

Amended PFRSs Issued But Not Yet Effective

Relevant amended PFRSs, which are not yet effective as at March 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, 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.

- 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 per cent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity shall include when it applies the '10 per cent' 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 amendments. Earlier application is permitted.

- 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.

Effective for annual periods beginning on or after January 1, 2023:

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current* – 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.

- Amendments to PAS 1 and PFRS Practice Statement 2, *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, *Making Materiality Judgements*, 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, *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, *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. Earlier application is permitted.

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

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

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

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

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.

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 statement 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 statement 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 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 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 March 31, 2022, December 31, 2021 and 2020, the Group has no financial instruments classified as financial assets at FVPL and FVOCI and 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 March 31, 2022, December 31, 2021 and 2020, 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 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 March 31, 2022,December 31, 2021 and 2020, 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.

Impairment
The Group records an allowance for expected credit loss (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.

Trade Receivables. For trade receivables, the Group has applied the simplified approach in measuring ECL.

Simplified approach requires that ECL should always be based on the lifetime ECL. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Other Financial Assets at Amortized Cost. For these debt instruments, the Group has applied the general approach in measuring ECL.

Under the general approach, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECL that result 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 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 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 statement 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 statement 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 statement 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

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 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.

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.

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 impairment in value, if any. These are charged to appropriate asset or expense account upon receipt from suppliers.

Deferred Input VAT. In accordance with Revenue Regulations No. 16-2005, input VAT on purchases or imports of capital goods (depreciable assets for income tax purposes) with an aggregate acquisition cost (exclusive of VAT) in each of the calendar month exceeding ₱1.0 million are 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.

Advances to Contractors

Advances to contractors are recognized whenever the Group pays in advance for its purchase of various assets and services. These are measured at transaction price less any impairment in value and are reclassified to the corresponding asset account when the goods or services for which the advances were made are received or rendered.

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.

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.

<u>Revenue Recognition</u>

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 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 March 31, 2022, December 31, 2021 and 2020, 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 March 31, 2022, December 31, 2021 and 2020, 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 March 31, 2022, December 31, 2021 and 2020, 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 statement 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, 2020 and 2019.

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. In particular, the COVID-19 pandemic and the resulting adverse effects to the global economic conditions, as well as to the Group's operations, may impact future estimates including, but not limited to, the allowance for ECL, NRV of merchandise inventories, fair value measurements, impairment of nonfinancial assets, recognition of deferred tax assets, actuarial losses on retirement benefit plans and discount rate assumptions.

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.

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 9 and 10, 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.

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 March 31, 2022 and December 31, 2021 is disclosed in Note 23.

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 carrying amounts of the Group's trade receivables as at March 31, 2022 and December 31, 2021 is disclosed in Note 6.

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 and 2021. The transactions with respect to these financial assets were entered into by the Group only with reputable banks and companies with good credit standing and relatively low risk of defaults.

The carrying amounts of other financial assets at amortized cost are as follows:

Asset Type	Note	**2022**	2021
Cash and cash equivalents	5	**₱325,544,057**	₱318,431,017
Due from related parties	15	**127,428,238**	127,428,238
Construction bond	8	**3,134,846**	3,159,846

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 March 31, 2022 and December 31, 201 are disclosed in Note 23. Rental expense incurred on short-term leases in 2022 and 2021 is disclosed in Note 23.

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 March 31, 2022 and 2021. The carrying amount of merchandise inventories as at March 31, 2022 and December 31, 2021 is disclosed in Note 7.

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 9.

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 and 2021.

The carrying amounts of property and equipment, intangible assets and ROU assets as at March 31, 2022 and December 31, 2021 are disclosed in Notes 10, 11 and 23, 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 March 31, 2022 and December 31, 2021 are greater than the corresponding carrying amounts of the CGUs as at the same dates.

No impairment loss was recognized in 2022 and 2021. The carrying amount of brand names as at March 31, 2022 and December 31, 2021 is disclosed in Note 11.

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.

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 March 31, 2022 and December 31, 2021 is disclosed in Note 16.

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.

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 Balai. 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.

The acquisition resulted in the recognition of the following assets:

	Amount
Store equipment	₱6,449,000
Intangible assets	3,000,000
Transportation equipment	970,000
Merchandise inventories	801,000
	₱11,220,000

The identifiable assets acquired as at acquisition date are based on their provisional fair values. The purchase price allocation has been prepared on a preliminary basis. The Group is still in the process of completing its accounting of the transaction and reasonable changes are expected as additional information becomes available. This will be finalized within one year as allowed by PFRSs.

The outstanding payable related to the acquisition amounted to ₱1.4 million as at March 31, 2022 (see Note 12).

SKI. As discussed in Note 1, the Parent Company 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:

	Note	Amount
Cash		₱2,394,378
Inventories		442,490
Other current assets		88,889
Property and equipment	10	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 Company 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 Company. The assets acquired aggregated ₱1.0 million.

HSG. In December 2019, the Company acquired the assets including recipes and marketing collateral of HSG from a sole proprietor for a total consideration of ₱368,000. These resulted to a business combination due to acquisition of the significant inputs, processes and outputs of HSG. The carrying amounts of the assets acquired approximate the fair values as at acquisition date. Hence, no goodwill nor gain from bargain purchase was recognized.

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:

	Note	Amount
Cash		₱460,714
Other current assets		44,714
Property and equipment	10	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)

5. **Cash and Cash Equivalents**

This account consists of:

	2022	2021
Cash on hand	**₱2,043,542**	₱1,864,311
Cash in banks	**252,590,454**	248,521,381
Short-term placements	**70,910,061**	68,045,325
	₱325,544,057	₱318,431,017

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 ₱.830 million and ₱.170 million in 2022 and 2021 respectively (see Note 22).

6. Trade Receivables

This account consists of:

	2022	2021
Trade	**₱97,391,583**	₱ 96,496,137
Less allowance for impairment loss	**3,238,000**	3,238,000
	₱94,153,583	₱ 93,258,137

Movements in the allowance for impairment loss are as follows:

	Note	**2022**	2021
Balance at beginning of year		**₱3,238,000**	**₱4,991,503**
Write-off		**–**	**(1,753,503**
Provision	21	**–**	**–**
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.

Below is the aging of receivables as of March 31, 2022

As at March 31, 2022					
	Total	Neither past Due of impaired	Less than one year	One year and over	Past Due and Impaired
Trade:					
Third Party	84,860,638	21,343,359	47,637,959	15,879,319	-
Related party	5,226,828			5,226,828	-
	90,087,466	21,343,359	47,637,959	21,106,147	-
Advances to suppliers	3,155,180	3,155,180	-	-	-
Others	4,148,937	4,148,937	-	-	-
	97,391,583	28,647,476	47,637,959	21,106,147	-
Allowance for doubtful accounts	- 3,238,000	-	-		- 3,238,000
	94,153,583	28,647,476	47,637,959	21,106,147	- 3,238,000

7. Merchandise Inventories

This account consists of:

	2022	2021
Food and beverages	**₱34,973,627**	₱33,865,868
Store supplies and others	**2,444,403**	2,828,724
	₱37,418,030	₱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 and 2021.

Cost of merchandise inventories charged to "Direct costs" amounted to ₱109 million and ₱91.2 million in 2022 and 2021, respectively (see Note 19).

8. **Other Current Assets**

This account consists of:

	2022	2021
Input VAT	**₱11,173,089**	₱11,964,591
Advances to officers and employees	**13,199,939**	11,295,289
Spare parts, materials and supplies	**5,507,986**	5,498,656
Construction bond	**3,134,846**	3,159,846
CWTs	**1,396,056**	1,260,672
Prepayments	**12,249,108**	726,419
Advances to suppliers	**980,000**	10,172
Others	**1,123,745**	578,203
	₱48,764,769	₱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.

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

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

9. Investment Properties

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

	March 31, 2022			
	Land	**Land Improvements**	**Building and Building Improvements**	**Total**
Cost				
Balance at beginning of year	**₱95,393,047**	**₱577,500**	**₱31,404,503**	**₱127,375,050**
Additions - subsequent disbursements	–	–	–	–
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 a total consideration of ₱126.9 million. Related input VAT amounted to ₱15.0 million.

Fair Value

The fair value of the investment properties as at December 31, 2020 approximates the carrying amount since the investment properties were recently acquired in November 2020.

Land. The fair value of the Group's land is ₱137.2 million as at December 31, 2021. The fair value of the land was determined by an independent firm of appraisers as at March 31, 2022. The inputs used to determine the market value of the investment properties using the sales comparison approach include location characteristics, size, time element, quality and marketability. Accordingly, the fair value measurement used is classified as Level 3.

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 March 31, 2022.

Description of key inputs to valuation on land follows:

Location	Significant unobservable Inputs	Range (weighted average)
Sampaloc District, City of Manila	Selling price per square meter Value adjustments	₱128,205 to ₱179,886/ sq. m. -5% to -20%

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.

10. 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	–	–	**631,272**	**306,294**	**247,119**	**6,546,179**	**7,730,864**
Reclassifications	–	–	–	–	–	–	–
Balance at end of year	**32,600,000**	**28,828,082**	**188,644,458**	**54,179,805**	**27,646,179**	**376,545,296**	**708,443,820**
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	–	–	**6,566,714**	**2,307,656**	**459,425**	**18,202,810**	**27,536,605**
Balance at end of year	–	–	**125,430,462**	**22,851,692**	**23,090,836**	**215,192,431**	**386,565,421**
Carrying Amount	**₱32,600,000**	**₱28,828,082**	**₱63,213,996**	**₱31,328,113**	**₱4,555,343**	**₱161,352,865**	**₱321,878,399**

	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. The construction is estimated to be completed within one year.

Depreciation and amortization are summarized as follows:

	Note	**March 2022**	March 2021
Property and equipment		**₱27,536,605**	₱25,336,840
ROU assets	23	**11,946,849**	6,575,192
Intangible assets	11	**242,467**	195,592
		₱ 39,725,921	₱ 32,107,624

Depreciation and amortization are charged to the following:

	Note	**March 2022**	March 2021
Selling and distribution expenses	20	**₱ 34,126,036**	₱26,972,964
Direct costs	19	**3,292,889**	1,916,605
General and administrative expenses	21	**2,306,996**	3,218,055
		₱ 39,725,921	₱ 32,107,624

11. **Intangible Assets**

This account consists of:

		2022		
	Note	**Brand Names**	**Software License**	**Total**
Cost				
Balance at beginning of year		**₱214,348,448**	**₱5,193,830**	**₱219,542,278**
Additions		**–**	**–**	**–**
Balance at 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	10	**–**	**242,467**	**242,467**
Balance at end of year		**–**	**3,963,689**	**3,963,689**
Carrying Amount		**₱214,348,448**	**₱1,230,141**	**₱215,578,589**

		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	10	**–**	**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 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 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 11.5% to 15.6% in 2021 and 2020, respectively. The recoverable amount of each CGU, calculated using value in use, exceeded the carrying amount of the CGU as at March 31, 2022 and December 31, 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.

12. **Trade and Other Payables**

This account consists of:

	Note	**2022**	2021
Trade		**₱31,978,692**	₱34,255,117
Nontrade	4	**1,402,500**	2,805,000
Acccrued expenses		**7,693,565**	13,856.201
Statutory payable		**13,328,155**	12,539,062
		₱54,402,912	₱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 professional fees, rentals and unpaid salaries 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.

13. **Notes Payable**

Movements in this account follow:

	2022	2021
Balance at beginning of year	**₱184,580,500**	₱138,922,678
Issuances	**-**	79,580,500
Payments	**-**	(33,922,678)
Balance at end of year	**₱184,580,500**	₱184,580,500

14. **Mortgage Payable**

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

Movements in this account follow:

	2022	2021
Balance at beginning of year	**₱1,804,277**	₱3,899,451
Availments	**–**	–
Payments	**(342,650)**	(2,095,174)
Balance at end of year	**1,461,627**	1,804,277
Less current portion	**1,461,627**	1,723,368
Noncurrent portion	**₱ –**	₱ 80,909

15. **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 ₱127.4 million as at March 31, 2022.

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 operates. There were no impairment losses recognized in 2022 and 2021.

16. **Retirement Benefits Liability**

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

The most recent actuarial valuation was made in 2021 by an independent actuary.

Movements in the retirement benefits liability follow:

	2022	2021
Balance at beginning of year	**₱10,709,389**	₱8,168,926
Current service cost	**360,000**	2,344,902
Interest cost	**-**	423,701
Actuarial gain	**-**	(228,140)
Balance at end of year	**₱ 11,069,389**	₱10,709,389

The principal assumptions used in determining the Group's retirement benefits liability are as follows:

	2021	2020
Discount rate	**4.2%**	5.1%
Future salary increases	**3.0%**	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 2021.

	Effect on Retirement Benefits Liability	
	Discount Rate	Salary Projected Rate
+1%	(₱411,367)	₱546,022
-1%	524,881	(322,238)

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, 2021 and 2020 is 25 years and 26 years, respectively.

17. 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 of year	**2,133,680,000**	2,133,680,000	2,133,680,000	**₱213,368,000**	₱213,368,000	₱213,368,000
Issuances	**–**	–	–	**–**	–	–
Balance at end of year	**2,133,680,000**	2,133,680,000	2,133,680,000	**213,368,000**	213,368,000	213,368,000
				₱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 August 24, 2019, the stockholders and the BOD authorized the Parent Company's Public Offering of its common shares with the PSE. This was approved by the SEC and the PSE on October 17, 2019 and October 23, 2019, respectively. On November 29, 2019, the Parent Company's 533,660,000 common shares were officially listed on the PSE with an Oversubscription Option of up to 68,340,000 common shares at an offer price of ₱1.68 a share.

The Offer Period was from November 18, 2019 to November 22, 2019. The trading of the shares commenced on November 29, 2019.

Preferred Shares

The 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. Details are as follows:

Proceeds in excess of par value	₱843,182,800
IPO expenses	65,345,756
Additional paid-in capital	₱777,837,044

In 2019, IPO expenses were charged as follows:

Additional paid-in capital	₱65,345,756
General and administrative expenses	6,891,892
Input VAT	975,843
Deferred input VAT	444,435
	₱73,657,926

Retained Earnings

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

			Amounts Paid	
Date of Declaration	Stockholders of Record	Date of Payment	Per Share	Total
August 27, 2020	August 27, 2020	September 18, 2020	₱0.01	₱21,336,800
June 27, 2019	June 27, 2019	June 27, 2019	0.00875	14,000,000

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	**₱403,429,144**	**₱419,383,793**
Total equity	**1,228,422,025**	**1,222,031,484**
Debt-to-equity ratio	**0.33:1**	**0.34:1**

Pursuant to the PSE's rules on minimum public ownership, at least 10.00% of the issued and outstanding shares of a listed company must be owned and held by the public. The public ownership is about 36.06% as at March 31, 2022 and December 31, 2021.

The total number of shareholders of the Parent Company as at March 31, 2022 is 123.

18. **Revenue**

This account consists of:

	Note	**March 2022**	March 2021
Net sales		**₱ 329,739,646**	₱259,026,405
Franchise revenues	23	**160,000**	1,478,571
Rental income	23	**576,122**	869,206
		₱ 330,475,768	₱261,374,182

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.

19. **Direct Costs**

This account consists of:

	Note	**March 2022**	March 2021
Direct materials used	7	**₱108,832,885**	₱91,226,313
Salaries, wages and other employee benefits		**10,803,767**	8,218,388
Depreciation and amortization	10	**3,292,889**	1,943,824
Utilities		**1,956,911**	1,340,519
		₱124,886,452	₱102,729,044

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.

20. Selling and Distribution Expenses

This account consists of:

	Note	**March 2021**	March 2021
Salaries, wages and other employees' benefits		**₱56,132,324**	₱ 42,727,059
Rental	23	**27,496,823**	27,488,117
Depreciation and amortization	10	**34,126,036**	26,972,964
Outside services		**14,032,698**	12,971,880
Utilities		**12,432,893**	12,790,395
Transportation and travel		**5,626,180**	4,212,904
Advertisement		**2,550,115**	6,151,680
Repairs and maintenance		**2,157,458**	2,517,802
Management fees		**1,688,876**	922,868
Distribution supplies		**967,502**	2,129,415
Training and development			
Insurance		**492,438**	646,650
Others		**5,648,446**	2,244,532
		₱163,351,790	₱141,776,266

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

Outside services pertain to salaries of service crews from agencies.

21. General and Administrative Expenses

This account consists of:

	Note	**March 2022**	March 2021
Salaries, wages and other employees' benefits		**₱6,748,125**	₱10,629,822
Taxes and licenses		**9,316,094**	8,388,991
Representation		**2,110,900**	2,707,157
Depreciation and amortization	10	**2,306,996**	3,218,055
Professional fees		**981,980**	1,580,561
Utilities		**1,044,643**	1,295,546
Office supplies			
Rental	23	**1,953,922**	1,966,111
Retirement benefits cost	16	**360,000**	
Outside services		**2,348,204**	2,341,902
Management fees			
Training		**451,957**	
Others		**2,390,829**	4,991,439
		₱30,013,650	₱ 37,119,584

22. **Other Income (Charges)**

This account consists of:

	Note	**March 2022**	March 2021
Interest income		**₱ 829,620**	₱ 169,752
Dividend Income		**436,303**	633,553
Gain on market investments		**-**	1,726,942
Others		**447,567**	459,899
		₱ 1,713,490	₱ 2,990,146

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

23. **Significant Agreements**

<u>Group as Lessee - Short-term Lease</u>
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	**₱93,633,781**	₱95,625,840
Advance rentals	**8,793,322**	9,151,590
	₱102,427,103	₱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	**March 2022**	March 2021
Selling and distribution expenses	20	**₱ 27,496,823**	₱27,488,117
General and administrative expenses	21	**1,953,922**	1,966,111
		₱29,450,745	₱29,454,228

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 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		**-**	**-**	**-**
Termination of lease		**-**	**-**	**-**
Balance at end of year		**105,600,885**	**107,228,339**	**212,829,224**
Accumulated Amortization				
Balance at beginning of year		**35,279,796**	**45,842,622**	**81,122,418**
Amortization	10	7,036,732	4,910,117	11,946,849
Termination of lease		**-**	**-**	**-**
Balance at end of year		**42,316,528**	**50,752,739**	**93,069,267**
Carrying Amount		**₱63,284,357**	**₱56,475,600**	**₱119,759,957**

		2021		
	Note	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	10	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 follows:

		2022		
	Note	**Outlets Spaces**	**Land and Building**	**Total**
Balance at beginning of year		**₱77,812,333**	**₱71,972,672**	**₱149,785,005**
Additions		**-**	**-**	**-**
Rental payments		**(8,776,991)**	**(4,774,675)**	**(13,551,666)**
Termination of lease		**-**	**-**	**-**
Interest	13	**1,435,678**	**1,224,898**	**2,660,576**
Gain from rent concessions		**-**	**-**	**-**
Balance at end of year		**70,471,020**	**68,422,895**	**138,893,915**
Less current portion		**27,001,758**	**20,405,959**	**47,407,717**
Noncurrent portion		**₱43,469,262**	**₱48,016,936**	**₱ 91,486,198**

		2021		
	Note	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	13	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.

COVID-19-Related Rent Concessions - amendment to PFRS 16 Leases
In 2021 and 2020, many lessors have 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.

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

Rental income amounted to ₱.576 million and ₱.869 million in 2022 and 2021, respectively (see Note 18).

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 ₱.160 million, and ₱1.479 million in 2022 and 2021, respectively (see Note 18).

24. **Financial Instruments Risk Management Objectives and Policies**

The Group's financial instruments comprise cash and cash equivalents, 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	**₱325,544,057**	₱318,431,017
Trade receivables	**94,153,583**	93,258,137
Due from related parties	**127,428,238**	127,428,238
Construction bond	**3,134,846**	3,159,846
	₱550,260,724	₱542,277,238

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	**₱325,544,057**	**₱–**	**₱–**	**₱–**	**₱325,544,057**
Trade receivables	**–**	**94,153,583**	**–**	**3,238,000**	**97,391,583**
Due from related parties	**–**	**127,428,238**	**–**	**–**	**127,428,238**
Construction bond	**–**	**3,134,846**	**–**	**–**	**3,134,846**
	₱325,544,057	**₱224,716,667**	**₱–**	**₱3,238,000**	**₱553,498,724**

	2021				
	Neither Past Due nor Impaired				
	High Grade	Standard Grade	Past Due but Not Impaired	Impaired	Total
Cash and cash equivalents	₱318,431,017	₱–	₱–	₱–	₱318,431,017
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 and ₱5.0 million as at December 31, 2021 and 2020, 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.

Interest Rate Risk

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 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.

25. 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	**₱325,544,057**	**₱325,544,057**	318,431,017	₱318,431,017
Trade receivables	**94,153,583**	**94,153,583**	93,258,137	93,258,137
Due from related parties	**127,428,238**	**127,428,238**	127,428,238	127,428,238
Construction bond	**3,134,846**	**3,134,846**	3,159,846	3,159,846
	₱550,260,724	**₱550,260,724**	₱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*	**₱39,918,958**	**₱39,918,958**	₱50,916,318	₱50,916,318
Notes payable	**184,580,500**	**184,580,500**	184,580,500	184,580,500
Lease liabilities	**138,893,915**	**138,893,915**	149,785,005	148,676,995
Mortgage payable	**1,461,627**	**1,461,627**	1,723,368	1,723,368
	₱364,855,000	**₱364,855,000**	₱387,005,191	₱385,897,181

** Except 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 (Except Statutory Payable), Due to Related Parties and Notes Payable. The carrying amounts of these financial instruments approximate their fair values due to the relatively short-term maturity of these financial instruments.

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%.

26. 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 and 2021.