May 15, 2026

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-Quarterly Report 2026**

Dear Sir/Madam:

We hereby submit the SEC Form 17Q for the Quarterly Report ending March 31, 2026 of

Fruitas Holdings Inc. (FRUIT).

Attached here is the Unaudited Financial Statement as of March 31, 2026

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

RALF SARMIENTO
Contact Person

+(632) 8731-8886
Company Telephone Number

SEC FORM 17-Q

For the Quarter Ended March 2026

FORM TYPE

1 2 (Month) 3 1 (Day)
Fiscal Year

0 7 (Month) 2 2 (Day)
Annual Meeting

Secondary License Type, If Applicable

Dept Requiring this Doc

Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

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- 31 March 2026

2. SEC Identification Number- CS201503014

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

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

5. PHILIPPINES
   Province, country or other jurisdiction of incorporation

6. (SEC Use Only)
   Industry Classification Code

7. 68 DATA ST. BRGY. DON MANUEL, QUEZON CITY PHILIPPINES
   Address of principal office

   Postal Code: 1113

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	2,098,995,000

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 EXHANGE/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.

ROGELIO M. GUADALQUIVER
Chairman of the Board

LESTER C. YU
President and Chief Executive Officer

RUSHELL A. SALVADOR
Chief Finance Officer and Treasurer

May 15, 2026

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

CS201503014

COMPANY NAME

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

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

No. 68 Data St. Brgy. Don Manuel, Quezon City, Metro Manila, Philippines, 1113

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
ipo.compliance@fruitasholdings.com	(02) 8 243-1741	09677824286

No. of Stockholders	Annual Meeting (Month / Day)	Calendar Year (Month / Day)
122	Every Second Monday of June	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Madelene T. Sayson	madelene.sayson@fruitasholdings.com	(02) 8 243-1741	09420711576

CONTACT PERSON'S ADDRESS

No. 68 Data St. Brgy. Don Manuel, Quezon City, Metro Manila, Philippines, 1113

NOTE 1: *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

NOTE 2: *All boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt shall not excuse the corporation from liability for its deficiencies.*

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

The following discussion should be read in conjunction with the accompanying 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 Three months ending March 2026 vs Three months ending March 2025

Key Highlights

Revenues

The Company generated revenues of ₱793.4 million for the three months ending March 31, 2026, a 16.78% or ₱114.1 million increase from the same period in 2025, which closed at ₱679.4 million. The increase was driven by stronger performance of the stores.

Cost of Sales

Cost of sales for the three months ended March 31, 2026 closed at ₱343.7 million, 24.9% or ₱68.5 million increase from the same period in 2025 which closed at ₱275.1 million. The increase is mainly attributable to the increase in revenues and increase in supplier prices.

Operating Expenses

The Company's operating expenses settled at ₱403.0 million at the close of the three months of 2026, a 15.2% or a ₱53.2 million increase from the same period in 2025 which settled at ₱349.6 million The increase was mainly attributed to the increased business volume in 2026 and expansion undertaken by the Company.

Income Tax Expense/ Benefits

From ₱12.2 million current income tax last first quarter of 2025 to ₱9.9 million income tax for the same period in 2026. Increase in Income tax for the period ending March 31, 2026 was primarily due to the increase in revenues.

Net income

Net income for the period ending March 31, 2026 closed at ₱29.8 million compared to the same period of the prior year of ₱33.3 million net income driven by the compression of profit margin due to rising external operating costs.

Financial Condition as of MARCH 31, 2026 versus DECEMBER 2025

FRUIT had consolidated total assets of ₱2,704.5 million as of March 31, 2026, an increase of ₱40.0 million from the total assets of ₱2,664.5 million last December 31, 2025.

Cash and cash equivalents

As of end March 2026, cash and cash equivalents totaled ₱436.3 million, decreased from ₱444.2 million as of end-2025. 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 ₱141.0 million as of March 31, 2026 compared to ₱131.4 million as of end-2025, higher by 7.3% due to increased third party trade receivables.

Inventories

As of March 31, 2026, inventories increased to ₱92.0 million, from ₱82.3 million as of end of 2025. The increase was attributed to the Company's continuous opening of stores.

Property and Equipment

Consolidated net property and equipment stood at ₱1,064.2 million as of March 31, 2026. Acquisition of property and equipment for the last three months of the year reached ₱56.1 million, which was invested in building of new stores, new store equipment, commissary improvement and additional transportation equipment.

Intangible assets

Intangible assets stood at ₱260.8 million for the period ending March 31, 2026.

Trade and other payables

Trade and other payables decreased by 2.0% for the period ending March 31, 2026 to ₱121.9 million driven by the payment of trade payables for the purchase of inventories towards the end of 2025.

Equity

As of March 31, 2026, the Company's consolidated equity increased to ₱1,838.6 million from ₱1,817.0 million as of end-2025 which was driven by the net income generated in the first quarter of 2026.

Cash Flow Summary

Net cash provided by operating activities amounted to ₱43.5 million for the three months of 2026.

Net cash used in investing activities was ₱52.2 million for the three months of 2026, driven by CAPEX.

Net cash provided by financing activities was ₱0.7 million for the three months of 2026, as a result of notes and mortgage availment.

	Interim Three Months Ended March 31, 2026	**Interim Three Months Ended March 31, 2025**
Revenue Growth	16.8%	6.2%
Gross Profit Margin	56.7%	59.5%
Net Income (in million)	29.8	33.3
	As of March 31, 2026	**As of December 31, 2025**
Current Ratio	1.32x	1.31x
Debt to Equity Ratio	47.1%	47.0%

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	**Mar 2026**	Dec 2025
ASSETS			
Current Assets			
Cash and cash equivalents	5	**₱ 436,251,494**	₱444,216,010
Financial assets at fair value through profit or loss (FVPL)	6	**36,322,907**	32,851,701
Trade receivables	7	**140,969,919**	131,393,328
Due from a related party	17	**122,694,377**	127,440,337
Inventories	8	**91,961,271**	82,333,937
Advance rentals	25	**131,796,226**	126,321,463
Other current assets	9	**112,098,818**	93,348,541
Total Current Assets		**1,072,095,012**	1,037,905,317
Noncurrent Assets			
Investment properties	10	**177,566,643**	177,566,643
Property and equipment	11	**1,064,242,676**	1,056,109,893
Right-of-use (ROU) assets	25	**32,545,283**	35,656,750
Intangible assets	12	**260,825,869**	260,021,817
Net deferred tax assets	26	**87,157,141**	87,157,141
Other noncurrent assets	13	**10,056,208**	10,056,208
Total Noncurrent Assets		**1,632,393,820**	1,626,568,452
		₱2,704,488,832	₱2,664,473,769

LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	14	**₱ 121,932,979**	₱124,403,087
Current portion of:			
Notes payable	15	**626,676,666**	614,115,000
Lease liabilities	25	**14,636,651**	14,636,651
Mortgage payable	16	**1,627,658**	1,627,658
Income tax payable		**49,226,224**	39,279,538
Total Current Liabilities		**814,100,178**	794,061,934

(Forward)

	Note	**Mar 2026**	Dec 2025
Noncurrent Liabilities			
Noncurrent portion of:			
Notes payable	15	**₱ -**	₱833,333
Lease liabilities	25	**20,449,664**	24,105,061
Mortgage payable	16	**2,361,546**	836,965
Security deposits	25	**528,000**	528,000
Retirement benefits liability	18	**22,469,332**	21,066,453
Net deferred tax liabilities	26	**6,005,775**	6,005,775
Total Noncurrent Liabilities		**51,814,317**	53,375,587
Total Liabilities		**865,914,495**	847,437,521
Equity			
Capital stock:	19		
Preferred stock		**20,000,000**	20,000,000
Common stock		**213,368,000**	213,368,000
Treasury stock	19	**(22,207,550)**	(13,905,580)
Additional paid-in capital	19	**777,837,044**	777,837,044
Retained earnings		**500,310,993**	470,470,934
Other equity reserves	4	**195,207,311**	195,207,311
Other comprehensive income		**5,885,117**	5,885,117
Equity Attributable to Equity Holders of the Parent Company		**1,690,400,915**	1,668,862,826
Non-controlling interests	19	**148,173,422**	148,173,422
Total Equity		**1,838,574,337**	1,817,036,248
		₱2,704,488,832	₱2,664,473,769

See accompanying Notes to Consolidated Financial Statements.

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Quarters Ended March 31	
	Note	**2026**	2025
REVENUE	20	**₱ 793,401,750**	₱679,350,030
DIRECT COSTS	21	**(343,655,891)**	(275,132,229)
GROSS PROFIT		**449,745,859**	404,217,801
SELLING AND DISTRIBUTION EXPENSES	22	**(348,678,363)**	(298,684,916)
GENERAL AND ADMINISTRATIVE EXPENSES	23	**(54,193,424)**	(50,940,098)
INTEREST EXPENSE	15	**(10,172,227)**	(10,064,878)
OTHER INCOME (CHARGES)	24	**3,084,901**	943,050
INCOME BEFORE INCOME TAX		**39,786,745**	45,470,960
PROVISION FOR (BENEFIT FROM) INCOME TAX	26		
Current		**9,946,686**	12,215,853
Deferred		**-**	-
		9,946,686	12,215,853
NET INCOME		**29,840,059**	33,255,107
OTHER COMPREHENSIVE INCOME			
Not to be reclassified to profit or loss in subsequent periods			
Remeasurement gain on retirement benefits liability, net of deferred tax	18	–	–
Gain on fair value changes of financial assets at fair value through other comprehensive income (FVOCI)	13	–	–
		–	–
TOTAL COMPREHENSIVE INCOME		**₱ 29,840,059**	₱33,255,107
Basic and Diluted Earnings per Share	27	**₱0.014**	₱0.016

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	Quarters Ended March 31	
		2026	2025
Capital Stock	19		
Preferred stock		**₱20,000,000**	₱20,000,000
Common stock		**213,368,000**	213,368,000
		233,368,000	233,368,000
Treasury Stock	19		
Acquisition		**(22,207,550)**	(180,400)
Additional Paid-in Capital	19	**777,837,044**	777,837,044
Retained Earnings			
Balance at beginning of year		**470,470,934**	384,728,091
Net income		**29,840,060**	33,255,107
Cash dividends	19	**-**	-
Balance at end of year		**500,310,994**	417,983,198
Other Equity Reserves	4		
Balance at beginning of year		**195,207,311**	195,207,311
Acquisition of non-controlling interests		**-**	-
Balance at end of year		**195,207,311**	195,207,311
Other Comprehensive Income (Loss)			
Cumulative Remeasurement Gain on Retirement Benefits Liability, Net of Deferred Tax			
Balance at beginning of year		**5,885,117**	1,772,342
Remeasurement gain on retirement benefits liability, net of deferred tax		**–**	–
Balance at end of year		**5,885,117**	1,772,342
Cumulative Gain on Fair Value Changes of Financial Assets at FVOCI			
Gain on fair value changes of financial assets at FVOCI	13	**–**	–
		5,885,117	1,772,342
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		**1,690,400,915**	1,625,987,495
NON-CONTROLLING INTERESTS	19		
Balance at beginning of year		**148,173,422**	132,797,577
Total comprehensive income		**–**	–
Cash dividends		**–**	–
Balance at end of year		**148,173,422**	132,797,577
		₱1,838,574,337	₱1,758,785,072

See accompanying Notes to Consolidated Financial Statements.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Quarters Ended March 31	
	Note	**2026**	2025
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**₱ 39,786,745**	₱ 45,470,960
Adjustments for:			
Depreciation and amortization	11	**51,091,028**	49,413,752
Interest expense	15	**9,932,500**	10,064,788
Interest income	24	**(1,726,690)**	(601,913)
Changes in Financial Assets at FVPL	6	**(3,471,206)**	(792,564)
Retirement benefits cost	18	**1,402,879**	1,095,000
Dividend income	24		–
Operating income before working capital changes		**97,015,257**	104,650,022
Decrease (increase) in:			
Trade receivables		**(9,576,591)**	4,795,061
Inventories		**(9,627,334)**	(2,463,658)
Advance rentals and rental deposits		**(5,474,763)**	(1,006,171)
Other current assets		**(18,750,277)**	(41,814,145)
Increase (decrease) in:			
Trade and other payables		**(2,470,108)**	(1,611,312)
Security deposits		**-**	-
Net cash generated from operations		**51,116,184**	62,549,797
Income taxes paid		**–**	–
Interest paid		**(9,317,179)**	(8,945,281)
Interest received		**1,726,690**	601,913
Retirement benefits paid	18	**–**	–
Net cash provided by operating activities		**43,525,694**	54,206,429
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property and equipment	11	**(56,112,344)**	(28,630,984)
Financial assets at FVPL	6		–
Investment properties	10		–
Investment in an associate	13		–
Intangible assets	12	**(804,052)**	–
Additional due from a related party	17		–
Proceeds from redemption of financial assets at FVPL	6		–
Dividends received			–
Net cash outflow from business combination			–
Collections of due from a related party		**4,745,960**	(3,905,475)
Net cash used in investing activities		**(52,170,436)**	(32,536,459)

(Forward)

	Note	Quarters Ended March 31 2026	2025
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from: Issuance of notes	28	**₱219,000,000**	₱ 210,000,000
Availment of Mortgage payable		**2,800,000**	–
Payments of: Notes payable	28	**(207,271,667)**	(233,166,666)
Lease liabilities	28	**(4,270,719)**	(12,082,803)
Cash dividends	28	**–**	–
Acquisition of treasury stock	19	**(8,301,970)**	(180,400)
Mortgage payable	28	**(1,275,419)**	(845,743)
Net cash provided by (used in) financing activities		**680,225**	(36,275,612)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(7,964,516)**	(14,605,641)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**444,216,010**	585,269,977
CASH AND CASH EQUIVALENTS AT END OF YEAR		**₱436,251,494**	P 570,664,336

1. **Corporate Information**

General Information

FRUITAS HOLDINGS, INC. (herein referred to as FHI or the "Parent Company") and its subsidiaries (collectively referred to as the "Group") and associate, 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)	July 4, 1990
SoyKingdom Inc. (SKI)	August 28, 2006
Fly Kitchen, Inc. (FKI)	October 1, 2019
CocoDelivery Incorporated (CDI)	September 6, 2018
Subsidiaries with indirect ownership:	
Lingnam Food Inc. (LFI)*	November 4, 2022
GEIL**	May 10, 2017
OLL***	April 25, 2016
Bigboks Enterprises Inc. (BEI)****	November 5, 2024
Associate with indirect ownership -	
Canton Concepts Food Inc. (CCFI)*****	February 3, 2025

**ownership through SKI*
***ownership through FGI*
****ownership through GEIL*
*****ownership through NTI*
******ownership through LFI*

The Parent Company is engaged in investment activities. On November 29, 2019, the common stock 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 on its subsidiaries and associate as at March 31, 2026 and December 31, 2025, 2024 are presented below.

Name of Companies	Principal Activities	Principal Place of Business	Percentage of Ownership (%)		
			2026	2025	2024
Subsidiaries with direct ownership:					
FGI	Trading of goods	Philippines	**100**	100	100
BNFI	Trading of goods	Philippines	**74.92**	74.92	74.92
NTI	Trading of goods	Philippines	**100**	100	100
SKI	Trading of goods	Philippines	**100**	100	100
FKI	Trading of goods	Philippines	**100**	100	100
CDI	Trading of goods	Philippines	**100**	100	100
Subsidiaries with indirect ownership:					
LFI	Restaurant	Philippines	**100**	100	100
GEIL	Holding company	British Virgin Islands	**100**	100	100
OLL	Holding company	Samoan Islands	**100**	100	100
BEI	Restaurant	Philippines	**60**	60	60
Associate with indirect ownership -					
CCFI	Restaurant	Philippines	**40**	40	–

As at March 31, 2026 and December 31, 2025, the Parent Company is 54.14% and 53.78%, respectively, owned by LUSH PROPERTIES, INC. (LPI or the Ultimate Parent Company), a company incorporated and domiciled in the Philippines. LPI is engaged in leasing and real estate activities.

On May 9, 2025, the SEC approved the amendment of the Parent Company's Articles of Incorporation to change its registered office address and principal place of business from No. 60 Cordillera St., Barangay Dona Josefa, Quezon City, 1113 to No. 68 Data St. Brgy. Don Manuel, Quezon City, Metro Manila, Philippines, 1113.

2. Summary of Material Accounting Policy Information

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

Basis of Preparation and Statement of Compliance

The consolidated financial statements have been prepared in accordance 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 are presented in Philippine Peso (Peso), the Group's functional currency. All amounts are rounded to the nearest Peso, except when otherwise indicated.

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), investment properties, and financial assets at fair value through other comprehensive income (FVOCI) which are measured at fair value; lease liabilities which are measured at the present value of minimum lease payments, and retirement benefits liability which is measured at the present value of defined benefit obligation.

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 the following notes to consolidated financial statements:

- Note 3 – Significant Judgments, Accounting Estimates and Assumptions

- Note 6 – Financial Assets at FVPL

- Note 10 – Investment Properties

- Note 13 – Financial Assets at FVOCI

- Note 30 – Fair Value Measurement

Adoption of Amendments to PFRS Accounting Standards

The adoption of the amendments to PFRS Accounting Standards that took effect in 2025 did not materially affect the consolidated financial statements of the Group. Additional disclosures were included in the consolidated financial statements, as applicable.

New and 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 March 31, 2026 and have not been applied in preparing the consolidated financial statements, are summarized below:

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 requirements for the presentation and disclosure of information in general purpose financial statements. The standard introduces new categories and sub-totals in the statements of comprehensive income, additional disclosures on management-defined performance measures, and enhanced requirements for grouping information. Full retrospective application is required. Earlier application is permitted.

Under prevailing circumstances, the adoption of the foregoing new and 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. 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 acquisition cost 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 non-controlling interest 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 the consolidated statements 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 (CGU), or group of CGUs 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.

<u>**Financial Assets and Liabilities**</u>

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 amortized cost, (b) financial assets at FVPL 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 March 31, 2026 and December 31, 2025, the Group does not have 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 March 31, 2026 and December 31, 2025, the Group's cash and cash equivalents, trade receivables, due from a related party, and construction bond (presented under "Other current assets") are classified under this category.

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 as "Dividend income" and "Gain (loss) on change in fair value of financial assets at FVPL" under "Other income (charges)" account in the consolidated statements of comprehensive income.

As at March 31, 2026 and December 31, 2025, the Group's investments in Unit Investment Trust Funds (UITF) and quoted shares listed in the PSE, 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 March 31, 2026 and December 31, 2025, the Group 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 March 31, 2026 and December 31, 2025, the Group's trade and other payables (excluding nonfinancial liabilities), notes payable, lease liabilities, mortgage payable, 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 amortized cost, its fair value at the reclassification date becomes its new gross carrying amount. In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed.

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.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in other comprehensive income, and any difference between the new amortized cost and maturity amount, are amortized to profit or loss over the remaining life of the investment using the effective interest method.

Impairment

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

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

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

Derecognition

Financial Assets. A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

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

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

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

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. Otherwise, the financial instrument is classified as equity.

Inventories
Inventories are carried at the lower of cost and net realizable value (NRV). The cost of inventories includes all costs of purchase and other costs incurred to bring the inventories to their present location and condition. The NRV of 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, inventories are assessed for impairment. If inventories are impaired, the carrying amount is reduced to its NRV. Impairment loss is recognized immediately in profit or loss.

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

Advance Rentals and Rental Deposits
Advance rentals and rental deposits pertain to amounts paid in advance by the Group to the lessors which will be applied against unpaid rentals, utilities and other charges upon expiration of the lease term. These are recognized at transaction price including transaction costs and subsequently measured at face amount less any impairment in value. Advance rentals and rental deposits expected to be realized for no more than 12 months after the financial reporting period are classified as current assets. Otherwise, these are classified as noncurrent assets.

Other Current Assets

Other current assets include advances to suppliers, advances to officers and employees, creditable withholding tax (CWT), spare parts, materials and supplies, and input value-added tax (VAT).

Advances to Suppliers. Advances to suppliers pertain to advance payments for inventories in which ownership is not yet transferred to the Group and are recorded at the transaction price including transaction costs. These will be transferred to “Inventories” account after the recognition criteria for an inventory has been met.

Advances to Officers and Employees. Advances to officers and employees represent advances which are subject to liquidation. These are recognized initially at the transaction price less impairment in value, if any. Subsequently, these are charged to expense once liquidated.

CWT. CWT represents the amount withheld by the Group’s customers in relation to its income. CWT can be utilized as payment for income tax provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules of Philippine income taxation. CWT are stated at face amount less impairment value, if any.

Spare Parts, Materials and Supplies. Spare parts, materials and supplies are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to expense as these are consumed in operations or expire with the passage of time.

Input VAT. Input VAT represents VAT imposed by the Group’s suppliers for acquisition of goods and services. Input VAT is recognized as an asset and will be used to offset against the Group’s current output VAT liabilities.

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.

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” under “Other income (charges)” account 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 and construction in progress, are stated at cost less accumulated depreciation and amortization and any impairment in value. Land is stated at cost less accumulated 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	3 or lease term, whichever is shorter
Building and building improvements	15
Store furniture, fixtures and equipment	2-5
Transportation equipment	5-10
Office 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.

Construction in progress represents properties under construction and is stated at cost. This includes cost of construction, equipment and other direct costs. Construction in progress is not depreciated until such time as the relevant assets are completed and put into operational use. Construction in progress is reclassified to appropriate asset account when construction and other related activities necessary to prepare the assets for their intended use are completed and the assets are available for use.

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 brand names acquired in a business combination is its fair value at the date of acquisition. Subsequently, brand names are 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 CGU level. The intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change from indefinite to finite is made on a prospective basis.

The Relief-from-Royalty method was used in the valuation of brand names at initial recognition and for impairment testing. 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 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.

Investment in an Associate

Investment in an associate is accounted for using the equity method. An associate is an entity over which an investor has significant influence, being the power to participate in the financial and operating policy decisions of the investee but not control or joint control.

The consolidated statements of comprehensive income reflect the share of the results of operations of the associate. Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes and discloses this, when applicable, in the consolidated statements of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The share in net loss of an associate is presented under “Other income (charges)” account in the consolidated statements of comprehensive income.

The financial statements of the associates are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over an associate, the Group measures and recognizes any remaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the remaining investment and proceeds from disposal is recognized in profit or loss.

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

Preferred Stock. Preferred stock are voting, cumulative, nonparticipating, nonconvertible and redeemable at the option of the Group. Preferred stock is measured at par value for all shares issued and paid.

Common Stock. Common stock is measured at par value for all shares issued and paid.

Treasury Stock. Treasury stock represents the Parent Company's own equity instruments which are reacquired. This is recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statements of comprehensive income on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital. Voting rights related to treasury stock are nullified for the Parent Company and no dividends are allocated to them.

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 retirement benefits liability, net of deferred tax, and cumulative gains on fair value changes of financial assets at FVOCI. These are recognized immediately in other comprehensive income 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 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.

Sale of Goods. Revenue is recognized when the significant risks and rewards of ownership of the goods have passed on to the customer, upon delivery and acceptance of the goods by the customer.

Franchise Fees. Franchise fees pertain to initial franchise and continuing royalty fees. Initial franchise fee is recognized upon opening of a store when the Group has performed substantially all of the performance obligations required under the franchise agreement. Royalty fee is recognized in the period earned.

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

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 consists of interest incurred in connection with the borrowing of funds and accretion of interests on lease liabilities. This is recognized as it accrues on a time proportion basis using the effective interest rate method.

Other Expense. Expense from other sources is recognized in the period when these are incurred.

Employee Benefits

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

Retirement Benefits. Retirement benefits cost are actuarially determined using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. The calculation of retirement benefits liability is performed regularly by a qualified actuary.

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.

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

The Group determines the interest cost 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 are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

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.

Group as a Lessee. At the commencement date, the Group recognizes right-of-use (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.

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. ROU assets are amortized over the shorter of the lease terms or the useful lives of the underlying assets ranging from two 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.

Lease liabilities are subsequently measured at amortized cost. Interest on lease liabilities and any variable lease payments not included in the measurement of lease liabilities 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 liabilities 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.

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 is the expected tax payable on the taxable income for the year, using tax enacted or substantively enacted at the reporting date.

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

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

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.

Provisions

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

Contingencies

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

Events after the Reporting Period

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

3. Significant Judgments, Accounting Estimates and Assumptions

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

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

The application of the acquisition method for business combination requires certain estimates and assumptions concerning the determination of the fair values of acquired property and equipment, intangible assets and inventories, as well as liabilities assumed at the acquisition date. Moreover, the useful lives of the acquired property and equipment and intangible assets 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 recognizes a gain on bargain purchase when the fair value of the net assets acquired exceeds the consideration transferred. Such gain is recognized in the consolidated statements of comprehensive income in the year of acquisition.

Details and information of the Group's business acquisitions are disclosed in Note 4.

Classifying Operating Segments. The Group is initially organized into operating segments based on brand names but the Group has aggregated the brand names into a single operating segment due to their similar characteristics. This is evidenced by a consistent range of gross margin across all brand outlets as well as uniformity in sales increase and trending for all outlets, regardless of the brand name (see Note 31). 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.

Revenue in 2026 and 2025 is disclosed in Note 20.

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 consolidated statements of financial position.

The Group's redeemable preferred stock as at March 31, 2026 and December 31, 2025 are classified as equity in the consolidated statements of financial position. The Group has the option to redeem the preferred stock. Accordingly, the Group has an unconditional right to refuse redemption (see Note 19).

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

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

Revenue from sale of goods and franchise fees in 2026 and 2025 is disclosed in Note 20.

Classifying Lease Agreements - Group as a Lessee. The Group has entered into commercial property leases for its outlets and warehouse spaces. For non-cancellable leases, 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.

The carrying amounts of the Group's ROU assets and lease liabilities as at March 31, 2026 and December 31, 2025 are disclosed in Note 25.

Estimating 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, incremental borrowing rate and the term of each lease agreement. The Group determined that the implicit rate in the lease agreements is not readily available and used the incremental borrowing rate instead to determine the present value of ROU assets and lease liabilities. The Group estimated the incremental borrowing rate using observable inputs available.

The carrying amounts of the Group's ROU assets and lease liabilities as at March 31, 2026 and December 31, 2025 are disclosed in Note 25.

Determining Control and Significant Influence over Investments. The Group determined that it has control over its subsidiaries by considering, among others, its power over its investees, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect its returns. The following factors are also considered:

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

The Group determines that it has significant influence when it has a holding of 20% to 50% of the voting power of the investee, unless it can be clearly demonstrated that this is not the case. Conversely, a holding of less than 20% of the voting power is presumed not to give rise to significant influence, unless it can be clearly demonstrated that there is in fact significant influence.

The exercise of significant influence will usually be evidenced by way of representation on the BOD or equivalent governing body of the investee, among others.

As at March 31, 2026 and December 31, 2025, management has assessed that it has control over its subsidiaries and significant influence over its associate.

The carrying amount of investment in an associate as at March 31, 2026 and December 31, 2025 is

disclosed in Note 13.

Determining the Distinction between Investment Property and Owner-occupied Property. The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied property generates cash flows that are attributable not only to the property but also to the other assets used in the administrative purposes.

Some properties comprise a portion that is held to earn rentals and another portion that is held for use in the supply of services or for administrative purposes. If these portions cannot be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in the supply of services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

The fair value of investment properties as at March 31, 2026 and December 31, 2025 is disclosed in Note 10.

The carrying amount of property and equipment as at March 31, 2026 and December 31, 2025 is disclosed in Note 11.

Assessing ECL on Financial Assets at Amortized Cost. The Group estimates ECL on trade receivables based on specific evaluation of accounts and where the Group has information that the counterparties are unable to meet their financial obligations. In these cases, the use of estimate is based on the best available facts and circumstances, including but not limited to, the length of relationship with the counterparties and known market factors, to record specific reserves against the amount of trade receivables and to reduce the amount that is expected to be collected.

For other financial assets at amortized cost, the PFRS 9 impairment requirements did not result to significant credit risk primarily because the Group transacts with reputable counterparties that possess good credit ratings.

No provision for ECL on financial assets at amortized cost was recognized in 2026 and 2025.

The carrying amounts of the Group's financial assets at amortized cost as at March 31, 2026 and December 31, 2025 are disclosed in Notes 5, 7, 9 and 17.

Estimating the Fair Value of Financial Assets at FVPL. The Group carries its financial assets at FVPL at fair value, which requires the use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group utilized different valuation methodology. Any changes in fair value of these financial assets are recognized in profit or loss.

The fair value of financial assets at FVPL as at March 31, 2026 and December 31, 2025 are disclosed in Note 6.

Determining NRV of Inventories. The Group writes down inventories to NRV whenever the NRV of the inventories becomes lower than cost due to physical deterioration, changes in price levels or other causes. Management reviews the NRV of inventories on a regular basis.

As at March 31, 2026 and December 31, 2025, the cost of inventories is lower

than NRV. No inventory write-down was recognized in 2026 and 2025.

The carrying amount of inventories as at March 31, 2026 and December 31, 2025 is disclosed in Note 8.

Estimating 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.

The fair value of investment properties as at March 31, 2026 and December 31, 2025 is disclosed in Note 10.

Estimating Useful Lives of Depreciable Property and Equipment. The useful lives of depreciable property and equipment are estimated based on the period over which the assets are expected to be available for use. The estimated useful lives are reviewed and updated if expectations differ from previous estimates.

There were no changes in the estimated useful lives of the Group's depreciable property and equipment in 2026 and 2025.

The carrying amount of depreciable property and equipment as at March 31, 2026 and December 31, 2025 and the related depreciation and amortization in 2026 and 2025 are disclosed in Note 11.

Assessing Impairment of Brand Names with Indefinite Useful Life. The Group tests annually the need for recognizing impairment of brand names in accordance with the related accounting policy in Note 2. Based on the impairment testing, the recoverable amounts based on the cash flow projections using the Relief-from-Royalty method as at March 31, 2026 and December 31, 2025 are greater than the corresponding carrying amounts of the brand names.

No impairment loss on brand names with indefinite useful life was recognized in 2026 and 2025.

The carrying amount of the Group's brand names with indefinite useful life as at March 31, 2026 and December 31, 2025 is disclosed in Note 12.

Assessing Impairment of Goodwill. The Group assesses whether there is impairment of goodwill annually by estimating the value in use of the CGUs to which the goodwill is allocated. Estimating value in use requires management to make an estimate of the expected future cash flows from the CGUs and to choose a suitable discount rate to calculate the present value of cash flows.

No impairment loss on goodwill was recognized in 2026 and 2025.

The carrying amount of the Group's goodwill as at March 31, 2026 and December 31, 2025 is disclosed in Note 12.

Assessing Impairment of Other Nonfinancial Assets. The Group assesses impairment of its other 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;
- significant changes or planned changes in the use of the assets; and
- significant changes in the business operations and strategies of the Group.

No impairment loss on other nonfinancial assets was recognized in 2026 and 2025.

The carrying amounts of the Group's other nonfinancial assets as at March 31, 2026 and December 31, 2025 are disclosed in Notes 9, 10, 11, 12, 13 and 25.

Estimating Retirement Benefits Liability. The determination of the obligation and cost for retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions, which include among others, discount rate and rate of compensation increase, are indicated in Note 18. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the retirement obligation.

Retirement benefits cost in 2026 and 2025 is disclosed in Note 18.

The retirement benefits liability and cumulative remeasurement gain on retirement benefits liability (net of deferred tax) recognized in equity as at March 31, 2026 and December 31, 2025 are disclosed in Note 18.

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

The Group's recognized and unrecognized deferred tax assets as at March 31, 2026 and December 31, 2025 are disclosed in Note 26.

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.

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

LFI

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.

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

	2024	2023
	Sugarhouse	LFI
Intangible asset	₱6,247,150	₱27,000,000
Leasehold improvements	5,760,000	33,584,244
Inventories	1,200,000	–
Transportation equipment	1,000,000	2,750,000
Store equipment, furniture and fixtures	–	15,757,006
Land	–	4,908,750
Fair value of identifiable assets	14,207,150	84,000,000
Total consideration	8,960,000	60,000,000
Gain from bargain purchase	₱5,247,150	₱24,000,000

Acquisition of a Subsidiary, Brand and Related Assets

Mang Boks. 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 Group has partially paid ₱2.2 million for the subscription.

In November 2024, BEI acquired 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 fair values of the identifiable assets acquired and the resulting gain as at acquisition date are as follows:

Intangible asset	₱1,564,148
Leasehold improvements	2,000,000
Fair value of identifiable assets	3,564,148
Total consideration	2,000,000
Gain from bargain purchase	₱1,564,148

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 ₱2.4 million. In 2024, the valuation of the net assets and liabilities of FKI was finalized and the acquisition resulted to a goodwill amounting to ₱18.7 million (see Note 12). As such, the amount of the "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:

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

Other Equity Reserves

Details of other equity reserves as at March 31, 2026 and December 31, 2025 are as follows:

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

Other equity reserves arising from changes in ownership interest without loss of control on BNFI consists of:

BNFI's listing in the PSE and issuance of 325.0 million common shares at an offer price of ₱0.70 a share in 2022	₱121,781,141
Disposal of the Parent Company's 87.5 million common shares of BNFI at ₱0.70 a share in 2022	38,425,933
Acquisition of the Parent Company of 37.5 million common shares of BNFI at ₱0.71 a share in 2022	(16,252,542)
	₱143,954,532

5. **Cash and Cash Equivalents**

This account consists of:

	2026	2025
Cash on hand	**₱ 12,251,826**	₱ 9,091,689
Cash in banks	**305,141,602**	278,889,726
Cash equivalents	**118,858,066**	156,234,595
	₱436,251,494	₱444,216,010

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

Cash equivalents are short-term placements made for a maximum of three (3) months depending on the immediate cash requirements of the Group and earn interest at the prevailing short-term placement rates ranging from 3.90% to 5.45% in 2026 and 2025.

Interest income in 2026 and 2025, is disclosed in Note 24.

6. **Financial Assets at FVPL**

Investments in UITF and quoted shares listed in the PSE are held for trading. Hence, these are classified as financial assets at FVPL.

Movements in financial assets at FVPL are as follows:

	Note	**2026**	2025
Balance at beginning of year		**₱32,851,701**	₱47,542,019
Redemption		**-**	(26,561,413)
Unrealized gain from changes in fair value			6,871,095
Reclassification from receivables	24	**2,541,206**	-
Additions		**930,000**	5,000,000
Balance at end of year		**₱36,322,907**	₱32,851,701

Dividend income in 2026 and 2025 is disclosed in Note 24.

The fair value of financial assets at FVPL is classified under Level 1 of the fair value hierarchy.

7. Trade Receivables

This account consists of:

	2026	2025
Trade receivables	**₱144,207,919**	₱134,631,328
Less allowance for ECL	**3,238,000**	3,238,000
	₱140,969,919	₱131,393,328

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 March 31, 2026					
	Total	**Neither past Due of impaired**	**Less than one year**	**One year and over**	**Past Due and Impaired**
Trade:					
Third Party	**144,207,919**	**69,877,489**	**61,571,840**	**12,758,590**	**-**
Allowance for doubtful accounts	**- 3,238,000**	**-**	**-**	**-**	**- 3,238,000**
	140,969,919	**69,877,489**	**61,571,840**	**12,758,590**	**- 3,238,000**

As at December 31, 2025					
	Total	Neither past Due of impaired	Less than one year	One year and over	Past Due and Impaired
Trade:					
Third Party	134,631,328	65,237,050	57,482,964	11,911,314	-
Allowance for doubtful accounts	- 3,238,000	-	-		- 3,238,000
	131,393,328	65,237,050	57,482,964	11,911,314	- 3,238,000

8. **Inventories**

This account consists of:

	2026	2025
At cost:		
Food and beverages	**₱55,657,132**	₱ 49,830,442
Store supplies and others	**36,304,139**	32,503,495
	₱91,961,271	₱82,333,937

As at March 31, 2026 and December 31, 2025 , the cost of inventories is lower than the NRV.

Cost of inventories charged to operations in 2026 and 2025, is disclosed in Note 21.

9. **Other Current Assets**

This account consists of:

	2026	2025
Advances to suppliers	**₱40,665,690**	₱39,696,329
Advances to officers and employees	**30,812,537**	34,670,249
CWT	**6,585,784**	6,253,906
Spare parts, materials and supplies	**5,917,390**	5,917,390
Construction bond	**4,371,612**	3,920,059
Input VAT	**552,161**	1,051,657
Prepayments	**22,735,478**	-
Others	**458,166**	1,838,951
	₱ 112,098,818	₱93,348,541

Advances to suppliers pertain to advance payments made for purchases of goods pending delivery as at year-end.

Advances to officers and employees pertain to cash advances that are subject to liquidation within the subsequent months.

Spare parts, materials and supplies consist primarily of consumable spare parts, and repair and maintenance materials that are expected to be used or consumed within the Group's normal operating cycle.

Construction bond is collectible within the next twelve months after the completion and transfer of the improvement to the Group.

10. Investment Properties

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

	2026			
	Land	**Land Improvements**	**Building and Building Improvements**	**Total**
Cost				
Balance at beginning of year	**₱148,248,500**	**₱483,750**	**₱28,834,393**	**₱177,566,643**
Additions	**–**	**–**	**–**	**–**
Reclassification	**–**	**–**	**–**	**–**
Balance at end of year	**₱148,248,500**	**₱483,750**	**₱28,834,393**	**₱177,566,643**
Cumulative Fair Value Changes				
Balance at beginning and end of year	**–**	**–**	**–**	**–**
Carrying Amount	**₱148,248,500**	**₱483,750**	**₱28,834,393**	**₱177,566,643**

	2025			
	Land	Land Improvements	Building and Building Improvements	Total
Cost				
Balance at beginning of year	₱148,962,158	₱697,250	₱75,440,467	₱225,099,875
Additions	–	–	618,000	618,000
Reclassification	(53,569,111)	–	(42,632,571)	(96,201,682)
Balance at end of year	95,393,047	697,250	33,425,896	129,516,193
Cumulative Fair Value Changes				
Balance at beginning of year	52,855,453	(213,500)	(4,591,503)	48,050,450
Gain (loss) from changes in fair value	–	–	–	–
Balances at end of year	52,855,453	(213,500)	(4,591,503)	48,050,450
Carrying Amount	₱148,248,500	₱483,750	₱28,834,393	₱177,566,643

In 2025, the Group reclassified investment properties with fair value of ₱96.2 million to property and equipment due to the change in use as evidenced by the commencement of owner occupation (see Note 11).

The Group's investment properties were appraised by an independent firm of appraisers. The latest appraisal report dated April 20, 2026 utilized assumptions that are not materially different from those applicable as at December 31, 2025. Based on the latest appraisal report, there were no significant changes in the fair value of the Group's investment properties compared to prior year.

Land

The fair value of land is categorized under Level 2 using the market approach. The valuation is based on the sales comparison approach which utilizes significant unobservable inputs such as location characteristics, size, time element, quality and marketability.

Description of key inputs are as follows:

		Range (weighted average)	
Location	Significant unobservable inputs	**2025**	2024
Sampaloc District, City of Manila	Selling price per square meter	**₱172,000/sq. m.**	₱163,000/sq. m.
	Value adjustments	**5% to 20%**	4% to 10%

The significant unobservable inputs 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 the 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. Significant increase (decrease) in price per square meter would result in a significantly higher (lower) fair value measurement. Significant increase (decrease) in value adjustments would result in a lower (higher) fair value measurement.

Collectively, changes in the price per square meter and value adjustments in 2025 did not result in a significant change in the fair value of the Group's investment properties.

Land Improvements and Building and Building Improvements

The fair value of land improvements and 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.

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

Rental income in 2026 and 2025 is disclosed in Note 20.

11. **Property and Equipment**

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

	2026							
	Land	**Leasehold Improvements**	**Building and Building Improvements**	**Store Furniture, Fixtures and Equipment**	**Transportation Equipment**	**Office Furniture, Fixtures and Equipment**	**Construction in Progress**	**Total**
Cost								
Balance at beginning of year	**₱557,107,219**	**₱ 488,957,503**	**₱ 42,632,571**	**₱ 611,896,698**	**₱ 141,316,396**	**₱ 76,879,980**	**₱50,867,484**	**₱ 1,969,657,851**
Additions	**–**	**25,214,472**	**–**	**24,685,486**	**6,012,534**	**199,852**	**–**	**56,112,344**
Reclassification	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Balance at end of year	**557,107,219**	**514,171,975**	**42,632,571**	**636,582,184**	**147,328,930**	**77,079,832**	**50,867,484**	**2,025,770,195**
Accumulated Depreciation and Amortization								
Balance at beginning of year	**–**	**296,831,939**	**2,842,171**	**459,109,827**	**87,943,639**	**66,820,382**	**–**	**913,547,958**
Depreciation and amortization	**–**	**17,114,224**	**710,543**	**23,945,790**	**5,289,491**	**919,513**	**–**	**47,979,561**
Balance at end of year	**–**	**313,946,163**	**3,552,714**	**483,055,617**	**93,233,130**	**67,739,895**	**–**	**961,527,519**
Carrying Amount	**₱557,107,219**	**₱ 200,225,812**	**₱39,079,857**	**₱ 153,526,567**	**₱ 54,095,800**	**₱ 9,339,937**	**₱50,867,484**	**₱ 1,064,242,676**

	2025							
	Land	Leasehold Improvements	Building and Building Improvements	Store Furniture, Fixtures and Equipment	Transportation Equipment	Office Furniture, Fixtures and Equipment	Construction in Progress	Total
Cost								
Balance at beginning of year	₱492,788,008	₱395,151,540	₱–	₱520,511,899	₱130,894,750	₱63,377,097	₱–	₱1,602,723,294
Additions	10,750,100	93,805,963	–	91,384,799	10,421,646	13,502,883	50,867,484	270,732,875
Reclassification	53,569,111	–	42,632,571	–	–	–	–	96,201,682
Balance at end of year	557,107,219	488,957,503	42,632,571	611,896,698	141,316,396	76,879,980	50,867,484	1,969,657,851
Accumulated Depreciation and Amortization								
Balance at beginning of year	–	247,985,505	–	370,966,684	67,116,162	58,768,572	–	744,836,923
Depreciation and amortization	–	48,846,434	2,842,171	88,143,143	20,827,477	8,051,810	–	168,711,035
Balance at end of year	–	296,831,939	2,842,171	459,109,827	87,943,639	66,820,382	–	913,547,958
Carrying Amount	₱557,107,219	₱192,125,564	₱39,790,400	₱152,786,871	₱53,372,757	₱10,059,598	₱50,867,484	₱1,056,109,893

In 2025, the Group reclassified investment properties with fair value of ₱96.2 million to property and equipment due to the change in use as evidenced by the commencement of owner occupation (see Note 10).

In 2026 and 2024, the Group obtained mortgage payable to finance its acquisition of transportation equipment amounting to ₱2.8 million and ₱4.5 million (see Note 16). These are held as collateral on the outstanding balance of the mortgage payable.

Depreciation and amortization are recognized from the following:

	Note	**2026**	2025
Property and equipment		**₱ 47,979,561**	₱40,494,124
ROU assets	25	**3,111,467**	8,919,628
Intangible assets	12	**–**	–
		₱51,091,028	₱49,413,752

Depreciation and amortization are charged to the following:

	Note	**2026**	2025
Direct costs	21	**-**	₱ 3,091,583
Selling and distribution expenses	22	**49,467,965**	43,444,875
General and administrative expenses	23	**1,623,063**	2,877,294
		₱51,091,028	₱49,413,752

Construction in progress pertains to costs incurred for the construction of the Group's new office space and commissary in Quezon City. These projects are expected to be completed in 2026. As at December 31, 2025, the Group's contractual commitments and estimated costs to complete amounted to ₱67.7 million and ₱16.8 million, respectively.

12. Intangible Assets

This account consists of:

		2026			
	Note	**Brand Names**	**Goodwill**	**Software License**	**Total**
Cost					
Balance at beginning and end of year		**₱249,159,746**	**₱18,694,265**	**₱6,008,402**	**₱273,862,413**
Additions				**804,052**	**804,052**
Balance at end of year		**₱249,159,746**	**₱18,694,265**	**₱6,812,454**	**₱274,666,465**
Accumulated Amortization and Impairment Loss					
Balance at beginning of year		**–**	**8,483,852**	**5,356,744**	**13,840,596**
Amortization	11	**–**	**–**	**–**	**–**
Balance at end of year		**–**	**8,483,852**	**5,356,744**	**13,840,596**
Carrying Amount		**P=249,159,746**	**P=10,210,413**	**₱ 1,455,710**	**₱ 260,825,869**

	Note	2025 Brand Names	Goodwill	Software License	Total
Cost					
Balance at beginning and end of year		₱249,159,746	₱18,694,265	₱6,008,402	₱273,862,413
Accumulated Amortization and Impairment Loss					
Balance at beginning of year		–	8,483,852	5,193,830	13,677,682
Amortization	11	–	–	162,914	162,914
Balance at end of year		–	8,483,852	5,356,744	13,840,596
Carrying Amount		₱249,159,746	₱10,210,413	₱651,658	₱260,021,817

Brand Names

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

Brand Name	Year Acquired	**2026**	2025
Fruitas, The Mango Farm, Shou, Black Pearl, Friends Fries and Juice Avenue	2017	**₱200,160,050**	₱200,160,050
Sabroso Lechon	2018	**11,188,398**	11,188,398
Balai Pandesal	2021	**3,000,000**	3,000,000
Ling Nam	2023	**27,000,000**	27,000,000
Sugarhouse	2024	**6,247,150**	6,247,150
Mang Bok's	2024	**1,564,148**	1,564,148
		₱249,159,746	₱249,159,746

The Relief-from-Royalty method was used in the valuation of the brand names at initial recognition and for impairment testing. 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 brands from a third party. The hypothetical royalty payments are adjusted for tax and discounted to present value at the valuation date.

The valuation of the brand names were determined based on cash flow projections 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 3% to 12%.

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. As at March 31, 2026 and December 31, 2025, the recoverable amount of the brands, based on the cash flow projections, exceeded its carrying amount.

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

Goodwill

FKI. In June 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.

13. Other Noncurrent Assets

This account consists of:

	Note	2026	2025
Rental deposits	25	**₱6,423,743**	₱6,423,743
Financial assets at FVOCI		**3,500,000**	3,500,000
Investment in an associate		**132,465**	132,465
		₱10,056,208	₱10,056,208

Financial Assets at FVOCI

Financial assets at FVOCI pertain to the investments in club shares. The balances and movements in this account are as follows:

	2026	2025
Balance at beginning of year	**₱3,500,000**	₱1,725,000
Unrealized fair value gain	**-**	1,775,000
Balance at end of year	**₱3,500,000**	₱3,500,000

The Group designated its investments in club shares as financial assets at FVOCI because the Group intends to hold these investments for long term and strategic purposes.

The fair value of financial assets at FVOCI is classified under Level 1 of the fair value hierarchy.

Investment in an Associate

On February 3, 2025, the Group invested 400,000 shares or 40% ownership interest in CCFI for a total consideration of ₱0.4 million. The share in net loss of the associate amounted to ₱0.3 million in 2025 (see Note 24).

Significant financial information of CCFI as at and for the year ended December 31, 2025 are as follows:

Total Current Assets	₱1,472,097
Total Noncurrent Assets	7,183,000
Total Current Liabilities	1,458,374
Total Noncurrent Liabilities	6,865,560
Total Equity	331,163
Revenue	18,779,860
Net loss	(668,837)

14. **Trade and Other Payables**

This account consists of:

	2026	2025
Trade payables	**₱78,465,457**	₱64,694,998
Statutory payables	**38,585,225**	51,173,557
Accrued expenses	**4,382,297**	7,386,785
Dividend payable	**500,000**	500,000
Others	**-**	647,747
	₱121,932,979	₱124,403,087

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 normally settled within a year.

15. **Notes Payable**

Short-term
The Group issued unsecured promissory notes to various local banks which bear interest rates ranging from 5.75% to 7.50%, 6.00% to 8.00% and 4.75% to 8.00% per annum in 2025, 2024 and 2023, respectively. The terms of these notes range from 30-days to 180-days with varying maturities until 2026. The purpose of these notes is to support the Group's working capital requirements.

Balances and movements of short-term notes are as follows:

	2026	2025
Balance at beginning of year	**₱609,115,000**	₱594,466,667
Availment	**219,000,000**	1,185,700,000
Payments	**(206,021,667)**	(1,171,051,667)
Balance at end of year	**₱622,093,333**	₱609,115,000

Long-term
In 2024, the Group issued an additional unsecured promissory note amounting to ₱15.0 million. The note bears annual interest rates ranging from 5.75% to 6.25% in 2025 and 2024. The note requires monthly installment payments of ₱0.4 million and is expected to mature fully in 2027.

Balances and movements of long-term notes are as follows:

	2026	2025
Balance at beginning of year	**₱ 5,833,333**	₱10,833,333
Availment	**–**	–
Payments	**(1,250,000)**	(5,000,000)
Balance at end of year	**4,583,333**	5,833,333
Less current portion	**4,583,333**	5,000,000
Noncurrent portion	**₱ -**	₱833,333

16. **Mortgage Payable**

Balances and movements in this account are as follows:

	2026	2024
Balance at beginning of year	**₱ 2,464,623**	₱3,889,045
Availment	**2,800,000**	–
Payments	**(1,275,419)**	(1,424,422)
Balance at end of year	**3,989,204**	2,464,623
Less current portion	**1,627,658**	1,627,658
Noncurrent portion	**₱2,361,546**	₱836,965

In 2026, the Company obtained a mortgage loan from a local commercial bank to finance its acquisition of transportation equipment. The mortgage bears an interest rate of 11.75% per annum. This mortgage is payable on a monthly installment basis of ₱64,239 and is expected to mature in February 2029.

17. **Related Party Transactions**

The Group, in the normal course of business, has outstanding advances with the Ultimate Parent Company as follows:

		Amount of Transactions		Outstanding Balances	
Related Party	Nature of Transactions	**2026**	2025	**2026**	2025
Due from a Related Party					
Ultimate Parent Company	Cash advances	**₱ (4,745,960)**	₱ 34,299,494	**₱ 122,694,377**	₱127,440,337

<u>Terms and Conditions of Transactions with the Ultimate Parent Company</u>
The outstanding balances are unsecured, noninterest-bearing and collected in cash upon demand. Management makes an annual assessment of the financial capacity of the Ultimate Parent Company. No provision for ECL was recognized in 2026 and 2025.

18. **Retirement Benefits Liability**

The Group has an unfunded, non-contributory defined benefit plan with a single lump sum payment covering retirement based on *Republic Act (R.A.) No. 7641 Retirement Law*. 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, 2025.

The table below summarizes the components of retirement benefits cost recognized in the consolidated statements of comprehensive income (see Note 23).

	2026	2025
Current service cost	**P 1,402,879**	₱1,095,000
Interest cost	**-**	-
	₱1,402,879	₱1,095,000

Movements in the retirement benefits liability are as follows:

	2026	2025
Balance at beginning of year	**₱21,066,453**	₱18,591,613
Current service cost	**1,402,879**	4,712,245
Interest cost	**-**	1,146,962
Actuarial gain due to:	**-**	
Experience adjustments	**-**	(2,027,305)
Changes in financial assumptions	**-**	(1,226,216)
Benefits paid	**-**	(130,846)
Balance at end of year	**₱22,469,332**	₱21,066,453

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

	2025	2024
Discount rate	6.36% to 6.56%	6.12% to 6.31%
Future salary increases	3.00%	3.00%

The sensitivity analysis on retirement benefits liability based on reasonably possible changes on the assumptions are as follows:

	Basis Points	2025	2024
Discount rate	+1%	(₱3,109,991)	(₱2,631,877)
	-1%	3,751,662	3,287,508
Salary increase rate	+1%	3,963,285	3,150,026
	-1%	(3,228,633)	(2,485,895)

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 average duration of the retirement benefits liability as at December 31, 2025 and 2024 ranges from 13 years to 23.02 years and 17 years to 23.82 years, respectively.

The cumulative remeasurement gain on retirement benefits liability recognized in other comprehensive income in the consolidated statements of financial position as at and for the years ended December 31, 2025 and 2024 are as follows:

	2025		
	Cumulative Remeasurement Gain	Deferred Tax	Net
Balance at beginning of year	₱2,421,779	(₱605,444)	₱1,816,335
Actuarial gain	3,253,521	(813,380)	2,440,141
Balance at end of year	₱5,675,300	(₱1,418,824)	₱4,256,476

	2024		
	Cumulative Remeasurement Gain	Deferred Tax	Net
Balance at beginning and end of year	₱2,421,779	(₱605,444)	₱1,816,335

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

	2025	2024
Less than five years	₱1,989,919	₱1,099,708
Five years to less than 10 years	10,904,112	4,925,388
More than ten years	483,094,686	354,656,143

The Group is exposed to the following risks:

- Salary risk - any increase in the retirement plan participants' salary will increase the retirement benefits liability;

- Longevity risk - any increase in the plan participants' life expectancy will increase the retirement benefits liability; and

- Interest rate risk - a decrease in discount rate will increase the present value of retirement benefits liability.

19. **Equity**

Capital Stock

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

	2026		2025	
	Number of Shares	**Amount**	Number of Shares	Amount
Authorized				
Preferred Stock - =P0.01 par value				
Balance at beginning and end of year	**3,000,000,000**	**₱ 30,000,000**	3,000,000,000	P=30,000,000
Common Stock - P=0.10 par value				
Balance at beginning and end of year	**4,700,000,000**	**470,000,000**	4,700,000,000	470,000,000
	7,700,000,000	**₱ 500,000,000**	7,700,000,000	P=500,000,000
Preferred Stock - P=0.01 par value				
Issued and Outstanding				
Balance at beginning and end of year	**2,000,000,000**	**₱ 20,000,000**	2,000,000,000	P=20,000,000
Common Stock - P=0.10 par value				
Issued				
Balance at beginning and end of year	**2,133,680,000**	**₱ 213,368,000**	2,133,680,000	P=213,368,000
Treasury Stock				
Acquisition	**(34,685,000)**	**(22,207,550)**	(22,322,000)	(13,905,580)
Outstanding	**2,098,995,000**	**₱ 191,160,450**	2,111,358,000	P=199,462,420

Common Stock

On November 29, 2019, the Parent Company's 533,660,000 common stock were listed on the PSE at an offer price of ₱1.68 a share. As at March 31, 2026 and December 31, 2025 the Parent Company has 2,133,680,000 common stock listed on the PSE.

As of March 31, 2026, the Parent Company reacquired 34,685,000 of its own common stock. Treasury stock amounted to ₱22.2 million as at March 31, 2026.

Preferred Stock

The salient features of the preferred stock are as follows:

- guaranteed dividend yield of 2.5% per annum;
- voting, cumulative and nonparticipating;
- shall not be convertible into common share; and
- redeemable at the option of the Group.

Additional Paid-in Capital

Additional paid-in capital amounting to ₱777.8 million as at March 31, 2026 and December 31, 2025 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.

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	Amounts Declared Total
2025					
October 29	**Common**	**November 14, 2025**	**November 28, 2025**	**P=0.01**	**P=21,212,870**
December 31	**Preferred**	**December 31, 2025**	**Unpaid as of December 31, 2025**		**500,000**
					P=21,712,870
2024					
October 25	Common	November 11, 2024	November 29, 2024	P=0.01	P=21,336,800
December 31	Preferred	December 31, 2024	April 11, 2025		500,000
					P=21,836,800
2023					
October 13	Common	November 8, 2023	November 29, 2023	P=0.01	P=21,336,800
December 31	Preferred	December 31, 2023	August 2, 2024		166,667
					P=21,503,467

Capital Management

The Group's objectives when managing capital are:

- To safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns to stockholders and benefits for other stakeholders; and

- To provide an adequate return to stockholders by pricing products and services commensurately with the level of risk.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it when there are changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to stockholders, return capital to stockholders, issue new shares or sell assets to reduce debt.

There were no changes in the objectives, policies or processes from previous year.

The Group considers the capital stock and additional paid-in capital presented in the consolidated statements of financial position as its core capital and it is not subject to any externally-imposed capital requirements.

The debt-to-equity ratios are as follows:

	2026	2025
Total debt	**₱ 865,914,496**	₱847,437,521
Total equity	**1,838,574,336**	1,817,036,248
Debt-to-equity ratio	**0.47:1**	0.47:1

The public ownership of the Group is 39.35% and 39.74% as at March 31, 2026 and December 31, 2025, respectively.

As at March 31, 2026 and December 31, 2025, the Parent Company has 122 stockholders, respectively.

Non-controlling Interests

The Group's non-controlling interests pertain to the non-controlling stockholders of BNFI and BEI. As at March 31, 2026 and December 31, 2025, the non-controlling ownership interests in BNFI and BEI amounted to 25.08% and 40%, respectively.

Non-controlling interests amounted to ₱148.2million as at March 31, 2026 and December 31, 2025, respectively.

20. Revenue

This account consists of:

	Note	2026	2025
Sale of goods		**₱ 792,970,393**	₱679,114,131
Franchise fees	25	**-**	235,899
Rental income	25	**431,357**	-
		₱ 793,401,750	₱679,350,030

21. Direct Costs

This account consists of:

	Note	2026	2025
Direct materials	8	**₱ 318,145,627**	₱252,751,605
Salaries, wages and other employees' benefits		**22,268,245**	17,815,396
Utilities		**3,242,019**	1,473,645
Depreciation and amortization	11	**–**	3,091,583
		₱ 343,655,891	₱275,132,229

22. **Selling and Distribution Expenses**

This account consists of:

	Note	**2026**	2025
Salaries, wages and other employees' benefits		**₱106,254,559**	₱89,815,761
Rental	25	**65,786,880**	54,519,508
Depreciation and amortization	11	**49,467,965**	43,444,875
Outside services		**34,615,309**	28,766,396
Utilities		**28,363,480**	25,890,838
Service fees		**17,115,897**	15,292,965
Transportation and travel		**15,142,915**	13,968,118
Advertisement		**13,711,254**	11,072,101
Repairs and maintenance		**5,745,173**	4,070,149
Distribution supplies		**7,743,059**	6,674,724
Insurance		**1,311,640**	1,245,227
Management fees		**3,311,962**	3,712,157
Others		**108,270**	212,097
		₱ 348,678,363	₱ 298,684,916

23. **General and Administrative Expenses**

This account consists of:

	Note	**2026**	2025
Salaries, wages and other employees' benefits		**₱ 12,319,677**	₱10,780,645
Taxes and licenses		**12,818,281**	10,912,592
Depreciation and amortization	11	**1,623,062**	2,877,294
Representation		**3,346,992**	4,391,433
Outside services		**3,357,659**	2,858,408
Rental	25	**3,215,650**	2,474,650
Professional fees		**3,476,299**	1,694,102
Retirement benefits cost	18	**1,402,879**	1,095,000
Utilities		**3,588,547**	3,120,476
Others		**9,044,377**	10,735,498
		₱ 54,193,424	₱ 50,940,098

24. Other Income (Charges)

This account consists of:

	Note	2026	2025
Interest income	5	**₱1,226,690**	₱ 601,913
Dividend income	6	**–**	–
Others		**1,858,211**	341,137
		₱ 3,084,901	₱ 943,050

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

25. Significant Agreements

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

The advance rentals will be utilized as rental payments for the last two to three months of the lease term. This amounted to ₱131.8 million and ₱126.3 million as at March 31, 2026 and December 31, 2025, respectively.

<u>Group as Lessee - Long-term Leases</u>
The Group entered into noncancellable leases on outlets and warehouse spaces with lease terms ranging from two to ten years subject to renewal upon mutual agreements of both parties. These leases have a fixed monthly rental subject to escalation clause.

The balance of and movements in ROU assets are as follows:

	Note	**2025** Outlets Spaces	Land and Building	Total
Cost				
Balance at beginning of year		**₱28,204,246**	**₱ 55,366,714**	**₱83,570,960**
Additions		**–**	**–**	**–**
Balance at end of year		**28,204,246**	**55,366,714**	**83,570,960**
Accumulated Amortization				
Balance at beginning of year		**24,346,328**	**23,567,882**	**47,914,210**
Amortization	11	**840,096**	**2,271,371**	**3,111,467**
Balance at end of year		**25,186,424**	**25,839,253**	**51,025,677**
Carrying Amount		**₱3,017,822**	**₱ 29,527,461**	**₱32,545,283**

	Note	2025 Outlets Spaces	Land and Building	Total
Cost				
Balance at beginning of year		₱30,225,184	₱133,712,428	₱163,937,612
Additions		2,687,698	17,328,601	20,016,299
Retirement of lease		(4,708,636)	(95,346,596)	(100,055,232)
Pre-termination of lease		–	(327,719)	(327,719)
Balance at end of year		28,204,246	55,366,714	83,570,960
Accumulated Amortization				
Balance at beginning of year		21,827,879	99,518,334	121,346,213
Amortization	11	7,227,085	19,502,653	26,729,738
Retirement of lease		(4,708,636)	(95,346,596)	(100,055,232)
Pre-termination of lease		–	(106,509)	(106,509)
Balance at end of year		24,346,328	23,567,882	47,914,210
Carrying Amount		₱3,857,918	₱31,798,832	₱35,656,750

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

	Note	**2026** Outlets Spaces	Land and Building	Total
Balance at beginning of year		**₱2,831,931**	**₱35,909,781**	**₱38,741,712**
Additions		**–**	**–**	**–**
Rental payments		**(1,127,750)**	**(3,142,968)**	**(4,270,718)**
Interest	15	**67,685**	**547,636**	**615,321**
Balance at end of year		**1,771,866**	**33,314,449**	**35,086,315**
Less current portion		**1,364,050**	**13,272,601**	**14,636,651**
Noncurrent portion		**₱ 407,816**	**₱20,041,848**	**₱20,449,664**

		2025		
	Note	Outlets Spaces	Land and Building	Total
Balance at beginning of year		₱8,144,185	₱35,946,341	₱44,090,526
Additions		2,687,698	17,328,601	20,016,299
Rental payments		(8,368,255)	(20,015,918)	(28,384,173)
Pre-termination of lease		–	(256,806)	(256,806)
Interest	15	368,303	2,907,563	3,275,866
Balance at end of year		2,831,931	35,909,781	38,741,712
Less current portion		1,364,050	13,272,601	14,636,651
Noncurrent portion		₱1,467,881	₱22,637,180	₱24,105,061

The incremental borrowing rates applied to the lease liabilities range from 5.08% to 11% and 6.40% to 11.00% in 2025 and 2024, respectively, 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 ₱0.5 as at March 31, 2026 and December 31, 2025, respectively, are noninterest-bearing and will be refunded at the end of the lease term.

Franchise Agreements

The Group has granted its franchisees the right to operate outlets under various brands for a certain period 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 and continuing royalty fees recognized in the period earned.

Franchise fees in 2026 and 2025, is disclosed in Note 20.

26. **Earnings per Share**

Basic and diluted earnings per share are computed as follows:

	2026	2025
Net income attributable to equity holders of the Parent Company	₱29,840,059	₱33,255,107
Divided by weighted average number of outstanding common shares	2,098,995,000	2,133,397,000
	₱0.014	₱0.016

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

27. **Reconciliation of Liabilities Arising from Financing Activities**

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

			Financing Cash Flows 2026				
	2025	Noncash	Proceeds	Payments	Interest Expense	Dividends Declared	2025
Notes payable	₱614,948,333	P=–	₱ 219,000,000	₱ (207,271,667)	P=–	P=–	₱ 626,676,666
Lease liabilities	38,741,712	–	–	(4,270,718)	615,321	–	35,086,315
Mortgage payable	2,464,623	–	2,800,000	(1,275,419)	–	–	3,989,204
Dividends payable	500,000	–	–	–	–	–	500,000
	₱656,654,668	P-	P 221,800,000	(P 212,817,804)	P 615,321	P=–	P 666,252,185

*effect of PFRS 16

			2025				
	2024	Noncash	Proceeds	Payments	Interest Expense	Dividends Declared	2025
Notes payable	P=605,300,000	P=–	P=1,185,700,000	(P=1,176,051,667)	P=–	P=–	P=614,948,333
Lease liabilities	44,090,526	19,759,493*	–	(28,384,173)	3,275,866	–	38,741,712
Mortgage payable	3,889,045	–	–	(1,424,422)	–	–	2,464,623
Dividends payable	500,000	–	–	(23,587,955)	–	23,587,955	500,000
	P=653,779,571	P=19,759,493	P=1,185,700,000	(P=1,229,448,217)	P=3,275,866	P=23,587,955	P=656,654,668

*effect of PFRS 16

*effect of PFRS 16

**acquisition of transportation equipment through mortgage payable

28. Financial Risk Management Objectives and Policies

The Group's financial instruments comprise cash and cash equivalents, financial assets at FVPL, trade receivables, due from a related party, construction bond (presented under "Other current assets" account), financial assets at FVOCI (presented under "Other noncurrent assets" account), trade and other payables (excluding nonfinancial liabilities), notes payable, lease liabilities, mortgage payable, and security deposits.

The main financial risks arising from the Group's financial instruments are credit risk and liquidity risk. The Group's BOD and management regularly review and approve the policies for managing these financial 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:

	2026	2025
Financial assets at amortized cost:		
Cash in banks and cash equivalents*	**₱423,999,668**	₱435,124,321
Trade receivables	**140,969,919**	131,393,328
Due from a related party	**122,694,377**	127,440,337
Construction bond**	**4,371,612**	3,920,059
Financial assets at FVPL	**36,322,907**	32,851,701
Financial assets at FVOCI***	**3,500,000**	3,500,000
	₱731,858,483	₱734,229,746

**Presented under "Cash and cash equivalents" account (see Note 5)*
***Presented under "Other current assets" account (see Note 9)*
****Presented under "Other noncurrent assets" account (see Note 13)*

The Group deals only with reputable banks and customers 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 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.* Financial assets having risks of default but are still collectible.

- *Past Due but Not Impaired.* Items with history of frequent default; nevertheless, the amount due are still collectible.

- *Impaired.* Financial assets that are long-outstanding and have been provided with allowance.

Impairment. An impairment analysis is performed at each reporting date using a provision matrix to measure ECL on trade receivables. 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 1 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 March 31, 2026 and December 31, 2025 . 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 a related party, and construction bond, the PFRS 9 impairment requirements do not result in significant ECL. The following are considered in the assessment:

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

- For due from a related party and construction bond, the Group considered the available liquid assets and financial capacity of the counterparties.

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.

29. Fair Value Measurement

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

	2026		2025	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets at Amortized Cost				
Cash and cash equivalents	**₱ 436,251,494**	**₱ 436,251,494**	₱444,216,010	₱444,216,010
Trade receivables	**140,969,919**	**140,969,919**	131,393,328	131,393,328
Due from a related party	**122,694,377**	**122,694,377**	127,440,337	127,440,337
Construction bond*	**4,371,612**	**4,371,612**	3,920,059	3,920,059
Financial Assets at FVPL	**36,322,907**	**36,322,907**	32,851,701	32,851,701
Financial Assets at FVOCI**	**3,500,000**	**3,500,000**	3,500,000	3,500,000
	₱ 744,110,309	**₱ 744,110,309**	₱743,321,435	₱743,321,435
Financial Liabilities at Amortized Cost				
Trade and other payables***	**₱ 83,347,754**	**₱ 83,347,754**	₱73,229,530	₱73,229,530
Notes payable	**626,676,666**	**626,676,666**	614,948,333	614,948,333
Mortgage payable	**3,989,204**	**3,989,204**	2,464,623	2,464,623
Security deposits	**528,000**	**528,000**	528,000	528,000
	₱ 714,513,624	**₱ 714,513,624**	₱691,170,486	₱691,170,486

**Presented under "Other current assets" account (see Note 9)*
***Presented under "Other noncurrent assets" account (see Note 13)*
****Excluding nonfinancial liabilities*

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 a Related Party, Construction Bond (presented under "Other current assets" account) and Trade and Other Payables (excluding nonfinancial liabilities). 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 financial assets 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 1 of the fair value hierarchy.

Security Deposits. The estimated fair value of security deposits is determined using the discounted cash flow technique. The resulting fair value measurement is categorized under Level 2 of the fair value hierarchy due to the use of observable inputs other than quoted prices in active markets.

There were no transfers between levels in the fair value hierarchy in 2026 and 2025.

30. Operating Segment Information

For management purposes, the Group is initially 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 2026 and 2025.