

**November 14, 2025**

**THE SECURITIES AND EXCHANGE COMMISSION**

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

Attention: **Mr. Vicente Graciano P. Felizmenio, Jr.**  
Director, Securities and Exchange Commission

**PHILIPPINE STOCK EXCHANGE**

6/F PSE Tower, 5th Avenue corner 28th Street  
Bonifacio Global City, Taguig City

Attention: **Atty. Johanne Daniel M. Negre**  
Officer-in-Charge, Disclosure Department

Subject: **FRUIT' SEC Form 17Q-Quarter Report 2025**

Dear Sir/Madam:

We hereby submit the SEC Form 17Q for the Quarterly Report ending September 30, 2025 of  
Fruititas Holdings Inc. (FRUIT).

Attached here is the Unaudited Financial Statement as of September 30, 2025

Hope you find everything in order.

Thank you.

Very truly yours,

**FRUITAS HOLDINGS INC.**

By:   
**Rushell A. Salvador**  
Chief Financial Officer & Treasurer

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)

6 8 D A T A S T . B R G Y .

D O N M A N U E L Q U E Z O N C I T Y

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

CONTACT PERSON INFORMATION

RUSHELL A. SALVADOR

Contact Person

+(632) 8731-8886

Company Telephone Number

1 2 3 1

Month Day  
Fiscal Year

SEC FORM 17-Q  
For the Quarter Ended Sept. 2025  
FORM TYPE

0 7 2 2

Month Day  
Annual Meeting

Secondary License Type, If Applicable

Dept Requiring this Doc

Amended Articles Number / Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended- 30 September 2025

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. 68 DATA ST. BRGY. DON MANUEL, QUEZON CITY  
PHILIPPINES

Address of principal office

1113  
Postal Code:

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

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

10. Securities registered pursuant to Sections 4 and 8 of the RSA	
Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	2,124,000,000

11. Are any or all of the securities listed on a Stock Exchange?  
Yes [ ✓ ] No [ ]

If yes, state the name of such Stock Exchange and the class/es of securities  
listed therein:

PHILIPPINE STOCK EXCHANGE/COMMON SECURITIES

12. Indicate by check mark whether the registrant:

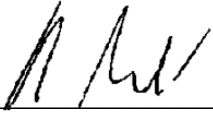
(a) has filed all reports required to be filed by Section 17 of the Code and SRC  
Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1  
thereunder, and Sections 26 and 141 of the Corporation Code of the  
Philippines, during the preceding twelve (12) months (or for such shorter period  
the registrant was required to file such reports)  
Yes [ ✓ ] No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days.  
Yes [ ] No [ ✓ ]

## SIGNATURES

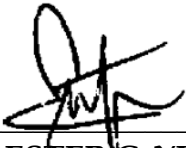
Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**FRUITAS HOLDINGS, INC.**



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**ROGELIO M. GUADALQUIVER**  
Chairman of the Board



---

**LESTER C. YU**  
President and Chief Executive Officer



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**RUSHELL A. SALVADOR**  
Chief Finance Officer and Treasurer

November 14, 2025



# COVER SHEET

## for AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C S 2 0 1 5 0 3 0 1 4

**COMPANY NAME**

F	R	U	I	T	A	S		H	O	L	D	I	N	G	S	,		I	N	C	.		A	N	D		S	U	B	S	I	D	I	A	R	I	E	S	
(	A		S	u	b	s	i	d	i	a	r	y		o	f		L	U	S	H		P	R	O	P	E	R	T	I	E	S	,		I	N	C	.	)	

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

N	o	.		6	8		D	A	T	A		S	T	.			B	R	G	Y	.			D	O	N			M	A	N	U	E	L				
Q	U	E	Z	O	N		C	I	T	Y																												

Form Type

A A C F S

Department requiring the report

C R M D

Secondary License Type, If Applicable

N / A

**COMPANY INFORMATION**

Company's Email Address

ipo.compliance@fruitasholdings.com

Company's Telephone Number/s

(02) 8 243-1741

Mobile Number

0967 7824 286

No. of Stockholders

121

Annual Meeting (Month / Day)

Every Second Monday of June

Calendar Year (Month / Day)

December 31

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

Name of Contact Person

Madelene T. Sayson

Email Address

madelene.sayson@fruitasholdings.com

Telephone Number/s

(02) 8 243-1741

Mobile Number

09420711576

**CONTACT PERSON'S ADDRESS**

No. 68 Data St. Cordillera St. Brgy. Don Manuel Quezon City

**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**

	Note	Sep 2025	Dec 2024
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	₱ 571,064,539	₱585,269,977
Financial assets at fair value through profit or loss (FVPL)	6	49,655,782	47,542,019
Trade receivables	7	145,279,106	110,243,597
Due from related parties	16	92,581,505	93,140,843
Merchandise inventories	8	81,422,164	71,688,320
Advance rentals		14,460,943	9,920,660
Other current assets	9	94,049,829	60,262,755
Total Current Assets		1,048,513,868	978,068,171
<b>Noncurrent Assets</b>			
Financial assets at fair value through other comprehensive income (FVOCI)	6	1,725,000	1,725,000
Investment properties	10	273,150,325	273,150,325
Property and equipment	11	884,156,374	857,886,371
Right-of-use (ROU) assets	24	15,998,775	42,591,399
Intangible assets	12	260,184,731	260,184,731
Rental deposits		110,355,692	106,125,692
Deferred tax assets		64,035,796	64,035,796
Total Noncurrent Assets		1,609,606,692	1,605,699,314
		₱2,658,120,560	₱2,583,767,485
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Trade and other payables	13	₱ 144,015,179	₱143,170,904
Current portion of:			
Notes payable	14	598,566,667	581,966,667
Lease liabilities	24	11,768,919	26,702,703
Mortgage payable	15	1,595,890	1,424,422
Income tax payable		29,978,106	29,376,532
Total Current Liabilities		785,924,761	782,641,228

(Forward)

	Note	Sep 2025	Dec 2024
<b>Noncurrent Liabilities</b>			
Noncurrent portion of:			
Notes payable	14	<b>₱ 19,583,333</b>	₱23,333,333
Lease liabilities	24	-	17,387,823
Mortgage payable	15	<b>1,223,455</b>	2,464,623
Security deposits	24	<b>635,143</b>	635,143
Retirement benefits liability	17	<b>21,876,613</b>	18,591,613
Deferred tax liabilities		<b>13,003,357</b>	13,003,357
Total Noncurrent Liabilities		<b>56,321,901</b>	75,415,892
Total Liabilities		<b>842,246,662</b>	858,057,120
<b>Equity</b>			
Capital stock	18		
Preferred stock		<b>20,000,000</b>	20,000,000
Common stock		<b>213,368,000</b>	213,368,000
Additional paid-in capital	18	<b>777,837,044</b>	777,837,044
Retained earnings	18	<b>482,808,601</b>	384,728,091
Other equity reserves	4	<b>195,207,311</b>	195,207,311
Other comprehensive income		<b>1,772,342</b>	1,772,342
Treasury shares		<b>(5,854,392)</b>	-
Equity Attributable to Equity Holders of the Parent			
Company		<b>1,685,138,906</b>	1,592,912,788
Non-controlling interests	18	<b>130,734,992</b>	132,797,577
Total Equity		<b>1,815,873,898</b>	1,725,710,365
		<b>₱2,658,120,560</b>	₱2,583,767,485

See accompanying Notes to Consolidated Financial Statements.



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

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

		Period Ended September 30			
	Note	For the quarter ended September 2025	For the quarter ended September 2024	For the nine months ending September 2025	For the nine months ending September 2024
REVENUE	19	₱ 769,707,256	₱740,637,154	₱ 2,206,491,979	₱2,121,217,320
COST OF SALES	20	(290,849,765)	(290,531,445)	(867,213,893)	(848,173,740)
GROSS PROFIT		478,857,491	450,105,709	1,339,278,086	1,273,043,580
SELLING AND DISTRIBUTION EXPENSES	21	(380,496,226)	(353,211,374)	(1,013,120,555)	(972,251,259)
GENERAL AND ADMINISTRATIVE EXPENSES	22	(52,900,542)	(52,192,298)	(160,273,836)	(155,850,921)
INTEREST INCOME		860,937	3,582,001	3,607,345	5,881,679
INTEREST EXPENSE		(11,599,409)	(8,442,683)	(34,691,932)	(22,471,331)
OTHER INCOME (CHARGES) - Net	23	(1,589,016)	1,028,881	2,017,325	3,549,595
INCOME BEFORE INCOME TAX		33,133,235	40,870,236	136,816,434	131,901,343
PROVISION FOR (BENEFIT FROM) INCOME TAX					
Current		7,286,118	10,798,064	38,735,924	37,154,320
Deferred			-		-
		7,286,118	10,798,064	38,735,924	37,154,320
NET INCOME		25,847,117	30,072,172	98,080,510	94,747,023
OTHER COMPREHENSIVE LOSS					
Not to be reclassified subsequently to profit or loss:					
Remeasurement loss on retirement benefits liability				-	-
Effect of change in tax rate				-	-
TOTAL COMPREHENSIVE INCOME		₱25,847,117	₱30,072,172	₱ 98,080,510	₱94,747,023
Basic and Diluted Earnings per Share		0.012	0.014	0.046	0.044

See accompanying Notes to Consolidated Financial Statements.

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

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Note	September 2025	September 2024
<b>Capital Stock</b>	18		
Preferred stock		₱20,000,000	₱20,000,000
Common stock		213,368,000	213,368,000
		<b>233,368,000</b>	233,368,000
<b>Additional Paid-in Capital</b>	18		
Balance at beginning and end of year		<b>777,837,044</b>	777,837,044
<b>Retained Earnings</b>	18		
Balance at beginning of year		<b>384,728,091</b>	313,244,657
Net income		<b>98,080,510</b>	94,747,024
Cash dividends		—	—
Balance at end of year		<b>482,808,602</b>	407,991,681
<b>Other Equity Reserves</b>	4		
Balance at beginning of year		<b>195,207,311</b>	192,818,000
Acquisition of non-controlling interests		—	—
Equity transaction resulting from the listing of a subsidiary		—	—
Balance at end of year		<b>195,207,311</b>	192,818,000
<b>Other Comprehensive Income (Loss)</b>			
Balance at beginning of year		<b>1,772,342</b>	1,772,342
Remeasurement gain on retirement benefits liability, net of deferred tax		—	—
Balance at end of year		<b>1,772,342</b>	1,772,342
<b>Treasury Shares</b>			
Balance at beginning of year		—	—
Acquisitions		<b>(5,854,392)</b>	—
Balance at end of year		<b>(5,854,392)</b>	—
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>		<b>1,685,138,906</b>	1,613,787,067
<b>NON-CONTROLLING INTERESTS</b>	18		
Balance at beginning of year		<b>130,734,992</b>	117,229,980
Total comprehensive income		—	—
Share of non-controlling interests from listing of a subsidiary	4	—	—
Acquisition of non-controlling interests	4	—	—
Balance at end of year		<b>130,734,992</b>	117,229,980
		<b>₱1,815,873,898</b>	₱1,731,017,047

See accompanying Notes to Consolidated Financial Statements.

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Note	September 2025	September 2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income tax		<b>₱ 136,816,434</b>	₱131,901,344
Adjustments for:			
Depreciation and amortization	11	<b>152,287,702</b>	153,064,784
Interest expense		<b>34,546,567</b>	22,471,331
Interest income		<b>(3,607,346)</b>	(5,881,679)
Retirement benefits cost	17	<b>3,285,000</b>	3,285,000
Operating income before working capital changes		<b>323,328,358</b>	304,840,780
Decrease (increase) in:			
Trade receivables		<b>(35,035,509)</b>	(2,243,661)
Merchandise inventories		<b>(9,733,844)</b>	(2,278,555)
Deposits and advance rentals		<b>(8,770,283)</b>	(6,200,175)
Other current assets		<b>(33,787,074)</b>	25,342,135
Financial assets carried at FVPL		<b>(2,113,763)</b>	6,793,926
Increase (decrease) in:			
Trade and other payables		<b>844,275</b>	20,709,429
Security deposits		<b>—</b>	—
Net cash generated from operations		<b>234,732,160</b>	346,963,879
Income taxes paid		<b>(38,134,352)</b>	(35,131,712)
Interest paid		<b>(31,250,453)</b>	(18,571,119)
Interest received		<b>3,607,346</b>	5,881,679
Retirement benefits paid	17	<b>—</b>	—
Net cash provided by operating activities		<b>168,954,701</b>	299,142,727
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisitions of:			
Property and equipment	11	<b>(151,965,079)</b>	(407,018,398)
Investment properties	10	<b>—</b>	(52,251,520)
Intangible assets	12	<b>—</b>	(4,450,410)
Collections from (advances to) related parties	16	<b>559,338</b>	10,369,268
Dividends received		<b>—</b>	—
Advances for asset acquisition		<b>—</b>	—
Net cash used in investing activities		<b>(151,405,741)</b>	(453,351,060)

(Forward)

	Note	September 2025	September 2024
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from:			
Availments of loans	14	₱ 516,000,000	P 315,500,000
Availments of mortgage	15	—	6,106,000
Issuances of preferred shares		—	—
Issuances of shares to non-controlling interests	4	—	—
Payments of:			
Notes payable	14	(503,150,000)	(103,492,512)
Lease liabilities	24	(35,617,722)	(46,492,732)
Mortgage payable	15	(1,069,700)	(1,880,487)
Cash dividends		(2,062,585)	
Treasury shares		(5,854,392)	
Net cash provided by (used in) financing activities		(31,754,400)	169,740,269
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(14,205,438)</b>	<b>15,531,396</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>585,269,977</b>	<b>581,573,621</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>₱ 571,064,539</b>	<b>₱597,105,557</b>

See accompanying Notes to Consolidated Financial Statements.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT SEPTEMBER 30, 2025 AND 2024**  
**AND FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND DECEMBER 31, 2024**

**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:	
Fruitasgroup Incorporated (FGI)	July 13, 2010
Balai Ni Fruitas, Inc. (BNFI)	May 17, 2005
Negril Trading, Inc (NTI)	June 20, 1990
SoyKingdom, Inc. (SKI)	August 28, 2006
Fly Kitchen Inc. (FKI)	October 1, 2019
CocoDelivery, Inc. (CDI)	September 6, 2018
Subsidiaries with indirect ownership:	
Lingnam Food Inc. (LFI)*	November 4, 2022
Green Empire International Limited (GEIL)**	May 10, 2017
Oceanic Luck Limited (OLL)***	April 25, 2016
Bigboks Enterprises, Inc. (BEI)****	November 05, 2024

\*ownership through SKI

\*\*ownership through FGI

\*\*\*ownership through GEIL

\*\*\*\*ownership through NTI

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 September 30, 2025 and December 31, 2024 are presented below.

Subsidiaries	Principal Activities	Principal Place of Business	Percentage of Ownership (%)	
			2025	2024
Direct:				
FGI	Trading of goods	Philippines	100	100
BNFI	Trading of goods	Philippines	74.92	74.92
NTI	Trading of goods	Philippines	100	100
SKI	Trading of goods	Philippines	100	100
CDI	Trading of goods	Philippines	100	100
FKI	Trading of goods	Philippines	100	100
Indirect:				
BEI	Restaurant	Philippines	60	60
LNI	Restaurant	Philippines	100	100
GEIL	Holding company	British Virgin Islands	100	100
OLL	Holding company	Samoa Islands	100	100

As at September 30, 2025, the Parent Company is 53.42% owned by LUSH PROPERTIES, INC. (LPI or the Ultimate Parent), a company incorporated and domiciled in the Philippines. LPI is engaged in leasing/real estate activities.

In May 2024, the Group acquired the assets and the brand name Sugarhouse from Golden Spatula Corporation (GSC) for a total consideration of 9.0 million.

On November 19, 2024, the Group subscribed to shares of Bigboks Enterprises Inc., for a value of for a total subscription price of 8.9 million. The Company paid 2.2 million for the said subscription.

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## 2. Summary of Material Accounting and Reporting Policies

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

### **Basis of Preparation and Statement of Compliance**

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

### **Bases of Measurement**

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

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

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

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

Further information about the assumptions used in measuring fair values is included in Notes 10 and 29 to the consolidated financial statements.

#### **Adoption of Amendments to PFRS Accounting Standards**

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amendments to PFRS Accounting Standards effective January 1, 2024 –

- Amendments to PAS 1, *Presentation of Financial Statements - Noncurrent Liabilities with Covenants* – The amendments clarified that covenants to be complied with after the reporting date do not affect the classification of debt as current or noncurrent at the reporting date. Instead, the amendments require the entity to disclose information about these covenants in the notes to the financial statements.

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

#### **Amendments to PFRS Accounting Standards in Issue But Not Yet Effective or Adopted**

Relevant new and amendments to PFRS Accounting Standards, which are not yet effective as at December 31, 2024 and have not been applied in preparing the financial statements, are summarized below:

Effective for annual periods beginning on or after January 1, 2026:

- Amendments to PFRS 9, *Financial Instruments*, and PFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Assets* – The amendments clarify that a financial liability is derecognized when the related obligation is discharged, cancelled, expires or otherwise qualifies for derecognition (e.g. settlement date), and introduces a policy option to derecognize financial liabilities settled through an electronic payment system before settlement date if the required conditions are met. The amendments also clarify the assessment of contractual cash flow characteristics of financial assets, the treatment of non-recourse loans and contractually linked instruments, as well as require additional disclosure requirements for financial assets and liabilities with contingent features and equity instruments classified at fair value through other comprehensive income (FVOCI). Earlier application is permitted.

Annual Improvements to PFRS Accounting Standards Volume 11:

- Amendments to PFRS 1, *Hedge Accounting by First-time Adoption of PFRS Accounting Standards* – The amendments update certain language used in PFRS 1 and include cross references to the qualifying criteria for hedge accounting in PFRS 9, Financial Instruments, which are intended to address inconsistencies in certain wordings used between these standards. Earlier application is permitted.
- Amendments to PFRS 7, *Financial Instruments: Disclosures* – The amendments update and remove some obsolete references related to the gain or loss on derecognition on financial assets of an entity that has a continuing involvement and to the disclosure requirements on deferred differences between fair value and transaction price. The amendments also clarify that the illustrative guidance does not necessarily illustrate all the requirements for credit risk disclosure. Earlier application is permitted.
- Amendments to PFRS 9, *Financial Instruments* – Transaction Price and Lessee Derecognition of Lease Liabilities – The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee must apply the derecognition criteria for a financial liability which requires recognition of a gain or loss in profit or loss. The amendments also replace the reference to ‘transaction price as defined by PFRS 15, Revenue from Contracts with Customers’ to ‘the amount determined by applying PFRS 15’ to remove potential confusion. Earlier application is permitted.
- Amendments to PAS 7, *Statement of Cash Flows - Cost Method* – The amendments replace the term ‘cost method’ with ‘at cost’ following the deletion of the definition of ‘cost method’. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2027:

- PFRS 18, *Presentation and Disclosure in Financial Statements* – This standard replaces PAS 1, Presentation of Financial Statements, and sets out the requirements for the presentation and disclosure of information to help ensure that the financial statements provide relevant information that faithfully represents the entity’s assets, liabilities, equity, income and expenses. The standard introduces new categories and sub-totals in the statements of comprehensive income, disclosures on management-defined performance measures, and new principles for grouping of information, which the entity needs to apply retrospectively. Earlier application is permitted.
- PFRS 19, *Subsidiaries without Public Accountability: Disclosures* – This standard specifies reduced disclosure requirements that eligible subsidiaries are permitted to apply, instead of the disclosure requirements in other PFRS Accounting Standards. An entity is eligible to apply PFRS 19 when it does not have public accountability and its parent prepares consolidated financial statements available for public use that complies with PFRS Accounting Standards disclosure requirements. Earlier application is permitted.

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



**Basis of Consolidation**

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

**Subsidiaries**

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

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

**Non-controlling interests**

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

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

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

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

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

**Business Combination and Goodwill**

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

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

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

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

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

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

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

Goodwill acquired in a business combination is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for NCI and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in consolidated statement of comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units (CGUs), or group of cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or group of units. Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than an operating segment or determined in accordance with PFRS 8, *Operating Segment*.

Goodwill is tested for impairment annually as at December 31 and when circumstances indicate that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of the CGU or group of CGUs, to which the goodwill relates. When the recoverable amount of the CGU or group of CGUs is less than the carrying amount, an impairment loss is recognized. Impairment loss with respect to goodwill cannot be reversed in future periods.

When goodwill has been allocated to a CGU or group of CGUs and part of the operations within the unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed and the portion of the CGU retained.

## **Financial Assets and Liabilities**

### **Recognition and Measurement**

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

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

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

### **Classification**

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

As at September 30, 2025 and December 31, 2024 the Group has no financial instruments classified as financial liabilities at FVPL.

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

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at September 30, 2025 and December 31, 2024, the Group's cash and cash equivalents, trade receivables, due from related parties and construction bond (presented under "Other current assets") are classified under this category.

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

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

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

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

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

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

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets; and,
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

As at September 30, 2025 and December 31, 2024, the Group has classified its investments in club shares as financial assets at FVOCI.

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

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

As at September 30, 2025 and December 31, 2024, the Group's trade and other payables (excluding nonfinancial liabilities), notes payable, mortgage payable, lease liabilities and security deposits are classified under this category.

### **Reclassification**

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

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

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

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

### **Impairment**

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

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

For other financial assets at amortized cost, the Group has applied the general approach and ECL computation is based on the 12-month ECL, which pertains to the portion of lifetime ECL that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the 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 Group retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Group has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

*Financial Liabilities.* A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statements of comprehensive income.

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

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

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

## **Offsetting**

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

**Classification of Financial Instrument between Liability and Equity**

A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

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

**Merchandise Inventories**

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

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

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

**Deposits and Advance Rentals**

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

**Investment Properties**

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

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



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

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

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

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

#### **Property and Equipment**

Property and equipment, except for land, 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.

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 and goodwill with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. When the carrying amounts exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of the fair value less cost to sell or value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an orderly transaction between market participants less the cost of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market

assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

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

### **Operating Segments**

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

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

### **Equity**

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

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

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

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

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

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

*Other Comprehensive Income.* This pertains to the cumulative remeasurement gain 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 per Share**

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

The Parent Company has no potentially dilutive common shares.

### **Revenue Recognition**

#### **Revenue**

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

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

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

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

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

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

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

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

## **Other Sources of Income**

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

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

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

## **Cost and Expense Recognition**

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

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

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

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

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

## **Retirement Benefits**

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

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

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

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

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

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

### **Leases**

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

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

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

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

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

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

- i. the amount of the initial measurement of lease liabilities;
- ii. any lease payments made at or before the commencement date less any lease incentives received;
- iii. any initial direct costs; and
- iv. an estimation of costs to be incurred by the Group in dismantling and removing the underlying asset, when applicable.

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

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

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

- i. fixed payments, including in-substance fixed payments;
- ii. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- iii. amounts expected to be payable by the lessee under residual value guarantees; and
- iv. the exercise price under a purchase option that the Group is reasonably certain to exercise; lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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

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

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

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

### **Income Taxes**

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

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

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

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

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

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

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

#### **Related Party Relationships and Transactions**

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

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

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

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

#### **Provisions**

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

#### **Contingencies**

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



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### 3. Significant Accounting Judgments and Estimates

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

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

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

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

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

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

*Recognizing Gain from Bargain Purchase.* As a result of the business combination completed during 2024, the Group recognized a gain from bargain purchase amounting to ₱6.8 million, which is presented under "Other Income" in the consolidated statement of comprehensive income. The gain arose because the fair value of the identifiable net assets acquired exceeded the total consideration transferred.

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

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

- (a) Similar nature of products/services offered and methods to distribute products and provide services;
- (b) Similar class of target customers; and
- (c) Primary place of operations is in the Philippines.

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

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

ROU assets and lease liabilities as at September 30, 2025 and December 31, 2024 is disclosed in Note 24.

*Assessing the ECL of Trade Receivables.* The Group estimates ECL using a provision matrix. Depending on the diversity of its debtor's base, the Group uses its historical credit loss experience adjusted for forward-looking factors, as appropriate.

The carrying amounts of the Group's trade receivables as at September 30, 2025 and December 31, 2024 are disclosed in Note 7.

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

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

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

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

No provision for ECL on other financial assets at amortized cost was recognized in 2025 and 2024. The transactions with respect to these financial assets were entered into by the Group only with reputable banks and companies with good credit standing and relatively low risk of defaults.

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

The fair value of the Group's financial assets at FVPL is disclosed in Note 26.

*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 September 30, 2025 and December 31, 2024 are disclosed in Note 24.

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

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

Details of investment properties are disclosed in Note 10.

*Assessing the Impairment of Brand Names with Indefinite Useful Life.* The Group tests annually whether any impairment in brand names is to be recognized in accordance with the related accounting policy in Note 2. The recoverable amounts of cash-generating units (CGUs) have been determined based on the higher of fair value less costs to sell and value in use calculations, which require the use of estimates. Based on the impairment testing conducted, the recoverable amounts of the CGUs calculated based on value in use as at December 31, 2024 and 2023 are greater than the corresponding carrying amounts of the CGUs as at the same dates.

No impairment loss was recognized in 2025 and 2024. The carrying amount of brand names as at September 30, 2025 and December 31, 2024 is disclosed in Note 12.

*Estimating Impairment of Goodwill.* The Group determines whether goodwill is impaired at least annually. This requires the estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating value in use requires management to make an estimate of the expected future cash flows from the cash-generating units and to choose a suitable discount rate to calculate the present value of cash flows.

The Group recognized impairment loss on goodwill amounting to ₱8.5 million in 2024 (see Note 12).

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

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

No impairment was recognized in 2025 and 2024. The carrying amounts of deposits and advance rentals, other current assets (excluding construction bond), investment properties, property and equipment, software license and ROU assets are disclosed in Notes 9, 10, 11, 12 and 24, respectively.

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#### 4. Accounting for Business Acquisition and Group Reorganization

##### Brands and Asset Purchase

The Group accounts for acquisitions of assets as an acquisition of a business when the Group acquires an integrated set of business processes in addition to the group of assets acquired.

##### *LNFI*

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

##### *Sugarhouse*

In May 2024, the Group acquired the brand name Sugarhouse and the related assets from Golden Spatula Corporation (GSC). The acquisition was completed following the execution of Deeds of Absolute Sale of Assets and the payment of the related consideration amounting to ₱9.0 million.

Under the agreement, the Company acquired the trademark, recipes and other technical know-how relating to Sugarhouse business, leasehold improvements, certain equipment, inventory, among others.

##### Acquisition of a Subsidiary, Brand and Related Assets

*Mang Bok's.* On October 28, 2024, the Group subscribed to 960,000 shares, equivalent to 60% ownership interest in Bigboks Enterprises Inc. for a total subscription price of ₱9.0 million. The Company has partially paid ₱2.2 million for the said subscription.

In November 2024, BEI acquired the the brand name Mang Boks and the related assets from Boksbro Inc. for a total consideration amounting to ₱2.0 million. Under the agreement, the Group acquired leasehold improvements, intellectual property, franchise rights and contractual rights.

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

	2024		2023
	Sugarhouse	Mang Boks	LNFI
Intangible asset	₱6,247,150	₱1,564,148	₱27,000,000
Leasehold improvement	5,760,000	—	33,584,244
Merchandise inventories	1,200,000	—	—
Transportation equipment	1,000,000	—	2,750,000
Store equipment, furniture and fixtures	—	—	15,757,006
Land	—	—	4,908,750
Property and equipment	—	2,000,000	—
Fair value of identifiable assets	14,207,150	3,564,148	84,000,000
Total consideration	8,960,000	2,000,000	60,000,000
Gain from bargain purchase	₱5,247,150	₱1,564,148	₱24,000,000

#### Business Combination

*FKI*. In June 2023, the Group acquired 100% of the outstanding shares of FKI for a total consideration of ₱14.7 million. The effect of the acquisition initially resulted to a reduction in “other equity reserves” of ₱2.3 million. In 2024, the valuation of the net assets and liabilities of SKI was finalized and the acquisition resulted to a goodwill amounting to ₱18.7 million (see Note 12). As such, the amount of “other equity reserve” was adjusted in 2024.

The following are the fair values of the identifiable net liabilities acquired and the resulting goodwill as at acquisition date:

	Amount
Property and equipment	₱1,679,536
Trade and other receivables	1,395,563
Inventories	877,426
Cash	478,903
Security deposit	26,280
Trade and other payables	(8,471,973)
Fair value of identifiable net liabilities	(4,014,265)
Total consideration	14,680,000
Goodwill	(₱18,694,265)

#### Equity Transaction Resulting from the Listing of a Subsidiary

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

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

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

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

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

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

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

Details of other equity reserves follows:

	Sep 2025	Dec 2024
Group reorganization		
FGI, BNFI and NTI	₱55,192,582	₱55,192,582
CDI	(3,939,803)	(3,939,803)
Changes in ownership interest without loss of control -		
BNFI	143,954,532	143,954,532
Business acquisition	—	—
	₱195,207,311	₱195,207,311

## 5. Cash and Cash Equivalents

This account consists of:

	September 2025	Dec 2024
Cash on hand	₱11,413,616	₱17,664,230
Cash in banks	419,613,433	427,613,236
Short-term placements	140,037,490	139,992,511
	₱ 571,064,539	₱585,269,977

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.

## 6. Financial Assets at FVPL and FVOCI

### Financial Assets at FVPL

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

Movements in investments at FVPL are as follows:

	Note	Sept 2025	Dec 2024
Balance at beginning of year		<b>₱47,542,019</b>	₱61,316,952
Additions		–	–
Disposals		–	(16,602,865)
Unrealized gain on changes in fair value	23	<b>2,113,763</b>	2,827,932
Balance at end of year		<b>₱49,655,782</b>	₱47,542,019

### Financial Assets at FVOCI

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

The Group designated its investment in club shares as financial asset at FVOCI because the Group intends to hold this investment for the long term and for strategic purposes. The Group has assessed that the cost of the recently acquired investment approximates its fair value as at September 30, 2025 and December 31, 2024.

## 7. Trade Receivables

This account consists of:

	September 2025	Dec 2024
Trade receivables	<b>₱148,517,106</b>	₱113,481,597
Less allowance for ECL	<b>3,238,000</b>	3,238,000
	<b>₱145,279,106</b>	₱110,243,597

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 at September 30, 2025					
	Total	Neither past Due of impaired	Less than one year	One year and over	Past Due and Impaired
Trade:					
Third Party	148,517,106	71,965,552	63,411,715	13,139,839	-
Allowance for doubtful accounts	- 3,238,000	-	-	-	- 3,238,000
	145,279,106	71,965,552	63,411,715	13,139,839	- 3,238,000
As at December 31, 2024					
	Total	Neither past Due of impaired	Less than one year	One year and over	Past Due and Impaired
Trade:					
Third Party	113,481,597	49,314,642	48,452,753	15,714,202	-
Allowance for doubtful accounts	- 3,238,000	-	-	-	- 3,238,000
	110,243,597	49,314,642	48,452,753	15,714,202	- 3,238,000

## 8. Merchandise Inventories

This account consists of:

	Sep 2025	Dec 2024
At cost:		
Food and beverages	₱ 48,697,916	₱45,710,521
Store supplies and others	32,724,248	25,977,799
	₱ 81,422,164	₱71,688,320

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



## 9. Other Current Assets

This account consists of:

	Sep 2025	Dec 2024
Advances to suppliers	<b>₱ 40,456,781</b>	₱35,431,459
Construction bond	<b>4,885,545</b>	6,793,747
Spare parts, materials and supplies	<b>6,055,641</b>	6,172,029
Advances to officers and employees	<b>19,481,113</b>	5,153,715
CWTs	<b>5,837,945</b>	3,205,855
Input VAT	<b>8,495,147</b>	3,050,069
Prepayments	<b>8,837,657</b>	455,881
	<b>₱ 94,049,829</b>	₱60,262,755

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

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

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

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

## 10. Investment Properties

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

	Sep 2025			
	Land	Land Improvements	Building and Building Improvements	Total
<b>Cost</b>				
Balance at beginning of year	<b>₱148,962,158</b>	<b>₱697,250</b>	<b>₱75,440,467</b>	<b>₱225,099,875</b>
Additions	-	-	-	-
Balance at end of the year	<b>148,962,158</b>	<b>697,250</b>	<b>75,440,467</b>	<b>225,099,875</b>
<b>Cumulative Fair Value Changes</b>				
Balance at beginning of year	<b>52,855,453</b>	<b>(213,500)</b>	<b>(4,591,503)</b>	<b>48,050,450</b>
Gain (loss) from changes in fair value	-	-	-	-
Balances at end of year	<b>52,855,453</b>	<b>(213,500)</b>	<b>(4,591,503)</b>	<b>48,050,450</b>
<b>Carrying Amount</b>	<b>₱201,817,611</b>	<b>₱483,750</b>	<b>₱70,848,964</b>	<b>₱273,150,325</b>

	Dec 2024			
	Land	Land Improvements	Building and Building Improvements	Total
<b>Cost</b>				
Balance at beginning of year	₱95,393,047	₱577,500	₱31,984,503	₱127,955,050
Additions	53,569,111	119,750	43,455,964	97,144,825
Balance at end of the year	148,962,158	697,250	75,440,467	225,099,875
<b>Cumulative Fair Value Changes</b>				
Balance at beginning of year	44,669,953	(201,500)	(3,086,503)	41,381,950
Gain (loss) from changes in fair value	8,185,500	(12,000)	(1,505,000)	6,668,500
Balances at end of year	52,855,453	(213,500)	(4,591,503)	48,050,450
<b>Carrying Amount</b>	<b>₱201,817,611</b>	<b>₱483,750</b>	<b>₱70,848,964</b>	<b>₱273,150,325</b>

#### Fair Value

*Land.* The fair value of the Group's land is ₱201.8 million as at June 30, 2025 and December 31, 2024. The fair value of the land was determined by an independent property appraiser in 2024. The inputs used to determine the market value of the investment properties using the sales comparison approach include location characteristics, size, time element, quality and marketability. Accordingly, the fair value measurement used is classified as Level 3 in 2025 and 2024, respectively.

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

The fair value of the land improvements, building and building improvements was determined by an independent firm of appraisers as at December 31, 2024.

Description of key inputs to valuation on land follows:

Location	Significant unobservable Inputs	Range (weighted average)	
		2024	2023
Sampaloc District, City of Manila	Selling price per square meter	<b>₱163,000/sq. m.</b>	₱154,000/sq. m.
	Value adjustments	<b>4% to 10%</b>	1% to 15%

The significant unobservable inputs to fair valuation are as follows:

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

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

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

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

## 11. Property and Equipment

The composition of and movements in this account follows:

2025						
	Land	Leasehold Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Store Furniture, Fixtures and Equipment	Total
<b>Cost</b>						
Balance at beginning of year	P492,788,008	P395,151,540	P 130,894,750	P63,377,097	P520,511,899	P1,602,723,294
Additions	-	83,513,094	7,314,134	9,390,142	51,747,709	151,965,079
Balance at end of year	492,788,008	478,664,634	138,208,884	72,767,239	572,259,608	1,754,688,373
<b>Accumulated Depreciation and Amortization</b>						
Balance at beginning of year	-	247,985,505	67,116,162	58,768,572	370,966,684	744,836,923
Depreciation and amortization	-	30,537,430	19,002,758	7,503,355	68,651,533	125,695,076
Balance at end of year	-	278,522,935	86,118,920	66,271,927	439,618,217	870,531,999
<b>Carrying Amount</b>	<b>P492,788,008</b>	<b>P200,141,699</b>	<b>P 52,089,964</b>	<b>P 6,495,312</b>	<b>P132,641,391</b>	<b>P 884,156,374</b>

2024						
	Land	Leasehold Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Store Furniture, Fixtures and Equipment	Total
<b>Cost</b>						
Balance at beginning of year	P148,842,350	P=340,174,436	P=96,863,406	P=49,348,028	P451,349,077	P1,086,577,297
Additions	343,945,658	54,977,104	34,031,344	14,029,069	69,162,822	516,145,997
Disposals	-	-	-	-	-	-
Balance at end of year	492,788,008	395,151,540	130,894,750	63,377,097	520,511,899	1,602,723,294
<b>Accumulated Depreciation and Amortization</b>						
Balance at beginning of year	-	190,626,785	47,426,441	37,213,801	296,993,858	572,260,885
Depreciation and amortization	-	57,358,720	19,689,721	21,554,771	73,972,826	172,576,038
Balance at end of year	-	247,985,505	67,116,162	58,768,572	370,966,684	744,836,923
<b>Carrying Amount</b>	<b>P492,788,008</b>	<b>=P147,166,035</b>	<b>P=63,778,588</b>	<b>P=4,608,525</b>	<b>P=149,545,215</b>	<b>P857,886,371</b>

Depreciation and amortization are summarized as follows:

	Note	September 2025	September 2024
Property and equipment		<b>₱ 125,695,076</b>	₱ 117,201,135
ROU assets	24	<b>26,592,626</b>	35,863,649
Intangible assets	12	—	—
		<b>₱ 152,287,702</b>	₱153,064,784

Depreciation and amortization are charged to the following:

	Note	September 2025	September 2024
Selling and distribution expenses	21	<b>₱134,582,123</b>	₱137,641,621
General and administrative expenses	22	<b>7,503,355</b>	7,307,821
Direct costs	20	<b>10,202,224</b>	8,115,342
		<b>₱152,287,702</b>	₱153,064,784

## 12. Intangible Assets

This account consists of:

2025					
	Note	Brand Names	Goodwill	Software License	Total
<b>Cost</b>					
Balance at beginning of year		<b>₱249,159,746</b>	<b>₱ 18,694,265</b>	<b>₱6,008,402</b>	<b>₱273,862,413</b>
Additions	4	—	—	—	—
Balance at end of year		<b>249,159,746</b>	<b>18,694,265</b>	<b>6,008,402</b>	<b>273,862,413</b>
<b>Accumulated Amortization and Impairment Loss</b>					
Balance at beginning of year		—	<b>8,483,852</b>	<b>5,193,830</b>	<b>13,677,682</b>
Impairment loss		—	—	—	—
Balance at end of year		—	<b>8,483,852</b>	<b>5,193,830</b>	<b>13,677,682</b>
<b>Carrying Amount</b>		<b>₱249,159,746</b>	<b>₱10,210,413</b>	<b>₱814,572</b>	<b>₱260,184,731</b>

2024					
	Note	Brand Names	Goodwill	Software License	Total
<b>Cost</b>					
Balance at beginning of year		<b>₱241,348,448</b>	<b>₱ —</b>	<b>₱5,193,830</b>	<b>₱246,542,278</b>
Additions	4	<b>7,811,298</b>	<b>18,694,265</b>	<b>814,572</b>	<b>27,320,135</b>
Balance at end of year		<b>249,159,746</b>	<b>18,694,265</b>	<b>6,008,402</b>	<b>273,862,413</b>
<b>Accumulated Amortization</b>					
Balance at beginning of year		—	—	<b>5,193,830</b>	<b>5,193,830</b>
Amortization	11	—	<b>8,483,852</b>	—	<b>8,483,852</b>
Balance at end of year		—	<b>8,483,852</b>	<b>5,193,830</b>	<b>13,677,682</b>
<b>Carrying Amount</b>		<b>₱249,159,746</b>	<b>₱10,210,413</b>	<b>₱814,572</b>	<b>₱260,184,731</b>

In 2024, the Group recognized an impairment loss on goodwill amounting to ₱8.5 million, based on the annual impairment test. The impairment loss was recorded under “Other Income (Charges)” in the 2024 consolidated statement of comprehensive income.

#### Brand Names

Details of the Group’s brand names are as follows:

Brand Name	Year Acquired	Sep 2025	Dec 2024
Fruitas, The Mango Farm, Shou, Black Pearl, Friends Fries and Juice Avenue	2017	<b>₱200,160,050</b>	₱200,160,050
Sabroso Lechon	2018	<b>11,188,398</b>	11,188,398
Balai Pandesal	2021	<b>3,000,000</b>	3,000,000
Ling Nam	2023	<b>27,000,000</b>	27,000,000
Sugarhouse	2024	<b>6,247,150</b>	6,247,150
Mang Bok’s	2024	<b>1,564,148</b>	1,564,148
		<b>₱249,159,746</b>	₱249,159,746

#### Valuation of Brands

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

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

The Group used the weighted average cost of capital as the discount rate, which reflected management’s estimate of the risk. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals. The recoverable amount of each CGU, calculated using value in use, exceeded the carrying amount of the CGU as at December 31, 2024 and 2023.

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.

#### Valuation of Goodwill

*FKI.* In 2023, the Group acquired 100% of the outstanding shares of FKI for a total consideration of ₱14.7 million. The acquisition resulted in the recognition of goodwill amounting to ₱18.7 million (see Note 4).

Goodwill is subject to an annual impairment assessment. The recoverable amounts of this asset have been determined based on a value-in-use calculation using cash flow projections based on financial budgets approved by management. The cash flow projections cover five years, taking into consideration the effect of significant events on the macroeconomic factors used in developing the assumptions. In 2024, the Group recognized impairment of its goodwill amounting to ₱8.5 million.

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

### 13. Trade and Other Payables

This account consists of:

	Note	Sep 2025	Dec 2024
Trade payables		<b>₱ 103,858,243</b>	₱84,096,975
Statutory payables		<b>31,475,428</b>	41,535,274
Accrued expenses		<b>8,681,508</b>	17,015,813
Dividend payable	18	-	522,842
		<b>₱ 144,015,179</b>	₱143,170,904

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

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

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

### 14. Notes Payable

Balances and movements in this account are as follows:

	Sep 2025	Dec 2024
Balance at beginning of year	<b>₱605,300,000</b>	₱252,451,500
Availments	<b>516,000,000</b>	873,500,000
Payments	<b>(503,150,000)</b>	(520,651,500)
Balance at end of year	<b>618,150,000</b>	605,300,000
Less current portion	<b>598,566,667</b>	581,966,667
Noncurrent portion	<b>₱19,583,333</b>	₱23,333,333

In 2025 and 2024, the Group availed of short and long-term loans from various local banks which bear interest at rates ranging from 6% per annum to 8% per annum. The purpose of the loans is to support the Group's working capital requirements. Long-term notes payable will mature in February 2027.

## 15. Mortgage Payable

Balances and movements in this account are as follows:

	Sep 2025	Dec 2024
Balance at beginning of year	₱ 3,889,045	₱ –
Availments	–	4,533,538
Payments	(1,069,700)	(644,493)
Balance at end of year	2,819,345	3,889,045
Less current portion	1,223,455	1,424,422
Noncurrent portion	₱ 1,595,890	₱ 2,464,623

In 2024, the Group obtained loans from a local commercial bank to finance its acquisition of transportation equipment. The loans are payable in monthly installments up to July 2027 with interest rates ranging from 7.70% to 13.63% per annum. Interest expense is disclosed in Note 14.

## 16. Related Party Transactions

The Group, in the normal course of business, has outstanding advances with the Parent Company for working capital amounting to ₱92.6 million and ₱93.1 million as at September 30, 2025 and December 31, 2024, respectively.

### Terms and Conditions of Transactions with Related Parties

Outstanding balances are unsecured, noninterest-bearing and settled in cash upon demand. Management makes an annual assessment of the financial position of the related parties and the market in which the related parties operate. There were no impairment losses recognized in 2025 and 2024.

## 17. Retirement Benefits Liability

The Group's retirement plan is unfunded, noncontributory defined benefit plan with a single lump-sum payment covering retirement based on Republic Act No. 7641. The retirement benefits are based on years of service and compensation on the last year of employment as determined by an external actuary using the projected credit unit method. The most recent actuarial valuation was made by an independent actuary as at December 31, 2023.

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

	September 2025	September 2024
Current service cost	<b>₱ 3,285,000</b>	₱ 3,285,000
Interest cost	-	-
	<b>₱ 3,285,000</b>	<b>₱ 3,285,000</b>

Movements in the retirement benefits liability are as follows:

	Sep 2025	Dec 2024
Balance at beginning of year	<b>₱18,591,613</b>	₱14,327,522
Current service cost	<b>3,285,000</b>	3,648,248
Interest cost	-	815,843
Benefits paid	-	(200,000)
Actuarial gain	-	-
Balance at end of year	<b>₱21,876,613</b>	<b>₱18,591,613</b>

The principal assumptions used in determining the retirement benefits liability as at December 31, 2024 and 2023 are as follows:

	2024	2023
Discount rate	<b>6.12%</b>	6.12%
Future salary increases	<b>3.00%</b>	3.00%

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

This sensitivity analysis shows the impact of changes in key actuarial assumptions in 2024 and 2023.

	Basis Points	2024	2023
Discount rate	+1%	<b>(₱2,631,877)</b>	(₱2,227,576)
	-1%	<b>3,287,508</b>	2,797,163
Salary increase rate	+1%	<b>3,150,026</b>	2,940,008
	-1%	<b>(2,485,895)</b>	(2,362,810)

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, 2024 is 23.4 years.

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## 18. Equity

### Capital Stock

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

	Sep 2025		Dec 2024	
	Number of Shares	Amount	Number of Shares	Amount
<b>Authorized</b>				
<b>Common Stock</b> - ₱0.10 par value	<b>4,700,000,000</b>	<b>₱470,000,000</b>	4,700,000,000	₱470,000,000
<b>Preferred Stock</b> - ₱0.01 par value	<b>3,000,000,000</b>	<b>30,000,000</b>	3,000,000,000	30,000,000

	Sep 2025		Dec 2024	
	Number of Shares	Amount	Number of shares	Amount
<b>Issued and Outstanding</b>				
<b>Common Stock - ₱0.10 par value</b>				
Balance at beginning and end of year	2,133,680,000	₱213,368,000	2,133,680,000	₱213,368,000
<b>Preferred Stock - ₱0.01 par value</b>				
Issued and balance at end of year	2,000,000,000	20,000,000	2,000,000,000	20,000,000
	4,133,680,000	₱233,368,000	4,133,680,000	₱233,368,000

#### Common Shares

On November 29, 2019, the Parent Company's common shares were listed on the PSE. As at September 30, 2025 and December 31, 2024, 2,133,680,000 common shares are listed in the PSE.

#### Preferred Shares

The salient features of the preferred shares are as follows:

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

#### Additional Paid-in Capital

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

#### Retained Earnings

The Group declared dividends from available retained earnings as follows:

Date of Declaration	Type	Stockholders of Record	Date of Payment	Amounts Declared	
				Per Share	Total
<b><u>2024</u></b>					
October 25	Common	November 11, 2024	November 29, 2024	₱0.01	₱21,336,800
December 31	Preferred	December 31, 2024	April 7, 2025	-	500,000
					₱21,836,800
<b><u>2023</u></b>					
October 13	Common	November 8, 2023	November 29, 2023	₱0.01	₱21,336,800
December 31	Preferred	December 31, 2023	August 2, 2024		166,667
					₱21,503,467

#### 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:

	Sep 2025	Dec 2024
Total debt	<b>₱ 842,246,665</b>	₱858,057,120
Total equity	<b>1,815,873,898</b>	1,725,710,365
Debt-to-equity ratio	<b>0.46:1</b>	0.50:1

The public ownership of the Group is 40.14% as at September 30, 2025 and 40.75% December 31, 2024. As at September 30, 2025 and December 31, 2024, the Company has 122 and 121 stockholders, respectively.

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## 19. Revenue

This account consists of:

	Note	September 2025	September 2024
Net sales		<b>₱ 2,205,951,979</b>	₱2,118,438,352
Rental income		<b>540,000</b>	2,778,968
		<b>₱ 2,206,491,979</b>	₱ 2,121,217,320

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.

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**20. Direct Costs**

This account consists of:

	Note	September 2025	September 2024
Direct materials	8	<b>₱788,674,222</b>	₱777,274,834
Salaries, wages and other employee benefits		<b>62,291,533</b>	56,466,617
Utilities		<b>6,045,914</b>	6,316,947
Depreciation and amortization	11	<b>10,202,224</b>	8,115,342
		<b>₱ 867,213,893</b>	₱848,173,740

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**21. Selling and Distribution Expenses**

This account consists of:

	Note	September 2025	September 2024
Salaries, wages and other employees' benefits		<b>₱ 317,637,001</b>	₱312,650,212
Rental	24	<b>178,325,568</b>	176,390,957
Outside services		<b>119,188,370</b>	95,887,866
Depreciation and amortization	11	<b>134,582,123</b>	137,641,621
Utilities		<b>86,727,688</b>	82,791,657
Service fees		<b>48,137,342</b>	40,408,828
Advertisement		<b>36,123,887</b>	29,946,511
Transportation and travel		<b>40,620,264</b>	40,095,617
Repairs and maintenance		<b>13,850,842</b>	16,187,703
Management fees		<b>12,185,632</b>	15,815,284
Distribution supplies		<b>19,594,206</b>	20,117,933
Insurance		<b>5,716,357</b>	3,826,550
Others		<b>431,275</b>	490,520
		<b>₱ 1,013,120,555</b>	₱ 972,251,259

## 22. General and Administrative Expenses

This account consists of:

	Note	September 2025	September 2024
Salaries, wages and other employees' benefits		<b>₱ 40,600,932</b>	<b>₱45,389,876</b>
Taxes and licenses		<b>36,212,320</b>	34,346,086
Depreciation and amortization	11	<b>7,503,355</b>	7,307,821
Rental	24	<b>7,867,989</b>	8,276,063
Representation		<b>11,317,130</b>	11,433,648
Outside services		<b>8,388,259</b>	9,934,803
Professional fees		<b>6,101,499</b>	5,915,584
Utilities		<b>6,612,054</b>	4,108,036
Retirement benefits cost	17	<b>3,285,000</b>	3,285,000
Others		<b>32,385,298</b>	25,854,004
		<b>₱160,273,836</b>	<b>₱ 155,850,921</b>

## 23. Other Income (Charges) - Net

This account consists of:

	Note	September 2025	September 2024
Interest income	5	<b>3,607,345</b>	<b>5,881,679</b>
Others		<b>2,017,325</b>	<b>3,549,595</b>
		<b>₱5,624,670</b>	<b>₱ 9,431,274</b>

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

## 24. Significant Agreements

### 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.

### 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 rental deposits will be applied against any unpaid rentals and other expenses related to the lease upon termination amounting to ₱110.4 million and ₱106.1 million as at September 30, 2025 and December 31, 2024, respectively.

The balance and movements in ROU assets are as follows:

		2025		
	Note	Outlets Spaces	Land and Building	Total
<b>Cost</b>				
Balance at beginning of year		₱64,897,512	₱99,894,214	₱164,791,726
Additions		—	—	—
Termination of lease		—	—	—
Retirement of lease		—	—	—
Balance at end of year		64,897,512	99,894,214	164,791,726
<b>Accumulated Amortization</b>				
Balance at beginning of year		35,564,795	86,635,532	122,200,327
Amortization	11	20,710,819	5,881,806	26,592,625
Termination of lease		—	—	—
Retirement of lease		—	—	—
Balance at end of year		56,275,614	92,517,338	148,792,952
<b>Carrying Amount</b>		<b>₱8,621,898</b>	<b>₱7,376,876</b>	<b>₱15,998,775</b>

	2024			
	Note	Outlets Spaces	Land and Building	Total
Cost				
Balance at beginning of year		₱102,399,301	₱139,100,805	₱241,500,106
Additions		11,511,421	–	11,511,421
Termination of lease		(36,865,500)	(10,069,601)	(46,935,101)
Retirement of lease		(12,147,710)	(29,136,990)	(41,284,700)
Balance at end of year		64,897,512	99,894,214	164,791,726
Accumulated Amortization				
Balance at beginning of year		68,164,296	93,965,724	162,130,020
Amortization	11	6,382,906	29,720,207	36,103,113
Termination of lease		(26,834,697)	(7,913,409)	(34,748,106)
Retirement of lease		(12,147,710)	(29,136,990)	(41,284,700)
Balance at end of year		35,564,795	86,635,532	122,200,327
Carrying Amount		₱29,332,717	₱13,258,682	₱42,591,399

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

		2025		
	Note	Outlets Spaces	Land and Building	Total
Balance at beginning of year		₱8,144,185	₱35,946,341	₱44,090,526
Additions		—	—	—
Rental payments		(7,544,030)	(28,073,694)	(35,617,722)
Termination of lease		—	—	—
Interest	14	1,874,943	1,421,172	3,296,115
Balance at end of year		2,475,098	9,293,819	11,768,919
Less current portion		2,475,098	9,293,819	11,768,919
Noncurrent portion		₱ -	₱ -	₱ -

2024				
	Note	Outlets Spaces	Land and Building	Total
Balance at beginning of year		₱31,829,767	₱65,463,294	₱97,293,061
Additions		11,511,421	–	11,511,421
Rental payments		(29,266,484)	(30,797,886)	(60,064,370)
Termination of lease		(8,344,196)	(3,021,650)	(11,365,846)
Interest	14	2,413,677	4,302,583	6,716,260
Balance at end of year		8,144,185	35,946,341	44,090,526
Less current portion		7,263,738	19,438,965	26,702,703
Noncurrent portion		₱880,447	₱16,507,376	₱17,387,823

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

Group as Lessor

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 ₱ 635,143 as at September 30, 2025 and December 31, 2024, respectively, are noninterest-bearing and will be refunded at the end of the lease term.

Rental income is disclosed in Note 19.

Franchise Agreements

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



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

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

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

**Credit Risk**

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

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

	Sep 2025	Dec 2024
Cash and cash equivalents	<b>₱ 571,064,539</b>	₱585,269,977
Financial assets at FVPL	<b>49,655,782</b>	47,542,019
Financial assets at FVOCI	<b>1,725,000</b>	1,725,000
Trade receivables	<b>145,279,106</b>	110,243,597
Due from related parties	<b>92,581,505</b>	93,140,843
Construction bond*	<b>4,885,545</b>	6,793,747
	<b>₱865,191,477</b>	<b>₱844,715,183</b>

\*Presented under "Other current assets"

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

The tables below show the credit quality of financial assets:

	2025				
	Neither Past Due nor Impaired				
	High Grade	Standard Grade	Past Due but Not Impaired	Impaired	Total
Cash and cash equivalents	<b>₱571,064,539</b>	<b>₱ –</b>	<b>₱ –</b>	<b>₱ –</b>	<b>₱571,064,539</b>
Financial assets at FVPL	<b>49,655,782</b>	–	–	–	<b>49,655,782</b>
Financial assets at FVOCI	<b>1,725,000</b>	–	–	–	<b>1,725,000</b>
Trade receivables	–	<b>145,279,106</b>	–	<b>3,238,000</b>	<b>148,517,106</b>
Due from related parties	–	<b>92,581,505</b>	–	–	<b>92,581,505</b>
Construction bond*	–	<b>4,885,545</b>	–	–	<b>4,885,545</b>
	<b>₱622,445,321</b>	<b>₱242,746,156</b>	<b>₱ –</b>	<b>₱3,238,000</b>	<b>₱868,429,477</b>

\*Presented under "Other current assets"

	2024				
	Neither Past Due nor Impaired				
	High Grade	Standard Grade	Past Due but Not Impaired	Impaired	Total
Cash and cash equivalents	₱585,269,977	<b>₱ –</b>	<b>₱ –</b>	<b>₱ –</b>	₱585,269,977
Financial assets at FVPL	47,542,019	–	–	–	47,542,019
Financial assets at FVOCI	1,725,000	–	–	–	1,725,000
Trade receivables	–	110,243,597	–	3,238,000	113,481,597
Due from related parties	–	93,140,843	–	–	93,140,843
Construction bond*	–	6,793,747	–	–	6,793,747
	<b>₱634,536,996</b>	<b>₱210,178,187</b>	<b>₱ –</b>	<b>₱3,238,000</b>	<b>₱847,953,183</b>

\*Presented under "Other current assets"

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

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

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

Trade receivables arise mainly from transactions with its approved franchisees. Franchisees are subject to stringent financial, credit, and legal verification process. In addition, trade receivable balances are monitored on an on-going basis to ensure timely collections. Allowance for expected credit loss for trade receivables amounted to ₱3.2 million as at September 30, 2025 and December 31, 2024, respectively. Management assessed that the allowance is sufficient to cover the ECL of trade receivables of the Group.

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

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

- Cash and cash equivalents are deposited with reputable counterparty banks that possess good credit ratings.
- For construction bond and due from related parties, the Group considered the available liquid assets of the related parties and financial capacity of the third party service provider to refund the construction bond once the construction contract is completed.

#### **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 14 and 15, respectively.

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

**Liquidity Risk**

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

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

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

## 26. Fair Value Measurement

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

	2025		2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial Assets at Amortized Cost</b>				
Cash and cash equivalents	₱571,064,539	₱571,064,539	₱585,269,977	₱585,269,977
Trade receivables	145,279,106	145,279,106	110,243,597	110,243,597
Due from related parties	92,581,505	92,581,505	93,140,843	93,140,843
Construction bond	4,885,545	4,885,545	6,793,747	6,793,747
<b>Financial Assets at FVPL</b>	49,655,782	49,655,782	47,542,019	47,542,019
<b>Financial Assets at FVOCI</b>	1,725,000	1,725,000	1,725,000	1,725,000
	<b>₱865,191,477</b>	<b>₱865,191,477</b>	<b>₱844,715,183</b>	<b>₱844,715,183</b>
<b>Financial Liabilities at Amortized Cost</b>				
Trade and other payables*	₱112,539,751	₱112,539,751	₱101,635,630	₱101,635,630
Notes payable	618,150,000	618,150,000	605,300,000	605,300,000
Mortgage payable	2,819,345	2,819,345	3,889,045	3,889,045
	<b>₱733,509,096</b>	<b>₱733,509,096</b>	<b>₱710,824,675</b>	<b>₱710,824,675</b>

\* Excluding statutory payables

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

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

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

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

*Notes Payable 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 rates applied to long-term notes payable and mortgage payable range from 2.42% to 3.76%.

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**27. 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 2025 and 2024.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion should be read in conjunction with the Group's consolidated financial statements and notes thereto, which form part of this SEC Form 17-Q 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 Nine months ending Sept. 2025 vs Nine months ending Sept. 2024***

#### ***Key Highlights***

##### ***Revenues***

The Group generated revenues of ₱2.2 billion for the nine months ended September 2025, a 4.02% or ₱85.3 million increase from the same period in 2024, which closed at ₱2.1 billion.

##### ***Cost of Sales***

Cost of sales for the nine months ended September 30, 2025 closed at ₱867.2 million, 2.24% or ₱19.0 million increase from the same period in 2024 which closed at ₱848.2 million. The increase is mainly attributable to the increase in revenues.

##### ***Operating Expenses***

The Group's operating expenses settled at ₱1.2 billion as of September 30, 2025, 4.01% or ₱45.3 million increase from the same period in 2024 which settled at ₱1.1 billion. The increase was mainly attributed to the increased business volume during the nine months of 2025.

##### ***Income Tax Expense/ Benefits***

From ₱37.2 million current income tax last nine months of 2024 to ₱38.7 million income tax for the same period in 2025. Increase in Income tax for the period ending September 30, 2025 was primarily due to the increase in revenues

##### ***Net income/(loss)***

Net income for the period ending September 30, 2025 closed at ₱98.1 million compared to the same period of the prior year of ₱94.7 million, driven by the increase in revenues and leaner cost structure. The Group registered a 4.45% net income margin as of September 2025.

### ***Financial Condition as of SEPTEMBER 30, 2025 versus DECEMBER 2024***

FRUIT had consolidated total assets of ₱2.7 billion as of September 30, 2025, an increase of ₱74.4 million from the total assets of ₱ 2.6 billion last December 31, 2024.

#### ***Cash and cash equivalents***

As of end September 2025, cash and cash equivalents totaled ₱571.1 million, a decreased from ₱585.3 million as of end-2024. 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 ₱145.3 million as of September 2025 compared to ₱110.2 million as of end-2024, higher by 31.78% due to increase third party trade receivables.

### ***Inventories***

As of September 2025, inventories increased to ₱81.4 million from ₱71.7 million as of end-2024.

### ***Property and Equipment***

Consolidated net property and equipment stood at ₱884.2 million as of September 30, 2025. Acquisition of property and equipment for the nine months of the year reached ₱152.0 million, which was invested in the building of new stores, additional transportation equipment, office and commissary improvements, and other property acquisitions.

### ***Intangible assets***

Intangible assets increased to ₱260.2 million for the period ending September 30, 2025.

### ***Trade and other payables***

Trade and other payables increased by 1% for the period ending September 30, 2025 to ₱144.0 million driven by the increase in purchases caused by higher business volume and correction of Goodwill recognition as a result of Fly Kitchen Inc.'s acquisition.

### ***Equity***

As of September 30, 2025, the Group's consolidated equity increased to ₱1.8 billion from ₱1.7 billion as of end-2024.

### **Cash Flow Summary**

Net cash provided by operating activities amounted to ₱169.0 million for the nine months of 2025.

Net cash used for investing activities was ₱151.4 million for the nine months of 2025, driven by CAPEX.

Net cash used for financing activities was ₱31.8 million for the nine months of 2025, mainly due to payment of Notes payable.

	<b>Interim September 2025</b>	<b>Interim September 2024</b>
Revenue Growth	4%	19%
Gross Profit Margin	61%	59%
Net Income/(loss) (in million)	98.1	94.7
	<b>As of September 30, 2025</b>	<b>As of December 31, 2024</b>
Current Ratio	1.33x	1.22x
Debt to Equity Ratio	46.4%	50.0%