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(Company's Full Name)

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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)

RALF F. SARMIENTO
Contact Person

+(632) 8731-8886
Company Telephone Number

SEC FORM 17-A

1 2 3 1
Month Day
Fiscal Year

FORM TYPE

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Month Day
Annual Meeting

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Secondary License Type, If Applicable

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Dept Requiring this Doc
Number / Section

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Amended Articles

[Empty box]

Total No. of Stockholders

Total Amount of Borrowings

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Domestic

[Empty box]

Foreign

To be accomplished by SEC Personnel concerned

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May 5, 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 : **Director Vicente Graciano P. Felizmenio, Jr.**
Markets and Securities Regulation Department

THE PHILIPPINE STOCK EXCHANGE

3rd Floor, Philippines Stock Exchange Plaza
Ayala Triangle, Ayala Avenue, Makati City

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

Subject : **Fruititas Holdings Inc. 2025 SEC Form 17-A Annual Report**

Dear Director Felizmenio and Mr. Negre:

We hereby submit the SEC Form 17-A Annual Report for the year ended 31 December 2025 with the following exhibits:

1. 2025 Consolidated Audited Financial Statement
2. Top 100 Stockholders as of December 31, 2025
3. Sustainability Report
4. 2025 Separate Audited Financial Statement

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

Very Truly Yours,
FRUITAS HOLDINGS INC.

By:  Rushell A. Salvador
Chief Financial Officer & Treasurer

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

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

1. For the fiscal year ended **December 31, 2025**
2. SEC Identification Number **CS201503014**
3. BIR Tax Identification No. **008-961-476**
4. Exact name of issuer as specified in its charter **Fruitas Holdings, Inc.**
5. **Quezon City, Philippines**
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. **68 Data St. Brgy. Don Manuel, Quezon City**
Address of principal office

1113

Postal Code

8. **(632) 8243-1741**
Issuer's telephone number, including area code
9. **Not Applicable**
Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class

Number of Shares of Common Stock
Outstanding and Amount of Debt Outstanding

Common Shares

2,111,358,000

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

Yes [x] No []

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

Philippine Stock Exchange

Common Share

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation

Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes No

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes No

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form.

As of December 31, 2025

Total Number of Outstanding Shares	2,111,358,000
Less: Outstanding Shares held by Affiliates	1,272,295,010
Shares held by Non-Affiliates	839,062,990
Closing price as of December 31, 2025	Php0.64
Aggregate Market Value of Voting Stock held by Non-Affiliate	Php 537,000,313.60
Level of Public Float based on information available as of Dec. 31, 2025	39.74%

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

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

Yes No

DOCUMENTS INCORPORATED BY REFERENCE

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

(a) 2025 Consolidated Financial Statements of Fruitas Holdings, Inc. and its Subsidiaries and Fruitas Holdings, Inc. separate 2025 Financial Statements attached as Annex A;

(b) List of Stockholders as Annex B;

(c) Sustainability Report as Annex C

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

a. Overview

Fruitas Holdings, Inc. (“FHI”) serves as the holding company of food and beverage community store and kiosk operators with over 30 active brands across its portfolio. As of December 31, 2025, it has established more than 858 stores across the Philippines. The Group serves Philippine consumers daily with fresh fruit shakes and juices, lemonade, coolers, milk tea, desserts, meat-filled pastries, soya-based products, baked goods, and *lechon* (roasted pig), among other products.

FHI traces its roots from Lush Enterprises Corporation (“LEC”), which was incorporated by Mr. Lester Yu in 2000. LEC opened its first “*Fruitas Fresh from Babot’s Farm*” store in 2002 at SM Manila. Fast forward to current year, FHI has more than 858 stores across the Philippines generally located in prime commercial establishments and institutions. Since its establishment, FHI, its Subsidiaries, and other indirect subsidiaries Green Empire International Limited, Oceanic Limited (the “Group”) Lingnam Food Inc., and Bigboks Enterprises Inc. has expanded its brand portfolio to include *Buko Loco, Buko ni Fruitas, Juice Avenue, Johnn Lemon, Black Pearl, Tea Rex, De Original Jamaican Pattie Shop and Juice Bar, The Mango Farm, Babot’s Farm, Soy & Bean, Balai Pandesal, Sabroso Lechon, Ling Nam Fried Siopao and Ling Nam since 1950, Sugarhouse, Mang Bok’s, Big Boks Chik n’ Dips*, to name a few. The Group continues to make its mark in the industry through the growth of its store network, expansion through acquisitions, and development of new business concepts and formats.

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

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

The Group generated total revenues of Php 891.8 million, Php 1,101.7 million, Php 1,799.2 million, Php 2,469.1 million, Php 2,903.5 million, and Php 3,038.4 million for the years ended December 31, 2020, 2021, 2022, 2023, 2024, and 2025 respectively, and net income (loss) of (Php 48.1) million, (Php 16.3), Php 82.4 million, Php 115.8 million, Php 111.0 million, Php 128.8 million for the same periods.

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

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

2021 marked the entry of FHI to the baked goods industry through the acquisition of Balai Pandesal assets on June by one of its wholly-owned subsidiary, Balai Ni Fruitas Inc. The asset acquisition included initial inventories, technical know-how, equipment and vehicle, trademark, and franchise agreements for five (5) stores. The Balai ni Fruitas Inc. was able to grow the Balai Pandesal store network to 49 community stores as of the end of December 2024 and 57 stores as of end of December 2025, which includes 50 company-owned and 7 franchised stores.

In June 2022, FHI, through its wholly-owned subsidiary, Soykingdom Inc., signed an agreement to acquire, Ling Nam restaurant business in the Philippines through asset and share acquisition.

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

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

In November 2024, FHI entered the roasted chicken segment, through its wholly-owned subsidiary, Negril Trading Inc. NTI became a 60% shareholder of Bigboks Enterprises Inc., which served as the acquisition vehicle for the assets related to the Mang Bok’s business. Mang Bok’s is a well-loved “ulam” brand of Filipinos. Since its inception in September 2002, it has been catering to Filipinos by offering good-tasting, value-for-money and quality food. Known for its signature Roasted Chicken and Roasted Pork Belly (Liempo), cooked fresh daily to perfection, making every bite juicy, flavorful, and satisfying. The acquisition includes all assets, including inventories, equipment, leasehold improvement, transportation equipment, if any, intellectual property rights/trademark (including brand registrations, know-how, recipes for all past and current products and certain products under research and development of Mang Bok’s, and process/menu manual), franchise ownership grant/rights, contractual rights to suppliers and lessor including security deposits at the time of acquisition.

b. Key Risks

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

Foodservice businesses are affected by changes in consumer tastes, economic conditions and demographic trends. The timing of product launches, pricing and advertising efforts of competitors may also impact our sales. In the past, we have introduced new products which were unsuccessful and there can be no guarantee that we will be able to introduce new products or new menu items successfully in

the future. If we cannot successfully introduce new products or new menu offerings, our business, financial condition and results of operations could be materially and adversely affected.

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

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

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

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

In 2025, the emerging war is centered on escalating tensions between the United States, Israel, and Iran, primarily driven by disputes over Iran’s nuclear program and regional influence. Negotiations between the U.S. and Iran in early 2025 failed to reach an agreement, which led to a major escalation. In June 2025, a short but intense conflict known as the “Twelve-Day War” broke out when Israel launched strikes on Iran’s military and nuclear facilities, followed by U.S. attacks on key nuclear sites. Although a ceasefire was reached, tensions did not fully resolve. This ongoing geopolitical tensions and conflict faces a key business risk, primarily in the form of supply chain disruption and cost inflation driven by global energy shocks. With this, we are expecting a rise in transportation, sourcing, and distribution expenses, directly impacting our operating margins. Moreover, higher energy and commodity prices contribute to broader inflation, which can weaken consumer purchasing power and reduce demand for discretionary spending. Additionally, supply chain delays and increased import costs for key ingredients may disrupt store operations, particularly given the company’s reliance on perishable goods. If the conflict persists, these pressures could significantly affect our ability to maintain stable pricing, consistent supply, and overall profitability, making geopolitical-driven energy volatility a critical business risk.

Item 2. Properties

Our key properties are summarized as follows:

Location	Area	Status
<u>Offices</u>		
Tisa, Cebu City*	538 sq. m.	Owned**
68 Data, Quezon City	420 sq. m.	Leased
1 Ubay, Quezon City	500 sq. m. (approximate)	Leased
Balete Drive, Quezon City (LFI)	2,000 sq. m.	Owned
Sta. Mesa, Manila	909.5 sq. m.	Owned
<u>Commissaries</u>		
70 Brixton Hills, Quezon City	1,046 sq. m.	Leased
72 Brixton Hills, Quezon City	750 sq. m.	Leased
71 Brixton Hills, Quezon City	750 sq. m.	Leased
KJ Street, Kamias, Quezon City	1,928 sq. m.	Leased
Altura, Manila (NTI)	958 sq. m.	Leased
Altura, Manila (NTI)	1,031 sq. m.	Leased
N. Domingo, Quezon City (BNFI)	484 sq. m.	Owned
San Juan Del Monte, Quezon City (FHI)	1,968 sq. m.	Owned
San Juan Del Monte, Quezon City (NTI)	1,340 sq. m.	Owned
Dona Imelda, Quezon City	1,269.20 sq. m.	Leased
New Manila, Quezon City	1,000 sq. m.	Leased
<u>Warehouses</u>		
Labangon, Cebu City	1,500 sq. m. (approximate)	Leased
120 Kapiligan, Quezon City	1,000 sq. m (approximate)	Leased
Sasa, Davao City	240 sq. m.	Owned
Catmon, Bulacan	4,316 sq. m.	Owned
<u>Foodparks</u>		
55 Cordillera St, Quezon City	1,646 sq. m.	Sub-leased
<u>Properties for future use</u>		
Alangilan, Batangas	325 sq. m.	Owned
Tisa, Cebu City	457 sq.m.	Owned
Catwayan, Carles, Iloilo	6,128 sq. m.	Owned
C. Namie, Caloocan	297.5 sq. m.	Owned

Item 3. Legal Proceedings

For purposes of this discussion, a legal proceeding is deemed “material” if the claim for damages involved, exclusive of interest and costs, exceeds 10% of the Company’s current assets. As of December 31, 2025, there are no pending material legal proceedings to which the Company is a party. The Company has not been the subject of any bankruptcy petition, insolvency, receivership, or similar proceedings.

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

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

PART II - OPERATIONAL AND FINANCIAL INFORMATION

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

a.) Market Information

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

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

Period	High	Low
December 2019	1.80	1.03
March 2020	1.72	0.90
June 2020	1.39	1.25
September 2020	1.32	1.13
December 2020	1.88	1.50
March 2021	1.53	1.31
June 2021	1.49	1.36
September 2021	1.34	1.20
December 2021	1.25	1.21
March 2022	1.22	1.10
June 2022	1.18	1.04
September 2022	1.22	0.95
December 2022	1.15	0.98
March 2023	1.33	1.22
June 2023	1.34	1.10
September 2023	1.28	1.04
December 2023	1.05	0.94
March 2024	0.80	0.78
June 2024	0.85	0.79
September 2024	0.77	0.70
December 2024	0.70	0.60
March 2025	0.68	0.63
June 2025	0.66	0.59
September 2025	0.63	0.59
December 2025	0.64	0.61

The market capitalization of the Company’s common shares as of end 2025, based on the closing price of Php 0.64 per share was Php 1,351,269,120.

b) Holders

Total shares outstanding as of December 31, 2025, is 2,133,680,000 with a par value of P0.10. The shareholders as of the same date are as follows:

Name of Shareholder	Number of Shares	% Ownership
PCD Nominee Corp. (Filipino)	2,113,148,711	99.038%
PCD Nominee Corp. (Non-Filipino)	17,828,281	0.836%
Necisto U. Sytengco	2,500,000	0.117%
Myra P. Villanueva	59,000	0.003%
Marie Catherine R. Nolasco	40,000	0.002%
Milagros P. Villanueva	20,000	0.001%
Myrna P. Villanueva	20,000	0.001%
Myra P. Villanueva	11,000	0.001%
Juan Carlos V. Cabreza	10,000	-
Marietta V. Cabreza	10,000	-
Irene O. Chua	10,000	-
Ma. Christmas R. Nolasco	10,000	-
Mylene C. Arnigo	5,000	-
Dennis T. Beng Hui	1,000	-
Calvin F. Chua	1,000	-
Vincent Ricardo Cuevas	1,000	-
Bambi Maureen E. Donato	1,000	-
Rogelio M. Guadalquiver	1,000	-
Madelene T. Sayson	1,000	-
Shirley O. Tan	1,000	-
Lester C. Yu	1,000	-
Gerardo L. Salgado	8	-
Total	2,133,680,000	

c) Dividends

The company released cash dividends to its shareholders as follows:

BOD Approval	Type	Record Date	Payment Date	Amount
August 7, 2020	Common	August 27, 2020	September 18, 2020	Php 21,336,800.00
August 5, 2022	Common	August 8, 2022	September 1, 2022	Php 21,336,800.00
October 13, 2023	Common	November 8, 2023	November 29, 2023	Php 21,336,800.00
October 25, 2024	Common	November 11, 2024	November 29, 2024	Php 21,336,800.00
October 29, 2025	Common	November 14, 2025	November 28, 2025	Php 21,212,870.00

The company was able to release cash dividends of Php0.01 per share for years 2020, 2022, 2023, 2024, and 2025 since its listing date.

On October 29, 2025, the Board of Directors approved the declaration of cash dividends based on 2,121,287,000 outstanding shares at Php 0.01 per share, for a total amount of Php 21,212,870.00.

Dividends to Non-Controlling Interest

BOD Approval	Type	Record Date	Payment Date	Amount
May 17, 2023	Common	May 31, 2023	June 26, 2023	Php 1,875,085.00
October 9, 2024	Common	October 24, 2024	November 8, 2024	Php 1,875,085.00
June 13, 2025	Common	June 27, 2025	July 10, 2025	Php 1,875,085.00

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

BOD Approval	Type	Record Date	Payment Date	Amount
December 31, 2023	Preferred	December 31, 2023	August 2, 2024	Php 166,667.00
December 31, 2024	Preferred	December 31, 2024	April 11, 2025	Php 500,000.00
December 31, 2025	Preferred	December 31, 2025	<i>Unpaid as of December 31, 2025</i>	Php 500,000.00

In September 2023, The Board of Directors approved the issuance of 2 billion Fruitas Holdings Inc. unlisted preferred shares to Lush Properties Inc. with total subscription price of Php 20 million pesos for 2 billion preferred shares at Php 0.01 par value.

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

The Company did not issue any stocks to its employees as of December 31, 2025.

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

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

FY 25 Results of Operations Key Highlights

FRUIT registered a consolidated net income of Php 128.8 million for the twelve months ending December 31, 2025. This yields a net income margin of 4.2%.

Revenues

As of December 31, 2025, consolidated net revenues, composed of sales from company-owned stores, franchise and royalty fees from franchisees, and revenue from wholly-owned subsidiaries, reached Php 3,038.4 million, increasing by 4.7% from reported revenues of Php 2,903.5 million for the twelve months ending December 31, 2024.

Cost of Sales

For the year ending 2025, consolidated cost of sales increased by 7.5% from Php 1,163.9 million in 2024 to Php 1,251.4 million. Consolidated cost of sales is mainly composed of raw material and packaging costs, direct labor costs, and store-related costs including rent, utilities, etc.

Gross Profit

Consolidated gross profit amounted to ₱1,787.0 million for the full year 2025, representing a 2.7% increase from ₱1,739.5 million in the previous year. This resulted in a gross profit margin of 58.8%, slightly lower than the 59.9% recorded in the prior year, primarily due to rising raw material costs, inflation, and other cost pressures.

Selling and Distribution Expenses

For the twelve months ending December 31, 2025, consolidated selling and distribution expenses totaled

Php 1,400.8 million, representing a 46.1% cost-to-sales ratio. This is Php 79.1 million higher compared to Php 1,321.7 million during the same period in 2024.

General and Administrative Expenses

For the twelve months ending December 31, 2025, consolidated general and administrative expenses totaled Php 209.5 million, representing a 6.9% cost-to-sales ratio. This is Php 32.0 million lower compared to Php 241.4 million during the same period in 2024.

Operating Income (Loss)

Consolidated operating income reached Php 151.1 million in 2025, representing a 7.9% decrease from Php 164.0 million in 2024. The decline was primarily attributable to higher operating costs, particularly due to increases in salaries among minimum wage earners (MWE), as well as rising costs of other input materials.

Interest Expense

Interest expense of Php 44.6 million was recorded for the twelve months ending December 31, 2025.

Other Income- net

Consolidated other income amounted to ₱19.0 million as of December 31, 2025, primarily consisting of interest income, dividend income, and changes in the fair value of financial assets.

Net Income

For the year ending 2025, consolidated net income reached Php 128.8 million, yielding a net income margin of 4.2%. Income increased by Php 17.9 million or 16.1% from Php 111.0 million in 2024.

FY25 Financial Condition

FRUIT had consolidated total assets of Php 2,664.5 million as of December 31, 2025, an increase versus total assets of Php 2,583.8 million as of end-2024.

Cash and cash equivalents

As of end 2025, cash and cash equivalents totaled Php 444.2 million. Cash includes cash on hand and in banks while cash equivalents are short-term, highly liquid investments that are easily convertible to cash.

Trade and other receivables

Trade and other receivables were at Php 131.4 million as of year-end 2025 compared to Php 110.2 million in 2024, an improvement of 19.2% due to increase in third party receivables.

Inventories

As of December 31, 2025, inventories increased to Php 82.3 million from Php 71.7 million in 2024, an increase of 14.8% due to expansion of storage and warehouse facilities and effective management of inventory levels during the expansion of the Group's store network in 2025.

Property, plant, and equipment

Consolidated net property, plant, and equipment stood at Php 1,056.1 million as of year-end 2025. Acquisition of property and equipment for the year reached Php 270.7 million, which were invested in the building of new stores and improvements in the corporate office and commissary.

Investment Property

In 2020, the Company purchased a parcel of land with improvement located in Sta. Manila amounting to Php 127 million. The property was subsequently revalued by an independent third-party appraiser, resulting in a fair value of ₱176.0 million as of 2025 and 2024. In 2024, the Company acquired an additional investment property amounting to ₱97.1 million. In 2025, the Group reclassified certain investment properties with a fair value of ₱96.2 million to Property and Equipment following a change in use, as evidenced by the commencement of owner-occupation.

Intangible assets

Intangible assets stood at Php 260.0 million in 2025 from Php 260.2 million in 2024.

Accounts payable and other current liabilities

Accounts payable and other current liabilities decreased by 0.8% for the full-year 2025 to Php 794.1 million from Php 800.1 million in 2024, driven by the slight decrease in the Trade and other payables, current portion of notes payables and lease liabilities, and income tax payable.

Loans payable

As of December 31, 2025, the Company's total interest-bearing debt stood at Php 614.9 million. Php 614.1 was short-term loans used to partially fund working capital requirements.

Capital stock and Additional paid-in capital

For the twelve months ending December 31, 2025, the Company's total capital stock stood at Php 233.4 million and additional paid-in capital of Php 777.8 million.

Cash flows

Consolidated net cash provided from operating activities amounted to Php 198.4 million for the full-year 2025, 38.2% decrease versus the previous year's Php 321.2 million. The decrease is primarily attributable to reduced non-cash adjustments and changes in working capital.

Consolidated net cash used in investing activities was Php 281.8 million. This is mainly due to capital expenditures for new store openings and other corporate investments primarily Property, Plant and Equipment acquisition for the year.

Consolidated net cash provided by financing activities totaled ₱57.7 million in 2025, mainly reflecting lower loan availments, repayments of existing borrowings, and the acquisition of treasury shares.

All in all, net cash generated for the year totaled Php 141.1 million, leading to cash and cash equivalents balance of Php 444.2 million at year-end 2025.

Key Performance Indicators (KPIs)

	Audited Twelve Months Ended December 31, 2025	Audited Twelve Months Ended December 31, 2024
Gross Revenue (Php millions)	3,038.4	2,903.5
Revenue Growth	4.7%	17.6%
Gross Profit Margin	58.8%	59.9%
Net Income Margin	4.2%	3.8%
EBITDA (Php millions)	380.0	389.3
EBITDA Margin	12.5%	13.4%
Return on Average Assets	4.9%	4.7%
Return on Average Equity	7.3%	6.6%
Current Ratio	1.31	1.22
Debt to Equity Ratio	46.6%	49.7%

Gross Profit Margin is gross profit as a percentage of revenues

Net Income Margin is net income as a percentage of revenues

EBITDA is defined as earnings before interest, tax, depreciation and amortization

EBITDA margin is EBITDA as a percentage of revenues

Return on Average Assets is net income as a percentage of the average of the assets at year-end and assets at end of the immediately preceding year
Return on Average Equity is net income as a percentage of the average of the equity at year-end and equity at end of the immediately preceding year
Current Ratio is current assets divided by current liabilities
Debt to Equity Ratio is total liabilities over total equity

Item 7. Financial Statements

The Company's financial statements and notes thereto form part of this SEC Form as "Annex B".

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

a.) External Auditor

Our fiscal year begins on January 1 and ends on December 31. Reyes Tacandong & Co. ("RT&Co.") has audited our financial statements for the years ended December 31, 2025, 2024, 2023, 2022 and 2021 in accordance with the Philippine Standards on Auditing.

Wilson P. Teo has been the audit partner and served our Company from 2016 to 2021 followed by Cedric M. Caterio from 2022 to 2024. Arthur Vinson U. Ong assumed the role effective 2025. We have not had any material disagreements on accounting and financial disclosures with our current external auditor for the same periods or any subsequent interim period. RT&Co. has neither shareholdings in our Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities of our Company. RT&Co. will not receive any direct or indirect interest in our Company or our securities (including options, warrants or rights thereto) pursuant to or in connection with the Offer. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

b.) Audit Fees

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

In ₱ Millions	2025	2024	2023	2022	2021
Audit and Audit-Related Fees ^a	₱ 2.70	₱ 2.50	₱ 2.40	₱ 2.05	₱ 2.20
All Other Fees ^b	0.12	0.12	0.12	0.12	0.12
Total	₱ 2.82	₱ 2.62	₱ 2.52	₱ 2.17	₱ 2.32

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

c.) Audit Committee and Policies

In relation to the audit of our annual financial statements, our Corporate Governance Manual, which was approved by the Board of Directors on Aug. 24, 2019, provides that the audit committee shall, among other activities, (i) evaluate significant issues reported by the external auditors in relation to the adequacy, efficiency and effectiveness of policies, controls, processes and activities of our Company, (ii) ensure that

other non-audit work provided by the external auditors are not in conflict with their functions as external auditors, and (iii) ensure the compliance of our Company with acceptable auditing and accounting standards and regulations.

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

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

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

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

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

There were no disagreements with Accountants on Accounting and Financial Disclosure or Changes in Accounting Policies for the period ended December 31, 2025.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

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

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

The table below sets forth each member of the board of directors as of December 31, 2025:

Name	Age	Nationality	Position
Rogelio M. Guadalquiver	83	Filipino	Chairman
Lester C. Yu	51	Filipino	Director, President, and Chief Executive Officer
Madelene T. Sayson	37	Filipino	Director, Chief Operating Officer
Calvin F. Chua	46	Filipino	Director and Chief Financial Adviser
Bambi Maureen E. Donato	50	Filipino	Independent Director
Dennis T. Beng Hui	55	Filipino	Independent Director
Shirley O'Yek Tan	63	Filipino	Independent Director

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

Rogelio M. Guadalquiver, 83, was appointed as the Chairman of FHI in August 24, 2019 and was also appointed as the Chairman of Balai ni Fruitas Inc. in December 21, 2021. He previously served as a Director of the Philippine Deposit Insurance Corporation. Mr. Guadalquiver also held the positions of Chairman and Chief Executive Officer of CG & Co. from 2000 to 2018. Prior to this, he was a Senior Partner at SGV & Co., a member firm of Ernst & Young, where he was extensively involved in both domestic and international audit engagements. Throughout his career, he has developed deep expertise in initial public offerings, industry research, corporate restructuring, business process re-engineering, risk management, and financial and tax advisory services. Mr. Guadalquiver is a Certified Public Accountant. He holds a Master's degree in Management from the Asian Institute of Management and a Bachelor of Science in Commerce from the University of San Jose-Recoletos.

Lester C. Yu, 51, has served as President and Chief Executive Officer since the Company's incorporation. He also served as Chairman of FHI from February 2015 to August 2019 and was appointed President and Chief Executive Officer of Balai ni Fruitas Inc. in 2021. Mr. Yu began his career in 1989 through his family's business, Janette Jewelry. He later entered the banking industry, where he became the youngest Branch Manager of Westmont Bank. He is credited with driving the Group's growth from a single store into a nationwide network of more than 800 stores. Under his leadership, the Group has successfully introduced several well-known brands and executed strategic acquisitions such as Negril Trading Inc., Lingnam Food Inc., and Fly Kitchen Inc. Mr. Yu is also the Chairman and/or President of several companies including Ralproperties, Inc., One Fifty Food Place, Inc., Lush Properties Inc., Negril Trading, Inc., Themangofarm Corp., Fruitasgroup Incorporated, Lush Enterprises Corp., Bamazeh Incorporated, Lush Coolers, Inc., La Petite Parisienne, Inc., Dough Matters, Inc., Lush Harvest Manufacturing Inc., Toyoda Technik Corporation, Cocodelivery Incorporated, Lingnam Food Inc., Flykitchen Inc., and Bigboks Enterprises Inc. He holds a Master's degree in Business Administration from the University of the Philippines and a degree in Industrial Management Engineering from De La Salle University.

Madelene T. Sayson, 37, has served as Chief Operating Officer since January 2018 and has been with the Group since 2009. She also previously served as a Director of FHI from February 2015 to August 2019. Ms. Sayson currently serve as the Chairman and President of Gyuma Fragrance Inc. She is also the Corporate Secretary and a Director of One Fifty Food Place, Inc., Lush Properties Inc., Negril Trading, Inc., Bamazeh Incorporated, Dough Matters, Inc., Sure Jobs Academy, Inc., Toyoda Technik Corporation, Lingnam Food Inc., and Fly Kitchen Inc. In addition, she serves as Vice President and Director of Themangofarm Corp. and La Petite Parisienne, Inc. She is a Director of Balai ni Fruitas Inc. and serves as Treasurer and Director of Lush Coolers, Inc. Ms. Sayson holds a Bachelor of Science degree in Accountancy from Garcia College of Technology.

Calvin F. Chua, 46, was elected as Director and Chief Financial Adviser on August 24, 2019. He has served as a consultant of the Group since May 2017. He is also currently an Executive Director and Treasurer of AlphaPrimus Advisors Inc. He was part of the Corporate Finance team of ING Bank N.V., Manila Branch, most recently as a consultant up to June 2019 and Director up to July 2015. During his stint at ING Bank, he advised on mergers and acquisitions and capital-raising activities of various Philippine clients across several sectors. He holds a Bachelor of Science degree in Management Engineering and a Bachelor of Arts degree in Economics (Honors Program) from Ateneo de Manila University.

Bambi Maureen E. Donato, 50, was elected as our Independent Director on August 24, 2019. Ms. Donato is currently the Program and Marketing Manager for the Inquirer Academy, part of the Inquirer Group of Companies. Prior to this, she held key marketing roles, including Regional Marketing Manager at SUBSTOGO Corporation, Marketing Manager at Silverworks, and Marketing Manager at Yellow Cab Food Corporation. Earlier in her career, she was actively involved with Couples for Christ Global Mission Foundation Inc., where she served as a member of the Singles for Christ (SFC) International Council and as Missions Head. Ms. Donato holds a Master's degree in Business Administration from De La Salle University and a Bachelor of Science degree in Management from Ateneo de Manila University.

Dennis T. Beng Hui, 55, was elected as our Independent Director on August 24, 2019. Mr. Beng Hui is the Principal and Managing Director of Technopoly. He works with public and private sector organizations to design and implement practical, data-driven solutions that improve strategy execution, operational performance, and service delivery. His expertise spans Lean, Six Sigma, Agile, Design Thinking, Project Management, and Change Management, with a strong focus on integrating these approaches to address complex systems, digital transformation, and organizational change. He holds a Master's degree in Industrial Engineering and is a Master Black Belt in Six Sigma and Design for Six Sigma. He brings extensive experience in advisory work, capacity building, and facilitation, supporting leaders and teams in translating analytical insights into sustainable results.

Shirley O'Yek Tan, 63, has served as an Independent Director since August 24, 2019. Ms. Tan is currently the Corporate Treasurer of Bank of Makati, one of the top Thrift Banks in the Philippines, and is a member of the Bank's Senior Management Committees. In her role. She is responsible for planning and formulating policies to protect the financial well-being of the Bank, as well as managing the overall operations of the Corporate Treasury sector to ensure that strategic plans are implemented and financial targets are met. Ms. Tan is a Certified Public Accountant and holds a Bachelor of Science in Commerce, major in Accounting, from the University of Santo Tomas.

The table below sets forth the key executive and corporate officers as of December 31, 2025:

Name	Age	Nationality	Position
Roselyn A. Legaspi	48	Filipino	Managing Director – Visayas and Mindanao
Rushell A. Salvador	36	Filipino	Chief Financial Officer and Treasurer
Lerma C. Fajardo	39	Filipino	Deputy Chief Financial Officer and Comptroller
Ralf F. Sarmiento	39	Filipino	Compliance Officer
Shaun Aldrich G. Si	34	Filipino	Investor Relations Officer
Marvin C. Yu	47	Filipino	Corporate Secretary

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

Roselyn A. Legaspi, 48, was appointed as our Managing Director – Visayas & Mindanao on August 2019 and is responsible for the overall operations of FHI for the said regions. Ms. Legaspi has been with the Fruitas Group since 2002, previously contributing to the Board's governance as a Director of FHI from February 2015 to August 2019. Her leadership extends across the Group's portfolio, where she holds dual roles as Vice President and Director for several entities, including Negril Trading, Inc., Lush Properties Inc., and Ralproperties Inc. Furthermore, she serves on the Board of Directors for Gyuma Fragrance Inc., The Mango Farm Corp., and Lush Harvest Manufacturing Inc. Ms. Legaspi holds a Bachelor of Science in Accountancy and is currently advancing her executive leadership skills through an MBA at the University of San Carlos, Cebu City.

Rushell A. Salvador, 36, was appointed as our Chief Financial Officer and Treasurer on December 2023. She is previously the Compliance Officer since July 2019. Ms. Salvador has been with the Group as Profit and Loss Accounting Manager since May 2016. Prior to joining the Group, Ms. Salvador held different Finance and Accounting positions in Polyserve Philippines, Inc. and HR Network Inc. with Accounting and Finance Head as her last post before being a consultant of Jardine Schindler Elevator Corporation from June 2014 to February 2015. She holds a Bachelor of Science in Accountancy from Polytechnic University of the Philippines, Sta. Mesa, Manila and is a Certified Public Accountant.

Lerma C. Fajardo, 39, has been the Group's Deputy Chief Financial Officer and Comptroller since 2018. She has over 10 years of experience in accounting and finance, previously working as an Assistant Manager for Extramind Global Outsourcing Group, Inc. Ms. Fajardo also serves as the Comptroller of FHI's subsidiary, Balai ni Fruitas Inc. since December 2021. She holds a Bachelor of Science degree in Accountancy from Polytechnic University of the Philippines and is a Certified Public Accountant.

Ralf Sarmiento, 39, was appointed as our Compliance Officer on December 2023. He served the Group's Accounting Manager for Tax Compliance since December 2018. Prior to joining the Group, Mr. Sarmiento

held different accounting positions in Goodwill Metal Corporation and JLA & Associates. He graduated from Polytechnic University of the Philippines with a Bachelor of Science in Accountancy and is a Certified Public Accountant.

Shaun Aldrich G. Si, 34, serves as the Company's Investor Relations Officer, appointed in December 2023, while concurrently holding the position of Chief Marketing Officer for the Group since September 2022. Mr. Si leads the Group's overarching marketing strategies and serves as the primary liaison between the organization and the global investment community. He is responsible for architecting engagement programs that strengthen the Group's relationships with institutional and individual investors. Before joining the Group, Mr. Si built an extensive track record in brand management at Wyeth Philippines Inc. and Jollibee Foods Corporation. He began his professional career as a Management Trainee at GlaxoSmithKline Philippines in 2013, eventually rising to become its Digital Marketing Manager in 2016. An academic standout, Mr. Si holds a Bachelor of Arts in Management Economics with a minor in Chinese Studies from Ateneo de Manila University, where he was honored as the Program Award Recipient for the Most Outstanding Student in Management Economics (Class of 2013).

Marvin C. Yu, 47, has served as the Corporate Secretary of FHI since August 24, 2019. In December 2021, he was also appointed as the Corporate Secretary of Balai Ni Fruitas Inc. Mr. Yu brings over 15 years of experience in the technical and engineering field. His previous roles include serving as a Consultant for the SMC Telco Project, Master Planning Network Coverage Senior Manager for the Sun Cellular 2G and 3G Project, and RF Network Planning, Design, and Optimization Engineer for Smart Communications, Inc. Mr. Marvin Yu holds a Bachelor of Science degree in Electronics and Communications Engineering from De La Salle University and an Electronics and Communications Engineering Board Passer.

b.) Family Relationships

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

c.) Involvement in Certain Legal Proceedings

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

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

Item 10. Executive Compensation

a.) General

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

No director should participate in deciding on his remuneration.

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

b.) Summary Compensation Table

The following table sets forth our most highly compensated executive officers, including Fruitas Holdings, Inc. Chief Executive Officer, for the year ending December 31, 2025:

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

The following table identifies and summarizes the aggregate compensation of our President and CEO and the four most highly compensated executive officers, as well as the aggregate compensation paid to all other officers and Directors as a group, for the years ended December 31, 2020, 2021, 2022, 2023, 2024, and 2025 (estimated):

Aggregate Compensation – Executive Officers (top five)	
<u>Year</u>	<u>Total (P million)</u>
2020	5.3
2021	5.3
2022	6.4
2023	6.6
2024	8.5
2025	8.8

Aggregate Compensation – Directors and Executive Officers (excluding top five above)	
<u>Year</u>	<u>Total (P million)</u>
2020	1.6
2021	1.6
2022	0.6
2023	0.6
2024	0
2025	0

Standard Arrangements

Other than payment of reasonable per diem as may be determined by the Board for every meeting, there are no standard arrangements pursuant to which directors of the Company are compensated, or were compensated, directly or indirectly, for any services provided as a director and for their committee participation or special assignments for 2025 up to the present.

Other Arrangements

There are no other arrangements pursuant to which any director of the Company was compensated, or to be compensated, directly or indirectly for 2025 up to the present for any service provided as a director.

Warrants and Options

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

Item 11. Security Ownership of Certain Beneficial Owners and Management

a.) Security Ownership of Certain Record and Beneficial Owners

As of December 31, 2025, the following were owners of more than 5% of the Company's outstanding shares:

Title of Class	Name. Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Owner	Citizenship	Number of Shares Held	% to Total Outstanding
Common	PCD Nominee Corp. ¹ / The Enterprise Center, Ayala Avenue Corner Paseo de Roxas, Makati City / Stockholder of Record	Please see BDO Report as of December 31, 2025 attached as Annex "C"	Filipino	2,113,148,711	99.038%

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

Title of Class	Name of Beneficial Owner	Citizenship	Number of Direct Shares	Number of Indirect Shares	% of Capital Stock
Common	Lester C. Yu	Filipino	126,117,000	1,135,500,010	59.76%
Common	Rogelio M. Guadalquiver	Filipino	500,000	-	0.02%
Common	Calvin F. Chua	Filipino	4,150,000	59,000	0.20%
Common	Bambi Maureen E. Donato	Filipino	10,000	-	0.00%
Common	Shirley O'Yek Tan	Filipino	10,000	90,000	0.00%
Common	Dennis Beng Hui	Filipino	10,000	-	0.00%
Common	Roselyn A. Legaspi	Filipino	3,319,000	-	0.16%
Common	Madelene T. Sayson	Filipino	1,500,000	-	0.07%
Common	Marvin C. Yu	Filipino	1,030,000	-	0.05%
		Total	136,646,000	1,135,649,010	60.05%

¹ PCD Nominee Corp. includes 1,261,617,010 shares beneficially owned by Lester C. Yu representing 59.76% of outstanding shares (126,117,000 in his name, 1,135,500,000 shares owned by Lush Properties Inc., and 10 shares owned by Ms. Janet Yu, Mr. Yu's mother)

c.) Voting Trust Holder of 5% or more

As of December 31, 2025, there are no persons holding more than 5.0% of a class of shares under a voting trust or similar agreement.

d.) Changes in Control

There are no arrangements which may result in a change in control of the Registrant as of December 31, 2025.

Item 12. Certain Relationships and Related Transactions

Due from Related Parties

The Group has outstanding noninterest-bearing amounts due from related parties amounting to Php 127.4 million as of December 31, 2025.

Lease Agreements

Group as Lessee - Short-term Lease

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

Leases - Group as Lessor

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

Franchise Agreements

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

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

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

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

Terms and Conditions of Transactions with Related Parties

Outstanding balances are unsecured, noninterest-bearing and due, demandable and to be settled in cash. Management makes an annual assessment of the financial position of the related parties and the market in which the related parties operate. There were no impairment losses recognized for the year ended in 2025.

Related Party Transaction Policy

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

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

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

Other related party transactions are commissioned to a 3rd party assessor/s to determine fairness and

reasonable value of the property.

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

PART IV – EXHIBITS AND SCHEDULES

Fruitas Holdings, Inc. has eight (8) direct and indirect subsidiaries as of December 31, 2025:

Subsidiary	Business	% Ownership	Country of Residence
Fruitasgroup, Inc.	Operating company primarily housing the stores under Fruitas, Buko Loco, Black Pearl, Johnn Lemon, Juice Avenue, Tea Rex, The Mango Farm, Shou, Friends Fries, 7,107 Halo Halo Islands, Fruitas Ice Candy, and Cindy's Candy Cloud, Munifico, and The Pub, Soy & Bean, Babot's Farm brands, among others. It also operates the Le Village and Uno Cinquenta Lifestyle Parks.	100%	Philippines
Negril Trading, Inc.	Operating company primarily housing the stores under the De Original Jamaican Pattie Shop and Juice Bar, Sabroso Lechon, Three Frenchmen Creperie brands, among others.	100%	Philippines
Balai ni Fruitas, Inc.	Operating company primarily housing the stores under the Balai Pandesal, Buko ni Fruitas, and House of Desserts brands.	75%	Philippines
Soykingdom, Inc.	Operating company primarily manufacturing soya-based products for Group and houses the Ling Nam brand	100%	Philippines
CocoDelivery, Inc.	Operating company primarily executing same-day delivery service for the Group.	100%	Philippines
FlyKitchen Inc.	Operating company serves as a cloud kitchen for the entire product portfolio. A cloud kitchen typically focuses on preparing food for delivery or takeout.	100%	Philippines
Lingnam Food Inc. *	A 100% owned subsidiary of Soykingdom Inc. and operates the Lingnam Restaurant Business. This restaurant offers a variety of Cantonese dining options.	100%	Philippines
Bigboks Enterprises Inc.*	A 60% owned subsidiary of Negril Trading Inc. and operated the Mang Bok's and Chik N' Dips business. Mang Bok's is known for its signature Roasted Chicken and Roasted Pork Belly (Liempo), cooked fresh daily to perfection.	60%	Philippines

**Indirect Subsidiary of Fruitas Holdings Inc.*

(b) Reports on SEC Form 17-C

Date	Subject of Report
February 3, 2025	Approval of the buy-back of common shares of Fruitas Holdings Inc. (FRUIT)
April 5, 2025	Approval of 2024 Audited Financial Statements.
April 15, 2025	FRUIT Financial Results as of December 31, 2024.
May 15, 2025	FRUIT Financial Results as of March 31, 2025.
May 20, 2025	Rescheduling of 2025 Annual Stockholders' Meeting to July 22.
May 30, 2025	Approval of the 2024 Annual Corporate Governance Report
July 22, 2025	Annual Stockholders' Meeting and Organizational Meeting held
August 20, 2025	FRUIT Financial Results as of June 30, 2025.
October 29, 2025	Declaration of cash dividend of Php 0.01 per share.
November 14, 2025	FRUIT Financial Results as of September 30, 2025.
November 20, 2025	Approval of 2025 Audit Proposal.


SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of QUEZON CITY on APR 30 2026.

By:



LESTER C. YU
President and CEO



RUSHELL A. SALVADOR
CFO and Treasurer



MARVIN C. YU
Corporate Secretary



LERMA C. FAJARDO
Comptroller

SUBSCRIBED AND SWORN to before me this APR 30 2026 day of _____
20__ affiant(s) exhibiting to me their Tax Identification No., as follows:

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

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SERIES OF 111

ATTY. ERIC G. PEKAS
NOTARY PUBLIC FOR QUEZON CITY
ADM. MATTER NO. NP 171 VALID UNTIL DEC 31, 2026
ROL. OF ATTORNEY NO. 66393/TIN 289 467 753
EX. NO. 5804 DECEMBER 30, 2025, QUEZON CITY
EX. NO. 110 001 2004 VALID UNTIL 14 APR/2028
EX. NO. 100 48501 JANUARY 5, 2020, MARINA CITY
LAW OFFICE - FINANCE CORAL Q.C.



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

SEC eFast Initial Acceptance

noreply-cifssost@sec.gov.ph <noreply-cifssost@sec.gov.ph>

4 May 2026 at 10:07

Dear **FRUITAS HOLDINGS, INC.**,

Greetings!

This serves as a temporary receipt of your submission, subject to verification of the form and the quality of the image of the submitted report.

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

A separate email will be sent as proof of review and/or final acceptance.

Thank you.

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

REMINDER:
TO ALL FILERS OF REPORTS IN THE e-FAST

Please strictly follow the instructions stated in the form. Filings not in accordance with the prescribed template for the following reports will be automatically reverted by the system to the filer: 1. General Information Sheet (GIS-Stock); 2. General Information Sheet (GIS-Non-stock); 3. General Information Sheet (GIS- Foreign stock & non-stock); 4. Broker Dealer Financial Statements (BDFS); 5. Financing Company Financial Statements (FCFS); 6. Investment Houses Financial Statements (IHFS); 7. Publicly – Held Company Financial Statement; 8. General Form for Financial Statements; 9. Financing Companies Interim Financial Statements (FCIF); 10. Lending Companies Interim Financial Statements (LCIF).

Per Section 18 of SEC Memorandum Circular No. 3 series of 2021, the reckoning date of receipt of reports is the date the report was initially submitted to the eFAST, if the filed report is compliant with the existing requirements. A report, which was reverted or rejected, is considered not filed or not received. A notification will be sent to the filer, stating the reason for the report's rejection in the remarks box.

THIS IS AN AUTOMATED MESSAGE - PLEASE DO NOT REPLY DIRECTLY TO THIS EMAIL

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C S 2 0 1 5 0 3 0 1 4

COMPANY NAME

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

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

N o . 6 8 D a t a S t . B r g y . D o n M a n u e l , Q u e z o
n C i t y , M e t r o M a n i l a , P h i l i p p i n e s , 1 1 1 3

Form Type

A A C F S

Department requiring the report

C R M D

Secondary License Type, If Applicable

N / A

COMPANY INFORMATION

Company's Email Address

ipo.compliance@fruitasholdings.com

Company's Telephone Number/s

(02) 8 243-1741

Mobile Number

09677824286

No. of Stockholders

122

Annual Meeting (Month / Day)

Every Second Monday of June

Calendar Year (Month / Day)

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Madelene T. Sayson

Email Address

madelene.sayson@fruitasholdings.com

Telephone Number/s

(02) 8 243-1741

Mobile Number

09420711576

CONTACT PERSON'S ADDRESS

No. 68 Data St. 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.



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

Your BIR AFS eSubmission uploads were received

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

30 April 2026 at 18:44

Hi FRUITAS HOLDINGS, INC.,

Valid files

- EAFS008961476ITRTY122025.pdf
- EAFS008961476RPTY122025.pdf
- EAFS008961476AFSTY122025.pdf

Invalid file

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Transaction Code: **AFS-0-C7LLB8EG02NTNV31RMNRZT4SV04X1SXNNZ**
Submission Date/Time: **Apr 30, 2026 06:44 PM**
Company TIN: **008-961-476**

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

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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Transaction Code:

AFS-0-C7LLB8EG02NTNV31RMNRZT4SV04X1SXNNZ

Submission Date/Time:

Apr 30, 2026 06:44 PM

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

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To: COMPLIANCETAX.FHI@gmail.com
Cc: COMPLIANCETAX.FHI@gmail.com

4 May 2026 at 09:40

Hi FRUITAS HOLDINGS, INC.,

Valid file

- EAFS008961476TCRTY122025-01.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-4PQMPMT02XX4VTM1NRVSS1YW024SZNZ24**
Submission Date/Time: **May 04, 2026 09:40 AM**
Company TIN: **008-961-476**

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

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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Transaction Code:

AFS-0-4PQMPMT02XX4VTM1NRVSS1YW024SZNZ24

Submission Date/Time:

May 04, 2026 09:40 AM

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INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
FRUITAS HOLDINGS, INC. AND SUBSIDIARIES
No. 68 Data St. Brgy. Don Manuel
Quezon City, Metro Manila, Philippines, 1113

Opinion

We have audited the consolidated financial statements of FRUITAS HOLDINGS, INC. AND SUBSIDIARIES (a subsidiary of LUSH PROPERTIES, INC.) (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2025, 2024 and 2023, and notes to consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2025, 2024 and 2023, in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), as applicable to audits of consolidated financial statements of public interest entities, together with the ethical requirements that are relevant to the audit of the consolidated financial statements of public interest entities in the Philippines. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Revenue Recognition for Sale of Goods

Revenue from sale of goods amounted to ₱3,028.1 million for the year ended December 31, 2025, representing 99.66% of the Group's total revenue. Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed on to the customer.

Revenue recognition from the sale of goods is a key audit matter because of the high volume of transactions, the need for proper cut-off, and its significant impact on the Group's profitability.



Our audit procedures included, among others, understanding and walkthrough of the revenue from sale of goods process, testing the design and operating effectiveness of relevant key controls, and performing substantive audit procedures to address the completeness and cut-off assertions. We also assessed the adequacy of the disclosures in Note 20 to the consolidated financial statements.

Impairment Assessment of Intangible Assets

The Group's intangible assets with indefinite useful lives amounted to ₱259.4 million as at December 31, 2025, representing 9.73% of the total consolidated assets. These assets are subject to assessment for impairment annually. The impairment assessment of intangible assets is a key audit matter because it requires significant judgment and assumptions in estimating the recoverable amount of the intangible assets.

Our audit procedures included, among others, assessing the appropriateness of the methodologies, assumptions and other data used by comparing these to external and historical data in the Group's impairment assessment. We also reviewed the cash flow projections included in the annual impairment assessment and evaluated whether a reasonably possible change in assumptions could cause the carrying amount to exceed its recoverable amount. Furthermore, we also assessed the adequacy of the disclosures in Note 12 to the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in SEC Form 20-IS (Definitive Information Statement) and SEC Form 17-A Annual Report for the year ended December 31, 2025, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement) and SEC Form 17-A Annual Report for the year ended December 31, 2025 are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

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

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

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

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



Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



- 4 -

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Arthur Vinson U. Ong.

REYES TACANDONG & Co.

Arthur Vinson Ong
ARTHUR VINSON U. ONG

Partner

CPA Certificate No. 120745

Tax Identification No. 253-222-555-000

BOA Accreditation No. 4782/P-018; Valid until June 6, 2026

SEC Accreditation No. 120745-SEC Group A

Issued March 29, 2022

Valid for Financial Periods 2021 to 2025

BIR Accreditation No. 08-005144-015-2026

Valid until March 2, 2029

PTR No. 10764031

Issued January 2, 2026, Makati City

April 23, 2026

Makati City, Metro Manila

FRUITAS HOLDINGS INC.

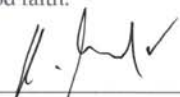
68 Data St. corner Cordillera St., Brgy. Don Manuel Quezon City, Philippines
Tel: (63.2)8-243-1741; Mobile No. +63967.782.4286
Email: ipo.compliance@fruitasholdings.com; compliancetax.fhi@gmail.com


**“STATEMENT OF MANAGEMENT’S RESPONSIBILITY
FOR ANNUAL INCOME TAX RETURN”**

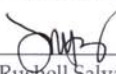
The Management of **Fruitash Holdings, Inc.** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2025. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2025 and the accompanying Annual Income Tax Return are in accordance with the books and records of Fruitash Holdings, Inc., complete, and correct in all material respects. Management likewise affirms that:


- (a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- (b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards (i.e. Philippine Financial Reporting Standards, or those applicable to Non-Publicly Accountable Entities) and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Company’s books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
- (c) the Company has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

Signature: 
Rogelio M. Guadalquiver
Chairman of the Board

Signature: 
Lester C. Yu
President and Chief Executive Officer

Signature: 
Rushell Salvador
Chief Financial Officer and Treasurer

Signed this 23rd day of April 2026
SUBSCRIBED AND SWORN
to before me this APR 29 2026
Affiant exhibited to me his/her


ATTY. JUAN G. PEKAS
Notary Public for Quezon City
A.C. No. 171 VALID UNTIL DEC. 31, 2026
Reg. of Attorneys No. 66493/TIN 289 467 753
Dir. No. 5 dated DECEMBER 30, 2025, QUEZON CITY
M.C. No. VB-001-2024, VALID UNTIL 14/APR/2028
P.T. No. 199-08-01, JANUARY 5, 2026, MARIKINA CITY
NOTED SA DEPARTMENT OF FINANCE, CUBAO, Q.C.

DOC NO. 401
PAGE NO. 88
BOOK NO. VIII
SERIES OF MM

FRUITAS HOLDINGS INC.

68 Data St. corner Cordillera St., Brgy. Don Manuel Quezon City, Philippines
Tel: (63.2)8-243-1741; Mobile No. +63967.782.4286
Email: ipo.compliance@fruitasholdings.com; compliancetax.fhi@gmail.com

STATEMENT OF MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL STATEMENTS


The Management of **Fruitas Holdings Inc.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein for the years ended **December 31, 2025 and 2024**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.


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


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

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

Reyes Tacandong & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signature: 
Rogelio M. Guadalquiver
Chairman of the Board


Signature: 
Lester C. Yu
President and Chief Executive Officer

Signature: 
Rushell Salvador
Chief Financial Officer and Treasurer

Signed this 23rd day of April 2026

SUBSCRIBED AND SWORN
to before me this APR 29 2026
Affiant exhibited to me his/her _____

DOC NO. 419
PAGE NO. 64
BOOK NO. 114
SERIES OF 111


ATTY. ARMIN G. PEKAS
NOTARY PUBLIC FOR QUEZON CITY
ADM. MATTER NO. NP 171 VALID UNTIL DEC. 31, 2026
ROLL OF ATTORNEY NO. 66493/TIN 289-467 753
IBP NO. 576803 DECEMBER 30, 2025, QUEZON CITY
MCLE NO. VIII 0013054, VALID UNTIL 14/APR/2028
PTR NO. 104-38501, JANUARY 5, 2026, MARIKINA CITY
603 EDSA DIAMOND FINANCE, CUBAO, Q.C.

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	2025	2024
ASSETS			
Current Assets			
Cash and cash equivalents	5	₱444,216,010	₱585,269,977
Financial assets at fair value through profit or loss (FVPL)	6	32,851,701	47,542,019
Trade receivables	7	131,393,328	110,243,597
Due from a related party	17	127,440,337	93,140,843
Inventories	8	82,333,937	71,688,320
Advance rentals	25	126,321,463	111,564,702
Other current assets	9	93,348,541	60,262,755
Total Current Assets		1,037,905,317	1,079,712,213
Noncurrent Assets			
Investment properties	10	177,566,643	273,150,325
Property and equipment	11	1,056,109,893	857,886,371
Right-of-use (ROU) assets	25	35,656,750	42,591,399
Intangible assets	12	260,021,817	260,184,731
Net deferred tax assets	26	87,157,141	64,035,796
Other noncurrent assets	13	10,056,208	6,206,650
Total Noncurrent Assets		1,626,568,452	1,504,055,272
		₱2,664,473,769	₱2,583,767,485
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	14	₱124,403,087	₱143,170,904
Current portion of:			
Notes payable	15	614,115,000	599,466,667
Lease liabilities	25	14,636,651	26,702,703
Mortgage payable	16	1,627,658	1,424,422
Income tax payable		39,279,538	29,376,532
Total Current Liabilities		794,061,934	800,141,228

(Forward)

		December 31	
	Note	2025	2024
Noncurrent Liabilities			
Noncurrent portion of:			
Notes payable	15	₱833,333	₱5,833,333
Lease liabilities	25	24,105,061	17,387,823
Mortgage payable	16	836,965	2,464,623
Security deposits	25	528,000	635,143
Retirement benefits liability	18	21,066,453	18,591,613
Net deferred tax liabilities	26	6,005,775	13,003,357
Total Noncurrent Liabilities		53,375,587	57,915,892
Total Liabilities		847,437,521	858,057,120
Equity			
Capital stock:			
Preferred stock	19	20,000,000	20,000,000
Common stock		213,368,000	213,368,000
Treasury stock	19	(13,905,580)	-
Additional paid-in capital	19	777,837,044	777,837,044
Retained earnings		470,470,934	384,728,091
Other equity reserves	4	195,207,311	195,207,311
Other comprehensive income		5,885,117	1,772,342
Equity Attributable to Equity Holders of the			
Parent Company		1,668,862,826	1,592,912,788
Non-controlling interests	19	148,173,422	132,797,577
Total Equity		1,817,036,248	1,725,710,365
		₱2,664,473,769	₱2,583,767,485

See accompanying Notes to Consolidated Financial Statements.

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	2025	2024	2023
REVENUE	20	₱3,038,400,118	₱2,903,454,769	₱2,469,098,397
DIRECT COSTS	21	(1,251,407,631)	(1,163,931,093)	(975,545,191)
GROSS PROFIT		1,786,992,487	1,739,523,676	1,493,553,206
SELLING AND DISTRIBUTION EXPENSES	22	(1,400,793,655)	(1,321,650,087)	(1,127,362,451)
GENERAL AND ADMINISTRATIVE EXPENSES	23	(209,469,898)	(241,429,707)	(215,474,285)
INTEREST EXPENSE	15	(44,600,124)	(35,303,165)	(27,600,379)
OTHER INCOME (CHARGES)	24	18,955,403	22,822,212	34,937,889
INCOME BEFORE INCOME TAX		151,084,213	163,962,929	158,053,980
PROVISION FOR (BENEFIT FROM)				
INCOME TAX	26			
Current		57,412,243	54,386,410	42,681,432
Deferred		(30,932,307)	(1,373,897)	2,199,856
		26,479,936	53,012,513	44,881,288
NET INCOME		124,604,277	110,950,416	113,172,692
OTHER COMPREHENSIVE INCOME				
<i>Not to be reclassified to profit or loss in subsequent periods</i>				
Remeasurement gain on retirement benefits liability, net of deferred tax	18	2,440,141	–	2,625,003
Gain on fair value changes of financial assets at fair value through other comprehensive income (FVOCI)	13	1,775,000	–	–
		4,215,141	–	2,625,003
TOTAL COMPREHENSIVE INCOME		₱128,819,418	₱110,950,416	₱115,797,695
Net income attributable to:				
Equity holders of the Parent Company		₱107,455,713	₱93,320,234	₱98,465,375
Non-controlling interests		17,148,564	17,630,182	14,707,317
		₱124,604,277	₱110,950,416	₱113,172,692
Total comprehensive income attributable to:				
Equity holders of the Parent Company		₱111,568,488	₱93,320,234	₱101,046,385
Non-controlling interests		17,250,930	17,630,182	14,751,310
		₱128,819,418	₱110,950,416	₱115,797,695
Basic and Diluted Earnings per Share	27	₱0.0488	₱0.0437	₱0.0461

See accompanying Notes to Consolidated Financial Statements.

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Years Ended December 31		
	Note	2025	2024	2023
Capital Stock				
Preferred stock	19	₱20,000,000	₱20,000,000	₱20,000,000
Common stock		213,368,000	213,368,000	213,368,000
		233,368,000	233,368,000	233,368,000
Treasury Stock				
Acquisition	19	(13,905,580)	–	–
Additional Paid-in Capital				
	19	777,837,044	777,837,044	777,837,044
Retained Earnings				
Balance at beginning of year		384,728,091	313,244,657	236,282,749
Net income		107,455,713	93,320,234	98,465,375
Cash dividends	19	(21,712,870)	(21,836,800)	(21,503,467)
Balance at end of year		470,470,934	384,728,091	313,244,657
Other Equity Reserves				
Balance at beginning of year	4	195,207,311	192,818,000	195,207,311
Acquisition of non-controlling interests		–	2,389,311	(2,389,311)
Balance at end of year		195,207,311	195,207,311	192,818,000
Other Comprehensive Income (Loss)				
<i>Cumulative Remeasurement Gain on Retirement Benefits Liability, Net of Deferred Tax</i>				
Balance at beginning of year		1,772,342	1,772,342	(808,668)
Remeasurement gain on retirement benefits liability, net of deferred tax		2,337,775	–	2,581,010
Balance at end of year		4,110,117	1,772,342	1,772,342
<i>Cumulative Gain on Fair Value Changes of Financial Assets at FVOCI</i>				
Gain on fair value changes of financial assets at FVOCI	13	1,775,000	–	–
		5,885,117	1,772,342	1,772,342
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY				
		1,668,862,826	1,592,912,788	1,519,040,043
NON-CONTROLLING INTERESTS				
Balance at beginning of year	19	132,797,577	117,229,980	102,478,670
Total comprehensive income		17,250,930	17,630,182	14,751,310
Cash dividends		(1,875,085)	(2,062,585)	–
Balance at end of year		148,173,422	132,797,577	117,229,980
		₱1,817,036,248	₱1,725,710,365	₱1,636,270,023

See accompanying Notes to Consolidated Financial Statements.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Years Ended December 31		
		2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		P151,084,213	P163,962,929	P158,053,980
Adjustments for:				
Depreciation and amortization	11	195,603,687	208,679,151	204,175,271
Interest expense	15	44,600,124	35,303,165	27,600,379
Interest income	24	(7,822,950)	(7,150,022)	(10,549,782)
Loss (gain) from changes in fair value of:				
Financial assets at FVPL	6	(6,871,095)	(2,827,932)	969,537
Investment properties	10	–	(6,668,500)	(583,150)
Retirement benefits cost	18	5,859,207	4,464,091	4,224,595
Dividend income	24	(1,912,736)	(8,907,919)	(2,097,144)
Loss (gain) from:				
Redemption of financial assets at FVPL	24	(806,564)	13,706	–
Pre-termination of lease	25	(35,596)	821,149	–
Share in net loss of an associate	13	267,535	–	–
Impairment loss on goodwill	12	–	8,483,852	–
Gain on bargain purchase	4	–	(6,811,298)	(24,000,000)
Operating income before working capital changes		379,965,825	389,362,372	357,793,686
Decrease (increase) in:				
Trade receivables		(21,149,731)	(39,649,438)	24,400,053
Inventories		(10,645,617)	(14,083,873)	(6,808,672)
Advance rentals and rental deposits		(16,698,854)	(7,389,039)	(6,610,054)
Other current assets		(30,037,735)	23,148,287	(53,277,612)
Increase (decrease) in:				
Trade and other payables		(18,767,817)	39,651,881	12,843,880
Security deposits		(107,143)	(209,376)	99,671
Net cash generated from operations		282,558,928	390,830,814	328,440,952
Income taxes paid		(50,557,288)	(47,981,424)	(18,922,769)
Interest paid		(41,324,258)	(28,586,905)	(17,610,100)
Interest received		7,822,950	7,150,022	10,549,782
Retirement benefits paid	18	(130,846)	(200,000)	(295,000)
Net cash provided by operating activities		198,369,486	321,212,507	302,162,865
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
Property and equipment	11	(270,732,875)	(509,932,923)	(301,105,973)
Financial assets at FVPL	6	(5,000,000)	–	–
Investment properties	10	(618,000)	(97,144,825)	(580,000)
Investment in an associate	13	(400,000)	–	–
Intangible assets	12	–	(814,572)	(3,000,000)
Additional due from a related party	17	(34,299,494)	–	–
Proceeds from redemption of financial assets at FVPL	6	27,367,977	16,589,159	1,115,720
Dividends received		1,912,736	8,907,919	2,097,144
Net cash outflow from business combination		–	(14,201,097)	–
Collections of due from a related party		–	10,506,603	74,281,762
Net cash used in investing activities		(281,769,656)	(586,089,736)	(227,191,347)

(Forward)

		Years Ended December 31		
	Note	2025	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from:				
Issuance of notes	28	₱1,185,700,000	₱873,500,000	₱252,800,000
Issuance of preferred stock		-	-	20,000,000
Payments of:				
Notes payable	28	(1,176,051,667)	(520,651,500)	(205,348,500)
Lease liabilities	28	(28,384,173)	(60,064,370)	(67,991,287)
Cash dividends	28	(23,587,955)	(23,566,052)	(21,359,543)
Acquisition of treasury stock	19	(13,905,580)	-	-
Mortgage payable	28	(1,424,422)	(644,493)	(80,909)
Net cash provided by (used in) financing activities		(57,653,797)	268,573,585	(21,980,239)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(141,053,967)	3,696,356	52,991,279
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		585,269,977	581,573,621	528,582,342
CASH AND CASH EQUIVALENTS AT END OF YEAR		₱444,216,010	₱585,269,977	₱581,573,621
SUPPLEMENTARY INFORMATION ON NONCASH ACTIVITIES				
Reclassification from investment properties to property and equipment	10, 11	₱96,201,682	₱-	₱-
Initial recognition of ROU assets and lease liabilities	25	20,016,299	11,511,421	22,584,216
Pre-termination of:				
Lease liabilities	25	(256,806)	(11,365,846)	-
ROU assets	25	(221,210)	(12,186,995)	-
Acquisition of transportation equipment through mortgage payable	11, 16	-	4,533,538	-
COMPONENTS OF CASH AND CASH EQUIVALENTS				
	5			
Cash on hand		₱9,091,689	₱17,664,230	₱25,624,552
Cash in banks		278,889,726	427,613,236	445,417,230
Cash equivalents		156,234,595	139,992,511	110,531,839
		₱444,216,010	₱585,269,977	₱581,573,621

See accompanying Notes to Consolidated Financial Statements.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2025 AND 2024
AND FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023

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
<i>*ownership through SKI</i>	
<i>**ownership through FGI</i>	
<i>***ownership through GEIL</i>	
<i>****ownership through NTI</i>	
<i>*****ownership through LFI</i>	

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 December 31, 2025, 2024 and 2023 are presented below.

Name of Companies	Principal Activities	Principal Place of Business	Percentage of Ownership (%)		
			2025	2024	2023
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	Samoa Islands	100	100	100
BEI	Restaurant	Philippines	60	60	-
Associate with indirect ownership -					
CCFI	Restaurant	Philippines	40	-	-

As at December 31, 2025 and 2024, the Parent Company is 53.78% and 52.84%, 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.

Approval of the Consolidated Financial Statements

The consolidated financial statements of the Group as at December 31, 2025 and 2024 and for the years ended December 31, 2025, 2024 and 2023 were approved and authorized for issuance by the Board of Directors (BOD) on April 23, 2026, as reviewed and recommended for approval by the Audit Committee on the same date.

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 December 31, 2025 and have not been applied in preparing the consolidated financial statements, are summarized below:

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

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

- Annual Improvements to PFRS Volume 11:
 - Amendments to PFRS 7, *Financial Instruments: Disclosures* – The amendments update and remove some obsolete references related to the gain or loss on derecognition on financial assets of an entity that has a continuing involvement and to the disclosure requirements on deferred differences between fair value and transaction price. The amendments also clarify that the illustrative guidance does not necessarily illustrate all the requirements for credit risk disclosure. Earlier application is permitted.
 - Amendments to PFRS 9, *Financial Instruments – Transaction Price and Lessee Derecognition of Lease Liabilities* – The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee must apply the derecognition criteria for a financial liability which requires recognition of a gain or loss in profit or loss. The amendments also replace the reference to ‘transaction price as defined by PFRS 15, Revenue from Contracts with Customers’ to ‘the amount determined by applying PFRS 15’ to remove potential confusion. Earlier application is permitted.
 - Amendments to PAS 7, *Statement of Cash Flows* – The amendments clarify that when accounting for an investment in an associate, a joint venture or a subsidiary accounted for by use of the equity or at cost, an investor restricts its reporting in the statements of cash flows to the cash flows between itself and the investee, such as dividends and advances.

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.

Financial Assets and Liabilities

Recognition and Measurement

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

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

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

Classification

The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at 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 December 31, 2025 and 2024, 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 December 31, 2025 and 2024, 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 December 31, 2025 and 2024, 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 December 31, 2025 and 2024, 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 December 31, 2025 and 2024, 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 contract is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified asset 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 2025, 2024 and 2023 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 December 31, 2025 and 2024 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 2025, 2024 and 2023 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 December 31, 2025 and 2024 are disclosed in Note 25.

Rental expense in 2025, 2024 and 2023 is 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 December 31, 2025 and 2024 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 December 31, 2025 and 2024, 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 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 December 31, 2025 and 2024 is disclosed in Note 10.

The carrying amount of property and equipment as at December 31, 2025 and 2024 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 2025, 2024 and 2023.

The carrying amounts of the Group's financial assets at amortized cost as at December 31, 2025 and 2024 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 December 31, 2025 and 2024 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 December 31, 2025 and 2024, the cost of inventories is lower than NRV.

No inventory write-down was recognized in 2025, 2024 and 2023.

The carrying amount of inventories as at December 31, 2025 and 2024 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 December 31, 2025 and 2024 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 2025 and 2024.

The carrying amount of depreciable property and equipment as at December 31, 2025 and 2024 and the related depreciation and amortization in 2025, 2024 and 2023 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 December 31, 2025 and 2024 are greater than the corresponding carrying amounts of the brand names.

No impairment loss on brand names with indefinite useful life was recognized in 2025, 2024 and 2023.

The carrying amount of the Group's brand names with indefinite useful life as at December 31, 2025 and 2024 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 2025 and 2023. Impairment loss on goodwill was recognized in 2024 as disclosed in Note 12.

The carrying amount of the Group's goodwill as at December 31, 2025 and 2024 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 2025, 2024 and 2023.

The carrying amounts of the Group's other nonfinancial assets as at December 31, 2025 and 2024 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 2025, 2024 and 2023 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 December 31, 2025 and 2024 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 December 31, 2025 and 2024 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 December 31, 2025 and 2024 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)
	<u>₱143,954,532</u>

5. Cash and Cash Equivalents

This account consists of:

	2025	2024
Cash on hand	₱9,091,689	₱17,664,230
Cash in banks	278,889,726	427,613,236
Cash equivalents	156,234,595	139,992,511
	<u>₱444,216,010</u>	<u>₱585,269,977</u>

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%, 4.20% to 6.25% and 4.20% to 6.00% in 2025, 2024 and 2023, respectively.

Interest income in 2025, 2024 and 2023 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	2025	2024
Balance at beginning of year		₱47,542,019	₱61,316,952
Redemption		(26,561,413)	(16,602,865)
Unrealized gain from changes in fair value	24	6,871,095	2,827,932
Additions		5,000,000	—
Balance at end of year		<u>₱32,851,701</u>	<u>₱47,542,019</u>

Dividend income in 2025, 2024 and 2023 is disclosed in Note 24.

Various financial assets at FVPL were redeemed for ₱27.4 million, ₱16.6 million and ₱1.1 million in 2025, 2024 and 2023, respectively. Gain (loss) on redemption of financial assets at FVPL in 2025, 2024 and 2023 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:

	2025	2024
Trade receivables	₱134,631,328	₱113,481,597
Less allowance for ECL	3,238,000	3,238,000
	₱131,393,328	₱110,243,597

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

8. Inventories

This account consists of:

	2025	2024
At cost:		
Food and beverages	₱49,830,442	₱45,710,521
Store supplies and others	32,503,495	25,977,799
	₱82,333,937	₱71,688,320

As at December 31, 2025 and 2024, the cost of inventories is lower than the NRV.

Cost of inventories charged to operations in 2025, 2024 and 2023 is disclosed in Note 21.

9. Other Current Assets

This account consists of:

	2025	2024
Advances to suppliers	₱39,696,329	₱35,431,459
Advances to officers and employees	34,670,249	5,153,715
CWT	6,253,906	3,205,855
Spare parts, materials and supplies	5,917,390	6,172,029
Construction bond	3,920,059	6,793,747
Input VAT	1,051,657	3,050,069
Others	1,838,951	455,881
	₱93,348,541	₱60,262,755

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:

	2025			Total
	Land	Land Improvements	Building and Building Improvements	
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 and 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
	2024			Total
	Land	Land Improvements	Building and Building Improvements	
Cost				
Balance at beginning of year	₱95,393,047	₱577,500	₱31,984,503	₱127,955,050
Additions	53,569,111	119,750	43,455,964	97,144,825
Balance at end of year	148,962,158	697,250	75,440,467	225,099,875
Cumulative Fair Value Changes				
Balance at beginning of year	44,669,953	(201,500)	(3,086,503)	41,381,950
Gain (loss) from changes in fair value	8,185,500	(12,000)	(1,505,000)	6,668,500
Balances at end of year	52,855,453	(213,500)	(4,591,503)	48,050,450
Carrying Amount	₱201,817,611	₱483,750	₱70,848,964	₱273,150,325

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:

Location	Significant unobservable inputs	Range (weighted average)	
		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 2025, 2024 and 2023 is disclosed in Note 20. The related direct cost pertains to real property taxes which amounted to ₱0.7 million, ₱0.3 million and ₱0.3 million in 2025, 2024 and 2023, respectively.

1.1. Property and Equipment

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

	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

	2024						
	Land	Leasehold Improvements	Store Furniture, Fixtures and Equipment	Transportation Equipment	Office Furniture, Fixtures and Equipment	Construction in Progress	Total
Cost							
Balance at beginning of year	₱148,842,350	₱340,174,436	₱-	₱451,349,077	₱96,863,406	₱49,348,028	₱1,086,577,297
Additions	343,945,658	54,977,104	54,977,104	69,162,822	34,031,344	14,029,069	516,145,997
Balance at end of year	492,788,008	395,151,540	395,151,540	520,511,899	130,894,750	63,377,097	1,602,723,294
Accumulated Depreciation and Amortization							
Balance at beginning of year	-	190,626,785	-	296,993,858	47,426,441	37,213,801	572,260,885
Depreciation and amortization	-	57,358,720	247,985,505	73,972,826	19,689,721	21,554,771	172,576,038
Balance at end of year	-	247,985,505	247,985,505	370,966,684	67,116,162	58,768,572	744,836,923
Carrying Amount	₱492,788,008	₱147,166,035	₱149,545,215	₱149,545,215	₱63,778,588	₱4,608,525	₱857,886,371

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 2024, the Group obtained mortgage payable to finance its acquisition of transportation equipment amounting to ₱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	2025	2024	2023
Property and equipment		₱168,711,035	₱172,576,038	₱146,790,650
ROU assets	25	26,729,738	36,103,113	56,694,379
Intangible assets	12	162,914	–	690,242
		₱195,603,687	₱208,679,151	₱204,175,271

Depreciation and amortization are charged to the following:

	Note	2025	2024	2023
Direct costs	21	₱9,338,542	₱9,966,330	₱27,508,897
Selling and distribution expenses	22	149,751,755	163,468,137	135,599,629
General and administrative expenses	23	36,513,390	35,244,684	41,066,745
		₱195,603,687	₱208,679,151	₱204,175,271

The cost of fully depreciated and amortized property and equipment that are still in use by the Group amounted to ₱494.1 million and ₱428.0 million as at December 31, 2025 and 2024, respectively.

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:

	Note	2025			Total
		Brand Names	Goodwill	Software License	
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

	Note	2024			Total
		Brand Names	Goodwill	Software License	
Cost					
Balance at beginning of year		₱241,348,448	₱-	₱5,193,830	₱246,542,278
Additions		7,811,298	18,694,265	814,572	27,320,135
Balance at 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		-	-	5,193,830	5,193,830
Impairment loss	24	-	8,483,852	-	8,483,852
Balance at end of year		-	8,483,852	5,193,830	13,677,682
Carrying Amount		₱249,159,746	₱10,210,413	₱814,572	₱260,184,731

Brand Names

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

Brand Name	Year Acquired	2024	
		2025	2024
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 December 31, 2025 and 2024, 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.

In 2025 and 2023, no impairment loss on goodwill was recognized. In 2024, the Group recognized impairment loss on goodwill amounting to ₱8.5 million. The impairment loss was recorded under “Other income (charges)” in the consolidated statements of comprehensive income.

13. Other Noncurrent Assets

This account consists of:

	Note	2025	2024
Rental deposits	25	₱6,423,743	₱4,481,650
Financial assets at FVOCI		3,500,000	1,725,000
Investment in an associate		132,465	–
		₱10,056,208	₱6,206,650

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:

	2025	2024
Balance at beginning of year	₱1,725,000	₱1,725,000
Unrealized fair value gain	1,775,000	–
Balance at end of year	₱3,500,000	₱1,725,000

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. As at December 31, 2024, the Group has assessed that the cost of the investment approximates its fair value.

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:

	2025	2024
Trade payables	₱64,694,998	₱84,096,975
Statutory payables	51,173,557	41,535,274
Accrued expenses	7,386,785	17,015,813
Dividend payable	500,000	500,000
Others	647,747	22,842
	₱124,403,087	₱143,170,904

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

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

Accrued expenses consist mainly of rentals, unpaid salaries and professional fees which are 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:

	2025	2024
Balance at beginning of year	₱594,466,667	₱252,451,500
Availment	1,185,700,000	858,500,000
Payments	(1,171,051,667)	(516,484,833)
Balance at end of year	₱609,115,000	₱594,466,667

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:

	2025	2024
Balance at beginning of year	₱10,833,333	₱-
Availment	-	15,000,000
Payments	(5,000,000)	(4,166,667)
Balance at end of year	5,833,333	10,833,333
Less current portion	5,000,000	5,000,000
Noncurrent portion	₱833,333	₱5,833,333

Interest charged to operations is as follows:

	Note	2025	2024	2023
Notes payable		₱41,030,172	₱28,444,537	₱17,608,962
Lease liabilities	25	3,275,866	6,716,260	9,990,279
Mortgage payable	16	294,086	142,368	1,138
		₱44,600,124	₱35,303,165	₱27,600,379

16. Mortgage Payable

Balances and movements in this account are as follows:

	2025	2024
Balance at beginning of year	₱3,889,045	₱-
Availment	-	4,533,538
Payments	(1,424,422)	(644,493)
Balance at end of year	2,464,623	3,889,045
Less current portion	1,627,658	1,424,422
Noncurrent portion	₱836,965	₱2,464,623

In 2024, the Group obtained loans from a local commercial bank to finance its acquisition of transportation equipment. The loans are payable in monthly installments up to July 2027 with interest rates ranging from 9.00% to 9.10% per annum. Interest expense is disclosed in Note 15.

17. Related Party Transactions

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

Related Party	Nature of Transactions	Amount of Transactions		Outstanding Balances	
		2025	2024	2025	2024
Due from a Related Party					
Ultimate Parent Company	Cash advances	₱34,299,494	₱-	₱127,440,337	₱93,140,843

Terms and Conditions of Transactions with the Ultimate Parent Company

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 2025, 2024 and 2023.

Compensation of Key Management Personnel

The compensation of key management personnel are as follows:

	2025	2024	2023
Short-term employee benefits	₱28,141,284	₱26,783,959	₱26,478,751
Retirement benefits	1,169,431	827,023	1,014,662
	₱29,310,715	₱27,610,982	₱27,493,413

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).

	2025	2024	2023
Current service cost	₱4,712,245	₱3,648,248	₱3,501,193
Interest cost	1,146,962	815,843	723,402
	₱5,859,207	₱4,464,091	₱4,224,595

Movements in the retirement benefits liability are as follows:

	2025	2024
Balance at beginning of year	₱18,591,613	₱14,327,522
Current service cost	4,712,245	3,648,248
Interest cost	1,146,962	815,843
Actuarial gain due to:		
Experience adjustments	(2,027,305)	-
Changes in financial assumptions	(1,226,216)	-
Benefits paid	(130,846)	(200,000)
Balance at end of year	₱21,066,453	₱18,591,613

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:

	2025		2024	
	Number of Shares	Amount	Number of Shares	Amount
Authorized				
Preferred Stock - ₱0.01 par value				
Balance at beginning and end of year	3,000,000,000	₱30,000,000	3,000,000,000	₱30,000,000
Common Stock - ₱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	₱500,000,000
Preferred Stock - ₱0.01 par value				
<i>Issued and Outstanding</i>				
Balance at beginning and end of year	2,000,000,000	₱20,000,000	2,000,000,000	₱20,000,000
Common Stock - ₱0.10 par value				
<i>Issued</i>				
Balance at beginning and end of year	2,133,680,000	₱213,368,000	2,133,680,000	₱213,368,000
<i>Treasury Stock</i>				
Acquisition	(22,322,000)	(13,905,580)	—	—
<i>Outstanding</i>	2,111,358,000	₱199,462,420	2,133,680,000	₱213,368,000

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 December 31, 2025 and 2024, the Parent Company has 2,133,680,000 common stock listed on the PSE.

In 2025, the Parent Company reacquired 22,322,000 of its own common stock. Treasury stock amounted to ₱13.9 million as at December 31, 2025.

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

Capital Management

The 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:

	2025	2024
Total debt	₱847,437,521	₱858,057,120
Total equity	1,817,036,248	1,725,710,365
Debt-to-equity ratio	0.47:1	0.50:1

The public ownership of the Group is 39.74% and 40.75% as at December 31, 2025 and 2024, respectively.

As at December 31, 2025 and 2024, the Parent Company has 122 and 121 stockholders, respectively.

Non-controlling Interests

The Group's non-controlling interests pertain to the non-controlling stockholders of BNFI and BEI. As at December 31, 2025 and 2024, the non-controlling ownership interests in BNFI and BEI amounted to 25.08% and 40%, respectively.

Non-controlling interests amounted to ₱148.2 million and ₱132.8 million as at December 31, 2025 and 2024, respectively.

Below are the summarized financial information of subsidiaries with material non-controlling interests, as at and for the years ended December 31, 2025 and 2024. The information presented is before intercompany eliminations and other consolidation adjustments.

	2025		2024	
	BNFI	BEI	BNFI	BEI
Total Current Assets	₱456,393,268	₱3,901,259	₱399,344,115	₱1,976,266
Total Noncurrent Assets	245,879,457	4,516,232	210,404,691	3,564,148
Total Current Liabilities	100,383,302	5,868,882	76,178,505	1,142,892
Total Noncurrent Liabilities	17,215,637	–	13,153,927	–
Total Equity	584,673,786	2,548,609	520,416,374	4,397,522
Revenue	766,409,244	6,918,881	668,000,080	–
Net Income (Loss)	71,324,279	(1,848,913)	67,835,939	1,542,322
Total Comprehensive Income (Loss)	71,732,437	(1,848,913)	67,835,939	1,542,322

20. Revenue

This account consists of:

	Note	2025	2024	2023
Sale of goods		₱3,028,053,837	₱2,883,934,173	₱2,463,921,531
Franchise fees	25	9,268,852	17,725,596	1,504,784
Rental income	25	1,077,429	1,795,000	3,672,082
		₱3,038,400,118	₱2,903,454,769	₱2,469,098,397

21. Direct Costs

This account consists of:

	Note	2025	2024	2023
Direct materials	8	₱1,114,290,826	₱1,057,064,335	₱875,620,398
Salaries, wages and other employees' benefits		102,066,966	80,899,645	67,300,832
Rental	25	13,535,295	–	–
Utilities		10,165,082	14,468,851	3,781,200
Depreciation and amortization	11	9,338,542	9,966,330	27,508,897
Taxes and licenses		2,010,920	1,531,932	1,333,864
		₱1,251,407,631	₱1,163,931,093	₱975,545,191

22. Selling and Distribution Expenses

This account consists of:

	Note	2025	2024	2023
Salaries, wages and other employees' benefits		₱508,424,007	₱479,370,150	₱431,427,163
Rental	25	249,052,121	220,369,367	203,613,146
Depreciation and amortization	11	149,751,755	163,468,137	135,599,629
Outside services		147,668,664	127,062,348	121,284,969
Utilities		122,116,837	103,600,633	85,699,267
Service fees		58,956,763	59,445,927	21,688,254
Transportation and travel		45,331,241	42,821,044	36,018,129
Advertisement		43,575,908	42,911,720	21,973,574
Repairs and maintenance		18,673,174	21,201,676	23,281,820
Distribution supplies		15,660,163	14,493,805	5,094,419
Training and development		8,373,296	6,715,210	6,794,434
Insurance		5,415,284	4,114,233	3,750,545
Management fees		4,246,147	20,509,884	9,522,215
Others		23,548,295	15,565,953	21,614,887
		₱1,400,793,655	₱1,321,650,087	₱1,127,362,451

23. General and Administrative Expenses

This account consists of:

	Note	2025	2024	2023
Salaries, wages and other employees' benefits		₱49,703,977	₱55,273,891	₱44,693,011
Taxes and licenses		46,842,115	50,589,356	41,007,210
Depreciation and amortization	11	36,513,390	35,244,684	41,066,745
Representation		20,486,572	10,454,685	9,427,199
Store and office supplies		8,162,428	9,538,393	5,630,620
Outside services		8,047,914	9,962,979	5,032,222
Rental	25	7,947,999	28,780,176	24,780,412
Professional fees		7,766,328	7,704,432	9,699,344
Retirement benefits cost	18	5,859,207	4,464,091	4,224,595
Utilities		5,388,992	5,353,502	8,307,129
Advertisement		2,388,091	9,278,392	9,315,307
Management fees		113,494	206,986	887,998
Others		10,249,391	14,578,140	11,402,493
		₱209,469,898	₱241,429,707	₱215,474,285

24. Other Income (Charges)

This account consists of:

	Note	2025	2024	2023
Interest income	5	₱7,822,950	₱7,150,022	₱10,549,782
Gain (loss) from:				
Change in fair value of financial assets at FVPL	6	6,871,095	2,827,932	(969,537)
Redemption of financial assets at FVPL	6	806,564	(13,706)	–
Pre-termination of lease	25	35,596	(821,149)	–
Bargain purchase		–	6,811,298	24,000,000
Change in fair value of investment properties	10	–	6,668,500	583,150
Dividend income	6	1,912,736	8,907,919	2,097,144
Share in net loss of an associate	13	(267,535)	–	–
Impairment loss on goodwill	12	–	(8,483,852)	–
Others		1,773,997	(224,752)	(1,322,650)
		₱18,955,403	₱22,822,212	₱34,937,889

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

Group as Lessee - Short-term Leases

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.

Rental expense is charged to operations as follows:

	Note	2025	2024	2023
Direct costs	21	₱13,535,295	₱–	₱–
Selling and distribution expenses	22	249,052,121	220,369,367	203,613,146
General and administrative expenses	23	7,947,999	28,780,176	24,780,412
		₱270,535,415	₱249,149,543	₱228,393,558

The advance rentals will be utilized as rental payments for the last two to three months of the lease term. This amounted to ₱126.3 million and ₱111.6 million as at December 31, 2025 and 2024, respectively.

Group as Lessee - Long-term Leases

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:

				2025		
	Note	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		

				2024		
	Note	Outlets Spaces	Land and Building	Total		
Cost						
Balance at beginning of year		₱67,726,973	₱172,919,019	₱240,645,992		
Additions		11,511,421	-	11,511,421		
Retirement of lease		(12,147,710)	(29,136,990)	(41,284,700)		
Pre-termination of lease		(36,865,500)	(10,069,601)	(46,935,101)		
Balance at end of year		30,225,184	133,712,428	163,937,612		
Accumulated Amortization						
Balance at beginning of year		54,427,380	106,848,526	161,275,906		
Amortization	11	6,382,906	29,720,207	36,103,113		
Retirement of lease		(12,147,710)	(29,136,990)	(41,284,700)		
Pre-termination of lease		(26,834,697)	(7,913,409)	(34,748,106)		
Balance at end of year		21,827,879	99,518,334	121,346,213		
Carrying Amount		₱8,397,305	₱34,194,094	₱42,591,399		

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

				2025		
	Note	Outlets Spaces	Land and Building	Total		
Balance at beginning of year		₱8,144,185	₱35,946,341	₱44,090,526		
Additions		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		

	Note	2024		Total
		Outlets Spaces	Land and Building	
Balance at beginning of year		₱31,829,767	₱65,463,294	₱97,293,061
Additions		11,511,421	–	11,511,421
Rental payments		(29,266,484)	(30,797,886)	(60,064,370)
Pre-termination of lease		(8,344,196)	(3,021,650)	(11,365,846)
Interest	15	2,413,677	4,302,583	6,716,260
Balance at end of year		8,144,185	35,946,341	44,090,526
Less current portion		7,263,738	19,438,965	26,702,703
Noncurrent portion		₱880,447	₱16,507,376	₱17,387,823

The incremental borrowing rates applied to the lease liabilities range from 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.

The amounts recognized in profit or loss are as follows:

	Note	2025	2024	2023
Rental expense - short-term lease		₱270,535,415	₱249,149,543	₱228,393,558
Amortization of ROU assets	11	26,729,738	36,103,113	56,694,379
Interest expense on lease liabilities		3,275,866	6,716,260	9,990,279
Gain (loss) from pre-termination of lease	24	35,596	(821,149)	–

The Group's total cash outflows for leases amounted to ₱298.9 million, ₱309.2 million, and ₱296.4 million in 2025, 2024 and 2023, respectively.

The rental deposits will be applied against any unpaid rentals and other expenses related to the lease upon termination. This amounted to ₱6.4 million and ₱4.5 million as at December 31, 2025 and 2024, respectively (see Note 13).

Reclassification

The Group reclassified rental deposits amounting to ₱101.6 million to advance rentals in the 2024 consolidated statement of financial position to appropriately classify and segregate lease-related assets of the Group as a lessee, resulting in a reclassification from noncurrent to current assets.

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 million and ₱0.6 million as at December 31, 2025 and 2024, respectively, are noninterest-bearing and will be refunded at the end of the lease term.

Rental income in 2025, 2024 and 2023 is disclosed in Note 20.

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 2025, 2024 and 2023 is disclosed in Note 20.

26. Income Taxes

Components of provision for (benefit from) income tax are as follows:

	2025	2024	2023
Profit or loss:			
Current	₱57,412,243	₱54,386,410	₱42,681,432
Deferred	(30,932,307)	(1,373,897)	2,199,856
	₱26,479,936	₱53,012,513	₱44,881,288
Other Comprehensive Income -			
Deferred	₱813,380	₱-	₱875,000

The components of the Group's net deferred tax assets and liabilities as at December 31, 2025 and 2024 are as follows:

	2025	2024
Net deferred tax assets:		
Recognized deferred tax asset for excess MCIT over RCIT	₱63,163,742	₱32,449,621
Recognized deferred tax asset for NOLCO	17,661,349	25,530,897
Retirement benefits liability	4,795,724	4,634,165
Allowance for impairment loss	809,500	1,090,746
Lease liabilities, net of ROU assets	726,826	330,367
	₱87,157,141	₱64,035,796
Net deferred tax liabilities:		
Gain from change in fair value of investment properties	₱12,012,613	₱12,012,613
Depreciation expense of investment properties for tax purposes	2,138,338	990,744
Recognized deferred tax asset for NOLCO	(7,159,928)	-
Recognized deferred tax asset for excess MCIT over RCIT	(514,357)	-
Retirement benefits liability	(470,891)	-
	₱6,005,775	₱13,003,357

Deferred tax assets on NOLCO and excess MCIT over RCIT of subsidiaries aggregating ₱8.0 million and ₱17.5 million as at December 31, 2025 and 2024, respectively, were not recognized since management has assessed that there may be no sufficient future taxable income against which the deferred tax assets can be utilized within the period allowed by the tax regulations.

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

Year Incurred	Balance at Beginning	Incurred	Applied	Expired	Balance at End	Expiry Date
2025	₱-	₱29,486,941	₱-	₱-	₱29,486,941	2028
2024	28,288,102	-	-	-	28,288,102	2027
2023	19,037,720	-	-	-	19,037,720	2026
2022	23,335,499	-	(766,259)	(22,569,240)	-	2025
2021	101,281,260	-	(45,828,512)	-	55,452,748	2026
2020	3,062,183	-	(1,366,863)	(1,695,320)	-	2025
	₱175,004,764	₱29,486,941	(₱47,961,634)	(₱24,264,560)	₱132,265,511	

As mandated by Section 4 of Republic Act No. 11494 or the "Bayanihan to Recover as One Act" and implemented under Revenue Regulations No. 25-2020, the net operating loss of a business enterprise incurred for the taxable years 2021 and 2020 can be carried over as a deduction from taxable income for the next five consecutive taxable years following the year of such loss.

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

Year Incurred	Balance at Beginning	Incurred	Expired	Balance at End	Expiry Year
2025	₱-	₱23,635,990	₱-	₱23,635,990	2028
2024	24,328,132	-	-	24,328,132	2027
2023	17,131,561	-	-	17,131,561	2026
2022	1,987,410	-	(1,987,410)	-	2025
	₱43,447,103	₱23,635,990	(₱1,987,410)	₱65,095,683	

The reconciliation of provision for income tax computed at statutory tax rate and effective tax rate are as follows:

	2025	2024	2023
Provision for income tax at statutory tax rate	₱40,363,143	₱43,891,078	₱38,896,457
Changes in unrecognized deferred tax assets	(19,129,145)	9,576,163	12,818,289
Tax effects of:			
Expired NOLCO	5,162,588	30,691	-
Non-deductible expenses	3,530,903	1,939,909	348,867
Dividend income exempt from income tax	(2,542,897)	(3,257,518)	(7,924,271)
Interest income already subjected to final tax	(1,455,452)	(1,287,044)	(1,391,310)
Gain (loss) on change in fair value of financial assets at FVPL	(1,436,614)	(651,940)	2,133,256
Expired excess MCIT over RCIT	1,987,410	2,771,174	-
Provision for income tax at effective tax rate	₱26,479,936	₱53,012,513	₱44,881,288

27. Earnings per Share

Basic and diluted earnings per share are computed as follows:

	2025	2024	2023
Net income attributable to equity holders of the Parent Company	₱107,455,713	₱93,320,234	₱98,465,375
Divided by weighted average number of outstanding common shares	2,203,977,038	2,133,680,000	2,133,680,000
	₱0.0488	₱0.0437	₱0.0461

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.

28. 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						2025
	2024	Noncash	Proceeds	Payments	Interest Expense	Dividends Declared	
Notes payable	₱605,300,000	₱-	₱1,185,700,000	(₱1,176,051,667)	₱-	₱-	₱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
	₱653,779,571	₱19,759,493	₱1,185,700,000	(₱1,229,448,217)	₱3,275,866	₱23,587,955	₱656,654,668

*effect of PFRS 16

	Financing Cash Flows						2024
	2023	Noncash	Proceeds	Payments	Interest Expense	Dividends Declared	
Notes payable	₱252,451,500	₱-	₱873,500,000	(₱520,651,500)	₱-	₱-	₱605,300,000
Lease liabilities	97,293,061	145,575*	-	(60,064,370)	6,716,260	-	44,090,526
Mortgage payable	-	4,533,538**	-	(644,493)	-	-	3,889,045
Dividends payable	166,667	-	-	(23,566,052)	-	23,899,385	500,000
	₱349,911,228	₱4,679,113	₱873,500,000	(₱604,926,415)	₱6,716,260	₱23,899,385	₱653,779,571

*effect of PFRS 16

**acquisition of transportation equipment through mortgage payable

29. 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:

	2025	2024
Financial assets at amortized cost:		
Cash in banks and cash equivalents*	₱435,124,321	₱567,605,747
Trade receivables	134,631,328	113,481,597
Due from a related party	127,440,337	93,140,843
Construction bond**	3,920,059	6,793,747
Financial assets at FVPL	32,851,701	47,542,019
Financial assets at FVOCI***	3,500,000	1,725,000
	₱737,467,746	₱830,288,953

*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 tables below show the credit quality of financial assets:

	2025				
	Neither Past Due nor Impaired		Past Due but		Total
	High Grade	Standard Grade	Not Impaired	Impaired	
Financial Assets at Amortized Cost					
Lifetime ECL -					
Trade receivables	₱-	₱131,393,328	₱-	₱3,238,000	₱134,631,328
12-month ECL:					
Cash in banks and cash equivalents*	435,124,321	-	-	-	435,124,321
Due from a related party	-	127,440,337	-	-	127,440,337
Construction bond**	-	3,920,059	-	-	3,920,059
	₱435,124,321	₱262,753,724	₱-	₱3,238,000	₱701,116,045

*Presented under "Cash and cash equivalents" account (see Note 5)

**Presented under "Other current assets" account (see Note 9)

	2024				
	Neither Past Due nor Impaired		Past Due but		Total
	High Grade	Standard Grade	Not Impaired	Impaired	
Financial Assets at Amortized Cost					
Lifetime ECL -					
Trade receivables	₱-	₱110,243,597	₱-	₱3,238,000	₱113,481,597
12-month ECL:					
Cash in banks and cash equivalents*	567,605,747	-	-	-	567,605,747
Due from a related party	-	93,140,843	-	-	93,140,843
Construction bond**	-	6,793,747	-	-	6,793,747
	₱567,605,747	₱210,178,187	₱-	₱3,238,000	₱781,021,934

*Presented under "Cash and cash equivalents" account (see Note 5)

**Presented under "Other current assets" account (see Note 9)

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 December 31, 2025 and 2024. 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:

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

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

	2025					Total
	Payable on Demand	1 to 120 Days	121 to 240 Days	241 to 360 Days	Over 360 Days	
Trade and other payables*	P-	P73,229,530	P-	P-	P-	P73,229,530
Notes payable**	-	600,944,486	5,964,757	12,227,359	839,844	619,976,446
Lease liabilities**	-	5,658,594	5,555,577	5,535,593	26,579,333	43,329,097
Mortgage payable**	-	572,836	572,836	572,836	931,611	2,650,119
Security deposits	-	-	-	-	528,000	528,000
	P-	P680,405,446	P12,093,170	P18,335,788	P28,878,788	P739,713,192

*Excluding nonfinancial liabilities

**Including future interests

	2024					Total
	Payable on Demand	1 to 120 Days	121 to 240 Days	241 to 360 Days	Over 360 Days	
Trade and other payables*	P-	P101,635,630	P-	P-	P-	P101,635,630
Notes payable**	-	599,947,052	2,027,208	3,393,091	6,061,198	611,428,549
Lease liabilities**	-	8,117,117	7,631,810	5,279,959	28,812,126	49,841,012
Mortgage payable**	-	572,836	572,836	572,836	2,650,119	4,368,627
Security deposits	-	-	-	-	635,143	635,143
	P-	P710,272,635	P10,231,854	P9,245,886	P38,158,586	P767,908,961

*Excluding nonfinancial liabilities

**Including future interests

30. Fair Value Measurement

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

	2025		2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets at Amortized Cost				
Cash and cash equivalents	P444,216,010	P444,216,010	P585,269,977	P585,269,977
Trade receivables	131,393,328	131,393,328	110,243,597	110,243,597
Due from a related party	127,440,337	127,440,337	93,140,843	93,140,843
Construction bond*	3,920,059	3,920,059	6,793,747	6,793,747
Financial Assets at FVPL	32,851,701	32,851,701	47,542,019	47,542,019
Financial Assets at FVOCI**	3,500,000	3,500,000	1,725,000	1,725,000
	P743,321,435	P743,321,435	P844,715,183	P844,715,183
Financial Liabilities at Amortized Cost				
Trade and other payables***	P73,229,530	P73,229,530	P101,635,630	P101,635,630
Notes payable	614,948,333	615,001,981	605,300,000	605,348,861
Mortgage payable	2,464,623	2,648,855	3,889,045	3,978,314
Security deposits	528,000	502,075	635,143	606,305
	P691,170,486	P691,382,441	P711,459,818	P711,569,110

*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.

Notes Payable and Mortgage Payable. The fair values of notes payable and mortgage payable are estimated as the present value of all future cash flows discounted using applicable rates of similar types of instruments as at reporting date. The discount rates used ranged from 4.71% to 5.22% and 5.73% to 6.18% as at December 31, 2025 and 2024, respectively. The fair values of notes payable and mortgage payable are classified in Level 2 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 2025, 2024 and 2023.

31. 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 2025, 2024 and 2023.



REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
FRUITAS HOLDINGS, INC. AND SUBSIDIARIES
No. 68 Data St. Brgy. Don Manuel
Quezon City, Metro Manila, Philippines, 1113

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of FRUITAS HOLDINGS, INC. AND SUBSIDIARIES (a subsidiary of LUSH PROPERTIES, INC.) (the "Group") as at December 31, 2025 and 2024 and for the years ended December 31, 2025, 2024 and 2023, and have issued our report thereon dated April 23, 2026. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole.

The following supplementary schedules are the responsibility of the Group's management. These are presented for purposes of complying with the Revised Securities Regulation Code (SRC) Rule 68 Part II, and are not part of the basic consolidated financial statements.

- Reconciliation of the Parent Company's Retained Earnings Available for Dividend Declaration as at December 31, 2025
- Schedules required by Annex 68-J as at December 31, 2025
- Schedule of Financial Soundness Indicators as at and for the years ended December 31, 2025 and 2024
- Conglomerate Map as at December 31, 2025

The supplementary schedules have been subjected to the audit procedures applied in our audits of the basic consolidated financial statements and, in our opinion, are fairly stated, in all material respects, the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

The Schedule of Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management.

The financial soundness indicators are not measures of operating performance defined by the Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at and for the years ended December 31, 2025 and 2024.

REYES TACANDONG & Co.


ARTHUR VINSON U. ONG

Partner

CPA Certificate No. 120745

Tax Identification No. 253-222-555-000

BOA Accreditation No. 4782/P-018; Valid until June 6, 2026

SEC Accreditation No. 120745-SEC Group A

Issued March 29, 2022

Valid for Financial Periods 2021 to 2025

BIR Accreditation No. 08-005144-015-2026

Valid until March 2, 2029

PTR No. 10764031

Issued January 2, 2026, Makati City

April 23, 2026

Makati City, Metro Manila

**RECONCILIATION OF THE PARENT COMPANY'S RETAINED EARNINGS AVAILABLE FOR
DIVIDEND DECLARATION
FOR THE REPORTING YEAR ENDED DECEMBER 31, 2025**

FRUITAS HOLDINGS, INC.

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

	Amount
Unappropriated retained earnings, beginning of reporting period	₱281,287,669
Add: <u>Category A</u>: Items that are directly credited to unappropriated retained earnings	
Reversal of retained earnings appropriation/s	₱–
Effect of restatements or prior-period adjustments	–
Others (Beginning balance of cumulative deferred tax assets related to set up of right-of-use of asset and lease liability and set up of retirement obligation directly debited to unappropriated retained earnings)	–
Less: <u>Category B</u>: Items that are directly debited to unappropriated retained earnings	
Dividend declaration during the reporting period	(21,712,870)
Retained earnings appropriated during the reporting period	–
Effect of restatements or prior-period adjustments	–
Others (Beginning balance of cumulative deferred tax assets related to set up of right-of-use of asset and lease liability and set up of retirement obligation directly debited to unappropriated retained earnings)	–
Unappropriated retained earnings, as adjusted	259,574,799
Add/less: Net income (loss) for the current year	559,910
Less: <u>Category C.1</u>: Unrealized income recognized in the profit or loss during the reporting period (net of tax)	
Equity in net income of associate/joint venture, net of dividends declared	–
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	–
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVPL)	(3,856,480)
Unrealized fair value gain of investment property	–
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the Philippine Financial Reporting Standards (PFRS) (describe nature)	–
Sub-total	(3,856,480)

(Forward)

	Amount
Add: <u>Category C.2: Unrealized income recognized in profit or loss in prior periods but realized in the current reporting period (net of tax)</u>	
Realized foreign exchange gain, except those attributable to cash and cash equivalents	P-
Realized fair value adjustment (mark-to-market gains) of financial instruments at FVPL	453,362
Realized fair value of investment property	-
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-
Realized foreign exchange gain, except those attributable to cash and cash equivalents	-
Sub-total	P453,362
Add: <u>Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)</u>	
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at FVPL	-
Reversal of previously recorded fair value of investment property	-
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)	-
Sub-total	-
Adjusted net income (loss)	(2,843,208)
Add: <u>Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)</u>	
Depreciation on revaluation increment (after tax)	-
Sub-total	-
Add/less: <u>Category E: Adjustments related to relief granted by the SEC</u>	
Amortization of the effect of reporting relief	-
Total amount of reporting relief granted during the year	-
Others (describe nature)	-
Sub-total	-
Add/less: <u>Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution</u>	
Net movement of treasury shares (except for reacquisition of redeemable shares)	(13,905,580)
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(5,245,916)
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right-of-use of asset and lease liability, set up of asset and asset retirement obligation, and set up of service concession asset and concession payable	(186,281)
Adjustment due to deviation from PFRS/GAAP - gain (loss)	-
Others (describe nature)	-
Sub-total	(19,337,777)
Total retained earnings, end of the reporting period available for dividend	P237,393,814

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

SUPPLEMENTARY SCHEDULES AS REQUIRED BY PAR. 6
PART II OF THE REVISED SRC RULE 68
AS AT DECEMBER 31, 2025

<u>Schedule</u>	<u>Description</u>	<u>Page</u>
A	Financial Assets	<u>N/A</u>
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)	<u>1</u>
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	<u>2</u>
D	Long-Term Debt	<u>3</u>
E	Indebtedness to Related Parties	<u>N/A</u>
F	Guarantees of Securities of Other Issuers	<u>N/A</u>
G	Capital Stock	<u>4</u>

Notes:

Schedule A – The Group is not required to prepare the schedule since the aggregate cost or the aggregate market value of financial assets at fair value through profit or loss does not constitute 5% or more of total current assets.

Schedule E – The Group has no long-term loans from related parties as at December 31, 2025.

Schedule F – The Group did not guarantee any securities of other issuers as at December 31, 2025.

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

**SCHEDULE B – AMOUNTS RECEIVABLE FROM DIRECTOR, OFFICERS, EMPLOYEES,
RELATED PARTIES, AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)**
DECEMBER 31, 2025

Name and designation of debtor	Balance at beginning of year	Additions	Ending Balance		Current	Not current	Balance at end of year
			Amounts collected	Amounts written off			
Advances to officers and employees	₱5,153,715	₱29,516,534	₱-	₱-	₱34,670,249	₱-	₱34,670,249

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

**SCHEDULE C – AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE
ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2025**

Name and Designation of debtor	Balance of Beginning of Period	Additions	Amounts Collected	Allowance for Doubtful Accounts	Current	Not Current	Balance at end of period
Lingnam Food Inc.	₱256,723,190	₱–	₱30,391,896	₱–	₱226,331,294	₱–	₱226,331,294
Fruitasgroup Incorporated	215,014,306	–	48,897,406	–	166,116,900	–	166,116,900
Negril Trading, Inc.	40,705,379	13,432,709	–	–	54,138,088	–	54,138,088
SoyKingdom Inc.	6,277,183	13,069,114	–	–	19,346,297	–	19,346,297
Fly Kitchen, Inc.	1,468,651	10,684,363	–	–	12,153,014	–	12,153,014
CocoDelivery Incorporated	7,135,296	3,916,104	–	–	11,051,400	–	11,051,400
Bigboks Enterprises Inc.	–	5,452,599	–	–	5,452,599	–	5,452,599
Balai Ni Fruitas Inc.	136,761	–	–	–	136,761	–	136,761
	₱527,460,766	₱46,554,889	₱79,289,302	₱–	₱494,726,353	₱–	₱494,726,353

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

SCHEDULE D – LONG-TERM DEBT
DECEMBER 31, 2025

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-term debt" in related balance sheet
Notes Payable			
BDO Unibank, Inc.	₱5,833,333	₱5,000,000	₱833,333
Mortgage Payable			
Asia United Bank	₱1,277,485	₱854,309	₱423,176
Rizal Commercial Banking Corporation	1,187,138	773,349	413,789
	₱2,464,623	₱1,627,658	₱836,965

FRUITAS HOLDINGS, INC. AND SUBSIDIARIES

(A Subsidiary of LUSH PROPERTIES, INC.)

SCHEDULE G – CAPITAL STOCK

DECEMBER 31, 2025

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by		
				Number of shares held by related parties	Directors, officers and employees	Others
Preferred stock - ₱0.01 par value	3,000,000,000	2,000,000,000	–	2,000,000,000	–	–
Common stock - ₱0.10 par value	4,700,000,000	2,111,358,000	–	1,135,500,010	136,795,000	839,062,990

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

SUPPLEMENTARY OF EXTERNAL AUDITOR FEE-RELATED INFORMATION
DECEMBER 31, 2025 AND 2024

	2025	2024
Total Audit Fees	₱2,700,000	₱2,500,000
Non-audit services fees:		
Other assurance services	-	-
Tax services	-	-
All other services	120,000	120,000
Total Non-Audit Fees	120,000	120,000
Total Audit and Non-audit Fees	₱2,820,000	₱2,620,000

Audit and Non-audit Fees of Other Related Entities

	2025	2024
Audit Fees	₱-	₱-
Non-audit services fees:		
Other assurance services	-	-
Tax services	-	-
All other services	-	-
Total Audit and Non-audit Fees of Other Related Entities	₱-	₱-

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

FINANCIAL SOUNDNESS INDICATORS
DECEMBER 31, 2025 AND 2024

Below is a schedule showing financial soundness indicators of the Group as at and for the years ended December 31, 2025 and 2024.

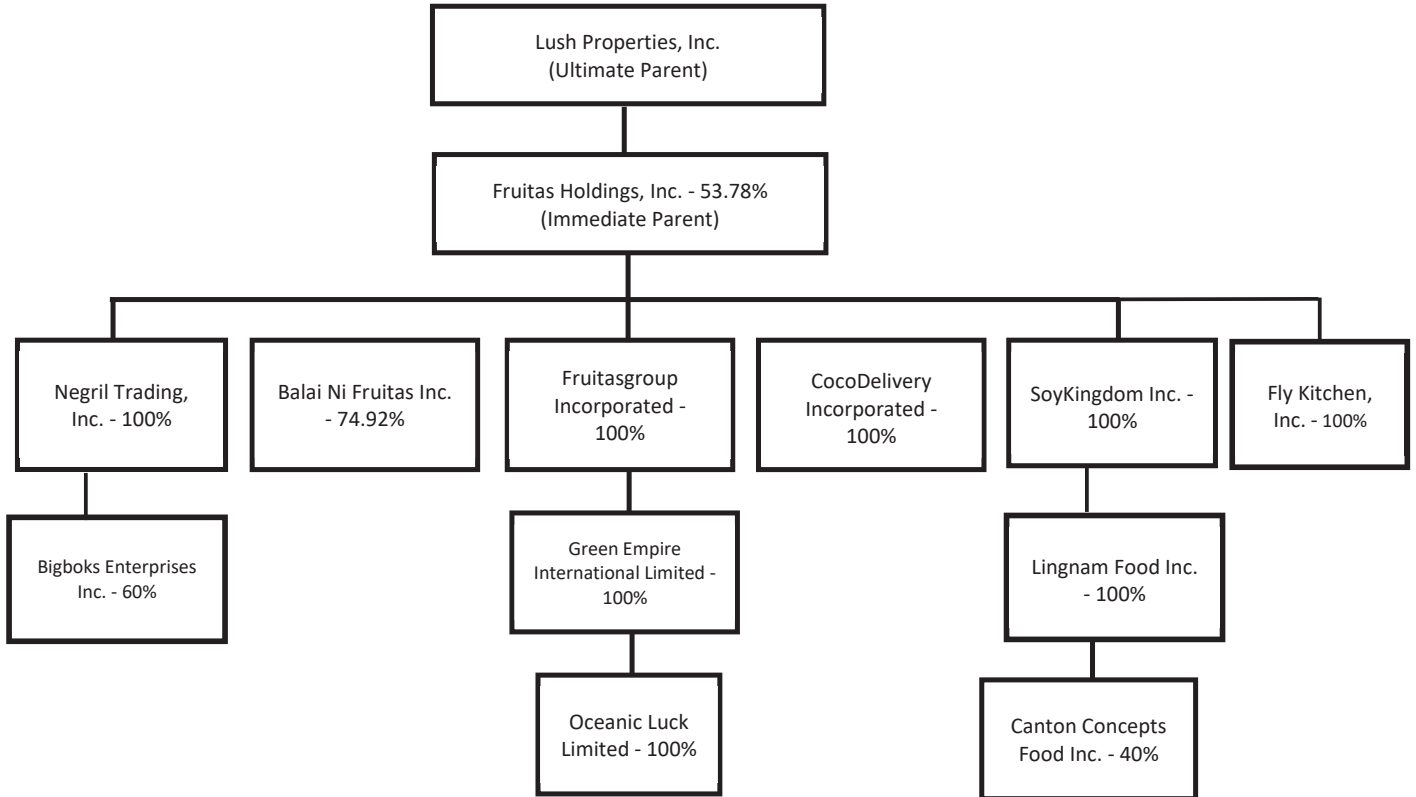
	2025	2024
CURRENT/LIQUIDITY RATIO		
Current assets	₱1,037,905,317	₱1,079,712,213
Current liabilities	794,061,934	800,141,228
Current Ratio	1.31	1.35
ACID TEST RATIO		
Cash and cash equivalents	₱444,216,010	₱585,269,977
Financial assets at FVPL	32,851,701	47,542,019
Trade receivables	131,393,328	110,243,597
Due from a related party	127,440,337	93,140,843
Quick assets	735,901,376	836,196,436
Current liabilities	794,061,934	800,141,228
Acid Test Ratio	0.93	1.05
SOLVENCY RATIO		
Net income before depreciation and amortization	₱320,207,964	₱319,629,567
Total liabilities	847,437,521	858,057,120
Solvency Ratio	0.38	0.37
DEBT-TO-EQUITY RATIO		
Total liabilities	₱847,437,521	₱858,057,120
Total equity	1,817,036,248	1,725,710,365
Debt-to-Equity Ratio	0.47	0.50
ASSET-TO-EQUITY RATIO		
Total assets	₱2,664,473,769	₱2,583,767,485
Total equity	1,817,036,248	1,725,710,365
Asset-to-Equity Ratio	1.47	1.50
INTEREST-COVERAGE RATIO		
Earnings before interest and taxes	₱195,684,337	₱199,266,094
Interest expense	44,600,124	35,303,165
Interest-Coverage Ratio	4.39	5.64

(Forward)

	2025	2024
RETURN ON EQUITY		
Net income attributable to equity holders of the Parent Company	₱107,455,713	₱93,320,234
Average equity	1,630,887,807	1,555,976,416
Return on Equity	0.07	0.06
RETURN ON ASSETS		
Net income	₱124,604,277	₱110,950,416
Average assets	2,624,120,627	2,356,531,733
Return on Assets	0.05	0.05
NET PROFIT MARGIN		
Net income	₱124,604,277	₱110,950,416
Revenue	3,038,400,118	2,903,454,769
Net Profit Margin	0.04	0.04

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

CONGLOMERATE MAP
DECEMBER 31, 2025



**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY SEPARATE FINANCIAL STATEMENTS FOR FILING WITH THE
BUREAU OF INTERNAL REVENUE**

The Stockholders and the Board of Directors
FRUITAS HOLDINGS, INC.
No. 68 Data St. Brgy. Don Manuel
Quezon City, Metro Manila, Philippines, 1113

We have audited the accompanying separate financial statements of FRUITAS HOLDINGS, INC. (a subsidiary of LUSH PROPERTIES, INC.) (the Company) as at December 31, 2025 and 2024 and for the years ended December 31, 2025, 2024 and 2023, on which we have rendered our report dated April 23, 2026.

In compliance with Revenue Regulations V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president, manager or principal stockholders of the Company.

REYES TACANDONG & Co.


ARTHUR VINSON U. ONG

Partner

CPA Certificate No. 120745

Tax Identification No. 253-222-555-000

BOA Accreditation No. 4782/P-018; Valid until June 6, 2026

SEC Accreditation No. 120745-SEC Group A

Issued March 29, 2022

Valid for Financial Periods 2021 to 2025

BIR Accreditation No. 08-005144-015-2026

Valid until March 2, 2029

PTR No. 10764031

Issued January 2, 2026, Makati City

April 23, 2026
Makati City, Metro Manila

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)

RALF SARMIENTO
 Contact Person

+(632) 8731-8886
 Company Telephone Number

1 2 3 1
 Month Day
 Fiscal Year

SEC FORM 17-C
 LIST OF TOP 100 STOCKHOLDERS - DECEMBER 2025

FORM TYPE

0 7 2 2
 Month Day
 Annual Meeting

 Secondary License Type, If Applicable

 Dept Requiring this Doc

 Amended Articles Number / Section

 Total No. of Stockholders

Total Amount of Borrowings
 _____ Domestic _____ Foreign

To be accomplished by SEC Personnel concerned

 File Number

 LCU

 Document ID

 Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes

January 07, 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 : **Director Vicente Graciano P. Felizmenio, Jr.**
Markets and Securities Regulation Department



THE PHILIPPINE STOCK EXCHANGE

3rd Floor, Philippines Stock Exchange Plaza
Ayala Triangle, Ayala Avenue, Makati City

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

Gentlemen:

We hereby submit the List of Top 100 Stockholders as of December 31, 2025 both certificated and shares lodged to PCD:

Number of Issued Common Shares	2,133,680,000
Number of Treasury Common Shares, if any	22,322,000
Number of Outstanding Common Shares	2,111,358,000
Number of Listed Common Shares	2,133,680,000
Number of Lodged Common Shares	2,130,976,992
PCD Nominee – Filipino	2,113,148,711
PCD Nominee – Non-Filipino	17,828,281
Number of Certificated Common Shares	2,703,008

Very truly yours,
FRUITAS HOLDINGS INC.

By: 
Ralf F. Sarmiento
Compliance Officer

SECURITIES AND EXCHANGE COMMISSION
 SEC FORM 17-C
 CURRENT REPORT UNDER SECTION 17
 OF THE SECURITIES REGULATION CODE
 AND SRC RULE 17.2(c) THEREUNDER

1. December 31, 2025
Date of Report (Date of earliest event reported)
2. SEC Identification Number- CS201503014
3. BIR Tax Identification No.- 008-961-476-000
4. FRUITASHOLDINGS INC
Exact name of issuer as specified in its charter
5. PHILIPPINES
Province, country or other jurisdiction of incorporation
6. (SEC Use Only)
Industry Classification Code
7. 68 DATA ST. BRGY. DON MANUEL, QUEZON CITY
Address of principal office 1113
Postal Code:
8. (02)8243-1741
Issuer's telephone number, including area code
9. N/A
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
<u>Common</u>	<u>2,111,358,000</u>

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

We hereby submit the SEC form 17C for the List of Top 100 stockholders of Fruit Holdings Inc. ("FRUIT") as of December 31, 2025. As of covered date, out of the 2,111,358,000 outstanding common shares of FRUIT, there are 2,703,008 certificate common shares and 2,130,976,992 lodged shares. Out of the total lodged shares, 2,113,148,711 are PCD Nominee- Filipino and 17,828,281 are PCD Nominee - Non-Filipino.

SIGNATURES

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

FRUITAS HOLDINGS INC.
Issuer

Date


Ralf F. Sarmiento
Compliance Officer

07 January 2026



COMPANY NAME : FRUITAS HOLDINGS, INC.

LIST OF TOP 100 STOCKHOLDERS
As Of December 31, 2025

STOCKHOLDER'S NAME	OUTSTANDING & ISSUED SHARES (FULLY PAID)	OUTSTANDING & ISSUED SHARES (PARTIALLY PAID)	TOTAL HOLDINGS (SUBSCRIBED)	PERCENTAGE TO TOTAL
PCD NOMINEE CORP. (FILIPINO)	2,113,148,711	0	2,113,148,711	99.038
PCD NOMINEE CORP. (NON-FILIPINO)	17,828,281	0	17,828,281	0.836
NECISTO UY SYTENGCO	2,500,000	0	2,500,000	0.117
MYRA P. VILLANUEVA	59,000	0	59,000	0.003
MARIE CATHERINE R. NOLASCO	40,000	0	40,000	0.002
MILAGROS P. VILLANUEVA	20,000	0	20,000	0.001
MYRNA P. VILLANUEVA	20,000	0	20,000	0.001
MYRA P. VILLANUEVA	11,000	0	11,000	0.001
JUAN CARLOS V. CABREZA	10,000	0	10,000	0.000
MARIETTA V. CABREZA	10,000	0	10,000	0.000
IRENE CHUA	10,000	0	10,000	0.000
MA. CHRISTMAS R. NOLASCO	10,000	0	10,000	0.000
MYLENE C. ARNIGO	5,000	0	5,000	0.000
DENNIS T. BENG HUI	1,000	0	1,000	0.000
CALVIN FENIX CHUA	1,000	0	1,000	0.000
VINCENT RICARDO CUEVAS	1,000	0	1,000	0.000
BAMBI MAUREEN ENRIQUEZ DONATO	1,000	0	1,000	0.000
ROGELIO MESINA GUADALQUIVER	1,000	0	1,000	0.000
MADELENE TIMBAS SAYSON	1,000	0	1,000	0.000
SHIRLEY O YEK TAN	1,000	0	1,000	0.000
LESTER C. YU	1,000	0	1,000	0.000
GERARDO L. SALGADO	8	0	8	0.000
GRAND TOTAL (22)	2,133,680,000	0	2,133,680,000	

FRUIT0000000_12292025
OUTSTANDING BALANCES FOR SPECIFIC COMPANY
December 29, 2025
FRUIT0000000

BPNAME	QUANTITY
UPCC SECURITIES CORP.	328,000
A & A SECURITIES, INC.	2,022,000
ABACUS SECURITIES CORPORATION	34,187,875
PHILSTOCKS FINANCIAL INC	228,360,574
A. T. DE CASTRO SECURITIES CORP.	2,000
BA SECURITIES, INC.	75,000
AP SECURITIES INCORPORATED	10,985,100
ANSALDO, GODINEZ & CO., INC.	67,271,000
AB CAPITAL SECURITIES, INC.	252,071,887
SB EQUITIES, INC.	3,286,000
ASIA PACIFIC CAPITAL EQUITIES & SECURITIES CORP.	164,000
ASIASEC EQUITIES, INC.	1,411,000
ASTRA SECURITIES CORPORATION	3,982,000
CHINA BANK SECURITIES CORPORATION	2,366,000
BELSON SECURITIES, INC.	1,135,000
BPI SECURITIES CORPORATION	33,968,094
SINCERE SECURITIES CORPORATION	100,000
CTS GLOBAL EQUITY GROUP, INC.	13,549,000
LUNA SECURITIES, INC.	20,000
TRITON SECURITIES CORP.	1,248,000
IGC SECURITIES INC.	58,000
CUALOPING SECURITIES CORPORATION	92,000
DAVID GO SECURITIES CORP.	250,000
DIVERSIFIED SECURITIES, INC.	1,438,000
E. CHUA CHIACO SECURITIES, INC.	5,355,000
EASTERN SECURITIES DEVELOPMENT CORPORATION	2,765,000
EQUITIWORLD SECURITIES, INC.	82,000
EVERGREEN STOCK BROKERAGE & SEC., INC.	1,732,250
FIRST ORIENT SECURITIES, INC.	110,000
FIRST INTEGRATED CAPITAL SECURITIES, INC.	50,000
F. YAP SECURITIES, INC.	745,770
AURORA SECURITIES, INC.	30,000
GLOBALINKS SECURITIES & STOCKS, INC.	1,365,000
JSG SECURITIES, INC.	655,000
GOLDSTAR SECURITIES, INC.	3,019,000
CNN SECURITIES, INC.	297,000
I. B. GIMENEZ SECURITIES, INC.	85,000
INVESTORS SECURITIES, INC,	415,290
IMPERIAL, DE GUZMAN, ABALOS & CO., INC.	959,000
INTRA-INVEST SECURITIES, INC.	164,000
VALUE QUEST SECURITIES CORPORATION	449,000

STRATEGIC EQUITIES CORP.	4,591,000
LITONJUA SECURITIES, INC.	160,000
LOPEZ, LOCSIN, LEDESMA & CO., INC.	73,000
LUCKY SECURITIES, INC.	665,000
LUYS SECURITIES COMPANY, INC.	120,000
MANDARIN SECURITIES CORPORATION	1,318,000
COL Financial Group, Inc.	82,000,105
DA MARKET SECURITIES, INC.	1,025,000
MERCANTILE SECURITIES CORP.	490,000
MERIDIAN SECURITIES, INC.	1,042,000
MDR SECURITIES, INC.	2,300,000
NEW WORLD SECURITIES CO., INC.	1,834,000
OPTIMUM SECURITIES CORPORATION	901,000
RCBC SECURITIES, INC.	2,884,000
PAN ASIA SECURITIES CORP.	1,726,000
PAPA SECURITIES CORPORATION	102,000
MAYBANK SECURITIES, INC.	848,000
PNB SECURITIES, INC.	1,480,000
PREMIUM SECURITIES, INC.	123,000
SALISBURY SECURITIES CORPORATION	2,038,000
QUALITY INVESTMENTS & SECURITIES CORPORATION	15,181,000
ALAKOR SECURITIES CORPORATION	25,000
R. COYIUTO SECURITIES, INC.	1,944,000
REGINA CAPITAL DEVELOPMENT CORPORATION	2,647,000
R. NUBLA SECURITIES, INC.	1,901,414
AAA SOUTHEAST EQUITIES, INCORPORATED	5,983,000
R. S. LIM & CO., INC.	65,000
RTG & COMPANY, INC.	568,000
S.J. ROXAS & CO., INC.	416,000
SECURITIES SPECIALISTS, INC.	626,000
FIDELITY SECURITIES, INC.	445,000
SUMMIT SECURITIES, INC.	2,399,091
STANDARD SECURITIES CORPORATION	1,817,000
TANSENGCO & CO., INC.	1,545,000
THE FIRST RESOURCES MANAGEMENT & SECURITIES CORP.	38,000
TOWER SECURITIES, INC.	1,945,010
APEX PHILIPPINES EQUITIES CORPORATION	69,000
DRAGONFI SECURITIES, INC.	353,922
LANDBANK SECURITIES, INC.	3,416,000
VENTURE SECURITIES, INC.	129,000
FIRST METRO SECURITIES BROKERAGE CORP.	1,201,863,367
WEALTH SECURITIES, INC.	1,338,000
WESTLINK GLOBAL EQUITIES, INC.	407,000
YAO & ZIALCITA, INC.	1,765,000
META CAPITAL SECURITIES INC	854,000
BDO SECURITIES CORPORATION	48,141,475
EAGLE EQUITIES, INC.	1,461,000

GOLDEN TOWER SECURITIES & HOLDINGS, INC.	462,000
SOLAR SECURITIES, INC.	245,000
G.D. TAN & COMPANY, INC.	3,137,000
PHILIPPINE EQUITY PARTNERS, INC.	13,174,000
UNICAPITAL SECURITIES INC.	4,483,868
SunSecurities, Inc.	6,627,000
TIMSON SECURITIES, INC.	1,388,000
VC SECURITIES CORPORATION	6,000
STANDARD CHARTERED BANK	721,000
CITIBANK N.A.	200,000
DEUTSCHE BANK MANILA-CLIENTS A/C	2,000,000
AB CAPITAL & INVESTMENT CORP. - TRUST & INVESTMENT DIV.	57,000
SOCIAL SECURITY SYSTEM	7,336,900
SEEDBOX SECURITIES, INC.	11,427,000
TOTAL LODGED SHARES	2,130,976,992



Annex C to the SEC Form 17-A:

**FRUITAS HOLDINGS INC.
SUSTAINABILITY REPORT**

Contextual Information

Company Details	
Name of Organization	Fruitas Holdings, Inc. (FHI or FRUIT)
Location of Headquarters	68 Data Street, Don Manuel Quezon City formerly 60 Cordillera St. corner E. Rodriguez Sr. Ave., Brgy. Doña Josefa, Quezon City
Location of Operations	Philippines
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	This report mainly covers FHI's business as a Holding Company and its investment to its six 100% owned subsidiaries namely Fruitasgroup, Inc. (FGI), Negril Trading, Inc. (NTI), Soykingdom, Inc. (SKI), CocoDelivery, Inc. (CDI) and Flykitchen Inc.(FKI), with the 75% owned subsidiary Balai Ni Fruitas, Inc. (BNFI) and indirect subsidiaries Bigboks Enterprises Inc. (BEI-60%) and Lingnam Food Inc. (LFI)
Business Model, including Primary Activities, Brands, Products, and Services	FHI, as a holding company, own investments in shares of stocks of FGI, NTI, BNFI, SKI, CDI, FKI, LFI, BEI and in various shares of stocks of companies listed in the Philippine Stock Exchange. The Company also serves as a consultant to its subsidiaries to further improve the businesses.
Reporting Period	January 1 to December 31, 2025
Highest Ranking Person responsible for this report	Ralf F. Sarmiento- Compliance Officer Marvin C. Yu- Corporate Secretary

Materiality Process

Fruitas Holdings, Inc. (FHI), as a holding company, primarily focuses on strategic investments in its subsidiaries, publicly listed companies through the Philippine Stock Exchange, and various financial instruments via reputable financial institutions. Given its investment-driven nature, the company's sustainability is anchored in the strength and performance of its subsidiaries and capital market engagements, ensuring long-term value creation for its shareholders.

This report highlights material topics related to macroeconomic impacts and outlines the company's proactive measures in mitigating risks while leveraging potential growth opportunities. As part of its evolving sustainability framework, Fruitas Holdings will adopt the 3P's principles in future Sustainability Reports to identify and address other material topics that influence its long-term strategy:

People – Encompasses employees, stakeholders, customers, and other key individuals directly or indirectly engaged with the company and its subsidiaries. This includes efforts to foster a positive workplace culture, maintain strong stakeholder relationships, and enhance customer satisfaction.

Planet – Covers the environmental impact of the company's operations, both direct and indirect. This includes sustainability initiatives, waste management strategies, resource conservation efforts, and compliance with environmental regulations to minimize the ecological footprint.

Profit – Focuses on the company's financial health and performance to ensure long-term operational sustainability. This includes revenue growth, investment returns, financial resilience, and strategic initiatives to maximize shareholder value.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	2025	2024	2023	Units
Direct economic value generated (revenue)	3,038,400,118	2,903,454,769	2,469,098,397	PhP
Direct economic value distributed:				
a. Operating costs	1,610,263,553	1,563,079,794	1,342,836,736	PhP
b. Payments to suppliers (direct cost)	1,251,407,631	1,163,931,093	975,545,191	PhP
c. Taxes given to government	26,479,936	53,012,513	44,881,288	PhP
d. Interest payments to loan providers	44,600,124	35,303,165	27,600,379	PhP
e. Dividends given to stockholders	23,587,955	23,899,385	21,503,467	PhP

Direct Economic Value

Discussion on Impact, Risks, and Management Approach

Fruitas Holdings, Inc. (FHI) began as a single-store operation under Lush Enterprises Corporation (LEC), founded by Mr. Lester Yu in 2000. What started with the launch of Fruitas Fresh from Babot's Farm at SM Manila in 2002 has since expanded into a nationwide network of over 850 stores strategically located in high-footfall commercial areas. Over the years, FHI has strengthened its market presence through organic growth, acquisitions, and business diversification. Its brand portfolio has evolved to include a variety of food and beverage concepts such as Buko Loco, Juice Avenue, Johnn Lemon, Black Pearl, Tea Rex, De Original Jamaican Pattie Shop and Juice Bar, The Mango Farm, Sabroso Lechon, Mang Boks, Bigboks, Balai Pandesal, Soy & Bean, and Ling Nam. In addition, through its subsidiary Fruitasgroup Incorporated (FGI), FHI operates a food park in Quezon City, further expanding its business model.

The company continues to make a significant impact on the economy by generating employment, sourcing from domestic suppliers, fostering local entrepreneurship, and contributing to economic activity in the food and beverage industry. Its expansion strategy is rooted in identifying profitable locations, optimizing store operations, and launching innovative food service formats.

- **Macro-Environmental Risks in the Philippines**

As a company operating in the Philippine market, FHI is exposed to various macro-environmental risks, including political, economic, social, and technological factors. The volatility of the Philippine Peso, rising interest rates, inflationary pressures, and fluctuations in the stock market can impact business costs and consumer purchasing power. Economic downturns can lead to lower consumer spending, affecting revenue performance across FHI's brands. Additionally, political and regulatory changes may influence business operations, while evolving technological trends shape market demand and customer preferences.

To navigate these challenges, FHI continuously monitors macroeconomic trends and engages with key industry stakeholders to stay ahead of regulatory changes. The company adopts a flexible business model that allows it to adjust pricing strategies, supply chain processes, and customer engagement approaches in response to economic shifts. By leveraging digital tools and e-commerce solutions, FHI strengthens its resilience against market uncertainties and ensures business continuity despite external disruptions.

- **Investment Risks in Subsidiaries**

FHI derives a significant portion of its revenue from its subsidiaries, which include Fruitasgroup, Inc., Negril Trading, Inc., Balai ni Fruitas, Inc., Soykingdom Inc., Cocodelivery Inc., Flykitchen Inc., LIngnam Food Inc. and Bigboks Enterprises Inc. The financial health and operational efficiency of these subsidiaries directly impact the overall performance of the company. Any decline in profitability, operational disruptions, or unfavorable market conditions affecting these subsidiaries could lead to lower dividend payouts to FHI, subsequently affecting its financial standing.

To mitigate these risks, FHI takes an active role in overseeing the management and financial performance of its subsidiaries. The company provides strategic guidance to ensure operational excellence, cost efficiency, and market competitiveness. It also continuously evaluates business expansion opportunities and acquisitions to strengthen the portfolio and drive long-term revenue growth. By optimizing its subsidiaries' strength and regular assessment of their performance, FHI enhances its ability to generate sustained value for its shareholders.

- Financial Risks and Management Strategies

As a holding company, FHI is exposed to financial risks such as liquidity risk, market risk, and interest rate fluctuations. Liquidity risk arises from the challenge of converting subsidiary investments into liquid assets to meet urgent financial obligations. Market risk is influenced by price fluctuations in financial instruments, interest rate changes, and currency exchange rates, which may impact the value of the company's investments. Additionally, interest rate fluctuations can affect the profitability of money market placements and debt securities.

To manage these risks effectively, FHI closely monitors its cash position and maintains sufficient liquidity to ensure the smooth operation of its businesses. The company employs a disciplined approach to financial planning, ensuring it can respond to market changes while safeguarding its investment portfolio. Regular assessments of stock market trends and financial instruments allow FHI to make informed decisions on asset allocation and risk exposure. By adopting a proactive financial risk management strategy, the company reinforces its financial stability and long-term sustainability.

- Opportunities for Growth

Despite the challenges posed by macroeconomic conditions and financial risks, FHI continues to explore growth opportunities. The company's strong reputation as a food and beverage holding firm, backed by a diverse and profitable brand portfolio, positions it favorably for further expansion. It remains focused on identifying high-growth areas for store openings, pursuing strategic acquisitions, and developing new business concepts that align with evolving consumer trends.

The company is also leveraging advancements in technology to improve customer engagement and streamline operations. Digital transformation initiatives, such as online ordering platforms and delivery services, enhance FHI's market reach and adaptability in the rapidly changing food service industry. Expansion of community stores with multi-brand offerings increases revenue per square meter. By continuously innovating and expanding its business model, FHI is well-positioned to capture emerging opportunities and sustain long-term growth.

- Climate-Related Risks and Sustainability Considerations

As a holding company, FHI does not have direct exposure to climate-related risks, as its operations primarily involve investments rather than manufacturing or production. However, the company acknowledges the growing importance of sustainability in today's business landscape. While FHI currently does not have a formal climate risk management framework at the corporate level, it recognizes the need for long-term environmental strategies and responsible business practices.

The climate-related policies and sustainability initiatives are implemented at the subsidiary level, where operational activities such as food production, sourcing, and logistics have a direct environmental impact.

FHI and its subsidiaries aims to implement eco-friendly initiatives, such as sustainable sourcing of raw materials, waste reduction efforts, recycling and use of recycled materials and energy-efficient store operations. As the company continues to expand, it remains committed to balancing growth with environmental responsibility.

Discussion of Opportunities

Fruitas Holdings Inc. (FHI) focuses on strengthening its capital market position by building on the steady performance of its subsidiaries. By integrating past acquisitions and maintaining consistent profitability, the Company aims to create steady value for its shareholders.

FHI continues to evaluate opportunities for expansion, capital raising, and portfolio diversification. These efforts support a long-term strategy centered on operational efficiency and a broader presence within the food and beverage sector.

Climate-related risks and opportunities

Fruitas Holdings Inc. (FHI) acknowledges that climate change poses both challenges and opportunities for its operations. Extreme weather events, shifting climate patterns, and resource constraints can impact supply chains, raw material sourcing, and store operations. Additionally, evolving environmental regulations may require adjustments in compliance and reporting.

Despite these risks, FHI sees climate change as a catalyst for innovation and improvement. The Company is actively exploring sustainable practices such as energy efficiency, waste reduction, and eco-friendly packaging. It also seeks to collaborate with partners who prioritize sustainability, aligning with growing consumer demand for responsible brands. By embedding climate considerations into its operations, FHI aims to strengthen resilience while contributing to a more sustainable future.

Procurement Practices

Proportion of spending on local suppliers

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

Fruitas Holdings Inc. (FHI) maintains a strong commitment to supporting the local economy through a procurement strategy centered on domestic partnerships. From its inception through 2025, 100% of the procurement budget for significant locations of operations was allocated to local suppliers. While certain specialized materials are imported, the Company sources these exclusively through local counterparts to ensure that its capital remains within the domestic business ecosystem.

This sourcing model enhances supply chain resilience and reduces FHI's environmental footprint by minimizing long-haul transportation. Beyond logistical efficiency, the practice fosters community development and aligns with the Company's broader sustainability goals.

To maintain high operational standards, FHI continuously evaluates its supplier base for compliance with ethical practices, food safety regulations, and quality benchmarks. By prioritizing local vendors and intermediaries, the Company creates a mutually beneficial ecosystem that drives shared economic growth.

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100%	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100%	%
Percentage of directors and management that have received anti-corruption training	N/A	%
Percentage of employees that have received anti-corruption training	N/A	%

Incidents of Corruption

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

The Company has embedded its anti-corruption framework within its core policies, including the Business Integrity and Ethics Agreement, Whistle-Blowing Policy, and Insider Trading Policy. These policies are communicated to all employees, officers, and directors, ensuring organization-wide awareness and adherence to ethical standards, including proper reporting procedures for any suspected misconduct.

As of the end of 2025, the Company has maintained a clean record with no instances of corruption. While the Company does not currently have a formal anti-corruption training program, it ensures that all employees, officers, directors, and business partners are informed and regularly oriented on ethical business conduct, awareness, and reporting mechanisms to prevent corrupt practices.

ENVIRONMENT

Tree Planting Initiatives

In 2025, our commitment to environmental stewardship was demonstrated through a series of high-impact reforestation initiatives across key regions in the Philippines. Recognizing the critical role of biodiversity and carbon sequestration in climate resilience, we organized three major Tree Planting Activities targeting both urban and provincial ecosystems.

Our efforts began in June at Brgy. Guadalupe, Cebu City, followed by an expansion into Mulao Liloan, Cebu in October. We concluded our annual environmental cycle at the La Mesa Eco Park in Quezon City, contributing to the preservation of the National Capital Region's primary watershed. Through these collective actions, we continue to integrate ecological restoration into our core corporate social responsibility framework, ensuring a greener footprint for the communities we serve.

Community Resilience & Disaster Response

Parallel to our environmental efforts, our 2025 outreach focused heavily on climate adaptation and humanitarian aid for disaster-affected regions.

Earthquake Relief: In October, we mobilized immediate support for Northern Cebu, facilitating the distribution of essential relief goods to victims of seismic activity.

Typhoon Recovery: Our 13th Annual Outreach program successfully reached 350 beneficiaries across Mandaue City and Consolacion, providing targeted aid to families recovering from typhoon-related displacement.

Strategic Partnerships: We concluded the year by partnering with the 14th Civil-Military Operations in Brgy. Ermita, Cebu City, delivering critical outreach services to an additional 200 beneficiaries, strengthening our community ties and operational reach.

Resource Management

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

Energy consumption within the organization:

Disclosure	2025	2024	Units	Difference
Energy consumption (renewable sources)	N/A	N/A	GJ	-
Energy consumption (LPG)	18,759	246	GJ	###
Energy consumption (gasoline and diesel)	7,462	9,187	GJ	-1,725
Energy consumption (electricity)	19,352	14,346	GJ	5,006

*Consumption data gathered were based on the total payment over average rate per unit. Diesel and Gasoline consumption were consolidated data.

In 2025, Fruits Holdings Inc. recorded a total energy consumption of 45,572.54 GJ, a significant increase from 23,778.52 GJ in 2024. This growth reflects an expanding operational footprint alongside a major enhancement in reporting accuracy. The most substantial variance occurred in LPG consumption, which surged to 18,759.13 GJ from a previous 246.10 GJ; this rise was primarily driven by data gathering inefficiencies in 2024 that understated usage, whereas the 2025 baseline now fully captures the expanded cooking and commissary demands of new brand introductions.

Electricity usage also climbed by 34.9% to 19,351.79 GJ due to the rollout of new retail outlets and increased refrigeration needs. Conversely, gasoline and diesel consumption totaled 7,461.62 GJ, representing a more streamlined logistics profile compared to the 9,186.56 GJ recorded the prior year. While the Group does not currently utilize renewable energy, these refined monitoring methods provide a transparent foundation for future efficiency initiatives and the potential integration of sustainable energy sources.

Water consumption within the organization

Disclosure	2025	2024	Units
Water withdrawal	11,332,457	52,470	Cubic meters
Water consumption	11,332,457	52,470	Cubic meters
Water recycled and reused	No Available Information	No Available Information	Cubic meters

In 2025, Fruits Holdings Inc. recorded a total water consumption of 11,332,457 cubic meters, essential for its production, sanitation, and commissary operations. While the 2024 figure was previously reported at 52,470 cubic meters, these two periods cannot be directly compared due to significant limitations in prior-year data gathering.

The 2024 consumption was notably understated as a result of incomplete monitoring across the organization's decentralized locations. The 2025 data represent a shift toward more comprehensive and transparent reporting, establishing a realistic baseline for the Group's actual water footprint. Fruits remains dedicated to refining its collection methods and is actively exploring water-saving initiatives and recycling opportunities to improve resource efficiency in the coming years.

Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume		
• renewable	No Available Information	kg/liters
• non-renewable	No Available Information	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services	No Available Information	%

During the reporting period, Fruits Holdings Inc. did not have consolidated data available on the total materials used, both renewable and non-renewable, in terms of weight or volume, nor on the percentage of recycled input materials used in its primary products and services.

However, the Company incorporates the use of recycled materials in certain operational areas, such as tissue, newsprint bond paper, and other recycled office supplies. This practice supports the Company's sustainability objectives by reducing environmental impact, while also contributing to cost efficiency and overall profitability. Moving forward, the Company aims to enhance its data collection processes to better monitor and report on material usage and recycled inputs in future disclosures.

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

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N/A	
Habitats protected or restored	N/A	ha
IUCN ¹ Red List species and national conservation list species with habitats in areas affected by operations	N/A	

Regarding ecosystems and biodiversity, Fruits Holdings Inc. did not operate in or adjacent to protected areas or areas of high biodiversity value during the reporting period. Furthermore, no habitats were specifically protected or restored by the company, nor were there any IUCN Red List species or national conservation list species identified within the areas affected by operations.

Air Emissions

GHG

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

During the reporting period, Fruits Holdings Inc. did not report any direct (Scope 1) greenhouse gas (GHG) emissions, energy indirect (Scope 2) GHG emissions, or emissions of ozone-depleting substances (ODS).

Air pollutants

Disclosure	Quantity	Units
NO _x	N/A	kg
SO _x	N/A	kg
Persistent organic pollutants (POPs)	N/A	kg
Volatile organic compounds (VOCs)	N/A	kg
Hazardous air pollutants (HAPs)	N/A	kg
Particulate matter (PM)	N/A	kg

¹ International Union for Conservation of Nature

Similarly, the company did not report emissions for air pollutants such as nitrogen oxides (NOx), sulfur oxides (SOx), persistent organic pollutants (POPs), volatile organic compounds (VOCs), hazardous air pollutants (HAPs), or particulate matter (PM).

While no specific data was available for these emissions, Fruitas Holdings Inc. is committed to assessing its environmental footprint and working towards reducing air emissions in its operations. The company recognizes the importance of addressing air quality and climate change and will continue to improve its reporting practices and explore initiatives to minimize its impact on air quality moving forward.

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	172,392.21	kg
Reusable	5,736	kg
Recyclable	53,643	kg
Composted	62,324	kg
Incinerated	8,952	kg
Residuals/Landfilled	41,737	kg

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	259	kg
Total weight of hazardous waste transported	259	kg

**The figures indicated for solid and hazardous waste are based on available records from the Group's commissaries. While these figures represent partial data, they are disclosed as part of the company's initiation of comprehensive data gathering and sustainability disclosure. Fruitas Holdings Inc. is actively working to expand this monitoring to include all retail outlets and third-party logistics to ensure full transparency in future reporting.*

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	No Available Information	Cubic meters
Percent of wastewater recycled	No Available Information	%

In 2025, Fruitas Holdings Inc. initiated a basic data gathering framework to monitor its environmental output. The Group recorded a total of 172,392.21 kg of solid waste, successfully diverting a significant portion from landfills through composting (62,324 kg) and recycling (53,643 kg). Additionally, 259 kg of hazardous waste was documented and safely transported for proper disposal.

While tracking for water effluents and wastewater recycling remains in development, these initial disclosures reflect the company's transition toward more responsible waste management and resource monitoring.

The reported figures are based on available records from the Group's commissaries. While this represents partial data, it is disclosed as the starting point for the company's comprehensive sustainability reporting and ongoing data collection efforts.

Environmental compliance

Non-compliance with Environmental Laws and Regulations

During the reporting period, Fruitas Holdings Inc. incurred no monetary fines for non-compliance, and there were no non-monetary sanctions for violations. Fruitas is committed to maintaining adherence to environmental regulations and continuously improving its sustainability practices to ensure ongoing compliance and minimize any potential environmental impact

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	#

SOCIAL

Fruititas Holdings, Inc. (FRUIT) continues to integrate Corporate Social Responsibility and Human Capital Development into its core business strategy. In 2025, the Company transitioned from traditional outreach to a robust partnership ecosystem focused on education, community integration, and workforce readiness.

Education and Infrastructure

Hope in a Bottle Partnership: Following the 2024 groundbreaking, the Company successfully turned over a newly constructed classroom at Sta. Ana Central High School in Pampanga on March 18, 2025. This facility supports Grade 8 students, reinforcing FRUIT's commitment to improving educational infrastructure in underserved areas.

Inclusive Growth Recognition: The Quezon City Government honored Fruititas during the 23rd Manuel L. Quezon Gawad Parangal Awards in October 2025, recognizing the Company's contributions to local enterprise support and inclusive economic development.

Workforce Development and Technical Training

In 2025, FRUIT expanded its "House of Fruititas" talent pipeline through strategic collaborations designed to bridge the gap between education and employment:

National Skills Programs: In collaboration with the DSWD and JobStart Philippines, the Company provides at-risk and out-of-school youth with career coaching and technical immersion. This builds on 2024 initiatives with PBEEd, USAID, Dualtech, and TESDA to equip the youth with practical skills for the food and service industries.

Academic Synergies: The Company maintains active partnerships with over 25 academic institutions. These range from "Big Four" universities (UP, Ateneo, DLSU, UST) for leadership development to technical hubs (TUP Manila, EARIST, Dualtech) that supply expertise for commissary and logistics operations.

Community Integration and Regional Expansion

To support a network of over 800 stores, FRUIT leverages Public Employment Service Offices (PESO) for localized recruitment:

- Metro Manila: Strategic alliances with PESO offices in Quezon City, Manila, Makati, and Pasay ensure operational stability in high-density markets.
- Provincial Reach: Partnerships with LGUs in Batangas (Lipa & Sto. Tomas) and La Union facilitated smoother business permitting and hiring.
- Visayan Hub: Collaborations with Cebu City's Department of Manpower Development and Placement (DMDP) bolstered the regional presence of the Balai ni Fruititas and Ling Nam brands.

Strategic Impact

These initiatives serve as a foundation for Strategic Risk Management and ESG Compliance. By diversifying talent sources and localizing the workforce, Fruititas ensures operational resilience and high retention. These efforts align with UN Sustainable Development Goal 8 (Decent Work and Economic Growth), enhancing brand equity and long-term value for stakeholders.

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	2025	2024	2023	Units
Total number of employees ²	2,193	2,270	2,107	count
a. Number of female employees	1,351	1,406	1,239	count
b. Number of male employees	842	864	868	count
Attrition rate ³	14.69	11.6	38.32	rate
Ratio of lowest paid employee against minimum wage	1:1	1:1	1:1	ratio

Fruititas Holdings, Inc. recognizes its people as a key driver of business success and remains committed to fostering a fair, inclusive, and supportive workplace. The Company continuously strengthens its employee management practices by focusing on responsible hiring, competitive compensation, and equitable treatment across all levels of the organization. All employees are compensated in compliance with applicable labor regulations, with the lowest-paid employees receiving at least the minimum wage, reflecting the Company's commitment to fair pay and decent work standards.

As of 2025, Fruititas employs a total of 2,193 individuals, compared to 2,270 in 2024 and 2,107 in 2023. The workforce remains diverse, with 1,351 female employees and 842 male employees in 2025, demonstrating the Company's support for gender inclusivity and equal employment opportunities. Fruititas continues to maintain a balanced and inclusive work environment where employees are provided with opportunities for growth and development regardless of gender.

The Company's attrition rate stood at 14.69% in 2025, an increase from 11.6% in 2024 but significantly lower than 38.32% in 2023. This trend reflects ongoing efforts to improve employee retention through enhanced engagement, better working conditions, and strengthened human resource initiatives. Fruititas continues to assess workforce dynamics to identify areas for improvement and ensure long-term employee satisfaction and stability.

Through its employee management and hiring practices, Fruititas remains committed to building a resilient and motivated workforce. By prioritizing fair compensation, inclusivity, and employee well-being, the Company supports not only its operational goals but also its broader commitment to sustainable and responsible business practices

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS			
Maternity	Y	6%	0%
Sickness	Y	1%	1%
Salary Loan	Y	13%	12%
Calamity Loan	Y	3%	3%
PhilHealth	Y	2%	1%

² Employees are individuals who are in an employment relationship with the organization, according to national law or its application ([GRI Standards 2016 Glossary](#))

³ Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

Pag-ibig	Y	20%	17%
Parental leaves	Y	1%	0%
Vacation leaves	Y	90%	78%
Sick leaves	Y	85%	80%
Medical benefits (aside from PhilHealth))	Y	13%	13%
Housing assistance (aside from Pag-ibig)	N		
Retirement fund (aside from SSS)	Y	0%	0.24%
Further education support	Y	0%	0.23%
Company stock options	N		
Telecommuting	N		
Flexible-working Hours	N		
(Others)			

Fruititas Holdings, Inc. provides a comprehensive range of employee benefits aimed at supporting the well-being and financial security of its workforce. Government-mandated benefits such as SSS, PhilHealth, and Pag-IBIG are fully extended to employees, with additional support through programs such as salary and calamity loans. Utilization rates show that Pag-IBIG benefits were availed by 20% of female employees and 17% of male employees, while salary loans were accessed by 13% and 12%, respectively.

The Company also supports employees through leave benefits, with high utilization of vacation and sick leaves—90% and 85% among female employees, and 78% and 80% among male employees—indicating active use of these provisions. Maternity and parental leaves are likewise provided, supporting employees during significant life events. Other medical benefits include a subsidized HMO, which provides access to medical facilities and consultations in Company on top of government-mandated medical coverage.

While the Company currently does not provide extended benefits, it continues to review and evaluate options that enhance overall employee well-being, in alignment with business sustainability.

Employee Training and Development

Disclosure	2025	2024	Units
Total training hours provided to employees			
a. Female employees	99,360	93,960	hours
b. Male employees	43,800	57,840	hours
Average training hours provided to employees			
a. Female employees	120	120	hours/employee
b. Male employees	120	120	hours/employee

Fruititas Holdings, Inc. continues to invest in the growth and development of its workforce through structured training programs that enhance operational efficiency, safety, service excellence, and regulatory compliance. In 2025, the Company conducted a range of training initiatives covering leadership development, food safety, technical skills, environmental compliance, and customer service. Key programs included the AS/OIC Refresher Course for frontline leaders, Fire Safety Orientation and Drill for emergency preparedness, and the Department of Tourism’s “Filipino Brand of Service Excellence” seminar to strengthen customer experience standards. Specialized trainings such as Fruit Juice Processing with the Department of Science and Technology and the Pollution Control Officer certification further demonstrate the Company’s commitment to product quality and environmental responsibility. Employee well-being and presentation were also supported through hygiene and grooming workshops.

These initiatives contributed to a total of 99,360 training hours for female employees and 43,800 training hours for male employees in 2025, with an average of 120 training hours per employee across both groups. Through continuous learning and development, Fruitas ensures that its employees are equipped with the necessary skills and knowledge to perform effectively, while supporting career growth and reinforcing a culture of excellence within the organization.

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	0	%
Number of consultations conducted with employees concerning employee-related policies	324	count

Fruitas Holdings, Inc. maintains open and collaborative communication with its workforce to support a positive and transparent working environment. As of the reporting period, none of the Company's employees are covered by Collective Bargaining Agreements.

Despite this, the Company actively engages its employees through regular consultations, with a total of 324 sessions conducted on employee-related policies. These consultations provide a platform for dialogue, feedback, and alignment, ensuring that employee concerns are addressed and that policies remain responsive to workforce needs. Through these efforts, Fruitas reinforces a culture of trust, engagement, and mutual respect between management and employees.

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	61.60	%
% of male workers in the workforce	38.40	%
Number of employees from indigenous communities and/or vulnerable sector*	1.32	%

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

The company remains committed to fostering a diverse and inclusive workplace that provides equal opportunities for all, regardless of gender, background, or personal circumstances.

As of the reporting period, 61.94% of the workforce is composed of female employees, while 38.06% are male. This gender distribution reflects the organization's dedication to promoting gender inclusivity and empowering women across various roles and levels within the organization.

Although low, 1.32% in 2025 from 1.10% in 2024 of employees identify as Persons with Disabilities (PWDs), demonstrating the company's active efforts to create accessible and inclusive employment opportunities. This initiative underscores our commitment to breaking barriers and supporting individuals from all walks of life.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	2025	2024	Units
Safe Man-Hours	742,501,554	423,811,860	Man-hours
No. of work-related injuries	2	18	count
No. of work-related fatalities	N/A	N/A	#
No. of work related ill-health	N/A	N/A	#
No. of safety drills	2	2	count

The 18 work-related injuries pertain to minor injuries related to (i) equipment use during operation of the unit, (ii) vehicle sustained injuries of a delivery rider, and (iii) slip/fall accident.

The company places a high priority on the health, safety, and well-being of its employees by maintaining safe working environments and promoting a strong safety culture across all operations.

During the reporting period, the company recorded 2 work-related injuries, with no reported work-related fatalities or cases of work-related ill-health. While injuries were noted, continued efforts are being made to reduce risks through strict compliance with occupational safety standards and the improvement of hazard control measures.

A total of 2 safety drills were conducted to ensure emergency preparedness and reinforce safety protocols among employees. These drills are part of the organization’s ongoing commitment to building awareness and responsiveness in the face of potential workplace hazards.

Moving forward, the company aims to enhance its safety programs and training, minimize workplace incidents, and ensure full alignment with labor standards and human rights principles.

Labor Laws and Human Rights

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

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

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

Fruitas Holdings, Inc. complies with applicable labor laws and maintains policies that prohibit forced labor, child labor, and workplace misconduct such as harassment and bullying. These are covered under the Company’s *Policy on Child and Forced Labor* and policies relating to employee health, safety, and welfare.

For the reporting period, there were no recorded legal actions or employee grievances involving forced or child labor. The Company continues to implement these policies and ensure that employees are informed, with the aim of maintaining a compliant and respectful working environment.

Supply Chain Management

FHI does not engage with direct suppliers due to the nature of its business. However, it encourages its subsidiaries to consider sustainability factors in their dealings with suppliers and recognizes the importance of responsible supply chain practices.

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	Y	Vendor Code of Conduct as part of the Supplier Agreements
Forced labor	Y	
Child labor	Y	
Human rights	Y	
Bribery and corruption	Y	Business Integrity and Ethics Agreement

Key expectations on environmental performance, labor practices (including forced and child labor), and human rights are outlined in the Vendor Code of Conduct, which forms part of supplier agreements at the subsidiary level. In addition, compliance with anti-bribery and anti-corruption standards is reinforced through the Business Integrity and Ethics Agreement.

While implementation is decentralized, these guidelines provide a baseline for responsible supplier conduct across the group.

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
Manpower for Retail Store Expansion	Luzon, NCR, Visayas and Mindanao	Low-income workers, women, persons with disabilities (PWDs)	N	Right to fair wages, safe working conditions, equal employment opportunities	Provide competitive wages, ensure safe work environments, offer inclusive hiring policies, and provide skills training programs
Sourcing Suppliers from different locations	Laguna, Cavite, Cebu and majority in Metro Manila	Small-scale suppliers, farmers, etc.	N	Fair trade practices	Implement ethical sourcing policies, and provide fair payment terms
Fresh, Clean and Healthy menu offerings (Affordable)	All Store Branches (Nationwide)	Low-income families (BOP), children, and the elderly	N	Right to health and adequate nutritious food	Maintain affordable pricing for nutrient-dense options; transparent nutritional labeling.
Promotion of Filipino products and culture	All Store Branches /	Local artisans and traditional food producers	N	Right to cultural heritage	Sourcing local ingredients

	Tourist Hubs				
Logistics and Supply Chain Distribution	Regional Distribution Centers	Communities near high-traffic hubs	N	Right to a clean environment and safety	Optimization of delivery routes to reduce carbon footprint and noise pollution in residential areas.

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

Community Impact and Social Responsibility

Our business operations serve as a primary driver for regional socio-economic development. By integrating community support into our core commercial activities, we generate measurable value beyond our independent CSR programs.

Employment and Workforce Inclusivity

The expansion of our retail network across Luzon, NCR, Visayas, and Mindanao provides stable employment for low-income workers, women, and persons with disabilities (PWDs). We ensure operational alignment with international labor standards by providing competitive wages, safe working environments, and inclusive hiring protocols. Continuous skills training programs are implemented to enhance employee productivity and long-term career mobility.

Supply Chain and Ethical Sourcing

We maintain a localized supply chain by partnering with small-scale suppliers and farmers in Laguna, Cavite, Cebu, and Metro Manila. Our procurement process is governed by ethical sourcing policies that mandate fair trade practices and equitable payment terms. This approach ensures financial stability for local producers and strengthens the regional economy.

Public Health and Local Business Promotion

We address food security and public health by offering an affordable Fresh, clean and healthy products and menu, making nutrient-dense food accessible to the Base of the Pyramid (BOP). Additionally, our operations promote Filipino heritage by prioritizing local ingredients and products.

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

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

For the reporting period, the company does not have operations that directly affect Indigenous Peoples (IPs). As such, there are no ongoing FPIC consultations and no Certification Preconditions (CPs) have been secured.

Should future operations involve areas inhabited or claimed by IP communities, the company commits to strict compliance with the FPIC process and other legal requirements to uphold the rights and welfare of Indigenous Peoples.

Customer Management

Customer Satisfaction

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

Fruitas Holdings Inc. (FHI) remains committed to delivering a high level of customer satisfaction through consistent product quality and proactive engagement across all touchpoints. In 2025, Fruitas Coconut Juice’s recognition as a Gold Tier awardee, ranking 7th in the Coolers category at the Grab FanFaves, reflects strong customer preference and brand trust.



To sustain service excellence, FHI implements a structured customer management approach. This includes a Mystery Shopper Program to evaluate in-store experience, regular store audits to ensure compliance with food safety and service standards, and active social media monitoring to capture real-time customer feedback. A dedicated customer service hotline further enables timely resolution of inquiries and concerns.

While customer satisfaction studies are currently conducted internally, these initiatives collectively support continuous improvement and reinforce FHI’s customer-centric strategy.

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	0	instances
No. of complaints addressed	0	instances

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

Fruitas Holdings Inc. (FHI) is committed to maintaining high standards of product and service health and safety. For the reporting period, no substantiated complaints were recorded, and no complaints required resolution.

Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	0	count
No. of complaints addressed	0	count

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

The company has integrated calorie labeling across all product lines and menus to enhance transparency and support informed dietary choices. By providing clear caloric data, the company empowers all customer segments—particularly health-conscious individuals and those in the Base of the Pyramid—to manage their nutritional intake effectively. These labeling practices align with local health department requirements and reinforce a commitment to public wellness by encouraging a shift toward fresh, clean, and healthy product options. To maintain consumer trust, the company conducts regular audits of its labeling accuracy, ensuring all marketing materials provide a factual representation of nutritional content.

During the reporting period, the company did not receive any substantiated complaints related to marketing or labeling. The company continues to monitor customer feedback and remains

proactive in addressing any potential concerns to maintain consumer trust and satisfaction.

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	0	count
No. of complaints addressed	0	count
No. of customers, users and account holders whose information is used for secondary purposes	0	count

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

FHI maintains a steadfast commitment to data integrity, recording zero substantiated complaints and data usage for secondary purposes regarding customer privacy during the reporting period. The company reinforces this trust through official registration with the National Privacy Commission (NPC) under Registration No. PIC-007-062-2024, with a current seal valid until 15 April 2027. By actively monitoring customer service hotlines and social media, FHI ensures a proactive approach to grievance redressal and continuous improvement in its data protection protocols.

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	0	count

Fruitas Holdings Inc. (FHI) is committed to respecting individual rights to privacy and data protection. The company ensures that customer and partner information is used solely for legitimate business purposes and is safeguarded against misuse that could result in harm, including discrimination, reputational damage, fraud, or identity theft.

FHI strictly enforces its Data Privacy Policy, which is fully integrated into its operations—including online ordering and delivery platforms—to ensure ongoing compliance with data privacy laws and regulations.

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Fresh and healthy food and beverage	FRUIT manufactures and serves fresh and nutritious products, supporting Supports SDG 2 (Zero Hunger) and SDG 3 (Good Health) by increasing access to nutrient-dense, affordable options for all socioeconomic classes.	Supply chain temperature fluctuations and mismanagement of products may lead to food spoilage, contamination, or foodborne illnesses.	FRUIT ensures strict quality control, proper food handling, nutritional transparency, and adherence to food safety standards to maintain product integrity.

Sourcing from local farmers and small-scale suppliers	Supporting local farmers aligns with SDG 8 (Decent Work and Economic Growth) and SDG 12 (Responsible Consumption and Production) by fostering sustainable agriculture and fair trade.	Over-reliance on small suppliers may pose supply chain risks and affect business continuity. High dependency on specific regions may lead to supply shocks due to climate-driven extreme weather.	FRUIT diversifies its supplier base, provides capacity-building programs, and implements fair trade policies to strengthen supplier resilience.
Eco-friendly packaging initiatives	Reducing plastic waste contributes to SDG 12 (Responsible Consumption and Production) and SDG 13 (Climate Action) by minimizing environmental impact.	Improper disposal of packaging materials may still contribute to pollution.	FRUIT promotes the use of biodegradable, recyclable, or reusable packaging and educates consumers on proper disposal methods. Adopting Extended Producer Responsibility (EPR) frameworks, right-sizing packaging to reduce material volume, and partnering with local recyclers.
Retail store expansion and job creation	Creating job opportunities contributes to SDG 8 (Decent Work and Economic Growth) by providing employment and livelihood for various communities and providing inclusive employment for women, youth, and PWDs in underserved areas.	Expansion may lead to increased energy consumption and higher carbon footprint.	FRUIT incorporates energy-efficient practices in its stores, implements sustainable building designs, transitioning to energy-efficient LED lighting, inverter-grade refrigeration, and promotes employee awareness on environmental responsibility.
Digitalization and online ordering platforms	Enhancing customer access to fresh food through digital platforms supports SDG 9 (Industry, Innovation, and Infrastructure) by leveraging technology for better service efficiency.	Increased reliance on technology may contribute to electronic waste and cybersecurity risks.	FRUIT ensures responsible e-waste management, strict NPC data compliance, and formalized e-waste disposal programs for retired hardware and implements data privacy safeguards.

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

Fruitas Holdings Inc. (FRUIT) aligns its core business with the UN Sustainable Development Goals (SDGs) by providing fresh, nutritious products that support Zero Hunger (SDG 2) and Good Health (SDG 3). While large-scale food production carries risks of spoilage or contamination, the Group maintains strict quality controls and safety standards to ensure product integrity. To promote Decent Work and Economic Growth (SDG 8) and Responsible Consumption (SDG 12), the company sources from local farmers. To mitigate supply chain

shocks and climate-driven risks, FRUIT diversifies its supplier base and invests in capacity-building programs for small-scale partners.

The Group further supports Climate Action (SDG 13) through eco-friendly packaging initiatives and the adoption of Extended Producer Responsibility (EPR) frameworks. To address the pollution risks of improper disposal, FRUIT prioritizes biodegradable materials and consumer education. Additionally, retail expansion fosters inclusive employment for women, youth, and PWDs, though the company offsets the resulting increase in energy use by transitioning to LED lighting and inverter-grade refrigeration. Finally, by leveraging technology for Industry and Innovation (SDG 9), the Group enhances food access while managing cybersecurity and e-waste through formalized data privacy safeguards and hardware disposal programs.



Compliance Department Tax Section <compliance.tax.fhi@gmail.com>

SEC eFast Initial Acceptance

noreply-cifssost@sec.gov.ph <noreply-cifssost@sec.gov.ph>

30 April 2026 at 18:53

Dear **FRUITAS HOLDINGS, INC.**,

Greetings!

This serves as a temporary receipt of your submission, subject to verification of the form and the quality of the image of the submitted report.

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

A separate email will be sent as proof of review and/or final acceptance.

Thank you.

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

REMINDER:
TO ALL FILERS OF REPORTS IN THE e-FAST

Please strictly follow the instructions stated in the form. Filings not in accordance with the prescribed template for the following reports will be automatically reverted by the system to the filer: 1. General Information Sheet (GIS-Stock); 2. General Information Sheet (GIS-Non-stock); 3. General Information Sheet (GIS- Foreign stock & non-stock); 4. Broker Dealer Financial Statements (BDFS); 5. Financing Company Financial Statements (FCFS); 6. Investment Houses Financial Statements (IHFS); 7. Publicly – Held Company Financial Statement; 8. General Form for Financial Statements; 9. Financing Companies Interim Financial Statements (FCIF); 10. Lending Companies Interim Financial Statements (LCIF).

Per Section 18 of SEC Memorandum Circular No. 3 series of 2021, the reckoning date of receipt of reports is the date the report was initially submitted to the eFAST, if the filed report is compliant with the existing requirements. A report, which was reverted or rejected, is considered not filed or not received. A notification will be sent to the filer, stating the reason for the report's rejection in the remarks box.

THIS IS AN AUTOMATED MESSAGE - PLEASE DO NOT REPLY DIRECTLY TO THIS EMAIL

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	1	5	0	3	0	1	4
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COMPANY NAME

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

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

N	o	.		6	8		D	a	t	a		S	t	.		B	r	g	y	.		D	o	n		M	a	n	u	e	l	,		Q	u	e	z	o		
n			C	i	t	y	,		M	e	t	r	o		M	a	n	i	l	a	,		P	h	i	l	i	p	p	i	n	e	s	,		1	1	1	3	

Form Type

A	A	S	F	S
---	---	---	---	---

Department requiring the report

C	R	M	D
---	---	---	---

Secondary License Type, If Applicable

N	/	A
---	---	---

COMPANY INFORMATION

Company's Email Address

ipo.compliance@fruitasholdings.com

Company's Telephone Number

(02) 8 243-1741

Mobile Number

09677824286

No. of Stockholders

122

Annual Meeting (Month / Day)

Every Second Monday of June

Calendar Year (Month / Day)

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Madelene T. Sayson

Email Address

madelene.sayson@fruitasholdings.com

Telephone Number

(02) 8 243-1741

Mobile Number

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.

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.



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Apr 30, 2026 06:44 PM

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To: COMPLIANCETAX.FHI@gmail.com
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30 April 2026 at 18:44

Hi FRUITAS HOLDINGS, INC.,

Valid files

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- EAFS008961476RPTY122025.pdf
- EAFS008961476AFSTY122025.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-C7LLB8EG02NTNV31RMNRZT4SV04X1SXNNZ**
Submission Date/Time: **Apr 30, 2026 06:44 PM**
Company TIN: **008-961-476**

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

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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

FRUITAS HOLDINGS INC.

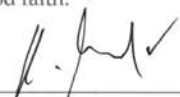
68 Data St. corner Cordillera St., Brgy. Don Manuel Quezon City, Philippines
Tel: (63.2)8-243-1741; Mobile No. +63967.782.4286
Email: ipo.compliance@fruitasholdings.com; compliancetax.fhi@gmail.com


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

The Management of **Fruitash Holdings, Inc.** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2025. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2025 and the accompanying Annual Income Tax Return are in accordance with the books and records of Fruitash Holdings, Inc., complete, and correct in all material respects. Management likewise affirms that:


- (a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- (b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards (i.e. Philippine Financial Reporting Standards, or those applicable to Non-Publicly Accountable Entities) and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
- (c) the Company has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

Signature: 
Rogelio M. Guadalquiver
Chairman of the Board

Signature: 
Lester C. Yu
President and Chief Executive Officer

Signature: 
Rushell Salvador
Chief Financial Officer and Treasurer

Signed this 23rd day of April 2026
SUBSCRIBED AND SWORN
to before me this APR 29 2026
Affiant exhibited to me his/her


ATTY. JUAN G. PEKAS
Notary Public for Quezon City
A.C. No. 171 VALID UNTIL DEC. 31, 2026
Reg. of Attorneys No. 66493/TIN 289 467 753
Dir. No. 5 dated DECEMBER 30, 2025, QUEZON CITY
M.C. No. VB-001-2024, VALID UNTIL 14/APR/2028
P.T. No. 194-08-01, JANUARY 5, 2026, MARIKINA CITY
NOTED SA DEPARTMENT OF FINANCE, CUBAO, Q.C.

DOC NO. 401
PAGE NO. 88
BOOK NO. VIII
SERIES OF MM

FRUITAS HOLDINGS INC.

68 Data St. corner Cordillera St., Brgy. Don Manuel Quezon City, Philippines
Tel: (63.2)8-243-1741; Mobile No. +63967.782.4286
Email: ipo.compliance@fruitasholdings.com; compliancetax.fhi@gmail.com

STATEMENT OF MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL STATEMENTS


The Management of **Fruitash Holdings Inc.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein for the years ended **December 31, 2025 and 2024**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.


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

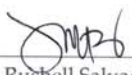
The Board of Directors is responsible in overseeing the Company’s financial reporting process.

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

Reyes Tacandong & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signature: 
Rogelio M. Guadalquiver
Chairman of the Board


Signature: 
Lester C. Yu
President and Chief Executive Officer

Signature: 
Rushell Salvador
Chief Financial Officer and Treasurer

Signed this 23rd day of April 2026

SUBSCRIBED AND SWORN
to before me this APR 29 2026
Affiant exhibited to me his/her _____

DOC NO. 419
PAGE NO. 64
BOOK NO. 114
SERIES OF 111


ATTY. PEÑAS, PEKAS
NOTARY PUBLIC FOR QUEZON CITY
ADM. MATTER NO. NP 171 VALID UNTIL DEC. 31, 2026
ROLL OF ATTORNEY NO. 66493/TIN 289-467 753
IBP NO. 576803 DECEMBER 30, 2025, QUEZON CITY
MCLE NO. VIII 0013054, VALID UNTIL 14/APR/2028
PTR NO. 104-38501, JANUARY 5, 2026, MARIKINA CITY
603 EDSA DIAMOND FINANCE, CUBAO, Q.C.

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
FRUITAS HOLDINGS, INC.
No. 68 Data St. Brgy. Don Manuel
Quezon City, Metro Manila, Philippines, 1113

Opinion

We have audited the separate financial statements of FRUITAS HOLDINGS, INC. (a subsidiary of LUSH PROPERTIES, INC.) (the Company), which comprise the separate statements of financial position as at December 31, 2025 and 2024, and the separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for the years ended December 31, 2025, 2024 and 2023, and notes to separate financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years ended December 31, 2025, 2024, and 2023 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), as applicable to audits of separate financial statements of public interest entities, together with the ethical requirements that are relevant to the audit of the separate financial statements of public interest entities in the Philippines. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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



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

Auditors' Responsibilities for the Audit of the Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

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

REYES TACANDONG & Co.


ARTHUR VINSON U. ONG

Partner

CPA Certificate No. 120745

Tax Identification No. 253-222-555-000

BOA Accreditation No. 4782/P-018; Valid until June 6, 2026

SEC Accreditation No. 120745-SEC Group A

Issued March 29, 2022

Valid for Financial Periods 2021 to 2025

BIR Accreditation No. 08-005144-015-2026

Valid until March 2, 2029

PTR No. 10764031

Issued January 2, 2026, Makati City

April 23, 2026

Makati City, Metro Manila

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

SEPARATE STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	2025	2024
ASSETS			
Current Assets			
Cash and cash equivalents	4	₱34,664,881	₱33,948,860
Financial assets at fair value through profit or loss (FVPL)	5	43,027,929	56,408,701
Receivables	6	2,352,358	6,596,146
Due from related parties	12	418,938,432	486,291,146
Other current assets	7	6,841,673	6,149,429
Total Current Assets		505,825,273	589,394,282
Noncurrent Assets			
Investment properties	8	273,768,325	273,150,325
Investments in subsidiaries	9	699,549,473	699,549,473
Property and equipment	10	1,158,449	1,461,208
Total Noncurrent Assets		974,476,247	974,161,006
		₱1,480,301,520	₱1,563,555,288
LIABILITIES AND EQUITY			
Current Liabilities			
Accrued expenses and other payables	11	₱2,025,522	₱1,419,897
Notes payable	13	206,310,000	250,000,000
Due to related parties	12	–	1,124,985
Total Current Liabilities		208,335,522	252,544,882
Noncurrent Liabilities			
Security deposits	17	528,000	635,143
Retirement benefits liability	14	1,883,563	1,138,438
Net deferred tax liabilities	18	3,603,566	7,888,169
Total Noncurrent Liabilities		6,015,129	9,661,750
Total Liabilities		214,350,651	262,206,632
Equity			
Capital stock:	15		
Preferred stock		20,000,000	20,000,000
Common stock		213,368,000	213,368,000
Treasury stock	15	(13,905,580)	–
Additional paid-in capital	15	777,837,044	777,837,044
Retained earnings		269,126,359	290,279,319
Other comprehensive loss	14	(474,954)	(135,707)
Total Equity		1,265,950,869	1,301,348,656
		₱1,480,301,520	₱1,563,555,288

See accompanying Notes to Separate Financial Statements.

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

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	2025	2024	2023
REVENUE				
Management fees	12	₱22,434,000	₱21,428,571	₱31,347,578
Dividend income	5	7,512,676	7,782,919	7,697,084
Rental income	17	720,000	1,886,143	3,131,082
		30,666,676	31,097,633	42,175,744
DIRECT COSTS				
Salaries, wages and other employees' benefits		9,301,552	10,375,924	8,804,749
Real property taxes	8	741,954	331,429	331,429
		10,043,506	10,707,353	9,136,178
GROSS INCOME		20,623,170	20,390,280	33,039,566
GENERAL AND ADMINISTRATIVE EXPENSES	16	(15,043,862)	(13,727,685)	(7,086,469)
INTEREST EXPENSE	13	(15,398,043)	(11,148,823)	(3,509,376)
GAIN (LOSS) ON CHANGES IN FAIR VALUE OF FINANCIAL ASSETS AT FVPL	5	5,746,456	2,607,760	(8,533,024)
INTEREST INCOME	4	722,878	616,886	438,674
IMPAIRMENT LOSS ON INVESTMENTS IN SUBSIDIARIES	9	–	(9,608,837)	–
GAIN FROM CHANGE IN FAIR VALUE OF INVESTMENT PROPERTIES	8	–	6,668,500	583,150
INCOME (LOSS) BEFORE INCOME TAX		(3,349,401)	(4,201,919)	14,932,521
PROVISION FOR (BENEFIT FROM) INCOME TAX	18			
Current		262,210	252,147	3,799,241
Deferred		(4,171,521)	(3,097,649)	440,466
		(3,909,311)	(2,845,502)	4,239,707
NET INCOME (LOSS)		559,910	(1,356,417)	10,692,814
OTHER COMPREHENSIVE LOSS				
<i>Not to be reclassified to profit or loss in subsequent periods</i>				
Remeasurement loss on retirement benefits liability, net of deferred tax	14	(339,247)	–	(49,070)
TOTAL COMPREHENSIVE INCOME (LOSS)		₱220,663	(₱1,356,417)	₱10,643,744

See accompanying Notes to Separate Financial Statements.

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

SEPARATE STATEMENTS OF CHANGES IN EQUITY

	Note	Years Ended December 31		
		2025	2024	2023
Capital Stock	15			
Preferred stock		₱20,000,000	₱20,000,000	₱20,000,000
Common stock		213,368,000	213,368,000	213,368,000
		233,368,000	233,368,000	233,368,000
Treasury Stock	15			
Acquisition		(13,905,580)	–	–
Additional Paid-in Capital	15	777,837,044	777,837,044	777,837,044
Retained Earnings				
Balance at beginning of year		290,279,319	313,472,536	324,283,189
Net income (loss)		559,910	(1,356,417)	10,692,814
Cash dividends	15	(21,712,870)	(21,836,800)	(21,503,467)
Balance at end of year		269,126,359	290,279,319	313,472,536
Other Comprehensive Loss	14			
Balance at beginning of year		(135,707)	(135,707)	(86,637)
Remeasurement loss on retirement benefits liability, net of deferred tax		(339,247)	–	(49,070)
Balance at end of year		(474,954)	(135,707)	(135,707)
		₱1,265,950,869	₱1,301,348,656	₱1,324,541,873

See accompanying Notes to Separate Financial Statements.

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

SEPARATE STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax		(₱3,349,401)	(₱4,201,919)	₱14,932,521
Adjustments for:				
Interest expense	13	15,398,043	11,148,823	3,509,376
Unrealized gain from changes in fair value of financial assets at FVPL	5	(5,141,973)	(2,607,760)	8,533,024
Interest income	4	(722,878)	(616,886)	(438,674)
Gain from redemption of financial assets at FVPL	5	(604,483)	–	–
Depreciation	10	362,259	292,242	–
Retirement benefits cost	14	292,796	224,283	196,874
Impairment loss on investments in subsidiaries	9	–	9,608,837	–
Gain from change in fair value of investment properties	8	–	(6,668,500)	(583,150)
Operating income before working capital changes		6,234,363	7,179,120	26,149,971
Decrease (increase) in:				
Receivables		4,243,788	(1,978,186)	1,022,680
Other current assets		2,346,103	(2,978,641)	2,977,400
Increase (decrease) in:				
Accrued expenses and other payables		605,625	(231,551)	583,224
Security deposits		(107,143)	(235,656)	99,671
Net cash generated from operations		13,322,736	1,755,086	30,832,946
Interest paid	13	(15,398,043)	(11,148,823)	(3,509,376)
Income taxes paid		(3,300,557)	(3,819,159)	(1,349,634)
Interest received		722,878	616,886	438,674
Net cash provided by (used in) operating activities		(4,652,986)	(12,596,010)	26,412,610
CASH FLOWS FROM INVESTING ACTIVITIES				
Collections of due from related parties		67,352,714	185,022,115	23,794,068
Proceeds from redemption of financial assets at FVPL	5	24,127,228	5,957,587	–
Acquisitions of:				
Financial assets at FVPL	5	(5,000,000)	–	(981,424)
Investment properties	8	(618,000)	(97,144,825)	(580,000)
Property and equipment	10	(59,500)	(1,753,450)	–
Investments in subsidiaries	9	–	(37,385,000)	(40,280,000)
Additional due from related parties	12	–	(223,083,922)	–
Net cash provided by (used in) investing activities		85,802,442	(168,387,495)	(18,047,356)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of:				
Notes payable	13	(624,690,000)	(215,000,000)	(5,000,000)
Cash dividends	19	(21,712,870)	(21,503,467)	(21,359,543)
Acquisition of treasury stock	15	(13,905,580)	–	–
Due to related parties	15	(1,124,985)	–	–
Proceeds from:				
Issuance of notes	13	581,000,000	415,000,000	–
Issuance of preferred stock		–	–	20,000,000
Net cash provided by (used in) financing activities		(80,433,435)	178,496,533	(6,359,543)

(Forward)

	Note	Years Ended December 31		
		2025	2024	2023
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		₱716,021	(₱2,486,972)	₱2,005,711
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		33,948,860	36,435,832	34,430,121
CASH AND CASH EQUIVALENTS AT END OF YEAR		₱34,664,881	₱33,948,860	₱36,435,832
SUPPLEMENTARY INFORMATION ON NONCASH ACTIVITIES				
Application of due from related parties to investments in subsidiaries		₱-	₱-	₱33,000,000
COMPONENTS OF CASH AND CASH EQUIVALENTS				
	4			
Cash on hand		₱118,000	₱-	₱-
Cash in banks		4,509,390	8,423,163	36,435,832
Cash equivalents		30,037,491	25,525,697	-
		₱34,664,881	₱33,948,860	₱36,435,832

See accompanying Notes to Separate Financial Statements.

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

NOTES TO SEPARATE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2025 AND 2024
AND FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023

1. Corporate Information

General Information

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

The Company has investments in the following subsidiaries and associate, which were incorporated in the Philippines [except for Green Empire International Limited (GEIL) and Oceanic Luck Limited (OLL)] and registered with the SEC on the following dates:

<u>Name of Companies</u>	<u>Date of Incorporation</u>
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
<i>*ownership through SKI</i>	
<i>**ownership through FGI</i>	
<i>***ownership through GEIL</i>	
<i>****ownership through NTI</i>	
<i>*****ownership through LFI</i>	

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

The principal activities and percentage of ownership of the Company on its subsidiaries and associate as at December 31, 2025, 2024 and 2023 are presented below.

Name of Companies	Principal Activities	Principal Place of Business	Percentage of Ownership (%)		
			2025	2024	2023
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	–
Associate with indirect ownership -					
CCFI	Restaurant	Philippines	40	–	–

As at December 31, 2025 and 2024, the Company is 53.78% and 52.84%, respectively, owned by LUSH PROPERTIES, INC. (LPI or the 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 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.

Approval of the Separate Financial Statements

The separate financial statements of the Company as at December 31, 2025 and 2024 and for the years ended December 31, 2025, 2024, and 2023 were approved and authorized for issuance by the Board of Directors (BOD) on April 23, 2026, as reviewed and recommended for approval by the Audit Committee on the same date.

2. Summary of Material Accounting Policy Information

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

Basis of Preparation and Statement of Compliance

The separate financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) 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.

The Company also prepares and issues consolidated financial statements in compliance with PFRS Accounting Standards for the same period as the separate financial statements. These may be obtained at the registered office address of the Company or at the SEC.

Bases of Measurement

The separate financial statements of the Company are presented in Philippine Peso (Peso), the Company's functional currency. All values are rounded to the nearest Peso, except when otherwise indicated.

The separate financial statements of the Company have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVPL) and investment properties which are measured at fair value; and 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 Company uses observable market data to the extent possible when measuring the fair value of an asset or a liability. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

Further information about the assumptions used in measuring fair values is included in Notes 5, 8 and 21.

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 separate financial statements of the Company. Additional disclosures were included in the separate 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 December 31, 2025 and have not been applied in preparing the separate financial statements, are summarized below:

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

- Amendments to PFRS 9, *Financial Instruments*, and PFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Assets* – The amendment provides to clarify the requirements related to the date of recognition and derecognition of financial assets and financial liabilities, with an exception for derecognition of financial liabilities settled through cash using an electronic payment system. The amendments also clarify the requirements of assessing contractual cash flow characteristics of financial assets, with additional guidance on assessment of contingent features, and the characteristics of non-recourse loans and contractually linked instruments. The amendments also introduce additional disclosure requirements for equity instruments classified as financial asset measured at fair value through other comprehensive income (FVOCI) with contingent features. Earlier application is permitted.
- Annual Improvements to PFRS Accounting Standards Volume 11:
 - Amendments to PFRS 7, *Financial Instruments: Disclosures* – The amendments remove some obsolete references related to the gain or loss on derecognition on financial assets of an entity that has a continuing involvement and to the disclosure requirements on deferred differences between fair value and transaction price. The amendments also clarify that the illustrative guidance does not necessarily illustrate all the requirements for credit risk disclosure.
 - Amendments to PAS 7, *Statement of Cash Flows* – The amendments clarify that when accounting for an investment in an associate, a joint venture or a subsidiary accounted for by use of the equity or at cost, an investor restricts its reporting in the statements of cash flows to the cash flows between itself and the investee, such as dividends and advances.

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 separate financial statements of the Company. Additional disclosures will be included in the separate financial statements, as applicable.

Financial Assets and Liabilities

Recognition and Measurement

Date of Recognition. The Company recognizes a financial asset or a financial liability in the separate 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 Company recognizes the difference between the transaction price and fair value (a “Day 1” difference) in profit or loss. In cases where there is no observable data on inception, the Company deems the transaction price as the best estimate of fair value and recognizes “Day 1” difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the “Day 1” difference.

Classification

The Company 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 Company’s business model and its contractual cash flow characteristics.

As at December 31, 2025 and 2024, the Company does not have financial assets at FVOCI and financial liabilities at FVPL.

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

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

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

As at December 31, 2025 and 2024, the Company’s cash and cash equivalents, receivables, and due from related parties 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 part of "Dividend income" under "Revenue" account and "Gain (loss) on changes in fair value of financial assets at FVPL" account in the separate statements of comprehensive income.

As at December 31, 2025 and 2024, the Company'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 Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

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

As at December 31, 2025 and 2024, the Company's accrued expenses and other payables (excluding statutory payables), notes payable, due to related parties, and security deposits are classified under this category.

Reclassification

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

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

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

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 OCI is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

Impairment

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

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

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

Derecognition

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

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

When the Company has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks

and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Company's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.

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

Offsetting

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

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

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

Other Current Assets

Other current assets pertain to creditable withholding taxes (CWT) and input value-added tax (VAT).

CWT. CWT represent amounts withheld by the Company'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 taxes withheld at source subject to the rules on Philippine income taxation. CWT are stated at face amount less impairment in value, if any.

Input VAT. Input VAT represents VAT imposed by the Company's suppliers for acquisition services. Input VAT is recognized as an asset and will be used to offset against the Company'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" account in the separate statements of comprehensive income. Fair value is determined by independent appraisers with sufficient experience with respect to both the location and the nature of the investment properties.

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

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

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

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

Investments in Subsidiaries

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

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

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

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

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

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. If the Company loses control over a subsidiary, it recognizes the gain or loss associated with the loss of control attributable to the former controlling interest.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value.

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 is computed using the straight-line method over the following estimated useful lives of the property and equipment:

<u>Asset Type</u>	<u>Number of Years</u>
Transportation equipment	5
Office equipment	3

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

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

When property and equipment are sold or retired, their cost, accumulated depreciation and any allowance for impairment in value are eliminated and any resulting gain or loss from disposal is included 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. If any such indication exists and when the carrying amounts exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of the fair value less cost to sell or value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an orderly transaction between market participants less the cost of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

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

Equity

Preferred Stock. Preferred stock are voting, cumulative, nonparticipating, nonconvertible and redeemable at the option of the Company. 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 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 separate statements of comprehensive income on the purchase, sale, issue or cancellation of the 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 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 Company. Dividends for the year that are declared after the reporting date are dealt with as an event after the reporting date.

Other Comprehensive Loss. This pertains to the cumulative remeasurement loss on the Company's retirement benefits liability, net of deferred tax. This is recognized immediately in other comprehensive loss and is included in equity. This is not reclassified to profit or loss in subsequent periods.

Revenue Recognition

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

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

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

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

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

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

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

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 recognized as expense when the related services are rendered.

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 is incurred in connection with the borrowing of funds. This is recognized in profit or loss as it accrues on a time proportion basis using the effective interest method.

Employee Benefits

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

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

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

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

Leases

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

Company as a Lessor. Leases where the Company 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. Any such reductions are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

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

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

Related Party Relationships and Transactions

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

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

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

Provisions

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

Contingencies

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

Events after the Reporting Date

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

3. Significant Accounting Judgments, Assumptions and Estimates

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

While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. 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 Company:

Classifying Financial Instruments. The Company 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 separate statements of financial position.

The Company's redeemable preferred stock as at December 31, 2025 and 2024 are classified as equity in the separate statements of financial position. The Company has the option to redeem the preferred stock. Accordingly, the Company has an unconditional right to refuse redemption (see Note 15).

Determining Control over Investments. The Company 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 Company's voting rights and potential voting rights.

As at December 31, 2025 and 2024, management has assessed that it has control over its subsidiaries.

The carrying amount of investments in subsidiaries as at December 31, 2025 and 2024 is disclosed in Note 9.

Determining the Distinction between Investment Property and Owner-occupied Property. The Company determines whether a property qualifies as investment property. In making its judgment, the Company 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 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 Company considers each property separately in making its judgment.

The fair value of investment properties as at December 31, 2025 and 2024 is disclosed in Note 8.

The carrying amount of property and equipment as at December 31, 2025 and 2024 is disclosed in Note 10.

Assessing ECL on Financial Assets at Amortized Cost. The Company estimates ECL on receivables based on specific evaluation of accounts and where the Company 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 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 increase in credit risk primarily because the Company transacts with reputable counterparties that possess good credit ratings.

No provision for ECL on financial assets at amortized cost was recognized in 2025, 2024 and 2023.

The carrying amounts of the Company's financial assets at amortized cost are disclosed in Note 4, 6 and 12.

Estimating Fair Value of Financial Assets at FVPL. The Company 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 Company 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 December 31, 2025 and 2024 are disclosed in Note 5.

Estimating Fair Value of Investment Properties. Investment properties are measured at fair value. The Company works closely with external qualified appraisers who performed the valuation using appropriate valuation techniques. The appraiser used a valuation technique based on comparable market data, adjusted as necessary to reflect the specific assets' location and condition and, estimated expected future cash flows, yields, occupancy rates, discount rates, replacement costs and remaining economic life. The valuation techniques and inputs used in the fair value measurement of investment properties are disclosed in Note 8.

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

The fair value of investment properties as at December 31, 2025 and 2024 is disclosed in Note 8.

Assessing Impairment of Nonfinancial Assets. The Company assesses impairment on its nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The relevant factors that the Company considers in deciding whether to perform an asset impairment review include, among other, 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 Company.

No impairment loss on nonfinancial assets was recognized in 2025 and 2023. Impairment loss on investments in subsidiaries amounting to ₱9.6 million was recognized in 2024.

The carrying amounts of the Company's nonfinancial assets as at December 31, 2025 and 2024 are disclosed in Notes 7, 8, 9 and 10.

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 14. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the retirement obligation.

Retirement benefits cost in 2025, 2024 and 2023 is disclosed in Note 14.

The retirement benefits liability and cumulative remeasurement loss on retirement benefits liability (net of deferred tax) recognized in equity as at December 31, 2025 and 2024 are disclosed in Note 14.

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

The Company's recognized deferred tax assets as at December 31, 2025 and 2024 are disclosed in Note 18.

4. Cash and Cash Equivalents

This account consists of:

	2025	2024
Cash on hand	P118,000	P-
Cash in banks	4,509,390	8,423,163
Cash equivalents	30,037,491	25,525,697
	P34,664,881	P33,948,860

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 Company and earn interest at the prevailing short-term placement rates ranging from 3.90% to 5.38%, 4.20% to 6.05%, and 4.20% to 6.00% in 2025, 2024 and 2023, respectively.

Interest income amounted to P0.7 million, P0.6 million and P0.4 million in 2025, 2024 and 2023, respectively.

5. 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:

	2025	2024
Balance at beginning of year	P56,408,701	P59,758,528
Redemption	(23,522,745)	(5,957,587)
Unrealized gain from changes in fair value	5,141,973	2,607,760
Additions	5,000,000	-
Balance at end of year	P43,027,929	P56,408,701

Dividend income are derived from:

	2025	2024	2023
Investments in subsidiaries	P5,412,440	P5,412,440	P5,599,940
Financial assets at FVPL	2,100,236	2,370,479	2,097,144
	P7,512,676	P7,782,919	P7,697,084

Various financial assets at FVPL were redeemed for P24.1 million and P6.0 million in 2025 and 2024, respectively. Gain on redemption of financial assets at FVPL amounted to P0.6 million in 2025.

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

6. Receivables

This account consists of:

	2025	2024
Receivables from tenants	P279,041	P153,851
Other receivables	2,073,317	6,442,295
	P2,352,358	P6,596,146

Receivables from tenants are unsecured, noninterest-bearing and are normally collected within 30 to 60 days.

Other receivables mainly pertain to reimbursable expenses related to the transfer of title of the investment property. This is noninterest-bearing and collectible within one year.

7. Other Current Assets

This account consists of:

	2025	2024
CWT	P6,209,135	P3,170,788
Input VAT	632,538	2,978,641
	P6,841,673	P6,149,429

8. Investment Properties

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

	2025			Total
	Land	Land Improvements	Building and Building Improvements	
Cost				
Balance at beginning of year	P148,962,158	P697,250	P75,440,467	P225,099,875
Additions	-	-	618,000	618,000
Balance at end of the year	148,962,158	697,250	76,058,467	225,717,875
Cumulative Fair Value Changes				
Balance at beginning and end of year	52,855,453	(213,500)	(4,591,503)	48,050,450
Carrying Amount	P201,817,611	P483,750	P71,466,964	P273,768,325

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

The Company's investment properties located in Sampaloc District, City of Manila 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 Company's investment properties compared to prior year.

For investment properties located in San Antonio, Quezon City which were acquired in 2024, management assessed that there are no indicators of significant changes in the fair value. Accordingly, the fair value of these investment properties approximates its cost.

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.

Descriptions of key inputs are as follows:

Location	Significant unobservable Inputs	Range (weighted average)	
		2025	2024
Sampaloc District, City of Manila	Selling price per square meter Value adjustments	₱172,000/sq. m. 5% to 20%	₱163,000/sq. m. 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 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 Company'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 is disclosed in Note 17. The related direct cost pertains to real property taxes which amounted to ₱0.7 million, ₱0.3 million and ₱0.3 million in 2025, 2024 and 2023, respectively.

9. **Investments in Subsidiaries**

As at December 31, 2025 and 2024, this account consists of investments in the following subsidiaries:

At cost:	
FGI	₱308,152,600
NTI	160,318,625
BNFI	153,297,100
SKI	71,585,000
FKI	14,680,000
CDI	1,124,985
	<hr/>
	709,158,310
Less allowance for impairment loss on FKI and CDI	(9,608,837)
	<hr/>
	₱699,549,473

Movements in this account are as follows:

	2025	2024
Balance at beginning of year	₱699,549,473	₱671,773,310
Additions	–	37,385,000
Impairment loss	–	(9,608,837)
Balance at end of year	₱699,549,473	₱699,549,473

Below are the summarized financial information of BNFI, a subsidiary with material noncontrolling interest, as at and for the years ended December 31, 2025, 2024 and 2023.

	2025	2024	2023
Total Current Assets	₱456,393,268	₱399,344,115	₱356,537,798
Total Noncurrent Assets	245,879,457	210,404,691	205,240,072
Total Current Liabilities	100,383,302	76,178,505	83,791,901
Total Noncurrent Liabilities	17,215,637	13,153,927	17,930,509
Total Equity	584,673,786	520,416,374	460,055,460
Revenue	766,409,244	668,000,080	535,205,651
Net Income	71,324,279	67,835,939	58,641,614
Total Comprehensive Income	71,732,437	67,835,939	58,817,025

10. Property and Equipment

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

	2025		2024	
	Transportation Equipment	Office Equipment	Total	Transportation Equipment
Cost				
Balance at beginning of year	₱1,753,450	₱-	₱1,753,450	₱-
Additions	-	59,500	59,500	1,753,450
Balance at end of the year	1,753,450	59,500	1,812,950	1,753,450
Accumulated Depreciation				
Balance at beginning of year	292,242	-	292,242	-
Depreciation	350,690	11,569	362,259	292,242
Balance at end of year	642,932	11,569	654,501	292,242
Carrying Amount	₱1,110,518	₱47,931	₱1,158,449	₱1,461,208

Depreciation charged to general and administrative expenses in 2025 and 2024 is disclosed in Note 16.

11. Accrued Expenses and Other Payables

This account consists of:

	2025	2024
Accrued expenses	₱657,269	₱369,929
Statutory payables	247,689	264,768
Dividends payable	500,000	500,000
Others	620,564	285,200
	₱2,025,522	₱1,419,897

Accrued expenses consist mainly of accrued professional fees which are noninterest-bearing and are normally settled in the following month.

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

12. Related Party Transactions

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

Related Parties	Nature of Transactions	Amount of Transactions		Outstanding Balances	
		2025	2024	2025	2024
Receivables					
Under common management	Management fees	₱22,434,000	₱21,428,571	₱-	₱-
	Rental	-	1,166,143	-	-
				₱-	₱-
Due from Related Parties					
Under common management	Cash advances	₱-	₱223,083,922	₱318,719,042	₱382,544,286
Parent Company	Cash advances	-	-	100,219,390	103,746,860
				₱418,938,432	₱486,291,146
Due to Related Parties					
Under common stockholders	Advances for working capital	₱-	₱-	₱-	₱1,124,985

Terms and Conditions of Transactions with Related Parties

The outstanding balances are unsecured, noninterest-bearing, and collectible or payable in cash upon demand. Management makes an annual assessment of the financial capacity of the related parties. No provision for ECL on receivables and due from related parties was recognized in 2025, 2024 and 2023.

Management Agreements

The Company provides administrative services to its subsidiaries for a fixed monthly fee, with a period of one year and renewable upon mutual agreement by both parties.

Compensation of Key Management Personnel

The compensation of key management personnel are as follows:

	2025	2024	2023
Short-term employee benefits	₱8,753,333	₱8,550,600	₱8,480,450
Retirement benefits	292,796	224,283	196,874
	₱9,046,129	₱8,774,883	₱8,677,324

13. Notes Payable

Balances and movements in this account are as follows:

	2025	2024
Balance at beginning of year	₱250,000,000	₱50,000,000
Availments	581,000,000	415,000,000
Payments	(624,690,000)	(215,000,000)
Balance at end of year	₱206,310,000	₱250,000,000

The Company issued unsecured promissory notes to various local banks which bear interest rates ranging from 5.75% to 7.00% and 6.50% to 7.40% per annum in 2025 and 2024, respectively. The terms of these notes range from 30 to 180 days with varying maturities until 2026. The purpose of these notes is to support the Company's working capital requirements.

Interest expense amounted to ₱15.4 million, ₱11.1 million and ₱3.5 million in 2025, 2024 and 2023, respectively.

14. Retirement Benefits Liability

The Company has an unfunded, non-contributory defined benefit plan with a single lump sum payment covering retirement based on *Republic Act (RA) 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 separate statements of comprehensive income (see Note 16):

	2025	2024	2023
Current service cost	₱223,124	₱168,337	₱163,434
Interest cost	69,672	55,946	33,440
	₱292,796	₱224,283	₱196,874

Movements in the retirement benefits liability are as follows:

	2025	2024
Balance at the beginning of year	₱1,138,438	₱914,155
Current service cost	223,124	168,337
Interest cost	69,672	55,946
Actuarial loss (gain) due to:		
Experience adjustments	510,502	-
Changes in financial assumptions	(58,173)	-
Balance at end of year	₱1,883,563	₱1,138,438

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

	2025	2024
Discount rate	6.36%	6.12%
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%	(P215,122)	(P159,639)
	-1%	251,466	192,122
Salary increase rate	+1%	262,140	199,271
	-1%	(226,943)	(167,496)

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 is 13 years and 17 years, respectively.

The cumulative remeasurement loss on retirement benefits liability recognized in OCI in the separate statements of financial position as at and for the years ended December 31, 2025 and 2024 are as follows:

	2025		
	Cumulative Remeasurement		
	Loss	Deferred Tax	Net
Balance at beginning of year	P180,943	P45,236	P135,707
Actuarial loss	452,329	113,082	339,247
Balance at end of year	P633,272	P158,318	P474,954

	2024		
	Cumulative Remeasurement		
	Loss	Deferred Tax	Net
Balance at beginning and end of year	P180,943	P45,236	P135,707

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

	2025	2024
Less than five years	P-	P-
Five year to less than 10 years	4,100,665	-
More than years	7,391,887	8,388,408

The plan exposes the Company 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.

15. Equity

Capital Stock

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

	2025		2024	
	Number of Shares	Amount	Number of Shares	Amount
Authorized				
<i>Preferred Stock - ₱0.01 par value</i>				
Balance at beginning and end of year	3,000,000,000	₱30,000,000	3,000,000,000	₱30,000,000
<i>Common Stock - ₱0.10 par value</i>				
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	₱500,000,000
Preferred Stock - ₱0.01 par value				
<i>Issued and Outstanding</i>				
Balance at beginning and end of year	2,000,000,000	₱20,000,000	2,000,000,000	₱20,000,000
Common Stock - ₱0.10 par value				
<i>Issued</i>				
Balance at beginning and end of year	2,133,680,000	₱213,368,000	2,133,680,000	₱213,368,000
<i>Treasury Stock</i>				
Acquisition	(22,322,000)	(13,905,580)	–	–
<i>Outstanding</i>	2,111,358,000	₱199,462,420	2,133,680,000	₱213,368,000

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 stock; and
- redeemable at the option of the Company.

Common Stock

On November 29, 2019, the Company's 533,660,000 common stock were listed and traded on the PSE at an offer price of ₱1.68 a share. As at December 31, 2025 and 2024, the Company has 2,133,680,000 common stock listed on the PSE.

In 2025, the Company reacquired 22,322,000 of its own common stock. Treasury stocks amounted to ₱13.9 million as at December 31, 2025.

Additional Paid-in Capital

Additional paid-in capital amounting to ₱777.8 million as at December 31, 2025 and 2024 represents the excess of the amounts received over the par value of the shares issued, net of directly attributable transaction costs on the Company's IPO.

Retained Earnings

The Company declared dividends from available retained earnings as follows:

Date of Declaration	Type	Stockholders of Record	Date of Payment	Amounts Declared	
				Per Share	Total
2025					
October 29	Common	November 14, 2025	November 28, 2025	₱0.01	₱21,212,870
December 31	Preferred	December 31, 2025	Unpaid as of December 31, 2025		500,000
					₱21,712,870
2024					
October 25	Common	November 11, 2024	November 29, 2024	₱0.01	₱21,336,800
December 31	Preferred	December 31, 2024	April 11, 2025		500,000
					₱21,836,800
2023					
October 13	Common	November 8, 2023	November 29, 2023	₱0.01	₱21,336,800
December 31	Preferred	December 31, 2023	August 2, 2024		166,667
					₱21,503,467

Capital Management

The Company's objectives when managing capital are:

- To safeguard the Company'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 Company sets the amount of capital in proportion to risk. The Company 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 Company 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 Company considers the capital stock and additional paid-in capital presented in the separate 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:

	2025	2024
Total debt	₱214,350,651	₱262,206,632
Total equity	1,265,950,869	1,301,348,656
Debt-to-equity ratio	0.17:1	0.20:1

The public ownership of the Company is 39.74% and 40.75% as at December 31, 2025 and 2024, respectively.

As at December 31, 2025 and 2024, the Company has 122 and 121 stockholders, respectively.

16. General and Administrative Expenses

This account consists of:

	Note	2025	2024	2023
Utilities		₱3,418,617	₱2,413,917	₱1,120,442
Taxes and licenses		2,277,654	1,336,690	1,341,363
Professional fees		1,886,143	1,144,261	973,438
Business meetings		1,744,988	3,780,397	1,676,545
Advertisement		1,371,832	741,476	224,048
Outside services		1,350,836	1,014,400	508,324
Depreciation	10	362,259	292,242	–
Subscription fee		350,000	649,428	275,000
Retirement benefits cost	14	292,796	224,283	196,874
Repairs and maintenance		230,626	459,614	295,430
Bank charges		73,822	248,747	300
Supplies		63,822	256,971	8,286
Insurance		54,196	137,759	67,840
Training and development		29,800	14,900	26,820
Others		1,536,471	1,012,600	371,759
		₱15,043,862	₱13,727,685	₱7,086,469

Others pertain to transportation and travel, bank charges, and other miscellaneous expenses.

17. Lease Agreements

The Company leased out certain commercial spaces of its building to several parties under various non-cancellable lease agreements with terms ranging from one year to five years, renewable upon mutual agreement by both parties.

Security deposits amounting to ₱0.5 million and ₱0.6 million as at December 31, 2025 and 2024, respectively, are noninterest-bearing and will be refunded at the end of the lease term.

Rental income amounted to ₱0.7 million, ₱1.9 million and ₱3.1 million in 2025, 2024 and 2023, respectively.

18. Income Taxes

The components of the Company's provision for (benefit from) income tax are as follows:

	2025	2024	2023
Profit or loss:			
Current	₱262,210	₱252,147	₱3,799,241
Deferred	(4,171,521)	(3,097,649)	440,466
	(₱3,909,311)	(₱2,845,502)	₱4,239,707
OCI -			
Deferred	(₱113,082)	₱–	(₱16,357)

The Company's provision for current income tax represents MCIT in 2025 and 2024, and RCIT in 2023.

The income tax rates used in preparing the separate financial statements are as follows:

	2025	2024	2023
RCIT	25%	25%	25%
MCIT	2%	2%	1.5%

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

	2025	2024
Deferred Tax Assets		
NOLCO	₱7,159,928	₱2,176,222
Allowance for impairment loss on investment in subsidiaries	2,402,209	2,402,209
Excess MCIT over RCIT	514,357	252,147
Retirement benefits liability	470,891	284,610
	10,547,385	5,115,188
Deferred Tax Liabilities		
Gain from change in fair value of investment properties	12,012,613	12,012,613
Depreciation expense of investment properties for tax purposes	2,138,338	990,744
	14,150,951	13,003,357
	(₱3,603,566)	(₱7,888,169)

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

Year Incurred	Balance at Beginning	Incurred	Applied	Balance at End	Expiry Year
2025	₱-	₱19,934,826	₱-	₱19,934,826	2028
2024	8,704,887	-	-	8,704,887	2027
	₱8,704,887	₱19,934,826	₱-	₱28,639,713	

The details of the Company's excess MCIT over RCIT are as follows:

Year Incurred	Balance at Beginning	Incurred	Applied	Balance at End	Expiry Year
2025	₱-	₱262,210	₱-	₱262,210	2028
2024	252,147	-	-	252,147	2027
	₱252,147	₱262,210	₱-	₱514,357	

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

	2025	2024	2023
Provision for (benefit from) income tax at statutory tax rate	(P837,350)	(P1,050,480)	P3,733,130
Tax effects of:			
Dividend income exempt from income tax	(1,878,169)	(1,945,730)	(1,924,271)
Loss (gain) on changes in fair value of financial assets at FVPL	(1,436,614)	(651,940)	2,133,256
Nondeductible expenses	423,542	956,870	407,261
Interest income already subjected to final tax	(180,720)	(154,222)	(109,669)
Provision for (benefit from) income tax at effective tax rate	(P3,909,311)	(P2,845,502)	P4,239,707

19. Reconciliation of Liabilities Arising from Financing Activities

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

	Financing Cash Flows				2025
	2024	Proceeds	Payments	Dividends Declared	
Notes payable	P250,000,000	P581,000,000	(P624,690,000)	P-	P206,310,000
Due to related parties	1,124,985	-	(1,124,985)	-	-
Dividends payable	500,000	-	(21,712,870)	21,712,870	500,000
	P251,624,985	P581,000,000	(P647,527,855)	P21,712,870	P206,810,000

	Financing Cash Flows				2024
	2023	Proceeds	Payments	Dividends Declared	
Notes payable	P50,000,000	P415,000,000	(P215,000,000)	P-	P250,000,000
Due to related parties	1,124,985	-	-	-	1,124,985
Dividends payable	166,667	-	(21,503,467)	21,836,800	500,000
	P51,291,652	P415,000,000	(P236,503,467)	P21,836,800	P251,624,985

20. Financial Risk Management Objectives and Policies

The Company's financial instruments comprise of cash and cash equivalents, financial assets at FVPL, receivables, due from related parties, accrued expenses and other payables (excluding statutory payables), notes payable, due to related parties, and security deposits.

The main financial risks arising from the Company's financial instruments are credit risk and liquidity risk. The Company'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 Company is exposed to credit risk from its operating activities and from its deposits with banks and financial institutions.

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

	2025	2024
Financial assets at amortized cost:		
Cash in banks and cash equivalents*	₱34,546,881	₱33,948,860
Receivables	2,352,358	6,596,146
Due from related parties	418,938,432	486,291,146
Financial assets at FVPL	43,027,929	56,408,701
	₱498,865,600	₱583,244,853

*Presented under "Cash and cash equivalents" account (see Note 4)

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

The tables below show the credit quality of financial assets:

	2025				
	Neither Past Due nor Impaired		Past Due but Not Impaired	Impaired	Total
	High Grade	Standard Grade			
Lifetime ECL -					
Receivables	₱-	₱2,352,358	₱-	₱-	₱2,352,358
12-month ECL:					
Cash in banks and cash equivalents*	34,546,881	-	-	-	34,546,881
Due from related parties	-	418,938,432	-	-	418,938,432
	₱34,546,881	₱421,290,790	₱-	₱-	₱455,837,671

*Presented under "Cash and cash equivalents" account (see Note 4)

	2024				
	Neither Past Due nor Impaired		Past Due but Not Impaired	Impaired	Total
	High Grade	Standard Grade			
Lifetime ECL -					
Receivables	₱-	₱6,596,146	₱-	₱-	₱6,596,146
12-month ECL:					
Cash in banks and cash equivalents*	33,948,860	-	-	-	33,948,860
Due from related parties	-	486,291,146	-	-	486,291,146
	₱33,948,860	₱492,887,292	₱-	₱-	₱526,836,152

*Presented under "Cash and cash equivalents" account (see Note 4)

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

- **High Grade.** Pertains to counterparty who is not expected by the Company to default in settling its obligations, thus credit risk exposure is minimal. This normally includes large prime financial institutions 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 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, receivables are written off if past due for more than one (1) year and are not subject to enforcement activity.

Receivables arise mainly from transactions with tenants. In addition, receivable balances are monitored on an on-going basis to ensure timely collections. The Company has assessed that the ECL on receivables is not significant because these are substantially collected within the Company's credit terms.

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

- Cash in banks and cash equivalents being deposited with reputable counterparty banks that possess good credit ratings.
- For due from the related parties, the Company considered the available liquid assets and financial capacity of the related parties.

Liquidity Risk

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

The Company's objective is to maintain a balance between continuity of funding and flexibility through local banks and aims to manage liquidity as follows:

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

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

	2025				Total
	Payable on Demand	1 to 120 days	121 to 365 days	Over 365 days	
Accrued expenses and other payables*	₱-	₱1,777,833	₱-	₱-	₱1,777,833
Notes payable**	-	207,375,024	-	-	207,375,024
Security deposits	-	-	-	528,000	528,000
	₱-	₱209,152,857	₱-	₱528,000	₱209,680,857

*Excluding statutory payables

**Including future interests

	2024				Total
	Payable on Demand	1 to 120 days	121 to 365 days	Over 365 days	
Accrued expenses and other payables*	₱-	₱1,155,129	₱-	₱-	₱1,155,129
Notes payable**	-	253,401,723	-	-	253,401,723
Due to related parties	1,124,985	-	-	-	1,124,985
Security deposits	-	-	-	635,143	635,143
	₱1,124,985	₱254,556,852	₱-	₱635,143	₱256,316,980

*Excluding statutory payables

**Including future interests

21. Fair Value Measurement

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

	2025		2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets at Amortized Cost:				
Cash and cash equivalents	₱34,664,881	₱34,664,881	₱33,948,860	₱33,948,860
Receivables	2,352,358	2,352,358	6,596,146	6,596,146
Due from related parties	418,938,432	418,938,432	486,291,146	486,291,146
Financial assets at FVPL	43,027,929	43,027,929	56,408,701	56,408,701
	₱498,983,600	₱498,983,600	₱583,244,853	₱583,244,853
Financial Liabilities at Amortized Cost:				
Accrued expenses and other payables*	₱1,777,833	₱1,777,833	₱1,155,129	₱1,155,129
Notes payable	206,310,000	206,310,000	250,000,000	250,000,000
Due to related parties	-	-	1,124,985	1,124,985
Security deposits	528,000	502,075	635,143	606,305
	₱208,615,833	₱208,589,908	₱252,915,257	₱252,886,419

*Excluding statutory payables

Cash and Cash Equivalents, Receivables, Due from Related Parties, Accrued Expenses and Other Payables (excluding Statutory Payables), Notes Payable, and Due to Related Parties. The carrying amounts of these financial instruments approximate 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.

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 2025, 2024 and 2023.



**REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors
FRUITAS HOLDINGS, INC.
No. 68 Data St. Brgy. Don Manuel
Quezon City, Metro Manila, Philippines, 1113

We have audited in accordance with Philippine Standards on Auditing, the separate financial statements of FRUITAS HOLDINGS, INC. (a subsidiary of LUSH PROPERTIES, INC.) (the Company) as at December 31, 2025 and 2024 and for the years ended December 31, 2025, 2024 and 2023, and have issued our report thereon dated April 23, 2026. Our audits were made for the purpose of forming an opinion on the basic separate financial statements taken as a whole. The accompanying Supplementary Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration as at December 31, 2025 is the responsibility of the Company's management. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic separate financial statements. The information in this schedule has been subjected to the auditing procedures applied in our audits of the basic separate financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic separate financial statements taken as a whole.

REYES TACANDONG & Co.


ARTHUR VINSON U. ONG

Partner

CPA Certificate No. 120745

Tax Identification No. 253-222-555-000

BOA Accreditation No. 4782/P-018; Valid until June 6, 2026

SEC Accreditation No. 120745-SEC Group A

Issued March 29, 2022

Valid for Financial Periods 2021 to 2025

BIR Accreditation No. 08-005144-015-2026

Valid until March 2, 2029

PTR No. 10764031

Issued January 2, 2026, Makati City

April 23, 2026
Makati City, Metro Manila

**RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
FOR THE REPORTING YEAR ENDED DECEMBER 31, 2025**

FRUITAS HOLDINGS, INC.

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

	Amount
Unappropriated retained earnings, beginning of reporting period	₱281,287,669
Add: <u>Category A:</u> Items that are directly credited to unappropriated retained earnings	
Reversal of retained earnings appropriation/s	₱-
Effect of restatements or prior-period adjustments	-
Others (Beginning balance of cumulative deferred tax assets related to set up of right-of-use of asset and lease liability and set up of retirement obligation directly debited to unappropriated retained earnings)	-
Less: <u>Category B:</u> Items that are directly debited to unappropriated retained earnings	
Dividend declaration during the reporting period	(21,712,870)
Retained earnings appropriated during the reporting period	-
Effect of restatements or prior-period adjustments	-
Others (Beginning balance of cumulative deferred tax assets related to set up of right-of-use of asset and lease liability and set up of retirement obligation directly debited to unappropriated retained earnings)	-
Unappropriated retained earnings, as adjusted	259,574,799
Add/less: Net income (loss) for the current year	559,910
Less: <u>Category C.1:</u> Unrealized income recognized in the profit or loss during the reporting period (net of tax)	
Equity in net income of associate/joint venture, net of dividends declared	-
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVPL)	(3,856,480)
Unrealized fair value gain of investment property	-
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the Philippine Financial Reporting Standards (PFRS) (describe nature)	-
Sub-total	(3,856,480)

(Forward)

	Amount
Add: <u>Category C.2: Unrealized income recognized in profit or loss in prior periods but realized in the current reporting period (net of tax)</u>	
Realized foreign exchange gain, except those attributable to cash and cash equivalents	P-
Realized fair value adjustment (mark-to-market gains) of financial instruments at FVPL	453,362
Realized fair value of investment property	-
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-
Sub-total	₱453,362
Add: <u>Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)</u>	
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at FVPL	-
Reversal of previously recorded fair value of investment property	-
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)	-
Sub-total	-
Adjusted net income (loss)	(2,843,208)
Add: <u>Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)</u>	
Depreciation on revaluation increment (after tax)	-
Sub-total	-
Add/less: <u>Category E: Adjustments related to relief granted by the SEC</u>	
Amortization of the effect of reporting relief	-
Total amount of reporting relief granted during the year	-
Others (describe nature)	-
Sub-total	-
Add/less: <u>Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution</u>	
Net movement of treasury stock (except for reacquisition of redeemable shares)	(13,905,580)
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(5,245,916)
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right-of-use of asset and lease liability, set up of asset and asset retirement obligation, and set up of service concession asset and concession payable	(186,281)
Adjustment due to deviation from PFRS/GAAP - gain (loss)	-
Others (describe nature)	-
Sub-total	(19,337,777)
Total retained earnings, end of the reporting period available for dividend	₱237,393,814

**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY SEPARATE FINANCIAL STATEMENTS FOR FILING WITH THE
BUREAU OF INTERNAL REVENUE**

The Stockholders and the Board of Directors
FRUITAS HOLDINGS, INC.
No. 68 Data St. Brgy. Don Manuel
Quezon City, Metro Manila, Philippines, 1113

We have audited the accompanying separate financial statements of FRUITAS HOLDINGS, INC. (a subsidiary of LUSH PROPERTIES, INC.) (the Company) as at December 31, 2025 and 2024 and for the years ended December 31, 2025, 2024 and 2023, on which we have rendered our report dated April 23, 2026.

In compliance with Revenue Regulations V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president, manager or principal stockholders of the Company.

REYES TACANDONG & Co.


ARTHUR VINSON U. ONG
Partner

CPA Certificate No. 120745
Tax Identification No. 253-222-555-000
BOA Accreditation No. 4782/P-018; Valid until June 6, 2026
SEC Accreditation No. 120745-SEC Group A
Issued March 29, 2022
Valid for Financial Periods 2021 to 2025
BIR Accreditation No. 08-005144-015-2026
Valid until March 2, 2029
PTR No. 10764031
Issued January 2, 2026, Makati City

April 23, 2026
Makati City, Metro Manila



Compliance Department Tax Section <compliance.tax.fhi@gmail.com>

SEC eFast Initial Acceptance

noreply-cifssost@sec.gov.ph <noreply-cifssost@sec.gov.ph>

30 April 2026 at 18:53

Dear **FRUITAS HOLDINGS, INC.**,

Greetings!

This serves as a temporary receipt of your submission, subject to verification of the form and the quality of the image of the submitted report.

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

A separate email will be sent as proof of review and/or final acceptance.

Thank you.

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

REMINDER:
TO ALL FILERS OF REPORTS IN THE e-FAST

Please strictly follow the instructions stated in the form. Filings not in accordance with the prescribed template for the following reports will be automatically reverted by the system to the filer: 1. General Information Sheet (GIS-Stock); 2. General Information Sheet (GIS-Non-stock); 3. General Information Sheet (GIS- Foreign stock & non-stock); 4. Broker Dealer Financial Statements (BDFS); 5. Financing Company Financial Statements (FCFS); 6. Investment Houses Financial Statements (IHFS); 7. Publicly – Held Company Financial Statement; 8. General Form for Financial Statements; 9. Financing Companies Interim Financial Statements (FCIF); 10. Lending Companies Interim Financial Statements (LCIF).

Per Section 18 of SEC Memorandum Circular No. 3 series of 2021, the reckoning date of receipt of reports is the date the report was initially submitted to the eFAST, if the filed report is compliant with the existing requirements. A report, which was reverted or rejected, is considered not filed or not received. A notification will be sent to the filer, stating the reason for the report's rejection in the remarks box.

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COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	1	5	0	3	0	1	4
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COMPANY NAME

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

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

N	o	.		6	8		D	a	t	a		S	t	.		B	r	g	y	.		D	o	n		M	a	n	u	e	l	,		Q	u	e	z	o			
n			C	i	t	y	,		M	e	t	r	o		M	a	n	i	l	a	,		P	h	i	l	i	p	p	i	n	e	s	,		1	1	1	3		

Form Type

A	A	S	F	S
---	---	---	---	---

Department requiring the report

C	R	M	D
---	---	---	---

Secondary License Type, If Applicable

N	/	A
---	---	---

COMPANY INFORMATION

Company's Email Address

ipo.compliance@fruitasholdings.com

Company's Telephone Number

(02) 8 243-1741

Mobile Number

09677824286

No. of Stockholders

122

Annual Meeting (Month / Day)

Every Second Monday of June

Calendar Year (Month / Day)

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Madelene T. Sayson

Email Address

madelene.sayson@fruitasholdings.com

Telephone Number

(02) 8 243-1741

Mobile Number

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.

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.



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30 April 2026 at 18:44

Hi FRUITAS HOLDINGS, INC.,

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Transaction Code: **AFS-0-C7LLB8EG02NTNV31RMNRZT4SV04X1SXNNZ**
Submission Date/Time: **Apr 30, 2026 06:44 PM**
Company TIN: **008-961-476**

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

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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

FRUITAS HOLDINGS INC.


68 Data St. corner Cordillera St., Brgy. Don Manuel Quezon City, Philippines
Tel: (63.2)8-243-1741; Mobile No. +63967.782.4286
Email: ipo.compliance@fruitasholdings.com; compliancetax.fhi@gmail.com


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

The Management of **Fruitash Holdings, Inc.** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2025. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2025 and the accompanying Annual Income Tax Return are in accordance with the books and records of Fruitash Holdings, Inc., complete, and correct in all material respects. Management likewise affirms that:


- (a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- (b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards (i.e. Philippine Financial Reporting Standards, or those applicable to Non-Publicly Accountable Entities) and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
- (c) the Company has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

Signature: 
Rogelio M. Guadalquiver
Chairman of the Board

Signature: 
Lester C. Yu
President and Chief Executive Officer

Signature: 
Rushell Salvador
Chief Financial Officer and Treasurer

Signed this 23rd day of April 2026
SUBSCRIBED AND SWORN
to before me this APR 29 2026
Affiant exhibited to me his/her


ATTY. JUAN G. PEKAS
Notary Public for Quezon City
A.C. No. 171 VALID UNTIL DEC. 31, 2026
Reg. of Attorneys No. 66493/TIN 289 467 753
Dir. No. 5 dated DECEMBER 30, 2025, QUEZON CITY
M.C. No. VB-001-3054, VALID UNTIL 14/APR/2028
P.T. No. 194-08-01, JANUARY 5, 2026, MARIKINA CITY
NOTED SA DEPARTMENT OF FINANCE, CUBAO, Q.C.

DOC NO. 401
PAGE NO. 88
BOOK NO. VIII
SERIES OF MM

FRUITAS HOLDINGS INC.

68 Data St. corner Cordillera St., Brgy. Don Manuel Quezon City, Philippines
Tel: (63.2)8-243-1741; Mobile No. +63967.782.4286
Email: ipo.compliance@fruitasholdings.com; compliancetax.fhi@gmail.com

STATEMENT OF MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL STATEMENTS


The Management of **Fruitas Holdings Inc.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein for the years ended **December 31, 2025 and 2024**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.


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


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

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

Reyes Tacandong & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signature: 
Rogelio M. Guadalquiver
Chairman of the Board


Signature: 
Lester C. Yu
President and Chief Executive Officer

Signature: 
Rushell Salvador
Chief Financial Officer and Treasurer

Signed this 23rd day of April 2026

SUBSCRIBED AND SWORN
to before me this APR 29 2026
Affiant exhibited to me his/her _____

DOC NO. 419
PAGE NO. 24
BOOK NO. 114
SERIES OF 111


ATTY. ARMIN G. PEKAS
NOTARY PUBLIC FOR QUEZON CITY
ADM. MATTER NO. NP 171 VALID UNTIL DEC. 31, 2026
ROLL OF ATTORNEY NO. 66493/TIN 289-467 753
IBP NO. 576803 DECEMBER 30, 2025, QUEZON CITY
MCLE NO. VIII 0013054, VALID UNTIL 14/APR/2028
PTR NO. 104-38501, JANUARY 5, 2026, MARIKINA CITY
603 EDSA DIAMOND FINANCE, CUBAO, Q.C.

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
FRUITAS HOLDINGS, INC.
No. 68 Data St. Brgy. Don Manuel
Quezon City, Metro Manila, Philippines, 1113

Opinion

We have audited the separate financial statements of FRUITAS HOLDINGS, INC. (a subsidiary of LUSH PROPERTIES, INC.) (the Company), which comprise the separate statements of financial position as at December 31, 2025 and 2024, and the separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for the years ended December 31, 2025, 2024 and 2023, and notes to separate financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years ended December 31, 2025, 2024, and 2023 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), as applicable to audits of separate financial statements of public interest entities, together with the ethical requirements that are relevant to the audit of the separate financial statements of public interest entities in the Philippines. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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



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

Auditors' Responsibilities for the Audit of the Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

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

REYES TACANDONG & Co.


ARTHUR VINSON U. ONG

Partner

CPA Certificate No. 120745

Tax Identification No. 253-222-555-000

BOA Accreditation No. 4782/P-018; Valid until June 6, 2026

SEC Accreditation No. 120745-SEC Group A

Issued March 29, 2022

Valid for Financial Periods 2021 to 2025

BIR Accreditation No. 08-005144-015-2026

Valid until March 2, 2029

PTR No. 10764031

Issued January 2, 2026, Makati City

April 23, 2026

Makati City, Metro Manila

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

SEPARATE STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	2025	2024
ASSETS			
Current Assets			
Cash and cash equivalents	4	₱34,664,881	₱33,948,860
Financial assets at fair value through profit or loss (FVPL)	5	43,027,929	56,408,701
Receivables	6	2,352,358	6,596,146
Due from related parties	12	418,938,432	486,291,146
Other current assets	7	6,841,673	6,149,429
Total Current Assets		505,825,273	589,394,282
Noncurrent Assets			
Investment properties	8	273,768,325	273,150,325
Investments in subsidiaries	9	699,549,473	699,549,473
Property and equipment	10	1,158,449	1,461,208
Total Noncurrent Assets		974,476,247	974,161,006
		₱1,480,301,520	₱1,563,555,288
LIABILITIES AND EQUITY			
Current Liabilities			
Accrued expenses and other payables	11	₱2,025,522	₱1,419,897
Notes payable	13	206,310,000	250,000,000
Due to related parties	12	–	1,124,985
Total Current Liabilities		208,335,522	252,544,882
Noncurrent Liabilities			
Security deposits	17	528,000	635,143
Retirement benefits liability	14	1,883,563	1,138,438
Net deferred tax liabilities	18	3,603,566	7,888,169
Total Noncurrent Liabilities		6,015,129	9,661,750
Total Liabilities		214,350,651	262,206,632
Equity			
Capital stock:	15		
Preferred stock		20,000,000	20,000,000
Common stock		213,368,000	213,368,000
Treasury stock	15	(13,905,580)	–
Additional paid-in capital	15	777,837,044	777,837,044
Retained earnings		269,126,359	290,279,319
Other comprehensive loss	14	(474,954)	(135,707)
Total Equity		1,265,950,869	1,301,348,656
		₱1,480,301,520	₱1,563,555,288

See accompanying Notes to Separate Financial Statements.

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

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	2025	2024	2023
REVENUE				
Management fees	12	₱22,434,000	₱21,428,571	₱31,347,578
Dividend income	5	7,512,676	7,782,919	7,697,084
Rental income	17	720,000	1,886,143	3,131,082
		30,666,676	31,097,633	42,175,744
DIRECT COSTS				
Salaries, wages and other employees' benefits		9,301,552	10,375,924	8,804,749
Real property taxes	8	741,954	331,429	331,429
		10,043,506	10,707,353	9,136,178
GROSS INCOME		20,623,170	20,390,280	33,039,566
GENERAL AND ADMINISTRATIVE EXPENSES	16	(15,043,862)	(13,727,685)	(7,086,469)
INTEREST EXPENSE	13	(15,398,043)	(11,148,823)	(3,509,376)
GAIN (LOSS) ON CHANGES IN FAIR VALUE OF FINANCIAL ASSETS AT FVPL	5	5,746,456	2,607,760	(8,533,024)
INTEREST INCOME	4	722,878	616,886	438,674
IMPAIRMENT LOSS ON INVESTMENTS IN SUBSIDIARIES	9	–	(9,608,837)	–
GAIN FROM CHANGE IN FAIR VALUE OF INVESTMENT PROPERTIES	8	–	6,668,500	583,150
INCOME (LOSS) BEFORE INCOME TAX		(3,349,401)	(4,201,919)	14,932,521
PROVISION FOR (BENEFIT FROM) INCOME TAX	18			
Current		262,210	252,147	3,799,241
Deferred		(4,171,521)	(3,097,649)	440,466
		(3,909,311)	(2,845,502)	4,239,707
NET INCOME (LOSS)		559,910	(1,356,417)	10,692,814
OTHER COMPREHENSIVE LOSS				
<i>Not to be reclassified to profit or loss in subsequent periods</i>				
Remeasurement loss on retirement benefits liability, net of deferred tax	14	(339,247)	–	(49,070)
TOTAL COMPREHENSIVE INCOME (LOSS)		₱220,663	(₱1,356,417)	₱10,643,744

See accompanying Notes to Separate Financial Statements.

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

SEPARATE STATEMENTS OF CHANGES IN EQUITY

	Note	Years Ended December 31		
		2025	2024	2023
Capital Stock	15			
Preferred stock		₱20,000,000	₱20,000,000	₱20,000,000
Common stock		213,368,000	213,368,000	213,368,000
		233,368,000	233,368,000	233,368,000
Treasury Stock	15			
Acquisition		(13,905,580)	–	–
Additional Paid-in Capital	15	777,837,044	777,837,044	777,837,044
Retained Earnings				
Balance at beginning of year		290,279,319	313,472,536	324,283,189
Net income (loss)		559,910	(1,356,417)	10,692,814
Cash dividends	15	(21,712,870)	(21,836,800)	(21,503,467)
Balance at end of year		269,126,359	290,279,319	313,472,536
Other Comprehensive Loss	14			
Balance at beginning of year		(135,707)	(135,707)	(86,637)
Remeasurement loss on retirement benefits liability, net of deferred tax		(339,247)	–	(49,070)
Balance at end of year		(474,954)	(135,707)	(135,707)
		₱1,265,950,869	₱1,301,348,656	₱1,324,541,873

See accompanying Notes to Separate Financial Statements.

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

SEPARATE STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax		(₱3,349,401)	(₱4,201,919)	₱14,932,521
Adjustments for:				
Interest expense	13	15,398,043	11,148,823	3,509,376
Unrealized gain from changes in fair value of financial assets at FVPL	5	(5,141,973)	(2,607,760)	8,533,024
Interest income	4	(722,878)	(616,886)	(438,674)
Gain from redemption of financial assets at FVPL	5	(604,483)	–	–
Depreciation	10	362,259	292,242	–
Retirement benefits cost	14	292,796	224,283	196,874
Impairment loss on investments in subsidiaries	9	–	9,608,837	–
Gain from change in fair value of investment properties	8	–	(6,668,500)	(583,150)
Operating income before working capital changes		6,234,363	7,179,120	26,149,971
Decrease (increase) in:				
Receivables		4,243,788	(1,978,186)	1,022,680
Other current assets		2,346,103	(2,978,641)	2,977,400
Increase (decrease) in:				
Accrued expenses and other payables		605,625	(231,551)	583,224
Security deposits		(107,143)	(235,656)	99,671
Net cash generated from operations		13,322,736	1,755,086	30,832,946
Interest paid	13	(15,398,043)	(11,148,823)	(3,509,376)
Income taxes paid		(3,300,557)	(3,819,159)	(1,349,634)
Interest received		722,878	616,886	438,674
Net cash provided by (used in) operating activities		(4,652,986)	(12,596,010)	26,412,610
CASH FLOWS FROM INVESTING ACTIVITIES				
Collections of due from related parties		67,352,714	185,022,115	23,794,068
Proceeds from redemption of financial assets at FVPL	5	24,127,228	5,957,587	–
Acquisitions of:				
Financial assets at FVPL	5	(5,000,000)	–	(981,424)
Investment properties	8	(618,000)	(97,144,825)	(580,000)
Property and equipment	10	(59,500)	(1,753,450)	–
Investments in subsidiaries	9	–	(37,385,000)	(40,280,000)
Additional due from related parties	12	–	(223,083,922)	–
Net cash provided by (used in) investing activities		85,802,442	(168,387,495)	(18,047,356)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of:				
Notes payable	13	(624,690,000)	(215,000,000)	(5,000,000)
Cash dividends	19	(21,712,870)	(21,503,467)	(21,359,543)
Acquisition of treasury stock	15	(13,905,580)	–	–
Due to related parties	15	(1,124,985)	–	–
Proceeds from:				
Issuance of notes	13	581,000,000	415,000,000	–
Issuance of preferred stock		–	–	20,000,000
Net cash provided by (used in) financing activities		(80,433,435)	178,496,533	(6,359,543)

(Forward)

	Note	Years Ended December 31		
		2025	2024	2023
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		₱716,021	(₱2,486,972)	₱2,005,711
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		33,948,860	36,435,832	34,430,121
CASH AND CASH EQUIVALENTS AT END OF YEAR		₱34,664,881	₱33,948,860	₱36,435,832
SUPPLEMENTARY INFORMATION ON NONCASH ACTIVITIES				
Application of due from related parties to investments in subsidiaries		₱-	₱-	₱33,000,000
COMPONENTS OF CASH AND CASH EQUIVALENTS				
	4			
Cash on hand		₱118,000	₱-	₱-
Cash in banks		4,509,390	8,423,163	36,435,832
Cash equivalents		30,037,491	25,525,697	-
		₱34,664,881	₱33,948,860	₱36,435,832

See accompanying Notes to Separate Financial Statements.

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

NOTES TO SEPARATE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2025 AND 2024
AND FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023

1. Corporate Information

General Information

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

The Company has investments in the following subsidiaries and associate, which were incorporated in the Philippines [except for Green Empire International Limited (GEIL) and Oceanic Luck Limited (OLL)] and registered with the SEC on the following dates:

<u>Name of Companies</u>	<u>Date of Incorporation</u>
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
<i>*ownership through SKI</i>	
<i>**ownership through FGI</i>	
<i>***ownership through GEIL</i>	
<i>****ownership through NTI</i>	
<i>*****ownership through LFI</i>	

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

The principal activities and percentage of ownership of the Company on its subsidiaries and associate as at December 31, 2025, 2024 and 2023 are presented below.

Name of Companies	Principal Activities	Principal Place of Business	Percentage of Ownership (%)		
			2025	2024	2023
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	—
Associate with indirect ownership -					
CCFI	Restaurant	Philippines	40	—	—

As at December 31, 2025 and 2024, the Company is 53.78% and 52.84%, respectively, owned by LUSH PROPERTIES, INC. (LPI or the 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 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.

Approval of the Separate Financial Statements

The separate financial statements of the Company as at December 31, 2025 and 2024 and for the years ended December 31, 2025, 2024, and 2023 were approved and authorized for issuance by the Board of Directors (BOD) on April 23, 2026, as reviewed and recommended for approval by the Audit Committee on the same date.

2. Summary of Material Accounting Policy Information

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

Basis of Preparation and Statement of Compliance

The separate financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) 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.

The Company also prepares and issues consolidated financial statements in compliance with PFRS Accounting Standards for the same period as the separate financial statements. These may be obtained at the registered office address of the Company or at the SEC.

Bases of Measurement

The separate financial statements of the Company are presented in Philippine Peso (Peso), the Company's functional currency. All values are rounded to the nearest Peso, except when otherwise indicated.

The separate financial statements of the Company have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVPL) and investment properties which are measured at fair value; and 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 Company uses observable market data to the extent possible when measuring the fair value of an asset or a liability. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

Further information about the assumptions used in measuring fair values is included in Notes 5, 8 and 21.

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 separate financial statements of the Company. Additional disclosures were included in the separate 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 December 31, 2025 and have not been applied in preparing the separate financial statements, are summarized below:

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

- Amendments to PFRS 9, *Financial Instruments*, and PFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Assets* – The amendment provides to clarify the requirements related to the date of recognition and derecognition of financial assets and financial liabilities, with an exception for derecognition of financial liabilities settled through cash using an electronic payment system. The amendments also clarify the requirements of assessing contractual cash flow characteristics of financial assets, with additional guidance on assessment of contingent features, and the characteristics of non-recourse loans and contractually linked instruments. The amendments also introduce additional disclosure requirements for equity instruments classified as financial asset measured at fair value through other comprehensive income (FVOCI) with contingent features. Earlier application is permitted.
- Annual Improvements to PFRS Accounting Standards Volume 11:
 - Amendments to PFRS 7, *Financial Instruments: Disclosures* – The amendments remove some obsolete references related to the gain or loss on derecognition on financial assets of an entity that has a continuing involvement and to the disclosure requirements on deferred differences between fair value and transaction price. The amendments also clarify that the illustrative guidance does not necessarily illustrate all the requirements for credit risk disclosure.
 - Amendments to PAS 7, *Statement of Cash Flows* – The amendments clarify that when accounting for an investment in an associate, a joint venture or a subsidiary accounted for by use of the equity or at cost, an investor restricts its reporting in the statements of cash flows to the cash flows between itself and the investee, such as dividends and advances.

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 separate financial statements of the Company. Additional disclosures will be included in the separate financial statements, as applicable.

Financial Assets and Liabilities

Recognition and Measurement

Date of Recognition. The Company recognizes a financial asset or a financial liability in the separate 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 Company recognizes the difference between the transaction price and fair value (a “Day 1” difference) in profit or loss. In cases where there is no observable data on inception, the Company deems the transaction price as the best estimate of fair value and recognizes “Day 1” difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the “Day 1” difference.

Classification

The Company 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 Company’s business model and its contractual cash flow characteristics.

As at December 31, 2025 and 2024, the Company does not have financial assets at FVOCI and financial liabilities at FVPL.

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

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

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

As at December 31, 2025 and 2024, the Company’s cash and cash equivalents, receivables, and due from related parties 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 part of "Dividend income" under "Revenue" account and "Gain (loss) on changes in fair value of financial assets at FVPL" account in the separate statements of comprehensive income.

As at December 31, 2025 and 2024, the Company'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 Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

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

As at December 31, 2025 and 2024, the Company's accrued expenses and other payables (excluding statutory payables), notes payable, due to related parties, and security deposits are classified under this category.

Reclassification

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

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

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

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 OCI is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

Impairment

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

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

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

Derecognition

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

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

When the Company has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks

and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Company's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.

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

Offsetting

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

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

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

Other Current Assets

Other current assets pertain to creditable withholding taxes (CWT) and input value-added tax (VAT).

CWT. CWT represent amounts withheld by the Company'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 taxes withheld at source subject to the rules on Philippine income taxation. CWT are stated at face amount less impairment in value, if any.

Input VAT. Input VAT represents VAT imposed by the Company's suppliers for acquisition services. Input VAT is recognized as an asset and will be used to offset against the Company'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" account in the separate statements of comprehensive income. Fair value is determined by independent appraisers with sufficient experience with respect to both the location and the nature of the investment properties.

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

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

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

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

Investments in Subsidiaries

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

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

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

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

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

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. If the Company loses control over a subsidiary, it recognizes the gain or loss associated with the loss of control attributable to the former controlling interest.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value.

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 is computed using the straight-line method over the following estimated useful lives of the property and equipment:

<u>Asset Type</u>	<u>Number of Years</u>
Transportation equipment	5
Office equipment	3

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

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

When property and equipment are sold or retired, their cost, accumulated depreciation and any allowance for impairment in value are eliminated and any resulting gain or loss from disposal is included 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. If any such indication exists and when the carrying amounts exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of the fair value less cost to sell or value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an orderly transaction between market participants less the cost of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

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

Equity

Preferred Stock. Preferred stock are voting, cumulative, nonparticipating, nonconvertible and redeemable at the option of the Company. 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 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 separate statements of comprehensive income on the purchase, sale, issue or cancellation of the 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 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 Company. Dividends for the year that are declared after the reporting date are dealt with as an event after the reporting date.

Other Comprehensive Loss. This pertains to the cumulative remeasurement loss on the Company's retirement benefits liability, net of deferred tax. This is recognized immediately in other comprehensive loss and is included in equity. This is not reclassified to profit or loss in subsequent periods.

Revenue Recognition

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

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

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

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

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

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

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

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 recognized as expense when the related services are rendered.

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 is incurred in connection with the borrowing of funds. This is recognized in profit or loss as it accrues on a time proportion basis using the effective interest method.

Employee Benefits

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

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

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

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

Leases

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

Company as a Lessor. Leases where the Company 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. Any such reductions are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

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

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

Related Party Relationships and Transactions

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

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

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

Provisions

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

Contingencies

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

Events after the Reporting Date

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

3. Significant Accounting Judgments, Assumptions and Estimates

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

While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. 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 Company:

Classifying Financial Instruments. The Company 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 separate statements of financial position.

The Company's redeemable preferred stock as at December 31, 2025 and 2024 are classified as equity in the separate statements of financial position. The Company has the option to redeem the preferred stock. Accordingly, the Company has an unconditional right to refuse redemption (see Note 15).

Determining Control over Investments. The Company 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 Company's voting rights and potential voting rights.

As at December 31, 2025 and 2024, management has assessed that it has control over its subsidiaries.

The carrying amount of investments in subsidiaries as at December 31, 2025 and 2024 is disclosed in Note 9.

Determining the Distinction between Investment Property and Owner-occupied Property. The Company determines whether a property qualifies as investment property. In making its judgment, the Company 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 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 Company considers each property separately in making its judgment.

The fair value of investment properties as at December 31, 2025 and 2024 is disclosed in Note 8.

The carrying amount of property and equipment as at December 31, 2025 and 2024 is disclosed in Note 10.

Assessing ECL on Financial Assets at Amortized Cost. The Company estimates ECL on receivables based on specific evaluation of accounts and where the Company 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 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 increase in credit risk primarily because the Company transacts with reputable counterparties that possess good credit ratings.

No provision for ECL on financial assets at amortized cost was recognized in 2025, 2024 and 2023.

The carrying amounts of the Company's financial assets at amortized cost are disclosed in Note 4, 6 and 12.

Estimating Fair Value of Financial Assets at FVPL. The Company 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 Company 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 December 31, 2025 and 2024 are disclosed in Note 5.

Estimating Fair Value of Investment Properties. Investment properties are measured at fair value. The Company works closely with external qualified appraisers who performed the valuation using appropriate valuation techniques. The appraiser used a valuation technique based on comparable market data, adjusted as necessary to reflect the specific assets' location and condition and, estimated expected future cash flows, yields, occupancy rates, discount rates, replacement costs and remaining economic life. The valuation techniques and inputs used in the fair value measurement of investment properties are disclosed in Note 8.

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

The fair value of investment properties as at December 31, 2025 and 2024 is disclosed in Note 8.

Assessing Impairment of Nonfinancial Assets. The Company assesses impairment on its nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The relevant factors that the Company considers in deciding whether to perform an asset impairment review include, among other, 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 Company.

No impairment loss on nonfinancial assets was recognized in 2025 and 2023. Impairment loss on investments in subsidiaries amounting to ₱9.6 million was recognized in 2024.

The carrying amounts of the Company's nonfinancial assets as at December 31, 2025 and 2024 are disclosed in Notes 7, 8, 9 and 10.

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 14. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the retirement obligation.

Retirement benefits cost in 2025, 2024 and 2023 is disclosed in Note 14.

The retirement benefits liability and cumulative remeasurement loss on retirement benefits liability (net of deferred tax) recognized in equity as at December 31, 2025 and 2024 are disclosed in Note 14.

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

The Company's recognized deferred tax assets as at December 31, 2025 and 2024 are disclosed in Note 18.

4. Cash and Cash Equivalents

This account consists of:

	2025	2024
Cash on hand	P118,000	P-
Cash in banks	4,509,390	8,423,163
Cash equivalents	30,037,491	25,525,697
	P34,664,881	P33,948,860

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 Company and earn interest at the prevailing short-term placement rates ranging from 3.90% to 5.38%, 4.20% to 6.05%, and 4.20% to 6.00% in 2025, 2024 and 2023, respectively.

Interest income amounted to P0.7 million, P0.6 million and P0.4 million in 2025, 2024 and 2023, respectively.

5. 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:

	2025	2024
Balance at beginning of year	P56,408,701	P59,758,528
Redemption	(23,522,745)	(5,957,587)
Unrealized gain from changes in fair value	5,141,973	2,607,760
Additions	5,000,000	-
Balance at end of year	P43,027,929	P56,408,701

Dividend income are derived from:

	2025	2024	2023
Investments in subsidiaries	P5,412,440	P5,412,440	P5,599,940
Financial assets at FVPL	2,100,236	2,370,479	2,097,144
	P7,512,676	P7,782,919	P7,697,084

Various financial assets at FVPL were redeemed for P24.1 million and P6.0 million in 2025 and 2024, respectively. Gain on redemption of financial assets at FVPL amounted to P0.6 million in 2025.

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

6. Receivables

This account consists of:

	2025	2024
Receivables from tenants	P279,041	P153,851
Other receivables	2,073,317	6,442,295
	P2,352,358	P6,596,146

Receivables from tenants are unsecured, noninterest-bearing and are normally collected within 30 to 60 days.

Other receivables mainly pertain to reimbursable expenses related to the transfer of title of the investment property. This is noninterest-bearing and collectible within one year.

7. Other Current Assets

This account consists of:

	2025	2024
CWT	P6,209,135	P3,170,788
Input VAT	632,538	2,978,641
	P6,841,673	P6,149,429

8. Investment Properties

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

	2025			Total
	Land	Land Improvements	Building and Building Improvements	
Cost				
Balance at beginning of year	P148,962,158	P697,250	P75,440,467	P225,099,875
Additions	-	-	618,000	618,000
Balance at end of the year	148,962,158	697,250	76,058,467	225,717,875
Cumulative Fair Value Changes				
Balance at beginning and end of year	52,855,453	(213,500)	(4,591,503)	48,050,450
Carrying Amount	P201,817,611	P483,750	P71,466,964	P273,768,325

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

The Company's investment properties located in Sampaloc District, City of Manila 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 Company's investment properties compared to prior year.

For investment properties located in San Antonio, Quezon City which were acquired in 2024, management assessed that there are no indicators of significant changes in the fair value. Accordingly, the fair value of these investment properties approximates its cost.

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.

Descriptions of key inputs are as follows:

Location	Significant unobservable Inputs	Range (weighted average)	
		2025	2024
Sampaloc District, City of Manila	Selling price per square meter Value adjustments	₱172,000/sq. m. 5% to 20%	₱163,000/sq. m. 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 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 Company'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 is disclosed in Note 17. The related direct cost pertains to real property taxes which amounted to ₱0.7 million, ₱0.3 million and ₱0.3 million in 2025, 2024 and 2023, respectively.

9. **Investments in Subsidiaries**

As at December 31, 2025 and 2024, this account consists of investments in the following subsidiaries:

At cost:	
FGI	₱308,152,600
NTI	160,318,625
BNFI	153,297,100
SKI	71,585,000
FKI	14,680,000
CDI	1,124,985
	<hr/>
	709,158,310
Less allowance for impairment loss on FKI and CDI	(9,608,837)
	<hr/>
	₱699,549,473

Movements in this account are as follows:

	2025	2024
Balance at beginning of year	₱699,549,473	₱671,773,310
Additions	–	37,385,000
Impairment loss	–	(9,608,837)
Balance at end of year	₱699,549,473	₱699,549,473

Below are the summarized financial information of BNFI, a subsidiary with material noncontrolling interest, as at and for the years ended December 31, 2025, 2024 and 2023.

	2025	2024	2023
Total Current Assets	₱456,393,268	₱399,344,115	₱356,537,798
Total Noncurrent Assets	245,879,457	210,404,691	205,240,072
Total Current Liabilities	100,383,302	76,178,505	83,791,901
Total Noncurrent Liabilities	17,215,637	13,153,927	17,930,509
Total Equity	584,673,786	520,416,374	460,055,460
Revenue	766,409,244	668,000,080	535,205,651
Net Income	71,324,279	67,835,939	58,641,614
Total Comprehensive Income	71,732,437	67,835,939	58,817,025

10. Property and Equipment

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

	2025		2024	
	Transportation Equipment	Office Equipment	Total	Transportation Equipment
Cost				
Balance at beginning of year	₱1,753,450	₱–	₱1,753,450	₱–
Additions	–	59,500	59,500	1,753,450
Balance at end of the year	1,753,450	59,500	1,812,950	1,753,450
Accumulated Depreciation				
Balance at beginning of year	292,242	–	292,242	–
Depreciation	350,690	11,569	362,259	292,242
Balance at end of year	642,932	11,569	654,501	292,242
Carrying Amount	₱1,110,518	₱47,931	₱1,158,449	₱1,461,208

Depreciation charged to general and administrative expenses in 2025 and 2024 is disclosed in Note 16.

11. Accrued Expenses and Other Payables

This account consists of:

	2025	2024
Accrued expenses	₱657,269	₱369,929
Statutory payables	247,689	264,768
Dividends payable	500,000	500,000
Others	620,564	285,200
	₱2,025,522	₱1,419,897

Accrued expenses consist mainly of accrued professional fees which are noninterest-bearing and are normally settled in the following month.

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

12. Related Party Transactions

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

Related Parties	Nature of Transactions	Amount of Transactions		Outstanding Balances	
		2025	2024	2025	2024
Receivables					
Under common management	Management fees	₱22,434,000	₱21,428,571	₱-	₱-
	Rental	-	1,166,143	-	-
				₱-	₱-
Due from Related Parties					
Under common management	Cash advances	₱-	₱223,083,922	₱318,719,042	₱382,544,286
Parent Company	Cash advances	-	-	100,219,390	103,746,860
				₱418,938,432	₱486,291,146
Due to Related Parties					
Under common stockholders	Advances for working capital	₱-	₱-	₱-	₱1,124,985

Terms and Conditions of Transactions with Related Parties

The outstanding balances are unsecured, noninterest-bearing, and collectible or payable in cash upon demand. Management makes an annual assessment of the financial capacity of the related parties. No provision for ECL on receivables and due from related parties was recognized in 2025, 2024 and 2023.

Management Agreements

The Company provides administrative services to its subsidiaries for a fixed monthly fee, with a period of one year and renewable upon mutual agreement by both parties.

Compensation of Key Management Personnel

The compensation of key management personnel are as follows:

	2025	2024	2023
Short-term employee benefits	₱8,753,333	₱8,550,600	₱8,480,450
Retirement benefits	292,796	224,283	196,874
	₱9,046,129	₱8,774,883	₱8,677,324

13. Notes Payable

Balances and movements in this account are as follows:

	2025	2024
Balance at beginning of year	₱250,000,000	₱50,000,000
Availments	581,000,000	415,000,000
Payments	(624,690,000)	(215,000,000)
Balance at end of year	₱206,310,000	₱250,000,000

The Company issued unsecured promissory notes to various local banks which bear interest rates ranging from 5.75% to 7.00% and 6.50% to 7.40% per annum in 2025 and 2024, respectively. The terms of these notes range from 30 to 180 days with varying maturities until 2026. The purpose of these notes is to support the Company's working capital requirements.

Interest expense amounted to ₱15.4 million, ₱11.1 million and ₱3.5 million in 2025, 2024 and 2023, respectively.

14. Retirement Benefits Liability

The Company has an unfunded, non-contributory defined benefit plan with a single lump sum payment covering retirement based on *Republic Act (RA) 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 separate statements of comprehensive income (see Note 16):

	2025	2024	2023
Current service cost	₱223,124	₱168,337	₱163,434
Interest cost	69,672	55,946	33,440
	₱292,796	₱224,283	₱196,874

Movements in the retirement benefits liability are as follows:

	2025	2024
Balance at the beginning of year	₱1,138,438	₱914,155
Current service cost	223,124	168,337
Interest cost	69,672	55,946
Actuarial loss (gain) due to:		
Experience adjustments	510,502	-
Changes in financial assumptions	(58,173)	-
Balance at end of year	₱1,883,563	₱1,138,438

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

	2025	2024
Discount rate	6.36%	6.12%
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%	(P215,122)	(P159,639)
	-1%	251,466	192,122
Salary increase rate	+1%	262,140	199,271
	-1%	(226,943)	(167,496)

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 is 13 years and 17 years, respectively.

The cumulative remeasurement loss on retirement benefits liability recognized in OCI in the separate statements of financial position as at and for the years ended December 31, 2025 and 2024 are as follows:

	2025		
	Cumulative Remeasurement		
	Loss	Deferred Tax	Net
Balance at beginning of year	P180,943	P45,236	P135,707
Actuarial loss	452,329	113,082	339,247
Balance at end of year	P633,272	P158,318	P474,954

	2024		
	Cumulative Remeasurement		
	Loss	Deferred Tax	Net
Balance at beginning and end of year	P180,943	P45,236	P135,707

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

	2025	2024
Less than five years	P-	P-
Five year to less than 10 years	4,100,665	-
More than years	7,391,887	8,388,408

The plan exposes the Company 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.

15. Equity

Capital Stock

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

	2025		2024	
	Number of Shares	Amount	Number of Shares	Amount
Authorized				
<i>Preferred Stock - ₱0.01 par value</i>				
Balance at beginning and end of year	3,000,000,000	₱30,000,000	3,000,000,000	₱30,000,000
<i>Common Stock - ₱0.10 par value</i>				
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	₱500,000,000
Preferred Stock - ₱0.01 par value				
<i>Issued and Outstanding</i>				
Balance at beginning and end of year	2,000,000,000	₱20,000,000	2,000,000,000	₱20,000,000
Common Stock - ₱0.10 par value				
<i>Issued</i>				
Balance at beginning and end of year	2,133,680,000	₱213,368,000	2,133,680,000	₱213,368,000
<i>Treasury Stock</i>				
Acquisition	(22,322,000)	(13,905,580)	–	–
<i>Outstanding</i>	2,111,358,000	₱199,462,420	2,133,680,000	₱213,368,000

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 stock; and
- redeemable at the option of the Company.

Common Stock

On November 29, 2019, the Company's 533,660,000 common stock were listed and traded on the PSE at an offer price of ₱1.68 a share. As at December 31, 2025 and 2024, the Company has 2,133,680,000 common stock listed on the PSE.

In 2025, the Company reacquired 22,322,000 of its own common stock. Treasury stocks amounted to ₱13.9 million as at December 31, 2025.

Additional Paid-in Capital

Additional paid-in capital amounting to ₱777.8 million as at December 31, 2025 and 2024 represents the excess of the amounts received over the par value of the shares issued, net of directly attributable transaction costs on the Company's IPO.

Retained Earnings

The Company declared dividends from available retained earnings as follows:

Date of Declaration	Type	Stockholders of Record	Date of Payment	Amounts Declared	
				Per Share	Total
2025					
October 29	Common	November 14, 2025	November 28, 2025	₱0.01	₱21,212,870
December 31	Preferred	December 31, 2025	Unpaid as of December 31, 2025		500,000
					₱21,712,870
2024					
October 25	Common	November 11, 2024	November 29, 2024	₱0.01	₱21,336,800
December 31	Preferred	December 31, 2024	April 11, 2025		500,000
					₱21,836,800
2023					
October 13	Common	November 8, 2023	November 29, 2023	₱0.01	₱21,336,800
December 31	Preferred	December 31, 2023	August 2, 2024		166,667
					₱21,503,467

Capital Management

The Company's objectives when managing capital are:

- To safeguard the Company'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 Company sets the amount of capital in proportion to risk. The Company 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 Company 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 Company considers the capital stock and additional paid-in capital presented in the separate 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:

	2025	2024
Total debt	₱214,350,651	₱262,206,632
Total equity	1,265,950,869	1,301,348,656
Debt-to-equity ratio	0.17:1	0.20:1

The public ownership of the Company is 39.74% and 40.75% as at December 31, 2025 and 2024, respectively.

As at December 31, 2025 and 2024, the Company has 122 and 121 stockholders, respectively.

16. General and Administrative Expenses

This account consists of:

	Note	2025	2024	2023
Utilities		₱3,418,617	₱2,413,917	₱1,120,442
Taxes and licenses		2,277,654	1,336,690	1,341,363
Professional fees		1,886,143	1,144,261	973,438
Business meetings		1,744,988	3,780,397	1,676,545
Advertisement		1,371,832	741,476	224,048
Outside services		1,350,836	1,014,400	508,324
Depreciation	10	362,259	292,242	–
Subscription fee		350,000	649,428	275,000
Retirement benefits cost	14	292,796	224,283	196,874
Repairs and maintenance		230,626	459,614	295,430
Bank charges		73,822	248,747	300
Supplies		63,822	256,971	8,286
Insurance		54,196	137,759	67,840
Training and development		29,800	14,900	26,820
Others		1,536,471	1,012,600	371,759
		₱15,043,862	₱13,727,685	₱7,086,469

Others pertain to transportation and travel, bank charges, and other miscellaneous expenses.

17. Lease Agreements

The Company leased out certain commercial spaces of its building to several parties under various non-cancellable lease agreements with terms ranging from one year to five years, renewable upon mutual agreement by both parties.

Security deposits amounting to ₱0.5 million and ₱0.6 million as at December 31, 2025 and 2024, respectively, are noninterest-bearing and will be refunded at the end of the lease term.

Rental income amounted to ₱0.7 million, ₱1.9 million and ₱3.1 million in 2025, 2024 and 2023, respectively.

18. Income Taxes

The components of the Company's provision for (benefit from) income tax are as follows:

	2025	2024	2023
Profit or loss:			
Current	₱262,210	₱252,147	₱3,799,241
Deferred	(4,171,521)	(3,097,649)	440,466
	(₱3,909,311)	(₱2,845,502)	₱4,239,707
OCI -			
Deferred	(₱113,082)	₱–	(₱16,357)

The Company's provision for current income tax represents MCIT in 2025 and 2024, and RCIT in 2023.

The income tax rates used in preparing the separate financial statements are as follows:

	2025	2024	2023
RCIT	25%	25%	25%
MCIT	2%	2%	1.5%

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

	2025	2024
Deferred Tax Assets		
NOLCO	₱7,159,928	₱2,176,222
Allowance for impairment loss on investment in subsidiaries	2,402,209	2,402,209
Excess MCIT over RCIT	514,357	252,147
Retirement benefits liability	470,891	284,610
	10,547,385	5,115,188
Deferred Tax Liabilities		
Gain from change in fair value of investment properties	12,012,613	12,012,613
Depreciation expense of investment properties for tax purposes	2,138,338	990,744
	14,150,951	13,003,357
	(₱3,603,566)	(₱7,888,169)

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

Year Incurred	Balance at Beginning	Incurred	Applied	Balance at End	Expiry Year
2025	₱-	₱19,934,826	₱-	₱19,934,826	2028
2024	8,704,887	-	-	8,704,887	2027
	₱8,704,887	₱19,934,826	₱-	₱28,639,713	

The details of the Company's excess MCIT over RCIT are as follows:

Year Incurred	Balance at Beginning	Incurred	Applied	Balance at End	Expiry Year
2025	₱-	₱262,210	₱-	₱262,210	2028
2024	252,147	-	-	252,147	2027
	₱252,147	₱262,210	₱-	₱514,357	

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

	2025	2024	2023
Provision for (benefit from) income tax at statutory tax rate	(P837,350)	(P1,050,480)	P3,733,130
Tax effects of:			
Dividend income exempt from income tax	(1,878,169)	(1,945,730)	(1,924,271)
Loss (gain) on changes in fair value of financial assets at FVPL	(1,436,614)	(651,940)	2,133,256
Nondeductible expenses	423,542	956,870	407,261
Interest income already subjected to final tax	(180,720)	(154,222)	(109,669)
Provision for (benefit from) income tax at effective tax rate	(P3,909,311)	(P2,845,502)	P4,239,707

19. Reconciliation of Liabilities Arising from Financing Activities

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

	Financing Cash Flows				2025
	2024	Proceeds	Payments	Dividends Declared	
Notes payable	P250,000,000	P581,000,000	(P624,690,000)	P-	P206,310,000
Due to related parties	1,124,985	-	(1,124,985)	-	-
Dividends payable	500,000	-	(21,712,870)	21,712,870	500,000
	P251,624,985	P581,000,000	(P647,527,855)	P21,712,870	P206,810,000

	Financing Cash Flows				2024
	2023	Proceeds	Payments	Dividends Declared	
Notes payable	P50,000,000	P415,000,000	(P215,000,000)	P-	P250,000,000
Due to related parties	1,124,985	-	-	-	1,124,985
Dividends payable	166,667	-	(21,503,467)	21,836,800	500,000
	P51,291,652	P415,000,000	(P236,503,467)	P21,836,800	P251,624,985

20. Financial Risk Management Objectives and Policies

The Company's financial instruments comprise of cash and cash equivalents, financial assets at FVPL, receivables, due from related parties, accrued expenses and other payables (excluding statutory payables), notes payable, due to related parties, and security deposits.

The main financial risks arising from the Company's financial instruments are credit risk and liquidity risk. The Company'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 Company is exposed to credit risk from its operating activities and from its deposits with banks and financial institutions.

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

	2025	2024
Financial assets at amortized cost:		
Cash in banks and cash equivalents*	₱34,546,881	₱33,948,860
Receivables	2,352,358	6,596,146
Due from related parties	418,938,432	486,291,146
Financial assets at FVPL	43,027,929	56,408,701
	₱498,865,600	₱583,244,853

*Presented under "Cash and cash equivalents" account (see Note 4)

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

The tables below show the credit quality of financial assets:

	2025				
	Neither Past Due nor Impaired		Past Due but Not Impaired	Impaired	Total
	High Grade	Standard Grade			
Lifetime ECL -					
Receivables	₱-	₱2,352,358	₱-	₱-	₱2,352,358
12-month ECL:					
Cash in banks and cash equivalents*	34,546,881	-	-	-	34,546,881
Due from related parties	-	418,938,432	-	-	418,938,432
	₱34,546,881	₱421,290,790	₱-	₱-	₱455,837,671

*Presented under "Cash and cash equivalents" account (see Note 4)

	2024				
	Neither Past Due nor Impaired		Past Due but Not Impaired	Impaired	Total
	High Grade	Standard Grade			
Lifetime ECL -					
Receivables	₱-	₱6,596,146	₱-	₱-	₱6,596,146
12-month ECL:					
Cash in banks and cash equivalents*	33,948,860	-	-	-	33,948,860
Due from related parties	-	486,291,146	-	-	486,291,146
	₱33,948,860	₱492,887,292	₱-	₱-	₱526,836,152

*Presented under "Cash and cash equivalents" account (see Note 4)

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

- **High Grade.** Pertains to counterparty who is not expected by the Company to default in settling its obligations, thus credit risk exposure is minimal. This normally includes large prime financial institutions 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 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, receivables are written off if past due for more than one (1) year and are not subject to enforcement activity.

Receivables arise mainly from transactions with tenants. In addition, receivable balances are monitored on an on-going basis to ensure timely collections. The Company has assessed that the ECL on receivables is not significant because these are substantially collected within the Company's credit terms.

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

- Cash in banks and cash equivalents being deposited with reputable counterparty banks that possess good credit ratings.
- For due from the related parties, the Company considered the available liquid assets and financial capacity of the related parties.

Liquidity Risk

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

The Company's objective is to maintain a balance between continuity of funding and flexibility through local banks and aims to manage liquidity as follows:

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

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

	2025				Total
	Payable on Demand	1 to 120 days	121 to 365 days	Over 365 days	
Accrued expenses and other payables*	P-	P1,777,833	P-	P-	P1,777,833
Notes payable**	-	207,375,024	-	-	207,375,024
Security deposits	-	-	-	528,000	528,000
	P-	P209,152,857	P-	P528,000	P209,680,857

*Excluding statutory payables

**Including future interests

	2024				Total
	Payable on Demand	1 to 120 days	121 to 365 days	Over 365 days	
Accrued expenses and other payables*	P-	P1,155,129	P-	P-	P1,155,129
Notes payable**	-	253,401,723	-	-	253,401,723
Due to related parties	1,124,985	-	-	-	1,124,985
Security deposits	-	-	-	635,143	635,143
	P1,124,985	P254,556,852	P-	P635,143	P256,316,980

*Excluding statutory payables

**Including future interests

21. Fair Value Measurement

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

	2025		2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets at Amortized Cost:				
Cash and cash equivalents	P34,664,881	P34,664,881	P33,948,860	P33,948,860
Receivables	2,352,358	2,352,358	6,596,146	6,596,146
Due from related parties	418,938,432	418,938,432	486,291,146	486,291,146
Financial assets at FVPL	43,027,929	43,027,929	56,408,701	56,408,701
	P498,983,600	P498,983,600	P583,244,853	P583,244,853
Financial Liabilities at Amortized Cost:				
Accrued expenses and other payables*	P1,777,833	P1,777,833	P1,155,129	P1,155,129
Notes payable	206,310,000	206,310,000	250,000,000	250,000,000
Due to related parties	-	-	1,124,985	1,124,985
Security deposits	528,000	502,075	635,143	606,305
	P208,615,833	P208,589,908	P252,915,257	P252,886,419

*Excluding statutory payables

Cash and Cash Equivalents, Receivables, Due from Related Parties, Accrued Expenses and Other Payables (excluding Statutory Payables), Notes Payable, and Due to Related Parties. The carrying amounts of these financial instruments approximate 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.

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 2025, 2024 and 2023.



**REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors
FRUITAS HOLDINGS, INC.
No. 68 Data St. Brgy. Don Manuel
Quezon City, Metro Manila, Philippines, 1113

We have audited in accordance with Philippine Standards on Auditing, the separate financial statements of FRUITAS HOLDINGS, INC. (a subsidiary of LUSH PROPERTIES, INC.) (the Company) as at December 31, 2025 and 2024 and for the years ended December 31, 2025, 2024 and 2023, and have issued our report thereon dated April 23, 2026. Our audits were made for the purpose of forming an opinion on the basic separate financial statements taken as a whole. The accompanying Supplementary Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration as at December 31, 2025 is the responsibility of the Company's management. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic separate financial statements. The information in this schedule has been subjected to the auditing procedures applied in our audits of the basic separate financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic separate financial statements taken as a whole.

REYES TACANDONG & Co.


ARTHUR VINSON U. ONG

Partner

CPA Certificate No. 120745

Tax Identification No. 253-222-555-000

BOA Accreditation No. 4782/P-018; Valid until June 6, 2026

SEC Accreditation No. 120745-SEC Group A

Issued March 29, 2022

Valid for Financial Periods 2021 to 2025

BIR Accreditation No. 08-005144-015-2026

Valid until March 2, 2029

PTR No. 10764031

Issued January 2, 2026, Makati City

April 23, 2026
Makati City, Metro Manila

**RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
FOR THE REPORTING YEAR ENDED DECEMBER 31, 2025**

FRUITAS HOLDINGS, INC.

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

	Amount
Unappropriated retained earnings, beginning of reporting period	₱281,287,669
Add: <u>Category A:</u> Items that are directly credited to unappropriated retained earnings	
Reversal of retained earnings appropriation/s	₱-
Effect of restatements or prior-period adjustments	-
Others (Beginning balance of cumulative deferred tax assets related to set up of right-of-use of asset and lease liability and set up of retirement obligation directly debited to unappropriated retained earnings)	-
Less: <u>Category B:</u> Items that are directly debited to unappropriated retained earnings	
Dividend declaration during the reporting period	(21,712,870)
Retained earnings appropriated during the reporting period	-
Effect of restatements or prior-period adjustments	-
Others (Beginning balance of cumulative deferred tax assets related to set up of right-of-use of asset and lease liability and set up of retirement obligation directly debited to unappropriated retained earnings)	-
Unappropriated retained earnings, as adjusted	259,574,799
Add/less: Net income (loss) for the current year	559,910
Less: <u>Category C.1:</u> Unrealized income recognized in the profit or loss during the reporting period (net of tax)	
Equity in net income of associate/joint venture, net of dividends declared	-
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVPL)	(3,856,480)
Unrealized fair value gain of investment property	-
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the Philippine Financial Reporting Standards (PFRS) (describe nature)	-
Sub-total	(3,856,480)

(Forward)

	Amount
Add: <u>Category C.2: Unrealized income recognized in profit or loss in prior periods but realized in the current reporting period (net of tax)</u>	
Realized foreign exchange gain, except those attributable to cash and cash equivalents	P-
Realized fair value adjustment (mark-to-market gains) of financial instruments at FVPL	453,362
Realized fair value of investment property	-
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-
Sub-total	₱453,362
Add: <u>Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)</u>	
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at FVPL	-
Reversal of previously recorded fair value of investment property	-
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)	-
Sub-total	-
Adjusted net income (loss)	(2,843,208)
Add: <u>Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)</u>	
Depreciation on revaluation increment (after tax)	-
Sub-total	-
Add/less: <u>Category E: Adjustments related to relief granted by the SEC</u>	
Amortization of the effect of reporting relief	-
Total amount of reporting relief granted during the year	-
Others (describe nature)	-
Sub-total	-
Add/less: <u>Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution</u>	
Net movement of treasury stock (except for reacquisition of redeemable shares)	(13,905,580)
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(5,245,916)
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right-of-use of asset and lease liability, set up of asset and asset retirement obligation, and set up of service concession asset and concession payable	(186,281)
Adjustment due to deviation from PFRS/GAAP - gain (loss)	-
Others (describe nature)	-
Sub-total	(19,337,777)
Total retained earnings, end of the reporting period available for dividend	₱237,393,814

**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY SEPARATE FINANCIAL STATEMENTS FOR FILING WITH THE
BUREAU OF INTERNAL REVENUE**

The Stockholders and the Board of Directors
FRUITAS HOLDINGS, INC.
No. 68 Data St. Brgy. Don Manuel
Quezon City, Metro Manila, Philippines, 1113

We have audited the accompanying separate financial statements of FRUITAS HOLDINGS, INC. (a subsidiary of LUSH PROPERTIES, INC.) (the Company) as at December 31, 2025 and 2024 and for the years ended December 31, 2025, 2024 and 2023, on which we have rendered our report dated April 23, 2026.

In compliance with Revenue Regulations V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president, manager or principal stockholders of the Company.

REYES TACANDONG & Co.


ARTHUR VINSON U. ONG

Partner

CPA Certificate No. 120745

Tax Identification No. 253-222-555-000

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Valid until March 2, 2029

PTR No. 10764031

Issued January 2, 2026, Makati City

April 23, 2026
Makati City, Metro Manila