

# COVER SHEET

C S 2 0 0 5 0 8 3 8 6  
SEC Registration Number

B A L A I N I F R U I T A 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)

RALPH HECTOR ADRICULA  
Contact Person  
+(632) 8731-8886  
Company Telephone Number

SEC Form 20-IS: DEFINITIVE INFORMATION STATEMENT  
1 2 3 1 0 8 1 2  
Month Day FORM TYPE Month Day  
Fiscal Year Annual Meeting

Secondary License Type, If Applicable

Dept Requiring this Doc Amended Articles Number / Section

Total Amount of Borrowings  
Total No. of Stockholders Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number LCU  
Document ID Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes

**NOTICE OF ANNUAL STOCKHOLDERS' MEETING  
OF  
BALAI NI FRUITAS INC.**

Please take notice that the 2025 Annual Stockholders' Meeting ("ASM") of Balai Ni Fruitas Inc. (the "Company") will be held on 12 August 2025 (Tuesday) at 2:00 pm via remote communication.

The Agenda for the ASM shall be as follows:

1. Call to order
2. Certification of service of notice and presence of quorum
3. Reading and approval of the minutes of the last Annual Meeting of Stockholders held on 13 August 2024
4. Ratification of all acts and resolutions of the Board of Directors and Management from the date of the last annual stockholders' meeting until the date of this meeting
5. Presentation of the President's Report
6. Management Report and Approval of Audited Financial Statements for the year 2024
7. Election of the members of the Board of Directors, including the Independent Directors, for the year 2025
8. Appointment of External Auditors
9. Other Matters
10. Adjournment

The Minutes of the 2024 ASM is available for examination on the website of the Company at [www.Balainifruitas.com](http://www.Balainifruitas.com).

The record date is **15 July 2025** to determine stockholders eligible to vote in the 2025 ASM. Stockholders can attend remotely and vote in absentia, subject to validation, though the directors will be at 3961 Ramon Magsaysay Boulevard, Sta. Mesa, Metro Manila for the conduct of the meeting.

Stockholders intending to participate in the 2025 ASM remotely should email their intent to [IPO.Compliance@balainifruitas.com](mailto:IPO.Compliance@balainifruitas.com). They will receive a link to a registration form requiring specific information and documents to be uploaded.

Individual Stockholders	Multiple stockholders/ Joint owners	Corporate stockholders	Stockholders with shares under broker account
1. Copy of valid government ID of stockholder/proxy 2. If appointing a proxy, copy of proxy form duly signed by stockholder	1. Copy of valid government ID of stockholder/proxy 2. Proof of authority of stockholder voting the shares signed by the other registered stockholders, for shares registered in the name of multiple stockholders.	1. Valid government ID of the authorized representative 2. Proxy Form for authorized representative 3. Secretary's Certificate or Board Resolution appointing and authorizing a representative.	1. Valid government ID of stockholder 2. Certification from broker as to the number of shares owned by stockholder 3. If appointing a proxy, copy of proxy form duly signed by stockholder.

*Note: Proxy form need not be notarized*

After completing the registration form, they will receive an email invitation with instructions on joining the ASM and voting in absentia. Proxies, using the company's form must be scanned and emailed to the Corporate Secretary at [IPO.Compliance@balainifruitas.com](mailto:IPO.Compliance@balainifruitas.com) by **August 4, 2025**. The proxies will be validated on the same date, and the Corporate Secretary's decision will be final. Registration and voting must be completed by **August 7, 2025**. Unresolved issues during validation will be considered waived. **WE ARE NOT, HOWEVER, SOLICITING PROXIES.**

For registration concerns and questions about the ASM, stockholders may send an email to [IPO.Compliance@balainifruitas.com](mailto:IPO.Compliance@balainifruitas.com). Refer to the Definitive Information Statement (DIS) on remote attendance and voting in absentia, available at <https://www.balainifruitas.com/>. Only stockholders who register within the prescribed period, along with those voting in absentia and by proxy, will be included in the determination of quorum.

Pursuant to the SEC Notice dated March 12, 2025, stockholders can review the Definitive Information Statement, Management Report, and SEC Form 17A on the Company's website and the PSE Edge Portal.

There will be an audio and video recording of the ASM. All votes cast shall be validated by the Stock and Transfer Agent, The Philippine National Bank Trust Banking Group.

Quezon City, Philippines, July 10, 2025.

For the Board of Directors,

  
**MARVIN C. YU**  
Corporate Secretary



**2025 Annual Stockholders' Meeting**

**PROXY FORM**

**BALAI NI FRUITAS, INC.**  
2025 Annual Stockholders' Meeting

I/We hereby name and appoint \_\_\_\_\_ or in his /her absence, the CHAIRMAN of the meeting, as my/our proxy at the Annual Stockholders' Meeting of Balai Ni Fruitas, Inc. ("BALAI") to be held via remote communication using the Zoom Video Communications platform on 12 August 2025 at 2:00pm.

Place: \_\_\_\_\_

Date: \_\_\_\_\_

Witness: \_\_\_\_\_

Number of shares held: \_\_\_\_\_

In particular, I hereby direct my said proxy to vote all my shares on the agenda items set forth below as I have expressly indicated by marking the same with an "X".

Please scan the completed and signed proxy form and e-mail the scanned copy to the Corporate Secretary at [IPO.Compliance@balainifruitas.com](mailto:IPO.Compliance@balainifruitas.com) **not later than 04 August 2025.**

This proxy, when properly executed, will be voted in the manner as directed by the stockholder(s). If no direction is given, this proxy will be voted for the election of all nominees and for the approval of the matters stated above and for such other matters as may properly come before the meeting in the manner described in the Information Statement and/or as recommended by management or the Board of Directors.

A stockholder giving a proxy has the power to revoke it at any time before the right granted is exercised.

Notarization of this proxy is not required.

Items Nos.	Subject	Action		
		For	Against	Abstain
1.	Approval of the Minutes of the Previous Annual Meeting			
2.	Ratifications of All Acts and Resolutions of the Board of Directors and Management			
3.	Approval of Management Report and Audited Financial Statements			
4.	Appointment of External Auditors			
	For the election of directors, you can vote up to seven (7) names to fill the (7) seats of the Board of Directors. If you vote for fewer than seven (7) nominees, your votes shall be divided among the nominees you voted for. Please mark abstain if you are not voting for any of the nominees.	No. of Shares Voted		
5.	Election of Directors	Yes	Abstain	
	a. Rogelio M. Guadalquiver			
	b. Lester C. Yu			
	c. Calvin F. Chua			
	d. Madelene T. Sayson			
	e. Lee Ceasar S. Junia			
	f. Bernardino M. Ramos			
	g. Tommanny Tan			

\_\_\_\_\_  
Signature of Stockholder/s over Printed Name/s

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20  
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:  
☐ Preliminary Information Statement  
☒ Definitive Information Statement
2. Name of Registrant as specified in its charter: **BALAI NI FRUITAS INC.**
3. Province, country or other jurisdiction of incorporation or organization: **Quezon City, Philippines**
4. SEC Identification Number: **CS200508386**
5. BIR Tax Identification Code: **238-383-045**
6. Address of principal office: **No. 68 Data St., Brgy. Don Manuel, Quezon City**  

**1113**  
Postal  
Code
7. Registrant's telephone number, including area code: **(632) 8243-1741**
8. Date, time and place of the meeting of security holders:  
**12 August 2025, 02:00 p.m., virtual meeting via remote communication using the Zoom platform (with the presiding officer and executive directors physically present at the place of the meeting 3961 Ramon Magsaysay Boulevard Sta. Mesa, Manila, Metro Manila, Philippines)**
9. Approximate date on which the Information Statement is first to be sent or given to security holders  
**20 July 2025 or earlier**
10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA:

Title of Each Class	Number of Shares of Common Stock Outstanding (as of 30 June 2025)
<b>Common stock</b>	<b>1,495,005,000 shares</b>

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

Yes [ ☒ ]

No [ ☐ ]

Name of Stock  
Exchange:

**Philippine Stock  
Exchange  
Common  
Shares**

Class of securities listed:

<b>WE ARE NOT ASKING YOU FOR A PROXY, AND YOU ARE REQUESTED NOT TO SEND US A PROXY.</b>
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<b>PART I.</b>
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**INFORMATION REQUIRED IN INFORMATION STATEMENT**

**A. GENERAL INFORMATION**

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

Date:	12 August 2025
Time:	02:00 pm
Place:	<b><u>Virtual meeting via remote communication using the Zoom platform</u></b> (with the presiding officer and executive directors physically present at the place of the meeting) 3961 Ramon Magsaysay Boulevard Sta. Mesa, Manila, Metro Manila

The presiding officer and executive directors will be physically present at 3961 Ramon Magsaysay Boulevard Sta. Mesa, Manila, Metro Manila for the conduct of the 2025 Annual Stockholders' Meeting. Successfully registered stockholders of record as of 15 July 2025, the Record Date, may join the meeting through the Zoom platform. The Registrant will provide the necessary details of the meeting once the stockholder of record has successfully completed pre-registration requirements.

This Information Statement shall be sent with the Notice of the Annual Stockholders' Meeting and other related documents to the stockholders, in accordance with the Registrant's By-Laws, by or before 20 July 2025. This Information Statement may likewise be accessed by the Registrant's stockholders beginning 27 June 2025 at the Registrant's website, [www.balainifruitas.com](http://www.balainifruitas.com).

**Item 2. Dissenters' Right of Appraisal**

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

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

- authorizing preferences in any respect superior to those outstanding shares of any class, or of extending or shortening the term of corporate existence;
- (2) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets;
- (3) In case of merger or consolidation; and
- (4) In case of investments in another corporation, business or purpose.

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

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

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

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

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

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

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

### **B. CONTROL AND COMPENSATION INFORMATION**

#### **Item 4. Voting Securities and Principal Holders Thereof**

- (a) Number of shares outstanding of the class/es entitled to vote and number of votes of said class/es of shares: Common shares: **1,495,005,000 shares**



(b) Record Date: **15 July 2025**

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

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

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

**(1) Security Ownership of Certain Record and Beneficial Owners (of more than 5% of the Registrant's voting securities) as of 30 June 2025**

<b>Title of Class</b>	<b>Name, Address of Record Owner and Relationship with Issuer</b>	<b>Name of Beneficial Owner and Relationship with Record Owner</b>	<b>Citizenship</b>	<b>Number of Shares Held</b>	<b>Percent of class</b>
Common Shares	<b>Fruitas Holdings, Inc.</b>  68 Data St., Brgy. Don Manuel, Quezon City  Parent Company	<b>Lester C. Yu</b>  68 Data St., Brgy. Don Manuel, Quezon City  President/CEO	Filipino	1,082,488,000	72.41%
Common Shares	<b>PCD Nominee Corp.</b>  The Enterprise Center, Ayala Avenue Corner Paseo de Roxas, Makati City  Stockholder of Record	<b>PCD Nominee Corp.</b>  The Enterprise Center, Ayala Avenue Corner Paseo de Roxas, Makati City  Stockholder of Record	Filipino	407,383,309	27.25%

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

**(2) Security Ownership of Management as of 30 June 2025**

<b>Title of Class</b>	<b>Name of Beneficial Owner</b>	<b>Amount and nature of beneficial ownership</b>	<b>Citizenship</b>	<b>Percent of class</b>
Common Shares	Lester C. Yu – Director, President and Chief Executive Officer	4,004,000 – Direct	Filipino	0.27%
Common Shares	Rogelio M. Guadalquiver - Chairman	1,000 – Direct	Filipino	0.00%
Common Shares	Calvin F. Chua – Director and Chief Financial Adviser	1,330,000 – Direct	Filipino	0.09%
Common Shares	Madelene T. Sayson – Director and Chief Operating Officer	502,000 – Direct	Filipino	0.03%
Common Shares	Lee Ceasar S. Junia – Independent Director	1,000 – Direct	Filipino	0.00%
Common Shares	Tommanny Tan – Independent Director	10,000 – Direct	Filipino	0.00%
Common Shares	Bernardino M. Ramos – Independent Director	1,000 – Direct	Filipino	0.00%
Common Shares	Roselyn A. Legaspi – Managing Director – Visayas and Mindanao	1,502,000 – Direct	Filipino	0.10%
Common Shares	Marvin C. Yu – Corporate Secretary	2,000 – Direct	Filipino	0.00%

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

**(3) Voting Trust Holders of 5% or more**

The Company is not aware of the existence of persons holding more than five percent (5%) of the Company's common shares under a voting trust or similar agreement.

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

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

**Item 5. Directors and Executive Officers of the Registrant**

The record of attendance of the directors at the meetings of the Board of Directors (the “Board”) held in 2024 is as follows:

<b>Directors</b>	<b>No. of Meetings Attended/No. of Meetings as Director</b>	<b>Percent Present</b>	<b>Remarks</b>
Rogelio M. Guadalquiver	20/20	100%	Attended all Board of Directors Meeting, 1 EC and 13 AC Meetings
Lester C. Yu	8/8	100%	Attended all Board of Directors Meeting, 1 EC AND 1 NCC Meeting
Calvin F. Chua	6/6	100%	Attended all Board of Directors Meeting
Madelene T. Sayson	21/21	100%	Attended all Board of Directors Meeting, 1EC, 1 NCC, 13 AC Meetings
Lee Ceasar S. Junia	24/24	100%	Attended All BOD Meetings, 13 AC Meetings & 5 CGC Meeting
Tommanny Tan	12/12	100%	Attended all Board of Directors Meeting, 1 NCC and 5 CGC Meeting
Bernardino M. Ramos	24/24	100%	Attended All BOD Meetings, 13 AC Meetings & 5 CGC Meeting

The current Board of Directors was formed on 13 August 2024 during the 2024 Annual Stockholders’ Meeting. The meetings of the Board of Directors in 2024 discussed the following matters:

<b>LIST OF MEETING 2024</b>	
<b>DATE OF MEETING</b>	<b>MATTER</b>
April 6, 2024	Approval of the Agreed-Upon Procedures for the use of IPO proceeds. BALAI Financial Results as of December 31, 2023.
April 15, 2024	Quarterly Report on Disbursement of Initial Public Offering Proceeds of Balai Fruitas Inc. as of March 31, 2024.
April 18, 2024	Approval to enter MOA to acquire the 40-year-old legacy Brand, Sugarhouse.
May 7, 2024	Approval to complete the acquisition of Sugarhouse Business transaction.
May 14, 2024	BALAI Financial Results as of March 31, 2024
May 31, 2024	Postponement of Annual Stockholders’ Meeting (2024 ASM) which, pursuant to the By-Laws should occur in third Monday of June 2024, to be moved to August 13, 2024 and July 16, 2024 as record date.
July 15, 2024	Quarterly Report on the Disbursement of Initial Public Offering Proceeds of Balai ni Fruitas Inc. as of June 30, 2024.
July 29, 2024	Agreement with D’Famous red Box Corporation for BALAI exclusive distributorship of the Iconic Poland Hopia brand in Cebu and Zamboanga.
August 13, 2024	2024 Annual Stockholders’ Meeting and Organizational Meeting.
August 14, 2024	BALAI Financial Results as of June 30, 2024.
October 9, 2024	Declaration of cash dividend of five hundredth Centavo (0.005) per share to all stockholders of as of October 24, 2024 which will be paid on November 8, 2024. The cash dividends shall be paid from Unrestricted retained Earnings as of December 31, 2023.
October 15, 2024	Quarterly Report on Disbursement of Initial Public Offering Proceeds of Balai ni Fruitas Inc. as of September 30, 2024.

November 9, 2024	Approval of ODF 2024 Audit Proposal.
November 12, 2024	Notice of Investor Briefing: PSE STAR Investor Day Q3 2024
November 14, 2024	Balai Financial Results as of September 30, 2024.

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

### **Management Committee Members**

The Executive Committee, when the Board is not in session, shall have and may exercise the powers of the Board in the management of the business and affairs of the Corporation except with respect to:

- (1) approval of any action for which stockholders' approval is also required;
- (2) filling of vacancies in the Board;
- (3) the amendment or repeal of these By-Laws or the adoption of new By-Laws;
- (4) the amendment or repeal of any resolution of the Board which by its express term is not so amenable or repealable;
- (5) distribution of dividends to the stockholders; and
- (6) such other matters as may be specifically excluded or limited by the Board.

The Executive Committee of the company is composed of the following members, appointed by the Company's Board.

<b>Name</b>	<b>Position</b>
<b>Lester C. Yu</b>	Chairman
<b>Madelene T. Sayson</b>	Member
<b>Rogelio M. Guadalquiver</b>	Member

The Audit Committee shall be composed of at least four (4) voting members who are members of the Company'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 Company'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:

<b>Name</b>	<b>Position</b>
<b>Bernardino M. Ramos</b>	Chairman
<b>Lee Ceasar S. Junia</b>	Member
<b>Calvin F. Chua</b>	Member
<b>Rogelio M. Guadalquiver</b>	Member

The Nomination and Compensation Committee shall review and evaluate the qualifications of all individuals nominated to the Company's Board and other appointments, that require Board approval and to assess the effectiveness of the Company's Board's processes and procedures in the election or replacement of directors. The Committee shall also establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over the remuneration of senior management and other key personnel ensuring that compensation is consistent with our Company's culture, strategy, and control environment.

The Nomination and Compensation Committee is composed of the following members, one of whom is an independent director and one non-voting member in the person of the Vice President for Corporate Human Resources of our Company

<b>Name</b>	<b>Position</b>
<b>Tommanny Tan</b>	Chairman
<b>Lester C. Yu</b>	Member
<b>Madelene T. Sayson</b>	Member

The Corporate Governance Committee shall be responsible for overseeing the implementation of the corporate governance framework and periodically review the said framework; overseeing the periodic performance evaluation of the Company's Board and its committees as well as executive management, and conducts an annual self-evaluation of its performance; and recommending continuing education/training programs for directors, assignment of tasks/projects to board committees, succession plan for the Company's Board members and senior officers, and remuneration packages for corporate and individual performance.

The Corporate Governance Committee is composed of the following members, who are members of the Company's Board of Directors (all of which are Independent Directors).

<b>Name</b>	<b>Position</b>
<b>Lee Ceasar S. Junia</b>	Chairman
<b>Tommanny Tan</b>	Member
<b>Bernardino M. Ramos</b>	Member

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

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

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

**Directors**

Name	Age	Position	Citizenship	Directorship
Rogelio M. Guadalquiver	82	Chairman	Filipino	Nominee
Lester C. Yu	50	Director, President, and Chief Executive Officer	Filipino	Nominee
Calvin F. Chua	45	Director and Chief Financial Adviser	Filipino	Nominee
Madelene T. Sayson	36	Director and Chief Operating Officer	Filipino	Nominee
Lee Ceasar S. Junia	59	Independent Director	Filipino	Nominee
Tommanny Tan	56	Independent Director	Filipino	Nominee
Bernardino M. Ramos	81	Independent Director	Filipino	Nominee

**Executive Officers**

Roselyn A. Legaspi	46	Managing Director	Filipino	Non-nominee
Ma. Teresa B. Trujillo	61	Chief Financial Officer and Treasurer	Filipino	Non-nominee
William V. Capuno	38	Head of Operations	Filipino	Non-nominee
Lerma C. Fajardo	37	Comptroller	Filipino	Non-nominee
Ralph Hector P. Adricula	30	Compliance Officer	Filipino	Non-nominee
Marvin C. Yu	46	Corporate Secretary	Filipino	Non-nominee
Shaun Aldrich G. Si	33	Investor Relations Officer	Filipino	Non-nominee

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

**Rogelio M. Guadalquiver, 82**, was appointed as the Chairman of FHI in August 24, 2019 and was also appointed as the Chairman of BALAI in December 21, 2021. He is also currently a Director of Philippine Deposit Insurance Corporation. Rogelio was the Chairman and Chief Executive Officer of CG & Co. from 2000 to 2018. Prior to joining CG & Co., he was a senior partner of SGV & Co., a member practice firm of Ernst & Young where he was heavily involved in both domestic and global audit practices. He also specialized in initial public offerings, industry research studies, corporate restructuring, business process re-engineering, business risk management, and financial and tax management consulting. Mr. Guadalquiver is a Certified Public Accountant and holds a Master's in Management degree from the Asian Institute of Management and a Bachelor of Science in Commerce degree from University of San Jose-Recoletos.

**Lester C. Yu, 50**, was appointed as the President on April 26, 2021 and Chief Executive Officer on December 21, 2021. Currently, he holds the position of President and CEO of Fruitas Holdings Inc. since August 2019. He also served as the Chairman of FHI, the parent company of BALAI from February 2015 to August 2019. Mr. Lester Yu started his career with their family business, Janette Jewelry in 1989. Before founding the Company, he entered the banking industry and served as the youngest Branch Manager for Westmont Bank. Under his leadership, FHI has successfully introduced several well-known brands and has made

strategic acquisitions such as Negril Trading, which houses the De Original Jamaican Pattie Shop and Juice Bar brand and Sabroso Lechon. Mr. Yu is also the President of Ralproperties, Inc., One Fifty Food Place, Inc., Lush Properties Inc., Negril Trading, Inc., Themangofarm Corp., Frutasgroup Incorporated, Lush Enterprises Corp., Bamazeh Incorporated, Lush Coolers, Inc., La Petite Parisienne, Inc., Dough Matters, Inc., Lush Harvest Manufacturing Inc., Toyoda 13 Technik Corporation, Cocodelivery Incorporated and Bigboks Enterprises Inc.. He holds a Master's of Business Administration degree from the University of the Philippines and a degree in Industrial Management Engineering from De La Salle University.

**Calvin F. Chua, 45**, was elected as our Director and Chief Financial Adviser on December 21, 2021, he is also currently the Director and Chief Financial Adviser of FHI since Aug. 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.

**Madelene T. Sayson, 36**, was elected as our Director on April 26, 2021, she is also the Chief Operating Officer of FHI since January 2018 and has been with the Group since 2009. She also served as a Director of FHI from February 2015 to August 2019 and was reelected since December 2020. Ms. Sayson is also the Chairman and President of Gyuma Fragrance Inc. She is the Corporate Secretary and Director of One Fifty Food Place, Inc., Lush Properties Inc., Negril Trading, Inc., Bamazeh Incorporated, Dough Matters, Inc., Sure Jobs Academy, Inc., Toyoda Technik Corporation, Lingnam Food Inc., and Flykitchen Inc. Ms. Sayson is also the Vice President and Director of Themangofarm Corp., and La Petite Parisienne, Inc. She is the Treasurer and Director of Lush Coolers, Inc. She is also the Treasurer of BALAI in April 2021. She holds a Bachelor of Science degree in Accountancy from Garcia College of Technology.

**Lee Ceasar S. Junia, 59**, was elected as our Independent Director on December 21, 2021. Mr. Junia is currently the Head for Sales and After Sales for Gateway Group, Inc. since April 2024. Prior to working with Gateway Group, Inc., he worked with Toyota Motor Philippines, Inc. as Executive Vice President – Makati and Bicutan from 2014-2024. From 2012 to 2014, Mr. Junia worked with Nissan Motor Philippines as the Vice President - Marketing Division. While he was in Knight Transportation Corp. as a Fleet Manager from 2001 to 2011. Mr. Junia holds a Bachelor of Science in Management from Ateneo de Manila University.

**Tommanny Tan, 56**, was elected as an Independent Director on August 13, 2024. He currently serves as the President and Chief Executive Officer of I-FERN Corporation, a position he has held since 2012. Under his leadership, the company launched its flagship product, FERN-C, a vitamin C supplement. Mr. Tan holds a Master's degree in Entrepreneurship from the Asian Institute of Management and a Bachelor's degree in Computer Science from De La Salle University.

**Bernardino M. Ramos, 80**, was elected as our Independent Director since December 21, 2021. He is currently the Chairman of GB Distributors, Inc. He is also a member of the board for Cirtek Holdings Philippines Corporation, State Investment House, Inc., State Properties, Inc., PILAC, Inc., Bunsuran Pawnshop Inc., Prince Plaza Condominium Corporation, Alabang Country Club, Inc. He was a partner of SGV & Co., a member practice firm of Ernst & Young where he was heavily involved in audit and business advisory services with 39 years of service

with the firm, including almost 7 as Partner/Advisor of Drs Utomo & Co., SGV Group affiliated firm in Indonesia. He also specialized in power (IPPs) and infrastructure, real estate, and hospitality, financial services, mining, educational institutions and pharmaceutical industries. Mr. Ramos is a Certified Public Accountant and holds a Master's in Management Development Program from the Asian Institute of Management and a Bachelor of Science in Business Administration from Far Eastern University, Manila

**Roselyn A. Legaspi, 46**, was appointed as our Managing Director on December 21, 2021 and is also the Managing Director – Visayas & Mindanao for FHI appointed last Aug. 2019. She is responsible for the overall operations of the Company for the said regions. She has been with the Group since 2002 and has served as a Director of FHI from Feb. 2015 to Aug. 2019. Ms. Legaspi is also the Vice President and Director of Negril Trading, Inc., Bamazeh Inc., Lush Properties Incorporated, Ralproperties Inc., and Sure Jobs Academy Inc. She is also a Director for Gyuma Fragrance Inc., Lush Harvest Manufacturing Inc., Themangofarm Corp., La Petite Parisienne, Inc., and Lush Enterprises Corp. Also, Ms. Legaspi is the Treasurer of Frutasgroup Incorporated. She was a Director of BALAI since incorporation until December 2021. She obtained her Bachelor of Science degree in Accountancy in 1999 and also passed her Civil Service Exams in 1997. She is currently taking up her Master's in Business Administration degree at the University of San Carlos, Cebu City.

**Ma. Teresa B. Trujillo, 61**, was appointed as our Chief Financial Officer and Treasurer on December 21, 2021. She has been the Human Resources Department Head of Frutasgroup Inc. since Feb. 2018. She is responsible for overseeing activities within human resources management such as recruitment, compensation and benefits, and organizational development. She was the Officer-in-Charge of the Business Permits Department when she joined the Group. She completed 18 units for Ateneo Graduate School of Business' Master's degree in Business Administration for Middle Managers and holds a bachelor's degree in Commerce major in Accounting from Universidad De Sta. Isabel.

**William V. Capuno, 38**, has been the Head of Operations of BALAI since December 21, 2021. Prior to joining the Group, he was the Operations Head of Zagu Foods Corporation where he started his career. After working for 8 years in the company, he shifted his career to sales. He worked as a Sales Operations Manager in Marina Sales Incorporated, one of the well-known distributors of Del Monte, CDO and Sunquick products. Mr. William holds a Bachelor of Science degree in Computer Science in Polytechnic University of the Philippines - Sto. Tomas Batangas.

**Lerma C. Fajardo, 37**, was appointed as the Comptroller of BALAI on December 21, 2021 and has been FHI'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. She holds a Bachelor of Science degree in Accountancy from Polytechnic University of the Philippines and is a Certified Public Accountant.

**Ralph Hector P. Adricula, 30**, has been the Compliance Officer of BALAI since December 21, 2021. He has been with the Group for 6 years, where he started as an Accounting Staff in November 2015, and last held the position of an Assistant Accounting Manager. He holds a Bachelor of Science degree in Applied Mathematics from University of the Philippines Visayas.

**Marvin C. Yu, 46**, was appointed as the Corporate Secretary of BALAI on December 21, 2021, and has been FHI's Corporate Secretary since Aug. 24, 2019. He has more than 15 years of experience in the technical and engineering field. He was a Consultant in the SMC Telco



Project, Master Planning Network Coverage Senior Manager for the Sun Cellular 2G and 3G Project, and RF Network Planning, Design and 15 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.

**Shaun Aldrich G. Si, 33**, was appointed as the Investor Relations Officer of the Company on December 2023 and has been the Group's Chief Marketing Officer since September 2022. He spearheads all the marketing strategies and initiatives of the Group and shall also be responsible for all interactions with investors and financial institutions through creating programs which strengthens relationship of FHI to the various investment groups and individuals. Prior to joining FHI, he held various positions in Brand Management in Wyeth Philippines Inc. and Jollibee Foods Corporation. In 2013, he started his career as a Management Trainee in GlaxoSmithKline Philippines where he eventually became the Digital Marketing Manager in 2016. He holds a Bachelor of Arts degree in Management Economics Minor in Chinese Studies and the program award recipient for being the most outstanding student in the Management Economics Program Class of 2013 from the Ateneo de Manila University. Nominee for Independent Director

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

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

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

#### **(A)(2) Significant Employees**

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

#### **(A)(3) Family Relationships**

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

#### **(A)(4) Involvement in Certain Legal Proceedings**

None of the directors, executive officers or nominees for election have been involved in any bankruptcy proceeding, nor have they been convicted by final judgment in any criminal proceeding, or been subject to any order, judgment, or decree of a court of competent

jurisdiction, permanently or temporarily enjoining, barring, suspending, or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, or found in action by any court or administrative bodies to have violated a securities of commodities law, for the past five (5) years up to the latest date.

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

### ***Certain Relationships and Related Transactions***

#### **Due from Related Parties**

The Company has due from related parties amounting to ₱21.7 and ₱11.0 million as of December 31, 2024 and 2023. The increase in the advance Notes Receivable of ₱40.0 million has a term of one year and bears 5% fixed interest and is payable in lump sum at maturity date while interest is payable monthly.

#### **Administrative Consulting Agreement**

FHI, the parent Company, has an Administrative Consulting Agreement with BALAI for the parent company to provide administrative services for a fixed monthly fee. FHI and its management shall provide strategic direction and assistance in managing BALAI's overall corporate and store level operations. Management fees amounted to P6 million or P0.5 million per month in since 2021 and P3 million or P0.25 million in 2020. The term of the agreement is valid for twelve (12) months. The Company was under an administrative consulting agreement from January 1, 2024 until December 31, 2024. The administrative consulting agreement is renewed on an annual basis.

#### **Transfer of Assets and Assignment of Lease**

In May 2021, the Board of Directors of the Company approved certain reorganization activities wherein certain assets and rights to the lease of various outlets previously owned and operated by the Company were transferred to Fruitasgroup Inc. The outlets transferred to Fruitasgroup Inc. included outlets for products under the following brands: Buko ni Fruitas, House of Desserts, Fruitas and Buko Loco (which is an Fruitasgroup Inc.-owned brand). The primary purpose of the reorganization activities is for the Company and Fruitasgroup Inc. to capitalize on the economies of scale and efficiency of operations and more productive use of the assets. Fruitasgroup Inc. continued to operate the outlets until the end of its respective lease terms. The outlets' leases were renewed based on its sales performance. The obligations for rental deposits on leases were transferred to Fruitasgroup Inc. through an assignment of lease agreement.

## **Summary of Related Party Transactions**

### **(a) Supplier Agreements**

<b>Date</b>	<b>Title of Document</b>	<b>Parties</b>	<b>Particulars</b>	<b>Term / Maturity</b>
January 15, 2024	Supplier Agreement	Company and Fruitasgroup Inc.*	Supply of bottled juices, raw and packaging materials to the Company	January 1, 2024 to December 31, 2026
January 15, 2024	Supplier Agreement	Company and Negril Trading, Inc.*	Supply of NTI products, raw and packaging material to the Company	January 1, 2024 to December 31, 2026

\*Affiliates of the Company

For the year ended 31 December 2024, 70% of total purchases of the Company are from its related parties.

In determining the prices for the following transactions, the parties engaged in thorough discussions and negotiations to arrive at mutually agreed-upon terms based on various considerations. These considerations encompassed factors such as the quality and specifications of the raw materials, the volume or quantity being purchased and market prices.

Details of transactions entered into by the company with related parties are reviewed by independent directors in accordance with the Company's related party transactions policy. Related party transactions are considered material or significant if:

- i.) These transactions amount to 10% or higher of the Company's total assets or;
- ii.) There are several transactions or a series of transactions over a 12-month period with the same related party amounting to 10% or higher of the Company's total assets.

### **(b) Administrative Consulting Agreement**

<b>Date</b>	<b>Title of Document</b>	<b>Parties</b>	<b>Particulars</b>	<b>Term / Maturity</b>
1 January 2024	Administrative Consulting Agreement	Company and Fruitas Holdings, Inc.**	Appointment of FHI as service provider for administrative services to the Company	1 year

\*Parent of the Company

### **(c) Lease Agreements**

#### **Company as Lessee - Short-term Lease**

The Company entered into a lease agreement with FHI for its store space in Sta. Mesa, Manila for a period of one year and renewable annually since October 2022 up until present. The

lease contract for the store provides for a monthly fixed rental. The lease agreement is generally renewable through a notice of lease renewal and upon mutual agreement with the lessor.

(d) Others

Fruitasgroup Inc. continues to source baked goods from the Company since October 2021. Some of Negril Trading Inc. store also source baked goods as additional items displayed in their stores.

## **Item 6. Compensation of Directors and Executive Officers**

### **(1) Summary Compensation Table**

<b>Name</b>	<b>Year</b>	<b>Salary</b>	<b>Bonuses</b>	<b>Other Annual Compensation</b>	<b>Total</b>
Total Compensation of the 5 most highly compensated executive officers namely:	2025 (Estimated)	₱3.4 Million	₱0.3 Million	-	₱3.7 Million
Roselyn A. Legaspi,	2024	₱3.3 Million	₱0.3 Million	-	₱3.6 Million
William V. Capuno,	2023	₱2.7 Million	₱0.4 Million	-	₱3.1 Million
Ma. Teresa B. Trujillo,	2022	₱2.7 Million	₱0.4 Million	-	₱3.1 Million
Ralph Hector P. Adricula					
Helen A. Calleja					
All other officers and directors as a group unnamed	2025 (Estimated)	₱0.5 Million	₱0.04 Million	-	₱ 0.54 Million
	2024	₱0.5 Million	₱0.04 Million	-	₱ 0.54 Million
	2023	₱0.7 Million	-	-	₱0.7 Million
	2022	₱0.7 Million	-	-	₱0.7 Million

*The total annual compensation paid to the above-named officers and directors was paid in cash. The annual compensation includes the basic salary and 13<sup>th</sup> month bonus. No other annual compensation was paid to officers/directors in 2024.*

### **(2) Standard Arrangements**

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 2024 up to the present.

### **(3) Any Other Arrangement**

There are no other arrangements pursuant to which any director of the Company was compensated, or to be compensated, directly or indirectly for 2024 up to the present for any service provided as a director.

#### **(4) Contracts between Registrant and Executive Officers**

##### **a. Employment Contract**

There is a standard employment contract between the Registrant and the named executive officers, but the same does not provide for a standard arrangement pursuant to which the executive officers are compensated. Their compensation is based on several special meetings of directors where executive compensation was discussed and held before the initial public offering of the Registrant in June 2022.

##### **b. Compensatory Plan or Arrangement**

There is a standard employment contract between the Registrant and the named executive officers, but the same does not provide for a standard arrangement pursuant to which the executive officers are compensated. Their compensation is based on several special meetings of directors where executive compensation was discussed and held before the initial public offering of the Registrant in June 2022.

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

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

##### **d. Per diems**

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

#### **Item 7. Independent Public Accountants**

- (a) The principal accountant and external auditor of the Registrant is Reyes Tacandong & Co. ("RT & Co.") with Mr. Wilson Teo as partner-in-charge for the years 2016 to 2021 while Mr. Cedric M. Caterio took over the role in 2022. The same accounting firm is being recommended for re-election at the annual stockholders' meeting.

- (b) Representatives of RT & Co. for the current year are expected to participate at the annual stockholders' meeting. Hence, they will be given the opportunity to make a statement if they desire to do so and respond to appropriate questions after the meeting, if necessary.

Pursuant to the General Requirements of SRC Rule 68, par. 3 (Qualifications and Report of Independent Auditors), the Registrant has engaged RT & Co. as external auditor, with Mr. Wilson Teo as the partner-in-charge, for the audit years 2016 to 2021, and with Mr. Cedric M. Caterio as the partner-in-charge, for the audit year 2022.

- (c) Changes in and Disagreement with Accountants on Accounting and Financial Disclosure.  
Reyes Tacandong & Co. has not resigned from, been dismissed from or ceased service to the Registrant, The Registrant has not had any material disagreements on accounting and financial disclosures with said accountant/external auditor.

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

(d) Audit and Audit-Related Fees

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

In ₱ Millions	<u>2024</u>	<u>2023</u>	<u>2022</u>
Audit and Audit-Related Fees*	₱ 0.53	₱ 0.50	₱ 0.45
All Other Fees**	0.12	0.12	0.12
<b>Total</b>	<u>₱ 0.65</u>	<u>₱ 0.62</u>	<u>₱ 0.57</u>

\* Audit and Audit-Related Fees. This category includes the audit of annual financial statements and interim financial statements and services that are normally provided by the independent auditor in connection with statutory and regulatory filings or engagements for those calendar years. This is exclusive of out-of-pocket expenses incidental to the independent auditors' work, the amounts of which do not exceed 10% of the agreed-upon engagement fees.

\*\* All Other Fees. This category includes other services rendered by RT&Co. such as agreed upon procedures for the certification of Use of Initial Public Offering Proceeds and Disbursement.

(e) Tax Fees

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

## **Item 8. Compensation Plans**

There is no action required at this time concerning any plan involving the payment or distribution of cash or non-cash compensation

## **C. ISSUANCE AND EXCHANGE OF SECURITIES**

### **Item 9. Authorization or Issuance of Securities Other than for Exchange**

There are no actions required with respect to the authorization or issuance of any securities, except in exchange for the Company's outstanding securities

### **Item 10. Modification and Exchange of Securities**

There are no actions to be taken regarding any amendment or modification of any class of the Company's securities.

**Item 11. Financial and Other Information**

Not applicable as no action is to be taken with respect to any matter specified in Items 9 or 10.

**Item 12. Mergers, Consolidations, Acquisitions and Similar Matters**

There are no proposals concerning any merger, consolidation, sale, or liquidation of the Company scheduled to be presented at the meeting.

**Item 13. Acquisition or Disposition of Property**

There are no matters or actions to be taken up at the Meeting concerning the acquisition or disposition of any property by the Company that would require stockholders' approval under the Revised Corporation Code.

**Item 14. Restatement of Accounts**

There are no actions proposed regarding the restatement of any asset, capital, or surplus account of the Company.

**Item 15. Action with Respect to Reports**

The following are included in the agenda for approval by the stockholders on the Annual Meeting of the Stockholders to be held on 12 August 2025:

1. Approval of the Minutes of the Annual Stockholders' Meeting held on 13 August 2024.

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

2. Approval/Ratification of the 31 December 2024 Reports and the Audited Financial Statements

A Copy of the 2024 Annual Report with the Audited Financial Statements is hereto attached as Annex A.

3. Ratification of all acts and resolutions of the Board of Directors and Management for the year 2024 until the date of the meeting, as set forth in the Minutes of the meetings of the Board of Directors held during the same period and in the disclosures that have been duly filed with the SEC and the PSE.

These minutes cover the approval of the quarterly, annual reports and other reports of the Registrant filed with the SEC and the PSE; re-allocation of IPO proceeds, acquisition of Sugarhouse Business, exclusive distributorship of Poland Hopia, declaration of dividends and postponement of the Annual Stockholders meeting. Details of which are enumerated in Item 5 of the SEC Form 20-IS.

4. Election of the Members of the Board of Directors including three (3) Independent Directors to serve for 2025 to 2026.

The current three (3) independent Directors were nominated for the three seats to serve in 2025-2026.

## 5. Selection and appointment of External Auditors

The current external auditor of the Registrant is Reyes Tacandong & Co. ("RT & Co."). The same accounting firm is being recommended for re-election at the annual stockholders' meeting.

### **Item 16. Matters Not Required to be Submitted**

No action is to be taken with respect to any matter which is not required to be submitted to a vote of security holders.

### **Item 17. Amendment of Articles of Incorporation, By-Laws or Other Documents**

There is no action to be taken with respect to any amendment of the Company's charter, by-laws or other documents.

### **Item 18. Other Proposed Actions**

#### *Guidelines for Participating via Remote Communication and Voting in Absentia*

The 2025 ASM of Balai ni Fruitas Inc. (the "Company") will be held on 12 August 2025 (Tuesday) at 2:00 pm via remote communication.

The record date shall be 15 July 2025 for the purpose of determining the list of stockholders of the Corporation who are entitled to vote in the 2025 ASM. The Company will allow attendance by stockholders only by remote communication and voting in absentia, subject to validation procedures, though the directors will be in the principal office of the Company.

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

#### **A. Individual stockholders**

1. Copy of valid government ID of stockholder/proxy
2. If appointing a proxy, copy of proxy form duly signed by stockholder (need not be notarized)

#### **B. Multiple stockholders or joint owners**

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

#### **C. Corporate stockholders**

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

#### **D. Stockholders with shares under broker account**

1. Certification from broker as to the number of shares owned by stockholder
2. Valid government ID of stockholder



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

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

Upon their successful accomplishment of the registration form and validation by the Company, they will receive an e-mail invitation with a complete guide on how to join the ASM and how to cast votes in absentia. Registration and voting must be accomplished by August 07, 2025. Only stockholders who have successfully registered within the prescribed period, together with the stockholders who voted in absentia and by proxy, will be included in the determination of quorum. Validity of votes cast by proxy will be subject to the validation of the proxies submitted.

Proxies, in the form provided by the Company, must be scanned and emailed to the Company's Corporate Secretary at [IPO.Compliance@balainifruitas.com](mailto:IPO.Compliance@balainifruitas.com) not later than 04 August 2025. The proxies shall be validated by 05 August 2025. The Corporate Secretary's decision shall be final and binding on the shareholders, and those not settled during the proxy validation shall be deemed waived and may no longer be raised. The list of shareholder's attendance shall be validated by the stock transfer agent.

### ***Manner of voting***

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

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

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

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

1. Said stockholders shall access the voting portal by clicking the link sent by e-mail to the email-address of the stockholder provided to the Registrant.
2. Upon accessing the portal, the stockholders can proceed to vote on each agenda item.
  - a. A stockholder has the option to vote "Approve", "Disapprove", or "Abstain" on each agenda item for approval.
  - b. For the election of directors, the stockholder has the option to vote for all nominees, withhold vote for any of the nominees, or vote for certain nominees only. Accordingly, a stockholder entitled to vote: (i) may vote such number of shares owned by it for as many persons as there are Directors to be elected; or (ii) may cumulate said shares and give one candidate as many votes as the

number of Directors to be elected multiplied by the number of their shares; or (iii) may distribute them on the same principle among as many candidates as may be seen fit.

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

***Voting requirements***

- (a) With respect to the election of directors, candidates who received the highest number of votes shall be declared elected.
- (b) With respect to the adoption of the Audited Financial Statements for the year ended 31 December 2024, the vote of majority of the outstanding capital stock entitled to vote and represented in the meeting is required to approve such matters.

***Method of counting votes***

The Corporation's stock transfer agent, The Philippine National Bank Trust Banking Group and Office of the Corporate Secretary will tabulate all votes received and will validate the results.

**PART III.**

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

**BALAI NI FRUITAS INC.**

**68 Data St.,**

**Brgy. Don Manuel, Quezon City**

**SIGNATURE PAGE**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth on this Report is true, complete, and correct. This Report is signed in Manila City on July 10, 2025.

By:

  
**Ma. Teresa B. Trujillo**  
CFO & Treasurer

## ANNEXES

The attachments to this Information Statement are the following:

ANNEX	DOCUMENTS
A	Management Report
	Management's Discussion and Analysis of Results and Operations for the Quarter ended 2025 vs Quarter ended 2024
	Management's Discussion and Analysis of Results and Operations for the year ended December 31, 2024 vs December 31, 2023
	Nature and Scope of Business
	Market for Registrant's Common Equity and Related Stockholder's Matter
B	Annual Report
	Audited Consolidated Financial Statements for the year ended December 31, 2024
C	Result of 2024 Annual Stockholders' Meeting
D	Report on Number of Stockholders as of May 31, 2025
E	Certification of Independent Directors
F	Secretary's Certificate
G	Interim Financial Statement for the quarter ended March 31, 2025

## MANAGEMENT REPORT

### I. FINANCIAL STATEMENTS

The Financial Statements of the Registrant as of and for the year ended December 31, 2024 are incorporated herein in the accompanying Index to Financial Statements and Supplementary Schedules of the 2024 Annual Report in Annex A.

### II. INFORMATION ON INDEPENDENT ACCOUNTANT

Our fiscal year begins on January 1 and ends on December 31. Reyes Tacandong & Co. ("RT&Co.") has audited our financial statements for the years ended December 31, 2024, 2023, 2022, 2021, and 2020 in accordance with the Philippine Standards on Auditing.

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

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

In ₱ Millions	<b>2024</b>	<b>2023</b>	<b>2022</b>
Audit and Audit-Related Fees*	₱ 0.53	₱ 0.50	₱ 0.45
All Other Fees**	0.12	0.12	0.12
<b>Total</b>	<b>₱ 0.65</b>	<b>₱ 0.62</b>	<b>₱ 0.57</b>

\* Audit and Audit-Related Fees. This category includes the audit of annual financial statements and interim financial statements and services that are normally provided by the independent auditor in connection with statutory and regulatory filings or engagements for those calendar years. This is exclusive of out-of-pocket expenses incidental to the independent auditors' work, the amounts of which do not exceed 10% of the agreed-upon engagement fees.

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

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

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

committee shall, among other activities (i) evaluate significant issues reported by the external auditors in relation to the adequacy, efficiency and effectiveness of policies, controls, processes and activities of the Registrant; (ii) ensure that other non-audit work provided by the external auditors are not in conflict with their functions as external auditors; and (iii) ensure the compliance of the Registrant with acceptable auditing and accounting standards and regulations.

The Audit Committee shall be composed of at least four (4) voting members who are members of the Company'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 Company'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:

<b>Name</b>	<b>Position</b>
<b>Bernardino M. Ramos</b>	Chairman
<b>Lee Ceasar S. Junia</b>	Member
<b>Calvin F. Chua</b>	Member
<b>Rogelio M. Guadalquiver</b>	Member

The audited financial statements as of December 31, 2024, Management's Discussion and Analysis, Market Price of Shares Dividends and other data related to the Registrant's financial information are in the Registrant's Annual Report attached to this Information Statement as Annex A.

#### **IV. MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

##### ***Results of Operations for First Quarter ended 2025 vs First Quarter ended 2024***

	<b>1Q2025</b>	<b>1Q2024</b>	<b>Increase / (Decrease)</b>	<b>% Change</b>
Revenue	159,908,903	144,724,804	15,184,099	10.49%
Cost of Sales	(78,643,129)	(71,103,165)	(7,539,964)	10.60%
Gross Profit	81,265,775	73,621,639	7,644,136	10.38%
Operating Expenses	(62,595,531)	(57,271,936)	(5,323,595)	9.30%

Income from Operations	18,670,244	16,349,703	2,320,541	14.19%
Other Income (expense)-net	(384,208)	(114,877)	(269,331)	234.45%
Income before income tax	18,286,036	16,234,826	2,051,210	12.63%
Income tax expense	3,431,110	3,046,230	384,880	12.63%
Net Income	14,854,926	13,188,596	1,666,330	12.63%

### **Revenues**

The Company generated revenues of ₱160.0 million for the three months ending March 31, 2025, a 10.5% or ₱15.2 million increase from the same period in 2024, which closed at ₱144.7 million. The increase was driven by stronger performance of the stores.

### **Cost of Sales**

Cost of sales for the three months ended March 31, 2025 closed at ₱78.6 million, 10.6% or ₱7.5 million increase from the same period in 2024 which closed at ₱71.1 million. The increase is mainly attributable to the increase in revenues.

### **Operating Expenses**

The Company's operating expenses settled at ₱62.6 million at the close of the three months of 2025, a 9.3% or a ₱5.3 million increase from the same period in 2024 which settled at ₱57.3 million. The increase was mainly attributed to the increased business volume in 2025 and expansion undertaken by the Company.

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

From ₱3.0 million current income tax last first quarter of 2024 to ₱3.4 million income tax for the same period in 2025. Increase in Income tax for the period ending March 31, 2025 was primarily due to the increase in revenues.

### **Net income**

Net income for the period ending March 31, 2025 closed at ₱14.9 million compared to the same period of the prior year of ₱13.2 million net income driven by the increase in revenue due to business expansion and continued same store sales growth.

### **Financial Condition as of MARCH 31, 2025 versus DECEMBER 31, 2024**

	As of March 31, 2025 (Unaudited)	As of December 31, 2024 (Audited)	Increase / (Decrease)	% Change
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	243,686,002	273,151,441	(29,465,439)	-10.79%
Investments in FVPL	12,738,382	11,945,818	(792,564)	6.63%
Trade and other receivables	26,764,783	24,462,808	2,301,975	9.41%
Notes receivable	40,000,000	40,000,000	-	0.00%
Merchandise inventories	12,237,158	10,557,158	1,680,000	15.91%
Due from related parties	22,155,720	21,655,720	500,000	2.31%
Other current assets	34,966,890	17,571,170	17,395,720	99.00%
Total Current Assets	392,548,935	399,344,115	(6,795,180)	-1.70%
<b>Noncurrent Assets</b>				
Security deposits	216,000	216,000	-	0.00%
Property and equipment	185,842,523	190,267,263	(4,424,740)	-2.33%
Intangible assets	9,247,150	9,247,150	-	0.00%
Right-of-use (ROU) assets	6,983,125	9,975,893	(2,992,768)	-30.00%
Net deferred tax assets	698,385	698,385	-	0.00%

Total Noncurrent Assets	202,987,183	210,404,691	(7,417,508)	-3.53%
	<b>595,536,118</b>	<b>609,748,806</b>	<b>(14,212,688)</b>	<b>-2.33%</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current Liabilities</b>				
Trade and other payables	17,959,010	22,672,954	(4,713,944)	-20.79%
Current portion of:				
Notes payable	13,300,000	37,300,000	(24,000,000)	-64.34%
Lease liabilities	8,166,248	6,726,323	1,439,925	21.41%
Mortgage payable	718,216	718,216	-	0.00%
Income tax payable	12,055,361	8,624,251	3,431,110	39.78%
Due to related parties	136,761	136,761	-	0.00%
Total Current Liabilities	52,335,596	76,178,505	(23,842,909)	-31.30%
<b>Noncurrent Liabilities</b>				
Noncurrent portion of lease liabilities				
Notes payable	4,583,333	5,833,333	(1,250,000)	-21.43%
Lease liabilities	-	3,951,145	(3,951,145)	-100.00%
Mortgage payable	1,103,924	1,277,485	(173,561)	-13.59%
Retirement benefits liability	2,241,964	2,091,964	150,000	9.31%
Total Noncurrent Liabilities	7,929,221	13,153,927	(5,224,706)	-39.72%
Total Liabilities	60,264,817	89,332,432	(29,067,615)	-32.54%
<b>Equity</b>				
Capital stock	74,750,250	74,750,250	-	0.00%
Additional paid-in capital	286,843,181	286,843,181	-	0.00%
Retained earnings	173,878,025	159,023,098	14,854,927	9.34%
Other comprehensive loss	- 200,155	- 200,155	-	0.00%
Total Equity	535,271,301	520,416,374	14,854,927	2.85%
	<b>595,536,118</b>	<b>609,748,806</b>	<b>(14,212,688)</b>	<b>-2.33%</b>

BALAI had consolidated total assets of ₱595.5 million as of March 31, 2025, a decrease of ₱14.2 million from the total assets of ₱ 609.7 million last December 31, 2024.

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

As of end March 2025, cash and cash equivalents totaled ₱243.7 million, decreased from ₱273.2 million as of end-2024. Cash includes cash on hand and in banks while cash equivalents are short-term, highly liquid investments that are easily convertible to cash.

### ***Trade and other receivables***

Trade and other receivables were at ₱26.8 million as of March 31, 2025 compared to ₱24.5 million as of end-2024, higher by 9.4% due to increased third party trade receivables.

### ***Inventories***

As of March 31, 2025, inventories increased to ₱12.2 million, from ₱ 10.6 million as of end of 2024. The increase was attributed to the Company's continuous opening of stores.

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

Consolidated net property and equipment stood at ₱185.8 million as of March 31, 2025. Acquisition of property and equipment for the last three months of the year reached ₱3.6 million, which was invested in the transfer of land, building of new stores, new store equipment and additional transportation equipment.



### **Intangible assets**

Intangible assets stood at ₱9.2 million for the period ending March 31, 2025.

### **Trade and other payables**

Trade and other payables decreased by 20.8% for the period ending March 31, 2025 to ₱18.0 million driven by the payment of trade payables for the purchase of inventories towards the end of 2024.

### **Equity**

As of March 31, 2025, the Company's consolidated equity increased to ₱535.3 million from ₱520.4 million as of end-2024 which was driven by the net income generated in the first quarter of 2025.

### **Cash Flow Summary**

	1Q 2025	1Q 2024	Increase / (Decrease)	% change
Net cash generated from (used) in operating activities	2,961,237	22,631,637	(19,670,400)	-86.92%
Net cash generated from (used) in investing activities	(4,116,929)	(22,159,600)	(18,042,671)	-81.42%
Net cash generated from (used) in financing activities	(28,416,329)	9,120,342	(19,295,987)	-211.57%

### **Key Performance Indicators**

	Interim Three Months Ended March 31, 2025	Interim Three Months Ended March 31, 2024
Revenue Growth	10.5%	27.0%
Gross Profit Margin	50.8%	50.9%
Net Income (in million)	14.9	13.2
	<b>As of March 31, 2025</b>	<b>As of December 31, 2024</b>
Current Ratio	7.50x	5.24x
Debt to Equity Ratio	11.3%	17.2%

### **REVIEW OF DECEMBER 2024 VS DECEMBER 2023**

#### **Key Highlights**

BALAI registered a consolidated net income of Php 67.8 million for the twelve months ending December 31, 2024. This yields a net income margin of 10.2%, an increase of 15.7% year-on-year compared to the reported net income of Php 58.6 million in 2023.

	2024	2023	Increase / (Decrease)	% Change
Revenue	668,000,080	535,205,651	132,794,429	24.81%
Cost of Sales	(323,076,566)	(262,102,883)	(60,973,683)	23.26%
Gross Profit	344,923,514	273,102,768	71,820,746	26.30%
Operating Expenses	(267,357,011)	(206,766,620)	(60,590,391)	29.30%
Income from Operations	77,566,503	66,336,148	11,230,355	16.93%

Other Income (expense)-net	11,537,530	10,199,707	1,337,823	13.12%
Income before income tax	89,104,033	76,535,855	12,568,178	16.42%
Income tax expense	21,268,094	17,894,241	3,373,853	18.85%
Net Income	67,835,939	58,641,614	9,194,325	15.68%

### **Revenues**

Consolidated net revenues, composed of sales from company-owned stores and franchise, and royalty fees from franchisees, reached Php 668.0 million, increasing by 24.8% from reported revenues of Php 535.2 million for the twelve months ending December 31, 2023.

### **Cost of Sales**

For the year ending 2024, cost of sales increased by 23.3% from Php 262.1 million in 2023 to Php 323.1 million. Cost of sales is mainly composed of raw material, packaging costs and direct labor costs.

### **Gross Profit**

Consolidated gross profit amounted to Php 344.9 million for the full year 2024, increasing by 26.3% from Php 273.1 million in the previous year. This yielded a gross profit margin of 51.6% as the Company executed inventory-buying strategies, implemented price increases, rationalized manpower requirements and expanded product mix.

### **Operating Expenses**

The Company's operating expenses settled at ₱267.4 million in 2024, a 29.3% or a ₱60.6 million increase from the same period in 2023 which settled at ₱206.8 million.

### **Other Income (Expenses)-Net**

Consolidated other income totaled Php 11.5 million and Php 10.2 million as of year-end 2024 and 2023. This is composed mainly of interest income from notes receivables and investments.

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

From ₱17.9 million current income tax for the full year in 2023 to ₱21.3 million income tax in 2024.

### **Net income/ loss**

For the year ending 2024, net income reached Php 67.8 million, yielding a net income margin of 10.2%. This is an improvement of 15.7% versus the 2023 recorded net income after tax of Php 58.6 million.

### **Financial Condition as of December 31, 2024 versus December 31, 2023**

	As of December 31, 2024	As of December 31, 2023	Increase / (Decrease)	% Change
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	273,151,441	243,197,008	29,954,433	12.32%
Investments in FVPL	11,945,818	16,183,424	(4,237,606)	-26.18%
Note receivable	40,000,000	40,000,000	-	0.00%
Trade and other receivables	24,462,808	16,343,746	8,119,062	49.68%

Due from related parties	21,655,720	11,042,411	10,613,309	96.11%
Merchandise inventories	10,557,158	8,652,161	1,904,997	22.02%
Other current assets	17,571,170	21,119,048	(3,547,878)	-16.80%
<b>Total Current Assets</b>	<b>399,344,115</b>	<b>356,537,798</b>	<b>42,806,317</b>	<b>12.01%</b>
<b>Noncurrent Assets</b>				
Security deposits	216,000	1,133,487	(920,487)	-81.21%
Property and equipment	190,267,263	170,372,787	19,894,476	11.68%
Right-of-use (ROU) assets	9,975,893	29,890,259	(19,914,366)	-66.62%
Intangible assets	9,247,150	3,000,000	6,975,893	232.53%
Deferred tax assets	698,385	843,539	(145,154)	-17.21%
<b>Total Noncurrent Assets</b>	<b>210,404,691</b>	<b>205,240,072</b>	<b>5,164,619</b>	<b>2.52%</b>
	<b>609,748,806</b>	<b>561,777,870</b>	<b>47,970,936</b>	<b>8.54%</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current Liabilities</b>				
Trade and other payables	22,672,954	12,853,654	9,819,300	76.39%
Noncurrent portion of:				
Notes payable	37,300,000	45,800,000	(8,500,000)	-18.56%
Lease liabilities	6,726,323	15,333,906	(8,607,583)	-56.13%
Mortgage payable	718,216	0	0	0.00%
Income tax payable	8,624,251	9,402,594	(778,343)	-8.28%
Due to related parties	136,761	401,747	(264,986)	-65.96%
<b>Total Current Liabilities</b>	<b>76,178,505</b>	<b>83,791,901</b>	<b>(7,613,396)</b>	<b>-9.09%</b>
<b>Noncurrent Liabilities</b>				
Noncurrent portion of:				
Notes payable	5,833,333	0	0	0.00%
Lease liabilities	3,951,145	16,319,433	(12,368,288)	-75.79%
Mortgage payable	1,277,485	0	0	0.00%
Retirement benefits liability	2,091,964	1,611,076	480,888	29.85%
<b>Total Noncurrent Liabilities</b>	<b>13,153,927</b>	<b>17,930,509</b>	<b>(4,776,582)</b>	<b>-26.64%</b>
<b>Total Liabilities</b>	<b>89,332,432</b>	<b>101,722,410</b>	<b>(12,389,978)</b>	<b>-12.18%</b>
<b>Equity</b>				
Capital stock	74,750,250	74,750,250	-	0.00%
Additional paid-in capital	286,843,181	286,843,181	-	0.00%
Retained earnings	159,023,098	98,662,184	60,360,914	61.18%
Other comprehensive loss	- 200,155	- 200,155	0	0.00%
<b>Total Equity</b>	<b>520,416,374</b>	<b>460,055,460</b>	<b>60,360,914</b>	<b>13.12%</b>
	<b>609,748,806</b>	<b>561,777,870</b>	<b>47,970,936</b>	<b>8.54%</b>

BALAI had consolidated total assets of Php 609.7 million as of December 31, 2024, an increase versus total assets of Php 561.8 million as of end-2023 primarily driven by the expansion of stores and acquisition of assets.

### **Cash and cash equivalents**

Cash and cash equivalents totaled Php 273.2 million and Php 243.2 million as of December 31, 2024 and 2023, respectively. Cash includes cash on hand and in banks while cash equivalents are short-term, highly liquid investments that are easily convertible to cash.

### **Trade, Note, and other receivables**

Trade, Note, and other receivables was at Php 64.5 million as of year-end 2024 compared to Php 56.3 million in 2023, an increase of 14.4% primarily due increase in third party receivables.

### **Inventories**

As of December 31, 2024, inventories increased to Php 10.6 million from Php 8.7 million in 2023, an increase of 22.0% due to expansion of commissary and warehouse storage for inventories in

addition to increase in revenues due to store expansion.

### ***Property, plant, and equipment***

Consolidated net property and equipment stood at Php 190.3 million and Php 170.4 million as of year-end 2024 and 2023. Acquisition of new property and equipment for the year 2024 and 2023 reached Php 49.5 million and Php 136.1 million, which were invested in the building of new stores and improvements in the corporate office and commissary.

### ***Intangible assets***

Intangible assets stood at Php 9.2 million for the period.

### ***Trade and other current liabilities***

Trade and other current liabilities in 2024 decreased to Php 76.2 from Php 83.8 million in 2023, driven primarily by the payment of lease liabilities.

### ***Capital stock and Additional paid-in capital***

For the twelve months ending December 31, 2024 and 2023, the Company's total capital stock stood at Php 74.8 million and additional paid-in capital of Php 286.8 million. There were no changes in the account after the initial public offering of the company.

### **Cash Flow Summary**

	2024	2023	Increase / (Decrease)	% Change
Net cash generated from (used) in operating activities	117,579,082	90,817,255	26,761,827	29.47%
Net cash generated from (used) in investing activities	(56,648,249)	(122,677,166)	66,028,917	53.82%
Net cash generated from (used) in financing activities	(30,976,400)	21,824,067	(52,800,467)	-241.94%

Consolidated net cash provided from operating activities amounted to Php 117.6 million for the full-year 2024, 29.5% increase versus the previous year's Php 90.8 million. This growth in net cash provided from operating activities reflects the company's ability to generate more cash through its core business operations. The expansion of operations likely led to increased sales and revenue streams, contributing to the higher cash generation including the enhanced efficiency initiatives implemented throughout the year.

Overall, the significant increase in net cash provided from operating activities indicates a strengthening financial performance and operational effectiveness for the company in 2024 compared to the previous year.

Consolidated net cash used in investing activities in 2024 was Php 56.6 million versus Php 122.7 million in 2023. The decline in investment spending is attributed to the absence of material capital expenditures this year, in contrast to the prior year which included significant outlays for store expansion and other corporate investments.

Consolidated net cash used in financing activities amounted to Php 31.0 million in 2024, compared to net cash provided of Php 21.8 million in the previous year. The shift was primarily due to higher loan repayments made during the year, which reduced cash inflows from financing sources.

	<b>Audited Twelve Months Ended December 31, 2024</b>	<b>Audited Twelve Months Ended December 31, 2023</b>
Revenue Growth	24.8%	56.9%
Gross Profit Margin	51.6%	51.0%
Net Income Margin	10.2%	11.0%
EBITDA (Php millions)	134	109
EBITDA Margin	20.1%	20.3%
Return on Average Assets	46.3%	11.6%
Return on Average Equity	55.3%	13.5%
Current Ratio	5.24	426.9
Debt to Equity Ratio	17.2%	22.1%

## **REVIEW OF DECEMBER 2023 VS DECEMBER 2022**

### **Key Highlights**

BALAI registered a consolidated net income of Php 58.6 million for the twelve months ending December 31, 2023. This yields a net income margin of 11%, an increase of 57.9% year-on-year compared to the reported net income of Php 37.1 million in 2022.

	<b>2023</b>	<b>2022</b>	<b>Increase / (Decrease)</b>	<b>% Change</b>
Revenue	535,205,651	341,159,284	194,046,367	56.88%
Cost of Sales	(262,102,883)	(165,426,513)	(96,676,370)	58.44%
Gross Profit	273,102,768	175,732,771	97,369,997	55.41%
Operating Expenses	(206,766,620)	(137,167,233)	(69,599,387)	50.74%
Income from Operations	66,336,148	38,565,538	27,770,610	72.01%
Other Income (expense)-net	10,199,707	4,440,451	5,759,256	129.70%
Income before income tax	76,535,855	43,005,989	33,529,866	77.97%
Income tax expense	17,894,241	5,872,820	12,021,421	204.70%
Net Income	58,641,614	37,133,169	21,508,445	57.92%

### **Revenues**

Consolidated net revenues, composed of sales from company-owned stores and franchise, and royalty fees from franchisees, reached Php 535.2 million, increasing by 56.9% from reported revenues of Php 341.2 million for the twelve months ending December 31, 2022.

### **Cost of Sales**

For the year ending 2023, consolidated cost of sales increased by 58.4% from Php 165.4 million in 2022 to Php 262.1 million

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

### **Gross Profit**

Consolidated gross profit amounted to Php 273.1 million for the full year 2023, increasing by

55.4% from Php 175.7 million in the previous year. This yielded a gross profit margin of 51.0% as the Company executed inventory-buying strategies, implemented price increases, rationalized manpower requirements and expanded product mix.

### **Operating Expenses**

The Company's operating expenses settled at ₱206.8 million in 2023, a 50.7% or a ₱70.0 million increase from the same period in 2022 which settled at ₱137.2 million.

### **Other Income (Expenses)-Net**

Consolidated other income totaled Php 10.2 million and Php 4.4 million as of year-end 2023 and 2022. This is composed mainly of interest income from investments.

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

From ₱5.9 million current income tax for the full year in 2022 to ₱17.9 million income tax in 2023.

### **Net income/ loss**

For the year ending 2023, consolidated net income reached Php 58.6 million, yielding a net income margin of 11.0%. This is an improvement of 58.0% versus the 2022 recorded net income after tax of Php 37.1 million.

## **Financial Condition as of December 31, 2023 versus December 31, 2022**

	As of December 31, 2023	As of December 31, 2022	Increase / (Decrease)	% Change
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	243,197,008	255,186,274	(11,989,266)	-4.70%
Investments in FVPL	16,183,424	15,744,937	438,487	2.78%
Note receivable	40,000,000	50,000,000	(10,000,000)	-20.00%
Trade and other receivables	16,343,746	11,694,750	-	39.75%
Due from related parties	11,042,411	9,105,984	1,936,427	21.27%
Merchandise inventories	8,652,161	6,860,023	1,792,138	26.12%
Other current assets	22,252,535	12,152,887	10,099,648	83.10%
Total Current Assets	357,671,285	360,744,855	(3,073,570)	-0.85%
<b>Noncurrent Assets</b>				
Property and equipment	170,372,787	57,288,439	113,084,348	197.39%
Right-of-use (ROU) assets	29,890,259	23,516,335	6,373,924	27.10%
Intangible assets	3,000,000	3,000,000	-	-
Deferred tax assets	843,539	619,370	-	-
Noncurrent portion of other receivable	0	5,390,000	(5,390,000)	-100.00%
Total Noncurrent Assets	204,106,585	89,814,144	114,292,441	127.25%
	<b>561,777,870</b>	<b>450,558,999</b>	<b>111,218,871</b>	<b>24.68%</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current Liabilities</b>				
Notes payable	45,800,000	0	45,800,000	-
Trade and other payables	12,853,654	15,267,038	- 2,413,384	-15.81%
Current portion of lease liabilities	15,333,906	11,506,876	3,827,030	33.26%
Income tax payable	9,402,594	363,028	9,039,566	2490.05%
Due to related parties	401,747	401,747	-	0.00%
Total Current Liabilities	83,791,901	27,538,689	56,253,212	204.27%
<b>Noncurrent Liabilities</b>				

Noncurrent portion of lease liabilities	16,319,433	12,896,153	3,423,280	26.54%
Retirement benefits liability	1,611,076	1,590,782	20,294	1.28%
<b>Total Noncurrent Liabilities</b>	<b>17,930,509</b>	<b>14,486,935</b>	<b>3,443,574</b>	<b>23.77%</b>
<b>Total Liabilities</b>	<b>101,722,410</b>	<b>42,025,624</b>	<b>59,696,786</b>	<b>142.05%</b>
<b>Equity</b>				
Capital stock	74,750,250	74,750,250	-	0.00%
Additional paid-in capital	286,843,181	286,843,181	-	0.00%
Retained earnings	98,662,184	47,315,510	51,346,674	108.52%
Other comprehensive loss	-200,155	- 375,566	175,411	-46.71%
<b>Total Equity</b>	<b>460,055,460</b>	<b>408,533,375</b>	<b>51,522,085</b>	<b>12.61%</b>
	<b>561,777,870</b>	<b>450,558,999</b>	<b>111,218,871</b>	<b>24.68%</b>

BALAI had consolidated total assets of Php 561.8 million as of December 31, 2023, an increase versus total assets of Php 450.6 million as of end-2022 primarily driven by the expansion of stores and acquisition of assets after the Initial Public Offering.

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

Cash and cash equivalents totaled Php 243.2 million and Php 255.2 million as of December 31, 2023 and 2022, respectively. Cash includes cash on hand and in banks while cash equivalents are short-term, highly liquid investments that are easily convertible to cash.

### ***Trade, Note, and other receivables***

Trade, Note, and other receivables was at Php 56.3 million as of year-end 2023 compared to Php 61.7 million in 2022, a decrease of 18.8% primarily due from partial collection of notes receivables from Frutasgroup Inc.

### ***Inventories***

As of December 31, 2023, inventories increased to Php 8.7 million from Php 6.9 million in 2022, an increase of 26.1% due to expansion of commissary and warehouse storage for inventories in addition to increase in revenues due to store expansion.

### ***Property, plant, and equipment***

Consolidated net property and equipment stood at Php 170.4 million and Php 57.3 million as of year-end 2023 and 2022. Acquisition of new property and equipment for the year 2023 and 2022 reached Php 136.1 million and Php 33.5 million, which were invested in the building of new stores and improvements in the corporate office and commissary.

### ***Intangible assets***

Intangible assets stood at Php 3.0 million for the period.

### ***Trade and other current liabilities***

Trade and other current liabilities in 2023 increased to Php 83.8 or three times the Php 27.5 million in 2022, driven primarily by availment of short- term loan and increase in Income Tax Payable for the year.

### ***Capital stock and Additional paid-in capital***

For the twelve months ending December 31, 2023 and 2022, the Company's total capital stock stood at Php 74.8 million and additional paid-in capital of Php 286.8 million. There were no changes in the account after the initial public offering of the company.

## Cash Flow Summary

	2023	2022	Increase / (Decrease)	% Change
Net cash generated from (used) in operating activities	84,672,189	50,003,075	34,669,114	69.3%
Net cash generated from (used) in investing activities	(117,677,162)	(22,140,864)	(95,536,298)	431.5%
Net cash generated from (used) in financing activities	21,015,707	194,987,005	(173,971,298)	-89.2%

Net cash provided by operating activities amounted to ₱84.7 million for the full-year 2023, 69.3% increase versus the previous year's ₱50.0 million.

Net cash used in investing activities was ₱117.7 million for the full-year 2023, driven by CAPEX. The uptick in investment spending is mainly due to capital expenditures for new store openings and other corporate investments.

Net cash provided by financing activities was ₱21.0 million in 2023, while ₱195.0 million in 2022. The significant decline was primarily driven by the specific event during the Initial Public Offering in June 2022 where proceeds from the issuance of shares typically result in a significant inflow of cash in the latter year.

	Audited Twelve Months Ended December 31, 2023	Audited Twelve Months Ended December 31, 2022
Revenue Growth	56.9%	129.1%
Gross Profit Margin	51.0%	51.5%
Net Income Margin	11.0%	10.9%
EBITDA (Php millions)	109	68
EBITDA Margin	20.3%	20.0%
Return on Average Assets	11.6%	11.4%
Return on Average Equity	13.5%	13.0%
Current Ratio	426.9	1,310.0%
Debt to Equity Ratio	22.1%	10.3%

## REVIEW OF DECEMBER 2022 VS DECEMBER 2021

	2022	2021	Increase/ (Decrease)	% Change
Revenue	341,159,284.00	148,933,421.00	192,225,863.00	129.07%
Cost of Sales	- 165,426,513.00	- 71,226,553.00	- 94,199,960.00	132.25%
Gross Profit	175,732,771.00	77,706,868.00	98,025,903.00	126.15%
Operating Expenses	- 135,306,581.00	- 69,932,298.00	- 65,374,283.00	93.48%
Income from operations	40,426,190.00	7,774,570.00	32,651,620.00	419.98%
Other income (expense)-net	2,579,799.00	4,002,126.00	- 1,422,327.00	-35.54%
Income before income tax	43,005,989.00	11,776,696.00	31,229,293.00	265.18%
Income tax expense	5,872,820.00	3,235,130.00	2,637,690.00	81.53%
Net income	37,133,169.00	8,541,566.00	28,591,603.00	334.73%

## Key Highlights



BALAI registered a consolidated net income of Php 37.1 million for the twelve months ending December 31, 2022. This yields a net income margin of 10.9%, an increase of 334.7% year-on-year compared to the reported net income of Php 8.5 million in 2021.

### ***Revenues***

Net revenues, composed of sales from company-owned stores, and franchise and royalty fees from franchisees, reached Php 341.2 million, increasing by 129.1% from reported revenues of Php 148.9 million for the twelve months ending December 31, 2021.

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

For the year ending 2022, cost of sales increased by 132.3% from Php 71.2 million in 2021 to Php 165.4 million.

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***

Gross profit amounted to Php 175.7 million for the full year 2022, increasing by 126.1% from Php 77.7 million in the previous year. This yielded a gross profit margin of 51.5% as the Company executed inventory-buying strategies, implemented price increases, rationalized manpower requirements and expanded product mix.

### ***Selling and Distribution Expenses***

For the twelve months ending December 31, 2022, selling and distribution expenses totaled Php 92.2 million, representing a 27.0% cost-to-sales ratio. This is Php 46.9 million higher compared to Php 45.3 million during the same period in 2021.

### ***General and Administrative Expenses***

For the twelve months ending December 31, 2022, general and administrative expenses totaled Php 43.1 million, representing a 12.6% cost-to-sales ratio. This is Php 18.5 million higher compared to Php 24.6 million during the same period in 2021.

### ***Operating Income (Loss)***

Operating Income reached Php 43.0 million in 2022, increasing by 265.2% from Php 11.8 million in 2021. This was primarily driven by improvement of revenues from the opening of new store locations and rationalized operating expenses.

### ***Interest Expense***

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

### ***Other Income***

Other income totaled Php 4.3 million as of year-end 2022. This is composed mainly of interest income from investments.

### ***Net Income***

For the year ending 2022, net income reached Php 37.1 million, yielding a net income margin of 10.9%. This is an improvement of 334.7% versus the 2021 recorded net income after tax of Php 8.5 million.

### Financial Condition for the year ended December 31, 2022 and December 31, 2021

	As of December 31, 2022 (Audited)	As of December 31, 2021 (Audited)	Increase/ (Decrease)	% Change
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	255,186,274.00	32,337,058.00	222,849,216.00	689.14%
Financial assets at fair value through profit or loss (FVPL)	15,744,937.00	16,000,000.00	- 255,063.00	- 1.59%
Trade and other receivables	11,694,750.00	2,404,774.00	9,289,976.00	386.31%
Notes receivable	50,000,000.00	60,000,000.00	- 10,000,000.00	- 16.67%
Due from related parties	9,105,894.00	7,582,306.00	1,523,588.00	20.09%
Merchandise inventories	6,860,023.00	2,664,326.00	4,195,697.00	157.48%
Other current assets	12,152,887.00	13,073,715.00	- 920,828.00	- 7.04%
Total Current Assets	360,744,855.00	134,062,179.00	226,682,676.00	169.09%
<b>Noncurrent Assets</b>				
Noncurrent portion of other receivable	5,390,000.00	-	-	0.00%
Property and equipment	57,288,439.00	40,072,680.00	17,215,759.00	42.96%
Right-of-use (ROU) assets	23,516,335.00	23,434,970.00	81,365.00	0.35%
Intangible assets	3,000,000.00	3,000,000.00	-	0.00%
Deferred tax assets	619,370.00	378,180.00	241,190.00	63.78%
Total Noncurrent Assets	89,814,144.00	66,885,830.00	22,928,314.00	34.28%
	<b>450,558,999.00</b>	<b>200,948,009.00</b>	<b>249,610,990.00</b>	<b>124.22%</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current Liabilities</b>				
Trade and other payables	15,267,038.00	8,935,649.00	6,331,389.00	70.86%
Current portion of lease liabilities	11,506,876.00	8,470,849.00	3,036,027.00	35.84%
Due to related parties	401,747.00	-	-	0.00%
Income tax payable	363,028.00	2,225,147.00	- 1,862,119.00	- 83.69%
Total Current Liabilities	27,538,689.00	19,631,645.00	7,907,044.00	40.28%
<b>Noncurrent Liabilities</b>				
Noncurrent portion of lease liabilities	12,896,153.00	15,215,949.00	- 2,319,796.00	- 15.25%
Retirement benefits liability	1,590,782.00	1,260,890.00	329,892.00	26.16%
Total Noncurrent Liabilities	14,486,935.00	16,476,839.00	- 1,989,904.00	- 12.08%
Total Liabilities	42,025,624.00	36,108,484.00	5,917,140.00	16.39%
<b>Equity</b>				
Capital stock	74,750,250.00	58,500,250.00	16,250,000.00	27.78%
Additional paid-in capital	286,843,181.00	96,532,500.00	190,310,681.00	197.15%
Retained earnings	47,315,510.00	10,182,341.00	37,133,169.00	364.68%
Other comprehensive loss	- 375,566.00	- 375,566.00	-	0.00%
Total Equity	408,533,375	164,839,525	243,693,850	147.84%
	<b>450,558,999</b>	<b>200,948,009</b>	<b>249,610,990</b>	<b>124.22%</b>

BALAI had consolidated total assets of Php 450.6 million as of December 31, 2022, an increase versus total assets of Php 200.9 million as of end-2021 primarily driven by the increase on Cash and cash equivalents from the proceeds of the Initial Public Offering in June 2022.

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

As of end 2022, cash and cash equivalents totaled Php 255.2 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, Note, and other receivables***

Trade, Note, and other receivables was at Php 61.7 million as of year-end 2022 compared to Php 62.4 million in 2021, a slight decrease of 1.1% primarily due from partial collection of receivables from Frutasgroup Inc.

### ***Inventories***

As of December 31, 2022, inventories increased to Php 6.9 million from Php 2.7 million in 2021, an increase of 157.5% due to rapid store expansion and improved sales performance while ensuring an efficient management of inventory levels.

### ***Property and equipment***

Consolidated net property and equipment stood at Php 57.3 million as of year-end 2022. Acquisition of new equipment for the year reached Php 33.5 million, which were invested in the building of new stores and improvements in the corporate office and commissary.

### ***Intangible assets***

Intangible assets stood at Php 3.0 million for the period.

### ***Trade payable and other current liabilities***

Trade payable and other current liabilities increased by 40.3% for the full-year 2022 to Php 27.5 million, driven primarily by the increase in Trade payables and the current portion of lease liabilities.

### ***Capital stock and Additional paid-in capital***

For the twelve months ending December 31, 2022, the Company's total capital stock stood at Php 74.8 million and additional paid-in capital of Php 286.8 million. The increase is fueled by the Initial Public Offering in June 2022.

### ***Cash flows***

	2022	2021	Increase/(Decrease)	%Change
Net cash generated from (used) in operating activities	50,003,075.00	20,370,405.00	29,632,670.00	145.47%
Net cash generated from (used) in investing activities	- 22,140,864.00	7,976,637.00	- 30,117,501.00	- 377.57%

Net cash generated from (used) in financing activities	194,987,005.00	- 9,309,905.00	204,296,910.00	- 2,194.40%
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Consolidated net cash provided from operating activities amounted to Php 50.0 million for the full-year 2022, 145.5% increase versus the previous year's Php 20.4 million. The increase is primarily attributable to the opening new store locations during the year.

Consolidated net cash used in investing activities was Php 22.1 million. This is mainly due to capital expenditures for new store openings and other corporate investments.

Consolidated net cash provided by financial activities was Php 195.0 million in 2022, primarily arising from the issuance of shares of stock during the Initial Public Offering in June 2022.

All in all, net cash generated for the year totaled Php 222.8 million, leading to cash and cash equivalents balance of Php 255.2 million at year-end 2022.

### Key Performance Indicators (KPIs)

	Audited Twelve Months Ended December 31, 2021	Audited Twelve Months Ended December 31, 2022
Revenue Growth	35.2%	129.1%
Gross Profit Margin	52.2%	51.5%
Net Income Margin	5.7%	10.9%
EBITDA (Php thousands)	24,502	68,287
EBITDA Margin	16.5%	20.0%
Return on Average Assets	4.3%	11.4%
Return on Average Equity	5.3%	13.0%
Current Ratio	58.29	1,310.00
Debt to Equity Ratio	21.9%	129.1%

*Gross Profit Margin is gross profit as a percentage of revenues*

*Net Income Margin is net income as a percentage of revenues*

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

*EBITDA margin is EBITDA as a percentage of revenues*

*Return on Average Assets is net income as a percentage of the average of the assets at year-end and assets at end of the immediately preceding year*

*Return on Average Equity is net income as a percentage of the average of the equity at year-end and equity at end of the immediately preceding year*

*Current Ratio is current assets divided by current liabilities*

*Debt to Equity Ratio is total liabilities over total equity*

### REVIEW OF DECEMBER 2021 VS DECEMBER 2020

	2021	2020	Increase/(Decrease)	% Change
Revenue	148,933,421.00	110,143,631.00	38,789,790.00	35.22%
Cost of Sales	- 71,226,553.00	- 56,298,033.00	- 14,928,520.00	26.52%
Gross Profit	77,706,868.00	53,845,598.00	23,861,270.00	44.31%
Operating Expenses	- 69,932,298.00	- 54,808,461.00	- 15,123,837.00	27.59%
Income from operations	7,774,570.00	- 962,863.00	8,737,433.00	-907.44%
Other income (expense)-net	4,002,126.00	- 10,576.00	4,012,702.00	-37941.58%

Income before income tax	11,776,696.00	- 973,439.00	12,750,135.00	-1309.80%
Income tax expense	3,235,130.00	- 51,297.00	3,286,427.00	-6406.67%
Net income	8,541,566.00	- 922,142.00	9,463,708.00	-1026.27%

### ***Key Highlights***

BALAI registered a consolidated net income of Php 8.5 million for the twelve months ending December 31, 2021. This yields a net income margin of 5.7%, a complete reversal compared to the reported net loss of Php 0.9 million in 2020.

### ***Revenues***

The Company generated revenues of ₱148.9 million for the year ended December 31, 2021, a 35.2% or a ₱38.8 million upswing from the same period in 2020, which closed at ₱110.1 million. The increase was driven by the additional BP stores and the re-opening of the economy as quarantine restrictions from the COVID-19 pandemic were eased.

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

Cost of sales for the year ended December 31, 2021 closed at ₱71.2 million, 26.5% or a ₱14.9 million increases over the same period in 2020 which closed at ₱56.3 million. The rise is attributable mainly to the increase in revenues. The Company was able to improve its gross profit margin which was at 52.2% for the first nine months of 2021 versus the 48.9% of the same period in 2020.

### ***Gross Profit***

Consolidated gross profit amounted to Php 77.7 million for the full year 2021, increasing by 26.5% from Php 56.3 million in the previous year. This yielded a gross profit margin of 52.2%.

### ***Operating Expenses***

The Company's operating expenses settled at Php 69.9 million at the close of the year 2021, a 27.6% or a Php 15.1 million increase from the same period in 2020. The uptick was attributed to the increased business volume in the year 2021, which drove up manpower expenses.

### ***Operating Income (Loss)***

Consolidated operating income reached Php 7.8 million in 2021, a reversal from an operating loss of Php 1.0 million in 2020. This was primarily driven by improvement of revenues from the opening and reopening of store operations.

### ***Net Income***

Net income for the year ended December 31, 2021 closed at Php 8.5 million, a reversal from the recorded net loss of Php 0.9 million for the same period in 2020 as the Company grew its revenue, improved its gross margin and managed the increase of its operating expenses. The Company also benefited from recognition of gain on sale of property and equipment in the year 2021.

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

	As of December 31, 2021 (Audited)	As of December 31, 2020 (Audited)	Increase/ (Decrease)	% Change
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	48,337,058.00	13,299,921.00	35,037,137.00	263.44%
Trade and other receivables	2,404,774.00	3,081,503.00	- 676,729.00	- 21.96%
Notes receivable	60,000,000.00	-	-	0.00%
Due from related parties	7,582,306.00	122,294,109.00	- 114,711,803.00	- 93.80%
Merchandise inventories	2,664,326.00	1,551,155.00	1,113,171.00	71.76%
Other current assets	13,073,715.00	14,036,262.00	- 962,547.00	- 6.86%
Total Current Assets	134,062,179.00	154,262,950.00	- 20,200,771.00	- 13.10%
<b>Noncurrent Assets</b>				
Property and equipment	40,072,680.00	8,908,304.00	31,164,376.00	349.84%
Right-of-use (ROU) assets	23,434,970.00	12,519,432.00	10,915,538.00	87.19%
Intangible assets	3,000,000.00	-	-	0.00%
Security deposits	-	405,000.00	-	0.00%
Deferred tax assets	378,180.00	1,156,222.00	- 778,042.00	- 67.29%
Total Noncurrent Assets	66,885,830.00	22,988,958.00	43,896,872.00	190.95%
	<b>200,948,009.00</b>	<b>177,251,908.00</b>	<b>23,696,101.00</b>	<b>13.37%</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current Liabilities</b>				
Trade and other payables	8,935,649.00	3,538,328.00	5,397,321.00	152.54%
Current portion of lease liabilities	8,470,849.00	1,781,181.00	6,689,668.00	375.57%
Income tax payable	2,225,147.00	167,081.00	2,058,066.00	1,231.78%
Total Current Liabilities	19,631,645.00	5,486,590.00	14,145,055.00	257.81%
<b>Noncurrent Liabilities</b>				
Noncurrent portion of lease liabilities	15,215,949.00	11,543,506.00	3,672,443.00	31.81%
Retirement benefits liability	1,260,890.00	542,290.00	718,600.00	132.51%
Total Noncurrent Liabilities	16,476,839.00	12,085,796.00	4,391,043.00	36.33%
Total Liabilities	36,108,484.00	17,572,386.00	18,536,098.00	105.48%
<b>Equity</b>				
Capital stock	58,500,250.00	53,500,000.00	5,000,250.00	9.35%
Additional paid-in capital	96,532,500.00	96,532,500.00	-	0.00%
Retained earnings	10,182,341.00	9,665,775.00	516,566.00	5.34%
Other comprehensive loss	- 375,566.00	- 18,753.00	- 356,813.00	1,902.70%
Total Equity	164,839,525.00	159,679,522.00	5,160,003.00	3.23%
	<b>200,948,009.00</b>	<b>177,251,908.00</b>	<b>23,696,101.00</b>	<b>13.37%</b>

The Company's total assets stood at Php 200.9 million as of December 31, 2021, an increase

of 13.4% from the total assets of Php 177.3 million as of December 31, 2020.

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

Cash and cash equivalents stood at Php 48.3 million as of December 31, 2021 an increase of 263.4% from the amount of Php 13.3 million as of December 31, 2020. The increase in cash level is attributed to net collection of advances to related parties of Php 67.2 million, offset by increased acquisition of property and equipment of Php 43.2 million. As of December 31, 2021, the Company also distributed cash dividends of Php 8.0 million, and received proceeds from issuance of stock amounting to Php 5.0 million.

### ***Trade and other receivables***

Trade and other receivables stood at Php 2.4 million as of December 31, 2021, lower by 22.0% than the trade and other receivables of Php 3.1 million as of December 31, 2020. The decrease in trade receivables is attributable to collection of Php 2.2 million advances offset by the receivable from franchisees amount to Php 1.5 million as of December 31, 2021. There were no outstanding receivables from franchisees as of December 31, 2020.

Notes Receivable stood at Php 60.0 million as of December 31, 2021 resulted from the reclassification of due from related parties covered by a promissory note. The said amount was booked as part of the Due from Related Parties account since 2019. The said unsecured receivable is between BALAI and its affiliated, FGI, to fund its working capital requirement.

### ***Merchandise Inventories***

Merchandise inventory stood at Php 2.7 million as of December 31, 2021, higher by 71.8% than the total merchandise inventory of Php 1.6 million as of December 31, 2020. The increase in inventory is due to maintaining of inventory for the production of BALAI products in 2021.

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

Property and Equipment stood at Php 40.1 million as of December 31, 2021, higher by 349.8% than the property and equipment as of December 31, 2020 of Php 8.9 million. The increase in property and equipment is due to the rollout of Balai Pandesal company-owned stores, mainly undertaken in the second half of 2021.

### ***Intangible assets***

Intangible assets stood at Php 3.9 million as of December 31, 2021. These pertains to intellectual property rights over the Balai Pandesal brand, practices, recipes, and supply chain.

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

Trade and other payables stood at Php 8.9 million as of December 31, 2021, higher by 152.5% than the trade and other payables as of December 31, 2020 of Php 3.5 million. The increase is attributable to outstanding payables for purchases of assets made in June 2021 and higher trade payables due to purchase of inventory.

### ***Lease liabilities***

Lease liabilities of Php 8.5 million as of December 31, 2021 with 375.6% increase from Php 1.8 million in 2020. The additional lease liabilities for new stores net of the lease payments

resulted in the increase in the account for the year. While the non-current portion as of December 31, 2021 stood at Php 15.2 million increased by 31.8% from Php 11.5 million in 2020 due to interest accretion and lease payments made during the period.

### **Capital stock and Additional paid-in capital**

Capital stock stood at Php 58.5 million as of December 31, 2021, the Php 5.0 million increase is the additional issuance of stocks in the 4<sup>th</sup> quarter of 2021 from the total capital stock of Php 53.5 million as of December 31, 2020.

### **Cash flows**

	2021	2020	Increase/ (Decrease)	%Change
Net cash generated from (used) in operating activities	20,370,405.00	- 347,716.00	20,718,121.00	- 5,958.35%
Net cash generated from (used) in investing activities	23,976,637.00	- 18,235,950.00	42,212,587.00	- 231.48%
Net cash generated from (used) in financing activities	- 9,309,905.00	- 1,959,699.00	- 7,350,206.00	375.07

The net cash generated from the Company's operations for the year ended December 31, 2021 was Php 20.4 million which included income before income tax of Php 11.8 million and gain on sale of property and equipment, and gain on termination of lease of Php 3.3 million and Php 1.5 million, respectively. The opening of new stores has also affected the higher adjustment on depreciation and amortization for the year amounting to Php 11.8 million compared to the previous period. Net adjustment in the income before income tax includes the increase in Trade and other receivables, merchandise inventory and security deposit with net payment of Trade and other payables resulting in the working capital changes meanwhile amounted to an outflow of Php 0.2 million.

Net cash generated in investing activities amounted to Php 24.0 million for year ended December 31, 2021.

Net cash used in financing activities for the year ended December 31, 2021 totaled Php 9.3 million which included payment of cash dividends of Php 8.0 million, Php 6.3 million lease liabilities and application of deposit for share subscription of Php 5.0 million.

All in all, net cash generated for the year totaled Php 53.7.4 million, leading to cash and cash equivalents balance of Php 48.3 million at year-end 2021.

### **Key Performance Indicators (KPIs)**

	Audited Twelve Months Ended December 31, 2020	Audited Twelve Months Ended December 31, 2021
Revenue Growth	-52.8%	35.2%
Gross Profit Margin	48.9%	52.2%
Net Income Margin	-0.8%	5.7%
EBITDA (Php thousands)	6,620	24,502
EBITDA Margin	6.0%	16.5%
Return on Average Assets	-0.5%	4.3%
Return on Average Equity	-0.6%	5.3%
Current Ratio	28.12	58.29



Debt to Equity Ratio	24.7%	21.9%
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*Gross Profit Margin is gross profit as a percentage of revenues*

*Net Income Margin is net income as a percentage of revenues*

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

*EBITDA margin is EBITDA as a percentage of revenues*

*Return on Average Assets is net income as a percentage of the average of the assets at year-end and assets at end of the immediately preceding year*

*Return on Average Equity is net income as a percentage of the average of the equity at year-end and equity at end of the immediately preceding year*

*Current Ratio is current assets divided by current liabilities*

*Debt to Equity Ratio is total liabilities over total equity*

## **REVIEW OF DECEMBER 2020 VS DECEMBER 2019**

### **Key Highlights**

	2020	2019	Increase/(Decrease)	% Change
Revenue	110,143,631.00	233,191,964.00	- 123,048,333.00	-52.77%
Cost of Sales	- 56,298,033.00	- 120,211,991.00	63,913,958.00	-53.17%
Gross Profit	53,845,598.00	112,979,973.00	- 59,134,375.00	-52.34%
Operating Expenses	- 54,808,461.00	103,290,962.00	- 158,099,423.00	-153.06%
Income from operations	- 962,863.00	9,689,011.00	- 10,651,874.00	-109.94%
Other income (expense)-net	- 10,576.00	353,515.00	- 364,091.00	-102.99%
Income before income tax	- 973,439.00	10,042,526.00	- 11,015,965.00	-109.69%
Income tax expense	- 51,297.00	3,009,186.00	- 3,060,483.00	-101.70%
Net income	- 922,142.00	7,033,340.00	- 7,955,482.00	-113.11%

### **Revenues**

For the year ended December 31, 2020, the Company recorded revenues of Php 110.1 million, a 52.8% or a Php 123.0 million decrease from the Php 233.2 million the same period ended December 31, 2019. The decrease in revenues was mainly due to the restrictions imposed due to the COVID-19 pandemic.

### **Cost of Sales**

The Company's cost of sales for the year ended December 31, 2020 totaled Php 56.3 million, a 53.2% or Php 63.9 million decrease over the prior year's level of Php 120.2 million. The decline is attributable mainly from the reduction in revenues, although the Company was able to improve its gross profit margin which registered at 48.9% end-2020 versus the 48.4% end-2019.

### **Operating Expenses**

At the close of 2020, the Company's operating expenses reached Php 54.8 million, Php 48.5 million or 46.9% lower than the expenses incurred of Php 103.3 million 2019. The decline was attributed to the reduced business volume in 2020 and cost containment measures undertaken

by the Company

### ***Net Loss***

Net loss of the year ended December 31, 2020 reached Php 0.9 million an Php 8.0 million decrease from the prior year's Php 7.0 million net income.

### **FY20 Financial Condition**

BALAI's total assets stood at Php 177.3 million as of December 31, 2020, lower by 3.8% than the total assets of Php 184.3 million as of December 31, 2019

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

Cash and cash equivalents stood at Php 13.3 million as of December 31, 2020, lower by 60.7% than the amount of Php 33.8 million as of December 31, 2019. From positive net cash generated from operations in prior years, the Company used Php 0.3 million in operating activities due to the impact of the pandemic. The Company also used Php 18.2 million in investments activities and Php 2.0 million in financing activities.

### ***Trade and other receivables***

Trade and other receivables stood at Php 3.1 million as of December 31, 2020, higher by 50.7% than the trade and other receivables of Php 2.0 million as of December 31, 2019. This is attributable to increase in advances to officers and employees, which will be collected through salary deductions.

### ***Merchandise Inventories***

Merchandise inventory stood at Php 1.5 million as of December 31, 2020, lower by 4.8% than the total merchandised inventory of Php 1.6 million as of December 31, 2019.

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

Property and Equipment stood at Php 8.9 million in 2020, lower by 11.8% than the property and equipment in 2019 of Php 10.1 million. The decline is attributable to the Company recording depreciation higher than the minimal addition to property and equipment in 2020.

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

Trade and other payables stood at Php 3.5 million in 2020, lower by 49.4% than the trade and other payables in 2019 of Php 7.0 million. This decline was driven by reduced scale of operations during the pandemic, which led to lower accrued expenses.

### ***Notes Payable***

There were no notes payable as of December 31, 2019. The notes payable of Php 8.5 million for the same period in 2018 was fully paid during the year 2019.

### ***Capital stock and Additional paid-in capital***

Capital stock and additional paid-in capital remain unchanged at Php 53.5 million and Php

96.5 million as of December 31, 2020 and 2019.

### **Cash flows**

	2020	2019	Increase/(Decrease)	%Change
Net cash generated from (used) in operating activities	- 347,716.00	12,970,746.00	-13,318,462.00	- 102.68%
Net cash generated from (used) in investing activities	- 18,235,950.00	-88,151,467.00	69,915,517.00	- 79.31%
Net cash generated from (used) in financing activities	- 1,959,699.00	3,719,645.00	-5,679,344.00	- 152.69%

The net cash used for the Company's operations for the year ended December 31, 2020 was Php 0.3 million which included loss before income tax of Php 1.0 million. The changes from net loss before tax included gain from rent concessions of Php 1.1 million, depreciation and amortization of Php 6.3 million and Php 1.3 million interest expense. Working capital changes meanwhile amounted to an outflow of Php 4.0 million, where increase in Trade and other receivables of Php 1.0 million and decrease in Trade and other payables were included.

Net cash used by investing activities amounted to (Php 18.2 million) which included the acquisition of store equipment and furniture and fixtures.

Net cash used by financing activities amounted to (Php 2.0 million) as BALAI paid off its mortgage payable of Php 0.1 million and lease liabilities of Php 1.8 million.

All in all, net cash used for the year totaled Php 20.5 million, leading to cash and cash equivalents balance of Php 13.3 million at year-end 2020.

### **Key Performance Indicators (KPIs)**

	Audited Twelve Months Ended December 31, 2019	Audited Twelve Months Ended December 31, 2020
Revenue Growth	11.0%	-52.8%
Gross Profit Margin	48.4%	48.9%
Net Income Margin	3.0%	-0.8%
EBITDA (Php thousands)	15,699	6,620
EBITDA Margin	6.7%	6.0%
Return on Average Assets	4.2%	-0.5%
Return on Average Equity	4.7%	-0.6%
Current Ratio	15.94	28.12
Debt to Equity Ratio	14.7%	11.0%

*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*

## **MATERIAL COMMITMENTS FOR CAPITAL EXPENDITURES, GENERAL PURPOSE OF SUCH COMMITMENTS, EXPECTED SOURCES OF FUNDS FOR SUCH EXPENDITURES**

There are no material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures.

### **Events within the Reporting Period**

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

As the community quarantine eases, the Registrant expects to see material improvement in sales as compared to sales while the country was subject to Enhanced Community Quarantine imposed. The Company has started to strategically re-open stores and continued to expand its store network.

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

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

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

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

may have a material effect on the financial statements.

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

#### **IV. NATURE AND SCOPE OF BUSINESS**

##### **(A) Background**

Balai Ni Fruitas Inc. (“BALAI”), formerly known as Buko Ni Fruitas Inc., is a wholly-owned subsidiary of Fruitas Holdings, Inc. (“FHI”). It was incorporated on May 17, 2005 and started its operations in August 2005 when it opened its first Buko Ni Fruitas kiosk in Robinsons Manila serving fresh coconut-based beverages and desserts. Since then, the Company has expanded to create and acquire new brands, in turn, enabled BALAI to become a reputable player in the Philippine food and beverage kiosk industry. Currently, it has three (4) active brands namely Buko Ni Fruitas (“BNF”), Fruitas House of Desserts (“FHOD”), Balai Pandesal (“BP”) and Sugarhouse. Each brand offers specialized products such as fruit-based beverages and desserts and freshly-baked goods.

Balai Ni Fruitas Inc. distinguishes itself from the Group’s other offerings through its baked products. The Company’s operations and business aim to complement the products of the Group which are fresh fruit shakes and juices, lemonade, coolers, desserts, meat-filled pastries, and lechon (roasted pig), among other.

As of December 31, 2024, the Company operates a total of 132 stores across the Philippines under three (3) store formats: community store, kiosk, and inline store. This includes 39 BNF, 28 FHOD, 63 BP stores, and 2 Sugarhouse locations. Of the total store count, 88% or 116 stores are company owned. All stores are strategically located in high-foot traffic areas with easy access to public transportation, such as malls, markets, and central business districts. In addition to its physical presence, the Company’s products are available online through its official e-commerce website, [www.BalaiMart.com](http://www.BalaiMart.com), as well as delivery platforms like Foodpanda and GrabFood. Balai products are also offered on major online marketplaces including Shopee, Lazada, and TikTok Shop.

BALAI's primary purpose as stated in its latest Amended Articles of Incorporation dated 06 January 2022 is to engage in business of processing, manufacturing, packaging, servicing, repacking, marketing, buying, selling, trading, or otherwise dealing in (on wholesale and/or to the extent allowed under Philippines law, on retail basis) wet and dry goods such as fresh fruit drinks, baked goods and other related products, and conduct, maintain, and carry on the general business of bakery, restaurant, cafeteria, kiosk, supermarket, and any articles of food products, to engage in such other activities as may be reasonably incidental to or necessary in connection with the conduct of the business of the corporation as aforementioned. As of date of the Prospectus, the Company has no subsidiaries.

For about 18 years, the Company has been steadily growing in scale and has been aiming to maximize its value, with its launch of the FHOD brand in 2012, the acquisition of the BP brand in 2021, and most recently, the addition of Sugarhouse to its portfolio in 2024.

In June 2021, BALAI further expanded its brand portfolio with the acquisition of BP brand and assets which allowed the Company to venture into the baked goods industry. The BP acquisition included initial inventories, technical know-how, equipment and vehicle, and

trademark. The Company entered into separate and distinct franchise agreements with Balai Pandesal Corp. and JAD Signature Breads Inc. for five (5) franchised stores within a month after the asset acquisition. The Company was able to grow the BP store network to 31 community stores as of the end of December 2021, which includes 25 company-owned and 6 franchised stores within 6 months after the acquisition.

The Company owns vehicles to deliver various materials, supplies, and products to its stores. The brands across its portfolio allows BALAI to serve a wide array of products to the local market. The several store formats enable the Company to be flexible and expand faster, as it believes that the business model is highly scalable.

On June 30, 2022, BALAI reached another milestone by successfully listing on the Small, Medium, and Emerging board of the Philippine Stock Exchange (PSE) with a total of 1,495,005,000 common shares at Php 0.70 per share.

## (B) Risks Relating to the Business

The baked goods and food and beverage kiosk industries in the Philippines are highly competitive with relatively low barriers to entry. As such, there are many well-established food services that compete directly and indirectly with the Company. The Company's competitors are located domestically. The domestic competitors in the Baked Goods category include *The French Baker*, *BreadTalk*, *Pan De Manila*, *Julie's Bakeshop* and *Panaderia All Day Hot Pandesal*, although the Company currently targets the same customer segments as the latter three; in the Fruit-based Desserts category, *Iceberg's*, *Kabigting's*, *Maxi Mango*, and *Avocadoria*. These competitors may not be the only ones in the industry as there can be other major or minor players in each category. If the Company will not be able to compete with them, this could adversely affect the financial conditions and operations of the Company.

The industry the Company belongs to is affected by changes in consumer tastes, economic conditions and demographic trends. The timing of product launches, pricing and advertising efforts of competitors may impact the sales of the Company. In the past, BALAI has introduced new products which were unsuccessful and there can be no guarantee that it will be able to introduce new products or new menu items successfully in the future. If the Company cannot successfully introduce new products or new menu offerings, the business, financial condition and results of operations could be materially and adversely affected.

The business and operations of the Company are subject to a number of laws, rules and regulations governing the baked goods industry and food and beverage kiosk industry in the Philippines. These laws and regulations impose requirements relating to food manufacturing and storage. In particular, the Company is subject to extensive regulation by local government units ("LGU").

There is no assurance that changes in laws, rules or regulations or the interpretation thereof of relevant government agencies, may not adversely impact the business operations, financial condition and results of operations of the Company. Failure to comply with relevant laws and regulations may result in financial penalties or administrative or legal proceedings against the Company, including the revocation or suspension of the licenses or operation of its store operations, all of which could adversely impact the business, prospects, financial condition, and results of operation of the Company.

The Company cannot guarantee that internal controls and training will be fully effective in

preventing all food safety issues at the stores, including any occurrences of foodborne illnesses such as Salmonella, E. Coli, and Hepatitis A. In addition, there is no guarantee that franchised stores will maintain the high levels of internal controls and training required at company owned stores. Furthermore, the Company and its 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 the Company's control. New illnesses resistant to 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 the stores or markets or related to food products sold could negatively affect store sales nationwide if highly publicized on national media outlets or through social media.

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

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

### **Market Information**

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

<b>Quarter</b>	<b>2025</b>			<b>2024</b>			<b>2023</b>		
	High	Low	Close	High	Low	Close	High	Low	Close
1 <sup>st</sup>	0.40	0.345	0.37	0.375	0.375	0.375	0.74	0.56	0.59
2 <sup>nd</sup>	0.38	0.355	0.37	0.51	0.41	0.41	0.62	0.52	0.58
3 <sup>rd</sup>				0.44	0.365	0.395	0.58	0.425	0.445
4 <sup>th</sup>				0.40	0.345	0.36	0.47	0.375	0.39

The market capitalization of the Company's common shares as of end 2022, based on the closing price of Php 0.58 per share was Php 867,102,900.



The market capitalization of the Company's common shares as of end 2023, based on the closing price of Php 0.39 per share was Php 583,051,950.

The market capitalization of the Company's common shares as of end 2024, based on the closing price of Php 0.36 per share was Php 538,201,800.

The market capitalization of the Company's common shares as of June 30, 2025, based on the closing price of Php 0.37 per share was Php 553,151,850.

#### **Price Information as of the Latest Practicable Trading Date**

<u>Trading Date</u>	<u>High</u>	<u>Low</u>	<u>Close</u>
30 June 2025	0.37	0.365	0.37

#### **Stockholders**

The number of shareholders of record as of June 30, 2025, was 14. The shareholders as of the same date are as follows:

<b>Name of Shareholder</b>	<b>Number of Shares</b>	<b>% Ownership</b>
Fruitas Holdings Inc.	1,082,488,000	72.41%
PCD Nominee Corporation - Filipino	407,383,309	27.25%
PCD Nominee Corporation - Non-Filipino	5,086,691	0.34%
Perfecto Crooc Nolasco	30,000	-
Lester C. Yu	4,000	-
Roselyn A. Legaspi	2,000	-
Madelene T. Sayson	2,000	-
Marvin C. Yu	2,000	-
Jennifer T. Ramos	2,000	-
David Jonathan Y. Bayot	1,000	-
Calvin F. Chua	1,000	-
Rogelio M. Guadalquiver	1,000	-
Lee Ceasar S. Junia	1,000	-
Bernardino M. Ramos	1,000	-

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

#### **Dividends**

<b>Declaration Date</b>	<b>Record Date</b>	<b>Payment Date</b>
June 13, 2025	June 27, 2025	July 10, 2025
October 9, 2024	October 24, 2024	November 8, 2024
May 17, 2023	May 31, 2023	June 26, 2023

On June 13, 2025, the Company declared regular cash dividends amounting Php0.005 per share or a total of Php 7,475,025.00 on all shares of common stock issued and outstanding to

stockholders of record as of June 27, 2025. Cash dividends will be paid on July 10, 2025. The amount of Php 7,475,025.00 represents the total cash declared and will be paid for in 2025.

Last October 9, 2024, the Company declared regular cash dividends amounting to Php0.005 per share or a total of Php 7,475,025.00 on all shares of common stock issued and outstanding to stockholders of record as of October 24, 2024. Cash dividends were paid on November 8, 2024. The amount of Php 7,475,025.00 represents the total cash declared and paid for in 2024.

Last May 17, 2023, the Company declared regular cash dividends amounting to Php0.005 per share or a total of Php 7,475,025.00 on all shares of common stock issued and outstanding to stockholders of record as of May 31, 2023. Cash dividends were paid on June 26, 2023. The amount of Php 7,475,025.00 represents the total cash declared and paid for in 2023.

### **Dividend Policy**

The Company has approved a dividend policy of distributing from 20% to 30% of its net income after tax from the preceding year payable primarily in cash. However, the Board of Directors, in its discretion, may decide to declare dividends to be payable in property or share. Declaration of dividends is subject to the requirements of applicable laws and regulations, the terms and conditions of the Company's outstanding loan facilities, and the absence of circumstances that may restrict the payment of such dividends, such as when the Company undertakes major projects, expansions, and developments. Dividends must be approved by the Board of Directors and in the case of stock dividends, approved by 2/3 of the Company's total outstanding capital stock at a regular or special meeting called for the purpose, and may be declared only from the Company's unrestricted retained earnings. The Company will conduct a periodic review of available unrestricted balance of retained earnings for purposes of earmarking surplus profit for future capital expenditures or for distributing the same as special cash or stock dividends. The board of directors may, at any time, modify the dividend policy or declare special dividends, depending upon the capital expenditure plans and/or any terms of financing facilities entered into to fund the current and future operations and projects. The Company cannot assure that BALAI will pay any dividends in the future.

### **Record Date**

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

### **Recent Sale of Unregistered Securities**

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

- In October 2017, the Company issued 331,500 shares to FHI at ₱355 per share. The excess of the amount received over the par value of issued shares was recognized as "Additional paid-in capital".
- In December 2019, the Company issued 60,000 shares to FHI at ₱300 per share. The excess of the amount received over the par value of issued shares was recognized as

“Additional paid-in capital”.

- In September 2021, the majority of the Board of Directors and stockholders approved the increase in the authorized capital stock from 550,000 shares to 750,000 shares, out of the total increase, FHI subscribed to 50,000 common shares at par of ₱100 per share.
- In December 2021, the Company obtained approval to implement a 1:2,000 stock split resulting to a decrease in par value from ₱100.00 to ₱0.05 a share, and increase in the authorized capital stock from 750,000 shares to 1.5 billion shares.
- In December 2021, the Company issued 1,000 shares each to Calvin F. Chua, Rogelio M. Guadalquiver, Lee Ceasar S. Junia, David Jonathan Y. Bayot and Bernardino M. Ramos, which allowed them to qualify as directors of the Company.

### **Stock Options**

None.

## **VI. COMPLIANCE WITH LEADING PRACTICE ON CORPORATE GOVERNANCE**

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

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

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

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

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

April 15, 2025



**THE PHILIPPINE STOCK EXCHANGE**

6F PSE Tower, 5<sup>th</sup> Avenue corner 28<sup>th</sup> Street  
Bonifacio Global City, Taguig City  
Philippines 1634

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

**THE SECURITIES AND EXCHANGE COMMISSION**

Markets and Securities Regulation Department  
Secretariat Building, PICC Complex  
Roxas Boulevard, Pasay City, 1307

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

Subject: **Balai Ni Frutas Inc. 2024 SEC Form 17-A Annual Report**

Dear Sir/Madam:

We hereby submit the SEC Form 17-A Annual Report for the year ended December 31, 2024 with the following exhibits:

1. 2024 Audited Financial Statement
2. Top 100 Stockholders as of December 31, 2024
3. Sustainability Report

We trust you will find everything to be in order.

Very truly yours,

**BALAI NI FRUITAS INC.**

By:

  
**Ralph Hector P. Adricula**  
Compliance Officer

# COVER SHEET

C S 2 0 0 5 0 8 3 8 6  
SEC Registration Number

B A L A I N I F R U I T A 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)

RALPH HECTOR ADRICULA

Contact Person

+(632) 8731-8886

Company Telephone Number

## SEC FORM 17A

1 2

Month

3 1

Day

Fiscal Year

FORM TYPE

Annual Meeting

0 8

Month

1 3

Day

Secondary License Type, If Applicable

Dept Requiring this Doc  
Section

Amended Articles Number /

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

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

1. For the fiscal year ended December 31, 2024

2. SEC Identification Number CS200208386

3. BIR Tax Identification No. 238-383-045

4. Exact name of issuer as specified in its charter Balai ni Frutas 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**

**1,495,005,000**

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

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February 2001

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, 2024

<b>Total Number of Outstanding Shares</b>	1,495,005,000
<b>Less: Outstanding Shares held by Affiliates</b>	
	1,127,341,000
<b>Shares held by Non-Affiliates</b>	367,664,000
<b>Closing price as of December 31, 2023</b>	Php 0.36
<b>Aggregate Market Value of Voting Stock held by Non-Affiliate</b>	Php 132,359,040
<b>Level of Public Float based on information available as of Dec. 31, 2024</b>	24.59%

**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) 2024 Audited Financial Statements of Balai Ni Fruitas Inc. 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

Balai Ni Fruitas Inc. ("BALAI"), formerly known as Buko Ni Fruitas Inc., is a wholly-owned subsidiary of Fruitas Holdings, Inc. ("FHI"). It was incorporated on May 17, 2005 and started its operations in August 2005 when it opened its first Buko Ni Fruitas kiosk in Robinsons Manila serving fresh coconut-based beverages and desserts. Since then, the Company has expanded to create and acquire new brands, in turn, enabled BALAI to become a reputable player in the Philippine food and beverage kiosk industry. Currently, it has three (4) active brands namely *Buko Ni Fruitas* ("BNF"), *Fruitas House of Desserts* ("FHOD"), *Balai Pandesal* ("BP") and *Sugarhouse*. Each brand offers specialized products such as fruit-based beverages and desserts and freshly-baked goods.

Balai Ni Fruitas Inc. distinguishes itself from the Group's other offerings through its baked products. The Company's operations and business aim to complement the products of the Group which are fresh fruit shakes and juices, lemonade, coolers, desserts, meat-filled pastries, and lechon (roasted pig), among other.

As of December 31, 2024, the Company operates a total of 132 stores across the Philippines under three (3) store formats: community store, kiosk, and inline store. This includes 39 BNF, 28 FHOD, 63 BP stores, and 2 Sugarhouse locations. Of the total store count, 88% or 116 stores are company-owned. All stores are strategically located in high-foot traffic areas with easy access to public transportation, such as malls, markets, and central business districts. In addition to its physical presence, the Company's products are available online through its official e-commerce website, [www.BalaiMart.com](http://www.BalaiMart.com), as well as delivery platforms like Foodpanda and GrabFood. Balai products are also offered on major online marketplaces including Shopee, Lazada, and TikTok Shop.

BALAI's primary purpose as stated in its latest Amended Articles of Incorporation dated 06 January 2022 is to engage in business of processing, manufacturing, packaging, servicing, repacking, marketing, buying, selling, trading, or otherwise dealing in (on wholesale and/or to the extent allowed under Philippines law, on retail basis) wet and dry goods such as fresh fruit drinks, baked goods and other related products, and conduct, maintain, and carry on the general business of bakery, restaurant, cafeteria, kiosk, supermarket, and any articles of food products, to engage in such other activities as may be reasonably incidental to or necessary in connection with the conduct of the business of the corporation as aforementioned. As of date of the Prospectus, the Company has no subsidiaries.

On June 30, 2022, BALAI reached another milestone by successfully listing on the Small, Medium, and Emerging Board of the Philippine Stock Exchange (PSE) with a total of 1,495,005,000 common shares at ₱0.70 per share.

For about 18 years, the Company has been steadily growing in scale and has been aiming to maximize its value, with its launch of the FHOD brand in 2012, the acquisition of the BP brand in 2021, and most recently, the addition of Sugarhouse to its portfolio in 2024.

#### *Buko Ni Fruitas (BNF)*

BNF started in August 2005, when it opened its first kiosk in Robinsons Manila. It serves fresh coconut-based beverages and desserts. As of December 31, 2024, it has a total of 39 kiosks and inline stores located across the Philippines.

#### *Fruitas House of Desserts (FHOD)*



Following the success of the BNF Brand, the Company launched the FHOD brand to expand its product portfolio to healthy desserts, fresh fruit shakes and juices, boba shakes, and milk tea. For the past eleven (11) years, the FHOD brand has grown to twenty- eight (28) kiosk and inline store as of the end of December 2024.

#### *Balai Pandesal (BP)*

In June 2021, BALAI further expanded its brand portfolio with the acquisition of BP brand and assets which allowed the Company to venture into the baked goods industry. The BP acquisition included initial inventories, technical know-how, equipment and vehicle, and trademark. The Company entered into separate and distinct franchise agreements with Balai Pandesal Corp. and JAD Signature Breads Inc. for five (5) franchised stores within a month after the asset acquisition. The Company was able to grow the BP store network to 63 community stores as of the end of December 2024.

#### *Sugarhouse*

On May 2024, the Company expanded its product offering with the acquisition of 40-year-old legacy brand, Sugarhouse. Established in 1983, Sugarhouse built its reputation on offering delectable baked goods and pastries, becoming especially well known for its signature cakes. This acquisition is expected to significantly enhance the Company's production capacity in the cake category, support further growth, and attract a wider customer base. The acquisition includes assets such as intellectual property, technical know-how, delivery, commissary and store equipment. Sugarhouse currently operates two franchise locations in Rockwell, Makati and Santolan. In addition to retail, Sugarhouse offers meal services for gatherings and caters to institutional clients.

The Company owns vehicles to deliver various materials, supplies, and products to its stores. The brands across its portfolio allows BALAI to serve a wide array of products to the local market. The several store formats enable the Company to be flexible and expand faster, as it believes that the business model is highly scalable.

The Company will mainly focus on expanding the network of BP stores. The Company may continue to open additional BNF and FHOD stores as opportunities arise.

The Company generated total revenues of ₱110.1 million, ₱148.9 million, ₱341.2 million, ₱535.2 million and ₱668.0 million for the years ended December 31, 2020, 2021, 2022, 2023, and 2024 respectively, and net income (loss), (₱0.9 million), of ₱8.5 million, ₱37.1 million, ₱58.6 million, and ₱67.8 million for the same periods.

### **b. Key Risks**

All of the business operations are currently conducted in the Philippines. Since the entire revenue is sourced from the Philippines, the results of operations, financial condition and prospects are subject to a significant degree to the general state of the Philippine economy. There is no assurance that there will be no occurrence of an economic slowdown in the Philippines. In addition, demand for the Company's products is tied closely to domestic consumer purchasing power and disposable income levels. Any decrease in consumer purchasing power and disposable income levels could have a material adverse effect on the business, operations, and financial condition of the Company.

The Company is exposed to a range of macroeconomic, operational, and environmental risks that may materially and adversely affect its business, financial condition, and results of operations. These risks have become more complex and interconnected in the wake of the COVID-19 pandemic and ongoing global developments.

The COVID-19 pandemic highlighted the vulnerability of businesses to large-scale external disruptions. In 2020, the Philippine economy experienced its sharpest post-war contraction, with GDP declining by - 9.5% as lockdowns, mobility restrictions, and reduced consumer spending impacted all sectors,

including retail and food service. In response, the Bangko Sentral ng Pilipinas (BSP) implemented aggressive monetary easing, cutting the overnight reverse repurchase rate by 200 basis points to support economic recovery.

By 2021 and 2022, the Philippine economy began to recover, posting GDP growth rates of 5.5% and 7.6%, respectively. However, the post-pandemic period ushered in a new set of challenges. Inflation surged due to a combination of global supply chain disruptions, higher fuel and commodity prices, and local food supply issues. In 2022, inflation averaged 5.8%, breaching the government's target range. To address rising prices, the BSP began tightening monetary policy, increasing interest rates from a pandemic low of 2.00% to 6.50% by the end of 2023. While inflation has since begun to stabilize, borrowing costs remain elevated, weighing on household consumption and business investments in 2024.

Consumer behavior has also evolved in the aftermath of the pandemic. Shifts toward online shopping, demand for convenience, and heightened price sensitivity have reshaped market expectations, affecting traditional brick-and-mortar retail performance. These behavioral changes, coupled with high inflation and rising interest rates, present challenges to sustaining growth and expansion.

Beyond these, the Philippine economy remains sensitive to a host of other external and domestic factors. These include potential declines in global economic activity, volatility in foreign exchange rates, fluctuations in remittances from overseas Filipino workers, and changes in fiscal or regulatory policy. Geopolitical uncertainties, such as ongoing conflicts or trade disruptions, also pose risks to economic stability.

The Company is likewise exposed to operational risks, particularly related to food safety. Despite robust internal systems and training, there is no absolute guarantee that all stores—especially franchised locations—can consistently meet required standards. The Company and its franchisees rely on third-party suppliers and logistics providers, making it more difficult to ensure full compliance with food safety protocols. Incidents of foodborne illnesses, even if isolated or ultimately unverified, could result in negative publicity that damages customer trust and impacts sales across multiple locations. Moreover, the emergence of new or resistant pathogens could pose additional threats not currently accounted for by existing protocols.

Environmental and natural disaster risks are also a persistent concern, given the Philippines' location in the Pacific Ring of Fire and typhoon belt. The country has a long history of catastrophic natural events, including major earthquakes, volcanic eruptions, and powerful typhoons—such as the Taal Volcano eruption in 2020 and Typhoon Odette in 2021—which have caused widespread destruction. In recent years, climate change has contributed to more frequent and intense weather disturbances, increasing the likelihood of property damage, supply chain disruptions, and business interruptions. While the Company maintains property insurance, coverage may not be sufficient for all types of damage or loss, particularly in extreme events.

Public health emergencies remain an ongoing threat. Beyond COVID-19, the Philippines remains vulnerable to outbreaks of diseases such as SARS, MERS-CoV, avian influenza, H1N1, and others. Any future health crisis could prompt renewed mobility restrictions, impact consumer foot traffic, and again strain the Company's operations and supply chain.

## Item 2. Properties

The Company leases its head office at 68 Data St., Barangay Don Manuel, Quezon City and one of its commissaries in D. Tuazon, Quezon City. The company acquired the 484 sq.m. property located at N. Domingo, Quezon City as an additional commissary/warehouse in 2023. The Company's key properties also comprise of its stores leases.

There is no mortgage, lien or encumbrance over the Company's properties or property rights.

Key properties of the Company:

Location	Area	Status
<b><u>Offices</u></b>		
<b>68 Data, Quezon City</b>	420 sq. m.	Leased
<b><u>Commissaries</u></b>		
<b>D. Tuazon, Quezon City</b>	373 sq. m.	Leased
<b>N. Domingo, Quezon City</b>	484 sq. m.	Owned

\*

## Item 3. Legal Proceedings

As of the date, neither the Group nor any of its properties is engaged in or a subject of any material litigation, claims or arbitration either as plaintiff or defendant, which could be expected to have a material effect on our financial position and we are not aware of any facts likely to give rise to any proceedings which would materially and adversely affect our business or operations.

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

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

## PART II - OPERATIONAL AND FINANCIAL INFORMATION

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

#### *a.) Market Information*

The Company's common shares are traded in the Small, Medium, and Emerging of the Philippine Stock Exchange, Inc. ("PSE"). The common shares were listed on June 30, 2022.

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
June 2022	0.83	0.63
July 2022	0.73	0.59
August 2022	1.10	0.63
September 2022	0.83	0.63
October 2022	0.73	0.59
November 2022	1.10	0.63
January 2023	0.71	0.56
February 2023	0.74	0.58
March 2023	0.67	0.58
April 2023	0.62	0.57
May 2023	0.60	0.52
June 2023	0.60	0.52
July 2023	0.58	0.51
August 2023	0.54	0.47
September 2023	0.48	0.425
October 2023	0.47	0.41
November 2023	0.47	0.415
December 2023	0.45	0.375
January 2024	0.43	0.375
February 2024	0.43	0.405
March 2024	0.375	0.375
April 2024	0.445	0.440
May 2024	0.51	0.42
June 2024	0.47	0.41
July 2024	0.44	0.385
August 2024	0.40	0.365
September 2024	0.40	0.375
October 2024	0.40	0.375
November 2024	0.395	0.355
December 2024	0.37	0.345

The market capitalization of the Company's common shares as of end 2024, based on the closing price of Php 0.36 per share was Php 538,201,800.

*b) Holders*

Total shares outstanding as of December 31, 2024, is 1,495,005,000 with a par value of P0.05. The shareholders as of the same date are as follows:

Name of Shareholder	Number of Shares	% Ownership
Fruit Holdings, Inc.	1,082,488,000	72.407%
PCD Nominee Corp. (Filipino)	406,510,309	27.191%
PCD Nominee Corp. (Non-Filipino)	5,959,691	0.397%
Perfecto Crooc Nolasco	30,000	0.002%
Lester C. Yu	4,000	-
Roselyn A. Legaspi	2,000	-
Madelene T. Sayson	2,000	-
Marvin C. Yu	2,000	-
Jennifer T. Ramos	2,000	-
David Jonathan Y. Bayot	1,000	-
Calvin F. Chua	1,000	-
Rogelio M. Guadalquiver	1,000	-

<b>Lee Ceasar S. Junia</b>	1,000	-
<b>Bernardino M. Ramos</b>	1,000	-

*c) Dividends*

The Company's BOD declared the following cash dividends in 2024:

<b>Date of Declaration</b>	<b>Record Date</b>	<b>Dividends per share</b>	<b>Amount paid</b>	<b>Date of payment</b>
October 9, 2024	October 24, 2024	Php 0.005	P7,296,022.65	November 8, 2024

The cash dividends have been paid from the Unrestricted Retained Earnings as of December 31, 2023. There are no outstanding dividends payable as at December 31, 2024.

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

There is no sale of unregistered securities as of December 31, 2024.

**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 24 Results of Operations***

***Key Highlights***

BALAI registered a consolidated net income of Php 67.8 million for the twelve months ending December 31, 2024. This yields a net income margin of 10.2%, an increase of 15.7% year-on-year compared to the reported net income of Php 58.6 million in 2023.

***Revenues***

Consolidated net revenues, composed of sales from company-owned stores and franchise, and royalty fees from franchisees, reached Php 668.0 million, increasing by 24.8% from reported revenues of Php 535.2 million for the twelve months ending December 31, 2023.

***Cost of Sales***

For the year ending 2024, cost of sales increased by 23.3% from Php 262.1 million in 2023 to Php 323.1 million.

Cost of sales is mainly composed of raw material, packaging costs and direct labor costs.

***Gross Profit***

Consolidated gross profit amounted to Php 344.9 million for the full year 2024, increasing by 26.3% from Php 273.1 million in the previous year. This yielded a gross profit margin of 51.6% as the Company executed inventory-buying strategies, implemented price increases, rationalized manpower requirements and expanded product mix.

### ***Selling and Distribution Expenses***

For the twelve months ending December 31, 2024, consolidated selling and distribution expenses totaled Php 203.2 million, representing a 30% cost-to-sales ratio. This is Php 40.0 million higher compared to Php 163.2 million during the same period in 2023.

### ***General and Administrative Expenses***

For the twelve months ending December 31, 2024, consolidated general and administrative expenses totaled Php 59.0 million, representing a 8.8% cost-to-sales ratio. This is Php 17.5 million higher compared to Php 41.4 million during the same period in 2023.

### ***Operating Income***

Consolidated operating Income reached Php 82.8 million in 2024, increasing by 20.8% from Php 68.5 million in 2023. This was primarily driven by improvement of revenues from current and new store locations and rationalized operating expenses.

### ***Interest Expense***

Interest expense of Php 5.2 million and Php 2.2 million was recorded for the twelve months ending December 31, 2024 and 2023 respectively.

### ***Other Income***

Consolidated other income totaled Php 11.5 million and Php 10.2 million as of year-end 2024 and 2023. This is composed mainly of interest income from notes receivables and investments.

### ***Net Income***

For the year ending 2024, net income reached Php 67.8 million, yielding a net income margin of 10.2%. This is an improvement of 15.7% versus the 2023 recorded net income after tax of Php 58.6 million.

### ***FY24 Financial Condition***

BALAI had consolidated total assets of Php 609.7 million as of December 31, 2024, an increase versus total assets of Php 561.8 million as of end-2023 primarily driven by the expansion of stores and acquisition of assets.

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

Cash and cash equivalents totaled Php 273.2 million and Php 243.2 million as of December 31, 2024 and 2023, respectively. Cash includes cash on hand and in banks while cash equivalents are short-term, highly liquid investments that are easily convertible to cash.

### ***Trade, Note, and other receivables***

Trade, Note, and other receivables was at Php 64.5 million as of year-end 2024 compared to Php 56.3 million in 2023, an increase of 14.4% primarily due increase in third party receivables.

### ***Inventories***

As of December 31, 2024, inventories increased to Php 10.6 million from Php 8.7 million in 2023, an increase of 22.0% due to expansion of commissary and warehouse storage for inventories in addition to

increase in revenues due to store expansion.

### ***Property and equipment***

Consolidated net property and equipment stood at Php 190.3 million and Php 170.4 million as of year-end 2024 and 2023. Acquisition of new property and equipment for the year 2024 and 2023 reached Php 49.5 million and Php 136.1 million, which were invested in the building of new stores and improvements in the corporate office and commissary.

### ***Intangible assets***

Intangible assets stood at Php 9.2 million for the period.

### ***Trade and other current liabilities***

Trade and other current liabilities in 2024 decreased to Php 76.2 from Php 83.8 million in 2023, driven primarily by the payment of lease liabilities.

### ***Capital stock and Additional paid-in capital***

For the twelve months ending December 31, 2024 and 2023, the Company's total capital stock stood at Php 74.8 million and additional paid-in capital of Php 286.8 million. There were no changes in the account after the initial public offering of the company.

### ***Cash flows***

Consolidated net cash provided from operating activities amounted to Php 117.6 million for the full-year 2024, 29.5% increase versus the previous year's Php 90.8 million. This growth in net cash provided from operating activities reflects the company's ability to generate more cash through its core business operations. The expansion of operations likely led to increased sales and revenue streams, contributing to the higher cash generation including the enhanced efficiency initiatives implemented throughout the year.

Overall, the significant increase in net cash provided from operating activities indicates a strengthening financial performance and operational effectiveness for the company in 2024 compared to the previous year.

Consolidated net cash used in investing activities in 2024 was Php 56.6 million versus Php 122.7 million in 2023. The decline in investment spending is attributed to the absence of material capital expenditures this year, in contrast to the prior year which included significant outlays for store expansion and other corporate investments.

Consolidated net cash used in financing activities amounted to Php 31.0 million in 2024, compared to net cash provided of Php 21.8 million in the previous year. The shift was primarily due to higher loan repayments made during the year, which reduced cash inflows from financing sources

All in all, net cash provided for the year 2024 totaled Php 30.0 million while net cash used in 2022 amounted to Php 12.0 million, resulted in cash and cash equivalents balance of Php 273.2 million and Php 243.2 million respectively at year-end 2024 and 2023.

## Key Performance Indicators (KPIs)

	Audited Twelve Months Ended December 31, 2024	Audited Twelve Months Ended December 31, 2023
Revenue Growth	24.8%	56.9%
Gross Profit Margin	51.6%	51.0%
Net Income Margin	10.2%	11.0%
EBITDA (Php millions)	134	109
EBITDA Margin	20.1%	20.3%
Return on Average Assets	46.3%	11.6%
Return on Average Equity	55.3%	13.5%
Current Ratio	5.24	4.26
Debt to Equity Ratio	17.2%	22.1%

*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, 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 while Cedric M. Caterio took over the role in 2022. We have not had any material disagreements on accounting and financial disclosures with our current external auditor for the same periods or any subsequent interim period. RT&Co. has neither shareholding 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	2024	2023	2022	2021
Audit and Audit-Related Fees <sup>a</sup>	₱ 0.53	₱ 0.50	₱ 0.45	₱ 0.70
All Other Fees <sup>b</sup>	0.14	0.14	0.07	None
<b>Total</b>	<b>₱ 0.53</b>	<b>₱ 0.50</b>	<b>₱ 0.45</b>	<b>₱ 0.70</b>

- 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 for the agreed upon procedures for the Certification of Use of Initial Public Offering Proceeds.

c.) Audit Committee and Policies

In relation to the audit of the annual financial statements, the Corporate Governance Manual, which was approved by the Board of Directors on December 22, 2021, provides that the audit committee shall, among other activities, (i) evaluate significant issues reported by the external auditors in relation to the adequacy, efficiency and effectiveness of policies, controls, processes and activities of the 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 the 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 Company'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 Company'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
<b>Bernardino M. Ramos</b>	Chairman
<b>Lee Ceasar S. Junia</b>	Member
<b>Calvin F. Chua</b>	Member
<b>Rogelio M. Guadalquiver</b>	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, 2024.

### 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, 2024:

Name	Age	Nationality	Position
Rogelio M. Guadalquiver	82	Filipino	Chairman
Lester C. Yu	50	Filipino	President, Chief Executive Officer
Madelene T. Sayson	36	Filipino	Director
Calvin F. Chua	45	Filipino	Director, Chief Financial Advisor
Lee Ceasar S. Junia	59	Filipino	Independent Director
Tommann Tan	56	Filipino	Independent Director
Bernardino M. Ramos	80	Filipino	Independent Director

The business experiences of members of our board of directors are set forth below.

**Rogelio M. Guadalquiver, 82**, was appointed as the Chairman of FHI in August 24, 2019 and was also appointed as the Chairman of BALAI in December 21, 2021. He is also currently a Director of Philippine Deposit Insurance Corporation. Rogelio was the Chairman and Chief Executive Officer of CG & Co. from 2000 to 2018. Prior to joining CG & Co., he was a senior partner of SGV & Co., a member practice firm of Ernst & Young where he was heavily involved in both domestic and global audit practices. He also specialized in initial public offerings, industry research studies, corporate restructuring, business process re-engineering, business risk management, and financial and tax management consulting. Mr. Guadalquiver is a Certified Public Accountant and holds a Master's in Management degree from the Asian Institute of Management and a Bachelor of Science in Commerce degree from University of San Jose-Recoletos.

**Lester C. Yu, 50**, was appointed as the President on April 26, 2021 and Chief Executive Officer on December 21, 2021. Currently, he holds the position of President and CEO of Fruitas Holdings Inc. since August 2019. He also served as the Chairman of FHI, the parent company of BALAI from February 2015 to August 2019. Mr. Lester Yu started his career with their family business, Janette Jewelry in 1989. Before founding the Company, he entered the banking industry and served as the youngest Branch Manager for Westmont Bank. Under his leadership, FHI has successfully introduced several well-known brands and has made strategic acquisitions such as Negril Trading, which houses the De Original Jamaican Pattie Shop and Juice Bar brand and Sabroso Lechon. Mr. Yu is also the President of Ralproperties, Inc., One Fifty Food Place, Inc., Lush Properties Inc., Negril Trading, Inc., Themangofarm Corp., Fruitasgroup Incorporated, Lush Enterprises Corp., Bamazeh Incorporated, Lush Coolers, Inc., La Petite Parisienne, Inc., Dough Matters, Inc., Lush Harvest Manufacturing Inc., Toyoda

Technik Corporation, Cocodelivery Incorporated and Bigboks Enterprises Inc.. He holds a Master's of Business Administration degree from the University of the Philippines and a degree in Industrial Management Engineering from De La Salle University.

**Madelene T. Sayson, 36**, was elected as our Director on April 26, 2021, she is also the Chief Operating Officer of FHI since January 2018 and has been with the Group since 2009. She also served as a Director of FHI from February 2015 to August 2019 and was reelected since December 2020. Ms. Sayson is also the Chairman and President of Gyuma Fragrance Inc. She is the Corporate Secretary and Director of One Fifty Food Place, Inc., Lush Properties Inc., Negril Trading, Inc., Bamazeh Incorporated, Dough Matters, Inc., Sure Jobs Academy, Inc., Toyoda Technik Corporation, Lingnam Food Inc., and Flykitchen Inc. Ms. Sayson is also the Vice President and Director of Themangofarm Corp., and La Petite Parisienne, Inc. She is the Treasurer and Director of Lush Coolers, Inc. She is also the Treasurer of BALAI in April 2021. She holds a Bachelor of Science degree in Accountancy from Garcia College of Technology.

**Calvin F. Chua, 45**, was elected as our Director and Chief Financial Adviser on December 21, 2021, he is also currently the Director and Chief Financial Adviser of FHI since Aug. 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.

**Lee Ceasar S. Junia, 59**, was elected as our Independent Director on December 21, 2021. Mr. Junia is currently the Head for Sales and After Sales for Gateway Group, Inc. since April 2024. Prior to working with Gateway Group, Inc., he worked with Toyota Motor Philippines, Inc. as Executive Vice President – Makati and Bicutan from 2014-2024. From 2012 to 2014, Mr. Junia worked with Nissan Motor Philippines as the Vice President - Marketing Division. While he was in Knight Transportation Corp. as a Fleet Manager from 2001 to 2011. Mr. Junia holds a Bachelor of Science in Management from Ateneo de Manila University.

**Tommanny Tan, 56**, was elected as an Independent Director on August 13, 2024. He currently serves as the President and Chief Executive Officer of I-FERN Corporation, a position he has held since 2012. Under his leadership, the company launched its flagship product, FERN-C, a vitamin C supplement. Mr. Tan holds a Master's degree in Entrepreneurship from the Asian Institute of Management and a Bachelor's degree in Computer Science from De La Salle University.

**Bernardino M. Ramos, 80**, was elected as our Independent Director since December 21, 2021. He is currently the Chairman of GB Distributors, Inc. He is also a member of the board for Cirtek Holdings Philippines Corporation, State Investment House, Inc., State Properties, Inc., PILAC, Inc., Bunsuran Pawnshop Inc., Prince Plaza Condominium Corporation, Alabang Country Club, Inc. He was a partner of SGV & Co., a member practice firm of Ernst & Young where he was heavily involved in audit and business advisory services with 39 years of service with the firm, including almost 7 as Partner/Advisor of Drs Utomo & Co., SGV Group affiliated firm in Indonesia. He also specialized in power (IPPs) and infrastructure, real estate, and hospitality, financial services, mining, educational institutions and pharmaceutical industries. Mr. Ramos is a Certified Public Accountant and holds a Master's in Management Development Program from the Asian Institute of Management and a Bachelor of Science in Business Administration from Far Eastern University, Manila.

The table below sets forth the key executive and corporate officers as of December 31, 2024:

<b>Name</b>	<b>Age</b>	<b>Nationality</b>	<b>Position</b>
Roselyn A. Legaspi	46	Filipino	Managing Director
Ma. Teresa Trujillo	61	Filipino	Chief Financial Officer and Treasurer
William V. Capuno	38	Filipino	Head of Operations
Lerma C. Fajardo	37	Filipino	Comptroller
Ralph Hector P. Adricula	30	Filipino	Compliance Officer
Marvin C. Yu	46	Filipino	Corporate Secretary
Shaun Aldrich G. Si	33	Filipino	Investor Relations Officer

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

**Roselyn A. Legaspi, 46**, was appointed as our Managing Director on December 21, 2021 and is also the Managing Director – Visayas & Mindanao for FHI appointed last Aug. 2019. She is responsible for the overall operations of the Company for the said regions. She has been with the Group since 2002 and has served as a Director of FHI from Feb. 2015 to Aug. 2019. Ms. Legaspi is also the Vice President and Director of Negril Trading, Inc., Bamazeh Inc., Lush Properties Incorporated, Ralproperties Inc., and Sure Jobs Academy Inc. She is also a Director for Gyuma Fragrance Inc., Lush Harvest Manufacturing Inc., Themangofarm Corp., La Petite Parisienne, Inc., and Lush Enterprises Corp. Also, Ms. Legaspi is the Treasurer of Fruitasgroup Incorporated. She was a Director of BALAI since incorporation until December 2021. She obtained her Bachelor of Science degree in Accountancy in 1999 and also passed her Civil Service Exams in 1997. She is currently taking up her Master's in Business Administration degree at the University of San Carlos, Cebu City.

**Ma. Teresa Trujillo, 61**, was appointed as our Chief Financial Officer and Treasurer on December 21, 2021. She has been the Human Resources Department Head of Fruitasgroup Inc. since Feb. 2018. She is responsible for overseeing activities within human resources management such as recruitment, compensation and benefits, and organizational development. She was the Officer-in-Charge of the Business Permits Department when she joined the Group. She completed 18 units for Ateneo Graduate School of Business' Master's degree in Business Administration for Middle Managers and holds a bachelor's degree in Commerce major in Accounting from Universidad De Sta. Isabel.

**William V. Capuno, 38**, has been the Head of Operations of BALAI since December 21, 2021. Prior to joining the Group, he was the Operations Head of Zagu Foods Corporation where he started his career. After working for 8 years in the company, he shifted his career to sales. He worked as a Sales Operations Manager in Marina Sales Incorporated, one of the well-known distributors of Del Monte, CDO and Sunquick products. Mr. William holds a Bachelor of Science degree in Computer Science in Polytechnic University of the Philippines - Sto. Tomas Batangas.

**Lerma C. Fajardo, 37**, was appointed as the Comptroller of BALAI on December 21, 2021 and has been FHI'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. She holds a Bachelor of Science degree in Accountancy from Polytechnic University of the Philippines and is a Certified Public Accountant.

**Ralph Hector P. Adricula, 30**, has been the Compliance Officer of BALAI since December 21, 2021. He has been with the Group for 6 years, where he started as an Accounting Staff in November 2015, and last held the position of an Assistant Accounting Manager. He holds a Bachelor of Science degree in Applied Mathematics from University of the Philippines Visayas.

**Marvin C. Yu, 46**, was appointed as the Corporate Secretary of BALAI on December 21, 2021, and has been FHI's Corporate Secretary since Aug. 24, 2019. He has more than 15 years of experience in the technical and engineering field. He was a Consultant in the SMC Telco Project, Master Planning Network Coverage Senior Manager for the Sun Cellular 2G and 3G Project, and RF Network Planning, Design and

Optimization Engineer for Smart Communications Inc. Mr. Marvin Yu holds a Bachelor of Science degree in Electronics and Communications Engineering from De La Salle University and an Electronics and Communications Engineering Board Passer.

**Shaun Aldrich G. Si, 33**, was appointed as the Investor Relations Officer of the Company on December 2023 and has been the Group's Chief Marketing Officer since September 2022. He spearheads all the marketing strategies and initiatives of the Group and shall also be responsible for all interactions with investors and financial institutions through creating programs which strengthens relationship of FHI to the various investment groups and individuals. Prior to joining FHI, he held various positions in Brand Management in Wyeth Philippines Inc. and Jollibee Foods Corporation. In 2013, he started his career as a Management Trainee in GlaxoSmithKline Philippines where he eventually became the Digital Marketing Manager in 2016. He holds a Bachelor of Arts degree in Management Economics Minor in Chinese Studies and the program award recipient for being the most outstanding student in the Management Economics Program Class of 2013 from the Ateneo de Manila University.

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 Company'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 Balai Ni Fruitas, Inc. Chief Executive Officer, for the year ending December 31, 2024:

<b>Name</b>	<b>Position</b>
Lester C. Yu	Director, President and Chief Executive Officer
Roselyn A. Legaspi	Managing Director
William V. Capuno	Head of Operations
Ma. Teresa Trujillo	Chief Finance Officer and Treasurer
Ralph Hector P. Adricula	Compliance Officer

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

<b>Aggregate Compensation – Executive Officers (top five)</b>	
<b>Year</b>	<b>Total (P million)</b>
2020	1.5
2021	2.3
2022	3.1
2023	3.1
2024	3.6

<b>Aggregate Compensation – Directors and Executive Officers (excluding top five above)</b>	
<b>Year</b>	<b>Total (P million)</b>
2020*	N/A
2021	0.2
2022	0.7
2023	0.7
2024	0.5

### **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 2023 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 2023 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, 2024, the following were owners of more than 5% of the Company's outstanding shares:

Title of Class	Name. Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Shares Held	% to Total Outstanding
<b>Common</b>	Fruitas Holdings, Inc. / 60 Cordillera St., Brgy. Doña Josefa, Quezon City / Stockholder of Record	Please see PNB Report as of December 31, 2024 attached as Annex "C"	Filipino	1,082,488,000	72.407%
<b>Common</b>	PCD Nominee Corp. <sup>1</sup> / The Enterprise Center, Ayala Avenue Corner Paseo de Roxas, Makati City / Stockholder of Record	Please see PNB Report as of December 31, 2024 attached as Annex "C"	Filipino	412,470,000	27.591%

### 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
<b>Common</b>	Lester C. Yu	Filipino	4,004,000	-	-
<b>Common</b>	Rogelio M. Guadalquivier	Filipino	1,000	-	-
<b>Common</b>	Calvin F. Chua	Filipino	1,330,000	-	-
<b>Common</b>	Madelene T. Sayson	Filipino	502,000	-	-
<b>Common</b>	Lee Ceasar S. Junia	Filipino	1,000	-	-
<b>Common</b>	Tommanny Tan	Filipino	10,000	-	-
<b>Common</b>	Bernardino M. Ramos	Filipino	1,000	-	-
<b>Common</b>	Roselyn A. Legaspi	Filipino	1,502,000	-	-
<b>Common</b>	Marvin C. Yu	Filipino	2,000	-	-
		<b>Total</b>	7,353,000	-	-

### c.) Voting Trust Holder of 5% or more

As of December 31, 2024, 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, 2024.

## Item 12. Certain Relationships and Related Transactions

### Due from Related Parties

The Company has due from related parties amounting to ₱21.7 and ₱11.0 million as of December 31, 2024 and 2023. The increase in the advance Notes Receivable of ₱40.0 million has a term of one year and bears 5% fixed interest and is payable in lump sum at maturity date while interest is payable monthly.

### Administrative Consulting Agreement

FHI, the parent Company, has an Administrative Consulting Agreement with BALAI for the parent company to provide administrative services for a fixed monthly fee. FHI and its management shall provide strategic direction and assistance in managing BALAI's overall corporate and store level operations. Management fees amounted to P6 million or P0.5 million per month in since 2021 and P3 million or P0.25 million in 2020. The term of the agreement is valid for twelve (12) months. The Company was under an administrative consulting agreement from January 1, 2024 until December 31, 2024. The administrative consulting agreement is renewed on an annual basis.

### Transfer of Assets and Assignment of Lease

In May 2021, the Board of Directors of the Company approved certain reorganization activities wherein certain assets and rights to the lease of various outlets previously owned and operated by the Company were transferred to Fruitasgroup Inc. The outlets transferred to Fruitasgroup Inc. included outlets for products under the following brands: *Buko ni Fruitas*, *House of Desserts*, *Fruitas* and *Buko Loco* (which is an *Fruitasgroup Inc.-owned brand*). The primary purpose of the reorganization activities is for the Company and Fruitasgroup Inc. to capitalize on the economies of scale and efficiency of operations and more productive use of the assets. Fruitasgroup Inc. continued to operate the outlets until the end of its respective lease terms. The outlets' leases were renewed based on its sales performance. The obligations for rental deposits on leases were transferred to Fruitasgroup Inc. through an assignment of lease agreement.

### Summary of Related Party Transactions

(a) Supplier Agreements

Date	Title of Document	Parties	Particulars	Term / Maturity
January 15, 2024	Supplier Agreement	Company and Fruitasgroup Inc.*	Supply of bottled juices, raw and packaging materials to the Company	January 1, 2024 to December 31, 2026
January 15, 2024	Supplier Agreement	Company and Negril Trading, Inc.(NTI)*	Supply of NTI products, raw and packaging material to the Company	January 1, 2024 to December 31, 2026

\*Affiliates of the Company



For the year ended 31 December 2024, 70% of total purchases of the Company are from its related parties.

(b) Administrative Consulting Agreement

Date	Title of Document	Parties	Particulars	Term / Maturity
1 January 2024	Administrative Consulting Agreement	Company and Fruitas Holdings, Inc.**	Appointment of FHI as service provider for administrative services to the Company	1 year

\*Parent of the Company

(c) Lease Agreements

Company as Lessee - Short-term Lease

The Company entered into a lease agreement with FHI for its store space in Sta. Mesa, Manila for a period of one year and renewable annually since October 2022 up until present. The lease contract for the store provides for a monthly fixed rental. The lease agreement is generally renewable through a notice of lease renewal and upon mutual agreement with the lessor.

(d) Others

Fruitasgroup Inc. continues to source baked goods from the Company since October 2021. Some of Negril Trading Inc. store also source baked goods as additional items displayed in their stores.

**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 3<sup>rd</sup> 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

### Reports on SEC Form 17-C

Date	Subject of Report
January 22, 2024	Reallocation of IPO proceeds: Increased allocation for commissary setup.
April 6, 2024	Approval of 2023 Audited Financial Statements. Balai Financial Results as of December 31, 2023.
April 15, 2024	Submission of Q1 IPO Proceeds Disbursement Report.
April 18, 2024	Approval to enter agreement for potential acquisition of Sugarhouse.
May 7, 2024	Approval to complete the acquisition of Sugarhouse Business transaction
May 14, 2024	BALAI Financial Results as of March 31, 2024
May 31, 2024	Rescheduling of 2024 Annual Stockholders' Meeting to August 13.
July 15, 2024	Quarterly Report on the Disbursement of Initial Public Offering Proceeds of Balai Ni Frutas Inc. as of June 30, 2024.
July 29, 2024	Agreement signed for exclusive distributorship of Poland Hopia in select regions.
August 13, 2024	Annual Stockholders' Meeting and Organizational Meeting held.
August 14, 2024	Balai Financial Results as of June 30, 2024
October 9, 2024	Declaration of cash dividend of Php 0.005 per share.
October 15, 2024	Quarterly Report on the Disbursement of Initial Public Offering Proceeds of Balai Ni Frutas Inc. as of September 30, 2024.
November 12, 2024	Notice of Investor Briefing: PSE STAR Investor Day Q3 2024
November 14, 2024	Balai Financial Results as of September 30, 2024

## 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 \_\_\_\_\_, 20\_\_\_\_.

By:


14 APR 2025



LESTER C. YU  
President and CEO



MA. TERESA B. TRUJILLO  
CFO and Treasurer



MARVIN C. YU  
Corporate Secretary



LERMA C. FAJARDO  
Comptroller

**SUBSCRIBED AND SWORN** to before me this 14 APR 2025 day of \_\_\_\_\_  
20\_\_ affiant(s) exhibiting to me their Tax Identification No., as follows:

### NAMES

### TIN NOS.

Lester C. Yu

191-309-944-000

Ma. Teresa B. Trujillo

284-239-227-000

Marvin C. Yu

214-877-469-000

Lerma C. Fajardo

257-881-618-000

DOC. NO. 164  
PAGE NO. 32  
BOOK NO. 164  
SERIES NO. 164

ATTY. MA. PERITA P. CARRERA

Notarial Commission until Dec. 31, 2025

Adm. Reg. No. 191-309-944-000

PTR. No. 191-309-944-000 - QC

IBF. No. 191-309-944-000 - QC

Attorney's Reg. No. 44573

MCLE Compliance No. VIII-0002597,

Valid until 14 APR 2025

COVER SHEET  
for  
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C S 2 0 0 5 0 8 3 8 6

COMPANY NAME

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e	s	a	l	,		B	u	k	o		N	i		F	r	u	i	t	a	s		a	n	d		F	r	u	i	t	a	s		H	o	u	s	e		
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		N	G	S	,		I	N	C	.	]																													

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

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Form Type

A A F S

Department requiring the report

C R M D

Secondary License Type, If Applicable

N / A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
ipo.compliance@balainifruitas.com	(02) 8-243-1741	09156427243
No. of Stockholders	Annual Meeting (Month / Day)	Calendar Year (Month / Day)
81	Third Monday of June	December 31

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Madelene Timbas-Sayson	madelene.sayson@fruitasholdings.com	(02) 8-243-1741	09283616345

CONTACT PERSON'S ADDRESS

68 Data St. Brgy. Don Manuel, Quezon City, Philippines
--

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

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



## INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors  
BALAI NI FRUITAS, INC.  
68 Data St. Brgy. Don Manuel  
Quezon City, Philippines

### *Opinion*

We have audited the financial statements of BALAI NI FRUITAS, INC. (the "Company"), a subsidiary of FRUITAS HOLDINGS, INC., which comprise the statements of financial position as at December 31, 2024 and 2023, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years ended December 31, 2024, 2023 and 2022, and notes to financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years ended December 31, 2024, 2023 and 2022 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 Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to the audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Key Audit Matters*

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

We determined that there are no key audit matters to communicate in our report.

### *Other Information*

Management is responsible for the other information. The other information comprises the information included in SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024, but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024 are expected to be made available to us after the date of this auditors' report.

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



In connection with our audits of the 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 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 Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS Accounting Standards, 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.

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

*Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the 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.

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

The engagement partner on the audit resulting in this independent auditors' report is Cedric M. Caterio.

**REYES TACANDONG & Co.**

**CEDRIC M. CATERIO**

Partner

CPA Certificate No. 87322

Tax Identification No. 102-083-647-000

BOA Accreditation No. 4782/P-008; Valid until June 6, 2026

BIR Accreditation No. 19-005765-001-2022;

Valid until December 13, 2025

PTR No. 10467124;

Issued January 2, 2025, Makati City

April 5, 2025

Makati City, Metro Manila

# BALAI NI FRUITAS INC.

(Formerly: BUKO NI FRUITAS INC.)

68 Data St. corner Cordillera St., Brgy. Don Manuel Quezon City, Philippines

Tel: (63.2)8-330-3188; Mobile No. +63928.361.6345

Email: [ipo.compliance@balainifruitas.com](mailto:ipo.compliance@balainifruitas.com); [compliancetax.bnfi@gmail.com](mailto:compliancetax.bnfi@gmail.com)

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **Balai Ni Frutas Inc.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein for the years ended **December 31, 2024 and 2023**, 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: \_\_\_\_\_

  
Ma. Teresa B. Trujillo  
Chief Financial Officer and Treasurer

SUBSCRIBED AND SWORN **APR 14 2025**  
to before me this \_\_\_\_\_  
Affiant called to me his/her \_\_\_\_\_

Signed this 5th day of April 2025

DOC NO. 372  
PAGE NO. 75  
BOOK NO. TD  
SERIES OF 2025

  
**ATTY. FELIZARDO M. IBARRA**

Notary Public for Q.C./Until Dec. 31, 2025

Roll No. 80835

PTR No. 6986788D/Jan. 07, 2025/Q.C.

IBP No. 331161(2024-2025)/Q.C.

MCLE Comp. No. VIII-0000973104/15/2022-04/14/2025)

Admin. Matter No. NP. 088(2025-2026)

Quirino Highway Brgy., Kaligayahan Q.C.



**BALAI NI FRUITAS, INC.**  
**[A Subsidiary of FRUITAS HOLDINGS, INC.]**

**STATEMENTS OF FINANCIAL POSITION**

		<b>December 31</b>	
	Note	2024	2023
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	P273,151,441	P243,197,008
Financial assets at fair value through profit or loss (FVPL)	6	11,945,818	16,183,424
Trade and other receivables	7	24,462,808	16,343,746
Note receivable	21	40,000,000	40,000,000
Due from related parties	21	21,655,720	11,042,411
Merchandise inventories	8	10,557,158	8,652,161
Other current assets	9	17,571,170	21,119,048
Total Current Assets		399,344,115	356,537,798
<b>Noncurrent Assets</b>			
Security deposits	23	216,000	1,133,487
Property and equipment	10	190,267,263	170,372,787
Right-of-use (ROU) assets	23	9,975,893	29,890,259
Intangible assets	4	9,247,150	3,000,000
Deferred tax assets	24	698,385	843,539
Total Noncurrent Assets		210,404,691	205,240,072
		<b>P609,748,806</b>	<b>P561,777,870</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Trade and other payables	11	P22,672,954	P12,853,654
Current portion of:			
Notes payable	12	37,300,000	45,800,000
Lease liabilities	23	6,726,323	15,333,906
Mortgage payable	13	718,216	–
Income tax payable		8,624,251	9,402,594
Due to related parties	21	136,761	401,747
Total Current Liabilities		76,178,505	83,791,901
<b>Noncurrent Liabilities</b>			
Noncurrent portion of:			
Notes payable	12	5,833,333	–
Lease liabilities	23	3,951,145	16,319,433
Mortgage payable	13	1,277,485	–
Retirement benefits liability	14	2,091,964	1,611,076
Total Noncurrent Liabilities		13,153,927	17,930,509
Total Liabilities		89,332,432	101,722,410

(Forward)

December 31			
	Note	2024	2023
<b>Equity</b>	15		
Capital stock		<b>₱74,750,250</b>	₱74,750,250
Additional paid-in capital		<b>286,843,181</b>	286,843,181
Retained earnings		<b>159,023,098</b>	98,662,184
Other comprehensive loss	14	<b>(200,155)</b>	(200,155)
Total Equity		<b>520,416,374</b>	460,055,460
		<b>₱609,748,806</b>	₱561,777,870

See accompanying Notes to Financial Statements.

**BALAI NI FRUITAS, INC.**  
[A Subsidiary of FRUITAS HOLDINGS, INC.]

**STATEMENTS OF COMPREHENSIVE INCOME**

		<b>Years Ended December 31</b>		
	<b>Note</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
<b>REVENUE</b>	16	<b>₱668,000,080</b>	₱535,205,651	₱341,159,284
<b>COST OF SALES</b>	17	<b>(323,076,566)</b>	(262,102,883)	(165,426,513)
<b>GROSS PROFIT</b>		<b>344,923,514</b>	273,102,768	175,732,771
<b>SELLING AND DISTRIBUTION EXPENSES</b>	18	<b>(203,199,620)</b>	(163,174,221)	(98,416,463)
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	19	<b>(58,965,014)</b>	(41,436,952)	(36,890,118)
<b>INTEREST EXPENSE</b>	12	<b>(5,192,377)</b>	(2,155,447)	(1,760,287)
<b>INTEREST INCOME</b>	5	<b>4,130,009</b>	9,520,414	4,440,451
<b>OTHER INCOME (CHARGES) - Net</b>	20	<b>7,407,521</b>	679,293	(100,365)
<b>INCOME BEFORE INCOME TAX</b>		<b>89,104,033</b>	76,535,855	43,005,989
<b>PROVISION FOR (BENEFIT FROM)</b>				
<b>INCOME TAX</b>	24			
Current		<b>21,122,940</b>	18,176,880	6,114,010
Deferred		<b>145,154</b>	(282,639)	(241,190)
		<b>21,268,094</b>	17,894,241	5,872,820
<b>NET INCOME</b>		<b>67,835,939</b>	58,641,614	37,133,169
<b>OTHER COMPREHENSIVE INCOME</b>				
<i>Not to be reclassified subsequently to</i>				
<i>profit or loss:</i>	14			
Remeasurement gain on retirement				
benefits liability - net of deferred				
tax asset		—	175,411	—
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>₱67,835,939</b>	₱58,817,025	₱37,133,169
<b>Basic Earnings per Share</b>	22	<b>₱0.0454</b>	₱0.0392	₱0.0279

See accompanying Notes to Financial Statements.

**BALAI NI FRUITAS, INC.**  
**[A Subsidiary of FRUITAS HOLDINGS, INC.]**

**STATEMENTS OF CHANGES IN EQUITY**

		<b>Years Ended December 31</b>		
	<b>Note</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
<b>CAPITAL STOCK</b>				
	15			
Balance at beginning of year		<b>₱74,750,250</b>	₱74,750,250	₱58,500,250
Issuances		–	–	16,250,000
Balance at end of year		<b>74,750,250</b>	74,750,250	74,750,250
<b>ADDITIONAL PAID-IN CAPITAL</b>				
Balance at beginning of year		<b>286,843,181</b>	286,843,181	96,532,500
Additions	15	–	–	190,310,681
Balance at end of year		<b>286,843,181</b>	286,843,181	286,843,181
<b>RETAINED EARNINGS</b>				
Balance at beginning of year		<b>98,662,184</b>	47,315,510	10,182,341
Net income		<b>67,835,939</b>	58,641,614	37,133,169
Cash dividends	15	<b>(7,475,025)</b>	(7,294,940)	–
Balance at end of year		<b>159,023,098</b>	98,662,184	47,315,510
<b>OTHER COMPREHENSIVE LOSS</b>				
Cumulative remeasurement losses on retirement benefits liability - net of deferred income tax	14			
Balance at beginning of year		<b>(200,155)</b>	(375,566)	(375,566)
Remeasurement gain - net of deferred income tax		–	175,411	–
Balance at end of year		<b>(200,155)</b>	(200,155)	(375,566)
		<b>₱520,416,374</b>	₱460,055,460	₱408,533,375

*See accompanying Notes to Financial Statements.*

**BALAI NI FRUITAS, INC.**  
**[A Subsidiary of FRUITAS HOLDINGS, INC.]**

**STATEMENTS OF CASH FLOWS**

		Years Ended December 31		
	Note	2024	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Income before income tax		<b>₱89,104,033</b>	₱76,535,855	₱43,005,989
Adjustments for:				
Depreciation and amortization	10	<b>50,027,722</b>	39,256,684	27,405,691
Gain on bargain purchase	4	<b>(5,247,150)</b>	—	—
Interest expense	12	<b>5,192,377</b>	2,155,447	1,760,287
Interest income	5	<b>(4,130,009)</b>	(9,520,414)	(4,440,451)
Gain on pre-termination of lease	20	<b>(865,458)</b>	—	(29,347)
Retirement benefits cost	14	<b>480,888</b>	549,175	329,892
Unrealized loss (gain) on fair value changes of financial assets at FVPL	6	<b>(220,172)</b>	(438,487)	255,063
Loss on disposal of investment in FVPL	6	<b>13,706</b>	—	—
Operating income before working capital changes		<b>134,355,937</b>	108,538,260	68,287,124
Decrease (increase) in:				
Trade and other receivables		<b>(8,119,062)</b>	(4,648,996)	(14,679,976)
Merchandise inventories		<b>(1,904,997)</b>	(1,792,138)	(4,195,697)
Other current assets		<b>4,465,365</b>	(8,146,226)	(630,101)
Increase (decrease) in trade and other payables		<b>9,819,300</b>	(2,413,385)	6,331,389
Net cash generated from operations		<b>138,616,543</b>	91,537,515	55,112,739
Income tax paid		<b>(21,901,283)</b>	(9,137,314)	(7,976,129)
Interest paid		<b>(3,266,187)</b>	(808,360)	—
Interest received		<b>4,130,009</b>	9,520,414	4,440,451
Retirement benefit paid	14	—	(295,000)	—
Net cash provided by operating activities		<b>117,579,082</b>	90,817,255	51,577,061
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Additions to property and equipment	10	<b>(49,479,012)</b>	(136,130,739)	(33,533,853)
Proceeds from disposal of investment in FVPL	6	<b>4,444,072</b>	—	—
Additions to intangible assets	4	<b>(1,000,000)</b>	—	—
Collections of note receivable	21	—	20,390,004	10,000,000
Decrease (increase) in advances to related parties	21	<b>(10,613,309)</b>	(6,936,431)	(180,997)
Net cash used in investing activities		<b>(56,648,249)</b>	(122,677,166)	(23,714,850)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Payments of:				
Notes payable	12	<b>(53,666,667)</b>	(2,000,000)	—
Lease payments	23	<b>(22,565,423)</b>	(16,680,993)	(11,975,423)
Cash dividends	15	<b>(7,475,025)</b>	(7,294,940)	—
Mortgage payable	13	<b>(297,837)</b>	—	—
Proceeds from:				
Notes payable	12	<b>51,000,000</b>	47,800,000	—
Mortgage payable	13	<b>2,293,538</b>	—	—
Issuances of shares of stock	15	—	—	206,560,681
Advances from (settlement of) related parties	21	<b>(264,986)</b>	—	401,747
Net cash provided by (used in) financing activities		<b>(30,976,400)</b>	21,824,067	194,987,005

(Forward)

		Years Ended December 31		
	Note	2024	2023	2022
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>₱29,954,433</b>	<b>(₱11,989,266)</b>	<b>₱222,849,216</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>243,197,008</b>	<b>255,186,274</b>	<b>32,337,058</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>₱273,151,441</b>	<b>₱243,197,008</b>	<b>₱255,186,274</b>
<b>SUPPLEMENTARY INFORMATION ON NONCASH ACTIVITIES</b>				
Recognition of:	23			
ROU assets		<b>₱2,685,012</b>	<b>₱22,584,216</b>	<b>₱12,229,509</b>
Lease liabilities		<b>2,685,012</b>	<b>22,584,216</b>	<b>12,229,509</b>
Pre-termination of:				
Lease liabilities	23	<b>(3,021,650)</b>	<b>—</b>	<b>(1,298,142)</b>
ROU assets		<b>(2,156,192)</b>	<b>—</b>	<b>(1,060,547)</b>
<b>COMPONENTS OF CASH AND CASH EQUIVALENTS</b>				
	5			
Cash on hand		<b>₱401,734</b>	<b>₱148,844</b>	<b>₱143,606</b>
Cash in banks		<b>170,031,544</b>	<b>187,552,592</b>	<b>133,996,452</b>
Cash equivalents		<b>102,718,163</b>	<b>55,495,572</b>	<b>121,046,216</b>
		<b>₱273,151,441</b>	<b>₱243,197,008</b>	<b>₱255,186,274</b>

See accompanying Notes to Financial Statements.

**BALAI NI FRUITAS, INC.**  
**[A Subsidiary of FRUITAS HOLDINGS, INC.]**

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**NOTES TO FINANCIAL STATEMENTS**  
**AS AT DECEMBER 31, 2024 AND 2023 AND FOR THE YEARS ENDED**  
**DECEMBER 31, 2024, 2023 AND 2022**

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**1. Corporate Information**

**General Information**

BALAI NI FRUITAS, INC. Doing business under the names and styles of BALAI Pandesal, Buko ni Fruitas and Fruitas House of Desserts (the “Company”) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on May 17, 2005. The Company is primarily engaged in the trading of baked goods, fresh fruit drinks and other related products.

On June 30, 2022, the common shares of the Company were listed and traded in the PSE through an Initial Public Offering (IPO) under the trading name “BALAI”.

The Company is 74.92% owned subsidiary, as at December 31, 2024 and 2023, of FRUITAS HOLDINGS, INC. (FHI or the “Parent Company”), a company incorporated and domiciled in the Philippines, whose shares of stock are listed and traded in the Philippine Stock Exchange (PSE). FHI is primarily engaged in investing, holding and owning real and personal properties of any kind. The ultimate parent of the Company is The Lush Properties, Inc., an entity incorporated in the Philippines and, is engaged in leasing/real estate activities.

The Company’s registered office address, which is also its principal place of business, is at 68 Data St. Brgy. Don Manuel, Quezon City, Philippines.

**Approval of the Financial Statements**

The financial statements of the Company were approved and authorized for issuance by the BOD on April 5, 2025 upon review and recommendation for approval by the Audit Committee on the same date.

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

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

**Basis of Preparation and Statement of Compliance**

The financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. This financial reporting framework includes PFRS, 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 financial statements are presented in Philippine Peso, the Company’s functional currency. All values represent absolute amounts unless otherwise stated.

The financial statements of the Company have been prepared on a historical cost basis except for financial assets at fair value through profit or loss, retirement benefits liability and lease liabilities measured at present value. 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 the following notes to financial statements:

- Note 8 - Financial Assets at Fair Value through Profit and Loss (FVPL)
- Note 27 - Fair Value Measurement

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

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amendments to PFRS Accounting Standards effective for annual periods beginning on or after January 1, 2024 -

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

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



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

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

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

- Amendments to PFRS 9, *Financial Instruments*, and PFRS Accounting Standards 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Assets* – The amendments clarify that a financial liability is derecognized when the related obligation is discharged, cancelled, expires or otherwise qualifies for derecognition (e.g. settlement date), and introduces a policy option to derecognize financial liabilities settled through an electronic payment system before settlement date if the required conditions are met. The amendments also clarify the assessment of contractual cash flow characteristics of financial assets, the treatment of non-recourse loans and contractually linked instruments, as well as require additional disclosure requirements for financial assets and liabilities with contingent features and equity instruments classified at fair value through other comprehensive income (FVOCI). Earlier application is permitted.
- Amendments to PFRS 9, *Financial Instruments*, and PFRS Accounting Standards 7, *Financial Instruments: Disclosures – Contracts Referencing Nature-dependent Electricity* – The amendments on the hedge accounting requirements in PFRS Accounting Standards 9 now permits companies to designate a variable nominal volume of forecast electricity transactions as the hedged item. The variable hedged volume is determined based on the variable volume expected to be delivered by the generation facility specified in the hedging instrument. The amendments further provides an exception for designated forecast nature-dependent electricity contracts, allowing them to qualify as hedged item with the presumption the transaction is highly probable. The amendments include additional disclosure requirements to enable users of financial statements to understand how these contracts for renewable electricity affect the amount, timing and uncertainty of the companies' future cash flows. The amendments shall be applied prospectively to new hedging relationships designated on or after the date of when the amendment is first applied. Earlier application is permitted.
- Annual Improvements to PFRS Accounting Standards 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 10, *Consolidated Financial Statements - Determination of a 'de facto agent'* – The amendments remove inconsistencies by clarifying that an entity must use judgment to determine whether other parties are acting as de facto agents. Earlier application is permitted.
  - Amendments to PAS 7, *Statement of Cash Flows - Cost Method* – The amendments replace the term 'cost method' with 'at cost' following the deletion of the definition of 'cost method'. Earlier application is permitted.

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

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

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

### **Business Combination**

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

When the Company 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 statement of comprehensive income or as a change to other comprehensive income.

If the contingent consideration is not within the scope of PFRS 9, it is measured in accordance with appropriate PFRS 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 Company also considers whether the acquisition represents an acquisition of a business or a group of assets. The Company 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 Company exceeds the acquisition price, and is recognized in the consolidated statement of comprehensive income in the year of acquisition.

## **Financial Assets and Liabilities**

### **Recognition and Measurement**

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

*Initial Recognition and Measurement.* Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

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

### **Classification**

*Classification of Financial Instruments.* The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost, and (c) financial assets at fair value through other comprehensive income (FVOCI). Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Company’s business model and its contractual cash flow characteristics.

As at December 31, 2024 and 2023, 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 collectibility is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2024 and 2023, the Company's cash and cash equivalents, trade and other receivables (excluding advances to officers and employees), note receivable, due from related parties and construction bond (presented as part of "Other current assets" account in the statements of financial position) are classified under this category.

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

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

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

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

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

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

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

As at December 31, 2024 and 2023, the Company's trade and other payables (excluding statutory payables), notes payable, mortgage payable, due to related parties and lease liabilities 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.

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

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

### **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.

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

For other financial assets at amortized cost, the 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 statements of comprehensive income.

**Offsetting**

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

**Merchandise Inventories**

Merchandise inventories are carried at the lower of cost and net realizable value (NRV). The NRV of merchandise inventories is the estimated selling price in the ordinary course of business, less the costs necessary to make the sale. Cost includes the purchase price of the direct materials and is determined using first-in, first-out method.

At each reporting date, merchandise inventories are assessed for impairment. If merchandise inventories are impaired, the carrying amount is reduced to its NRV. Impairment loss is recognized immediately in profit or loss. The amount of any reversal of any write-down of merchandise inventories, arising from an increase in NRV, is recognized as part of other income or charges in profit or loss.

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

**Property and Equipment**

Property and equipment, except for land, are stated at cost less accumulated depreciation and amortization and any accumulated impairment losses. Land is stated at cost less any accumulated impairment losses. 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, 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 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 life of the property and equipment:

Asset Type	Number of Years
Leasehold improvements	5 to 10 years or lease term, whichever is shorter
Transportation equipment	5 to 10
Furniture and fixtures	3
Store equipment	3
Office equipment	3

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

Fully depreciated assets are retained in the accounts until these are no longer in use and no further change for depreciation and amortization are made in respect of those assets.

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 Company without physical substance held for use in operations, the production of goods or services. These pertain to intellectual property rights over the Balai Pandesal and Sugarhouse brand, practices, recipes, and supply chain. The cost of an intangible asset acquired in a business combination is its fair value at the date of acquisition. Subsequently, intangible assets are carried at cost less any accumulated impairment losses.

The Company assessed the useful life of the brand name 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 Company.

Brand names with indefinite useful lives are tested for impairment annually, either individually or at the cash-generating unit level. Such intangibles are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

### **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 and amortization (for property and equipment), 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 Company 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 Company. However, as permitted by PFRS Accounting Standards 8, *Operating Segments*, the Company has aggregated these segments into a single operating segment to which it derives its revenue 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**

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

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

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

*Other Comprehensive Loss.* Other comprehensive loss pertains to the accumulated remeasurement gains or losses on the Company's retirement benefits liability arising from experience adjustments and changes in financial assumptions. Remeasurements of retirement benefits liability, and the corresponding deferred tax component, are recognized immediately in other comprehensive income and are included in equity. These are not reclassified to profit or loss in subsequent periods.

### **Earnings Per Share (EPS)**

Basic EPS 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 EPS is computed by adjusting the weighted average number of common shares outstanding to assume conversion of all the dilutive potential common shares into common shares.

The Company has no dilutive potential common shares.

### **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.

- *Sales of Goods.* Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the customer, which is normally upon delivery to and acceptance of the goods by the customers.
- *Franchise Revenue.* Franchise revenue includes continuing royalty and initial franchise fees. Royalty fees are recognized in the period earned. Initial franchise fees are recognized upon opening of a store when the Company has performed substantially all of the services required under the franchise agreement.

### **Other Sources of Income**

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

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

### **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.

*Cost of Sales.* Cost of sales includes expenses directly related to the production and sale of food products. Cost of sales is recognized at the time the related merchandise inventories are sold to customers.

*Selling and Distribution Expenses.* Selling and distribution expenses constitute costs of selling and distributing the goods to customers that do not qualify 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 interest on lease liabilities. Interest expense 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 include salaries and wages, social security contributions, short-term compensated absences, and bonuses and non-monetary benefits. Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

*Retirement Benefits.* Retirement benefit costs 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 defined benefit obligations is performed regularly by a qualified actuary.

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

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

Remeasurements of the retirement benefits liability, which consist of actuarial gains and losses are recognized immediately in other comprehensive income and are not reclassified to profit or loss in subsequent periods.

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

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

### **Leases**

The Company assesses whether the contracts is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified assets for a period of time, the 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.

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

*ROU Assets.* At commencement date, the Company 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 Company in dismantling and removing the underlying asset, when applicable.

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

*Lease Liabilities.* At commencement date, the Company measures the lease liabilities 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 Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liabilities 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 Company is reasonably certain to exercise; lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

Lease liabilities are subsequently measured at amortized cost. Interest on the 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 liabilities are 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 liabilities are 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.

### **Income Taxes**

*Current Tax.* Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used to compute the amount are those that have been 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 to the extent that it is probable that taxable profit will be available against which the deductible temporary differences 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 a business combination, or items directly recognized to equity or 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 Transactions**

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities that are under common control with the reporting enterprise, or between and/or among the reporting enterprise and its key management personnel, directors, or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on legal form.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

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

#### **Provisions**

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

#### **Contingencies**

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

### **Events after the Reporting Date**

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

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### **3. Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the Company's financial statements requires management to make judgments and estimates that affect the amounts reported in the financial statements and accompanying notes. The judgments and estimates used in the 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 ongoing 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:

*Accounting for Business Acquisition.* At the time of acquisition, the Company considers whether the acquisition represents an acquisition of a business or a group of assets. In May 2024, the Company accounted for the acquisition of the assets of Sugarhouse from Golden Spatula Corporation (GSC) as an acquisition of a business since it has acquired an integrated set of business processes in addition to the group of assets acquired (see Note 4).

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

The application of the acquisition method requires certain estimates and assumptions concerning the determination of the fair values of acquired intangible assets, property and equipment and security deposit, as well as liabilities assumed at the acquisition date. There is also a requirement to determine the useful lives of the acquired intangible assets and property and equipment. The valuations are based on information available at the acquisition date. The Company's acquisitions have resulted in the recognition of intangible assets with indefinite life.

Information on the Company's business combination transactions is disclosed in Note 4.

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

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

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

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

*Classifying the Lease Commitments - Company as a Lessee.* The Company has entered into commercial property leases for its store spaces and a warehouse. For the Company's non-cancellable lease, the Company recognizes ROU assets and lease liabilities measured at the present value of lease payments to be made over the lease term using the Company's incremental borrowing rate. The Company availed exemption for the short-term lease 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 ROU assets and lease liabilities are disclosed in Note 23. The amount of rental expense charged to operations is disclosed in Note 23.

*Assessing the ECL of Trade Receivables.* When the Company assessed that there is a significant change in the credit risk, the Company estimates expected credit losses using a provision matrix. The Company applying the simplified approach in the computation of ECL initially uses a provision matrix based on historical default rates for trade receivables. Depending on the diversity of its debtor's base, the Company uses its historical credit loss experience adjusted for forward-looking factors, as appropriate. The information about the ECL assessment on the Company's trade receivables is disclosed in Note 26 to the financial statements.

The carrying amount of the Company's trade receivables is disclosed in Note 7.

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

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

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

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

The Company has assessed that the ECL on other financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Company only with reputable banks and companies with good credit standing and relatively low risk of defaults. No provision for ECL on other financial assets at amortized cost was recognized in 2024, 2023 and 2022. The carrying amounts of cash in banks and cash equivalents, other receivables, due from related parties, and construction bond (presented as part of "Other current assets" account in the statements of financial position) are disclosed in Notes 5, 7, 9 and 21.

*Estimating the ROU Assets and Lease Liabilities.* The Company's ROU assets and lease liabilities are initially measured at the present value of lease payments. In determining the appropriate discount rate, the Company considered readily available interest rate implicit in the lease agreements, interest rate on its borrowings and the term of each lease commitment. The Company determined that the implicit rate in the lease agreements is readily available and presents the appropriate financing cost in leasing the underlying assets. The rate implicit in the lease is the rate that would cause the present value of the lease payments and unguaranteed residual to equal the sum of the fair value of the underlying assets and initial direct costs incurred.

The carrying amounts of ROU assets and lease liabilities, and the rental expense incurred on short-term leases are disclosed in Note 23.

*Assessing the Impairment of Nonfinancial Assets.* The Company assesses impairment on its nonfinancial assets whenever events or changes in circumstances indicate that the carrying amounts of the assets or group of assets may not be recoverable.

The relevant factors that the Company considers in deciding whether to perform an asset impairment review include, among others, the following:

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

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs. Recoverable amount represents the greater of the fair value less cost to sell and the value in use. Value in use is determined as the present value of estimated future cash flows expected to be generated from the continued use of the assets. The estimated cash flows are projected using growth rates based on historical experience and business



plans and are discounted using pretax discount rates that reflect the current assessment of the time value of money and the risks specific to the assets.

Intangible assets are tested for impairment annually and more frequently, when circumstances indicate that the carrying amount may be impaired.

No impairment losses on nonfinancial assets were recognized in 2024, 2023 and 2022.

The carrying amounts of the Company's other current assets (except for construction bond), property and equipment, ROU assets and intangible assets are disclosed in Notes 4, 9, 10 and 23.

*Estimating the Retirement Benefits Liability.* The determination of the obligation and costs of retirement benefits is dependent on the assumptions used by the actuary in calculating such amounts. These assumptions are described in Note 14 and include, among others, discount rates and salary increase rates. 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.

The carrying amount of retirement benefits liability and details of remeasurement loss on retirement benefits liability are disclosed in Note 14.

*Assessing the Recognition of Deferred Tax Asset.* The Company reviews its deferred tax asset 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 asset to be utilized. Recognition of deferred tax asset is determined based on forecasted taxable income of the Company. This forecast is based on the Company's past results and future expectations on revenue and expenses.

The Company's deferred tax assets are disclosed in Note 24.

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#### 4. Accounting for Business Acquisition

##### *Sugarhouse*

In May 2024, the Company acquired the assets and the brand name Sugarhouse from Golden Spatula Corporation (GSC). The acquisition was completed following the execution of Deeds of Absolute Sale of Assets and the payment of the related consideration amounting to ₱9.0 million. Under the agreement, the Company acquired the trademark, recipes and other technical know-how relating to Sugarhouse business, leasehold improvements, certain equipment, inventory, among others. Consequently, the business combination resulted in a gain from bargain purchase amounting to ₱5.2 million, as the fair values of the assets acquired exceeded the total consideration by the same amount (see Note 20).

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

	Amount
Leasehold improvement and equipment	₱5,760,000
Intangible asset	6,247,150
Merchandise inventories	1,200,000
Transportation equipment	1,000,000
	<u>₱14,207,150</u>

The fair value of the Sugarhouse brand was determined using the Relief-from-Royalty method. Under this method, the value of the brand is estimated by reference to the present value of the hypothetical royalty payments that would be saved through owning the asset, rather than licensing it from a third party.

Key assumptions used in the fair value determination at the acquisition date includes royalty rate of 1% based on observed market transactions for comparable brands in the food and beverage industry, revenue projections over a five-year period based on management's expectations for the brand, long-term growth rate of 5% for terminal value calculation, consistent with industry averages and post-tax discount rate of 12.7% reflecting the time value of money and the specific risks related to the asset.

The fair value measurement is categorized as Level 3 in the fair value hierarchy due to the significance of unobservable inputs used in the valuation.

Leasehold improvements, equipment and inventory were valued using market comparison and cost approaches, adjusting for physical condition, remaining useful life, and costs to complete or sell.

#### *Balai Pandesal*

In 2021, the Company acquired the assets and the brand name *Balai Pandesal* from Balai Pandesal Corp. (BPC) for a consideration amounting to ₱11.2 million. The acquired assets include the intangible asset amounting to ₱3.0 million, along with merchandise inventories, store equipment and transportation equipment, with aggregate fair values equal to the consideration. The Company accounted for the acquisition of the assets of BPC as an acquisition of a business since it has acquired an integrated set of business processes in addition to the group of assets acquired.

## 5. Cash and Cash Equivalents

This account consists of:

	2024	2023
Cash on hand	<b>₱401,734</b>	₱148,844
Cash in banks	<b>170,031,544</b>	187,552,592
Cash equivalents	<b>102,718,163</b>	55,495,572
	<b>₱273,151,441</b>	₱243,197,008

Cash in banks are stated at face amount and earn interest at the prevailing bank deposit rates. Cash equivalents are made for three months depending on the immediate cash requirements of the Company and earn interest at the prevailing short-term placement rates.

Interest income earned is as follows:

	Note	2024	2023	2022
Cash in banks		<b>₱1,528,207</b>	₱3,694,938	₱1,320,947
Notes receivable	21	<b>2,000,000</b>	5,000,004	2,916,667
Cash equivalents		<b>601,802</b>	825,472	202,837
		<b>₱4,130,009</b>	₱9,520,414	₱4,440,451

## 6. Financial Assets at FVPL

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

Movements in investments at FVPL are as follows:

	Note	2024	2023
Balance at beginning of year		<b>₱16,183,424</b>	₱15,744,937
Disposal		<b>(4,457,778)</b>	–
Unrealized gain on changes in fair value	20	<b>220,172</b>	438,487
Balance at end of year		<b>₱11,945,818</b>	₱16,183,424

The Company recognized loss on disposal of investments amounted to ₱13,706 in 2024, presented as part of “Other income (expenses)” in Note 20.

## 7. Trade and Other Receivables

This account consists of:

	2024	2023
Trade receivables	<b>₱23,372,808</b>	₱10,354,857
Advances to officers and employees	<b>1,090,000</b>	–
Other receivable	–	5,988,889
	<b>₱24,462,808</b>	₱16,343,746

Trade receivables are noninterest-bearing and are normally collected on a 30-day term.

Advances to officers and employees represents the cash advances and operations’ revolving fund. These are non-interest-bearing and are normally settled through salary deductions and liquidations within one year.

Other receivable pertains to the reimbursable costs from the previous owner of BPC. This is noninterest-bearing and is collectible on installment from the previous owner of BPC until 2024.

## 8. Merchandise Inventories

This account consists of:

	2024	2023
At cost:		
Food and beverages	<b>₱7,058,660</b>	₱7,103,728
Store supplies and others	<b>3,498,498</b>	1,548,433
	<b>₱10,557,158</b>	₱8,652,161

Cost of inventories charged to cost of sales is disclosed in Note 17.

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9. **Other Current Assets**

This account consists of:

	Note	2024	2023
Security deposits	23	<b>₱15,384,299</b>	₱11,665,031
Advance rentals	23	<b>1,720,079</b>	1,375,760
Construction bond		<b>424,638</b>	360,783
Prepayments		<b>42,154</b>	—
Input VAT		—	7,717,474
		<b>₱17,571,170</b>	<b>₱21,119,048</b>

Security deposits pertain to amounts paid by the Company to the lessors. These will be applied against unpaid rentals and any unpaid utilities upon the expiration of the lease term. Advance rentals pertain to one to three months advance rental, which will be applied at the end of the lease term.

## 10. Property and Equipment

The balances and movements in this account are as follows:

	2024						
	Land	Leasehold Improvements	Transportation Equipment	Furniture and Fixtures	Store Equipment	Office Equipment	Total
<b>Cost</b>							
Balance at beginning of year	₱111,333,600	₱10,078,537	₱17,115,800	₱62,248,296	₱23,861,806	₱566,964	₱225,205,003
Additions	8,350,026	4,965,938	15,232,500	8,227,996	12,555,990	146,562	49,479,012
Balance at end of year	119,683,626	15,044,475	32,348,300	70,476,292	36,417,796	713,526	274,684,015
<b>Accumulated Depreciation and Amortization</b>							
Balance at beginning of year	—	4,432,495	5,033,876	31,379,503	13,670,991	315,351	54,832,216
Depreciation and amortization	—	2,710,179	4,682,343	14,254,960	7,780,655	156,399	29,584,536
Balance at end of year	—	7,142,674	9,716,219	45,634,463	21,451,646	471,750	84,416,752
<b>Carrying Amount</b>	<b>₱119,683,626</b>	<b>₱7,901,801</b>	<b>₱22,632,081</b>	<b>₱24,841,829</b>	<b>₱14,966,150</b>	<b>₱241,776</b>	<b>₱190,267,263</b>

	2023						
	Land	Leasehold Improvements	Transportation Equipment	Furniture and Fixtures	Store Equipment	Office Equipment	Total
<b>Cost</b>							
Balance at beginning of year	₱—	₱7,981,087	₱7,863,675	₱56,565,079	₱16,321,476	₱342,947	₱89,074,264
Additions	111,333,600	2,097,450	9,252,125	5,683,217	7,540,330	224,017	136,130,739
Balance at end of year	111,333,600	10,078,537	17,115,800	62,248,296	23,861,806	566,964	225,205,003
<b>Accumulated Depreciation and Amortization</b>							
Balance at beginning of year	—	2,888,573	2,808,372	17,067,531	8,799,260	222,088	31,785,824
Depreciation and amortization	—	1,543,922	2,225,504	14,311,972	4,871,731	93,263	23,046,392
Balance at end of year	—	4,432,495	5,033,876	31,379,503	13,670,991	315,351	54,832,216
<b>Carrying Amount</b>	<b>₱111,333,600</b>	<b>₱5,646,042</b>	<b>₱12,081,924</b>	<b>₱30,868,793</b>	<b>₱10,190,815</b>	<b>₱251,613</b>	<b>₱170,372,787</b>

The cost of fully depreciated property and equipment that are still in use amounted to ₱16.3 million as at December 31, 2024 and 2023.

Depreciation and amortization are summarized as follows:

	Note	2024	2023	2022
Property and equipment		<b>₱29,584,536</b>	₱23,046,392	₱16,318,094
ROU assets	23	<b>20,443,186</b>	16,210,292	11,087,597
		<b>₱50,027,722</b>	₱39,256,684	₱27,405,691

Depreciation and amortization are charged to operations as follows:

	Note	2024	2023	2022
Selling and distribution expenses	18	<b>₱20,443,186</b>	₱16,210,292	₱11,087,597
General and administrative expenses	19	<b>29,584,536</b>	23,046,392	16,318,094
		<b>₱50,027,722</b>	₱39,256,684	₱27,405,691

## 11. Trade and Other Payables

This account consists of:

	2024	2023
Trade payables	<b>₱8,619,479</b>	₱5,025,597
Statutory payables	<b>8,244,148</b>	1,530,386
Accrued expenses	<b>5,809,327</b>	6,297,671
	<b>₱22,672,954</b>	₱12,853,654

Trade payables are unsecured, noninterest-bearing and generally settled on a 15 to 30-day term.

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

Accrued expenses include accrued rentals, taxes, salaries, professional fees and outside services, which are normally settled within the following financial year.

## 12. Notes Payable

### Short-term

The Company availed of unsecured loans from various local banks. Annual interest rates range from 6.25% to 7.0% per annum in 2024 and 2023. The terms of these loans range from 30-days to 180-days with varying maturities until 2025. The purpose of the loans is to support the Company's working capital requirements.

### Long-term

In 2024, the Company issued promissory notes amounting to ₱15.0 million with an interest rate of 6.25% per annum, and which is expected to mature in 2027.

Balance and movement in this account are as follows:

	2024	2023
Balance at beginning of year	<b>₱45,800,000</b>	₱—
Availments	<b>51,000,000</b>	47,800,000
Payments	<b>(53,666,667)</b>	(2,000,000)
Balance at end of year	<b>43,133,333</b>	45,800,000
Current portion	<b>37,300,000</b>	45,800,000
Noncurrent portion	<b>₱5,833,333</b>	₱—

Interest expense incurred is as follows:

	Note	2024	2023	2022
Notes payable		<b>₱3,202,059</b>	₱808,360	₱—
Lease liabilities	23	<b>1,926,190</b>	1,347,087	1,760,287
Mortgage payable	13	<b>64,128</b>	—	—
		<b>₱5,192,377</b>	₱2,155,447	₱1,760,287

### 13. Mortgage Payable

In 2024, the Company obtained a mortgage loan from a local commercial bank to finance its acquisition of transportation equipment. The mortgage bears an interest rate of 13.63% per annum. This mortgage is payable on a monthly installment basis and is expected to mature in July 2027.

Balance and movement in this account are as follows:

	2024
Balance at beginning of year	₱—
Availments	<b>2,293,538</b>
Payments	<b>(297,837)</b>
Balance at end of year	<b>1,995,701</b>
Less current portion	<b>718,216</b>
Noncurrent portion	<b>₱1,277,485</b>

Interest expense charged to operations amounted to ₱64,128 in 2024 (see Note 12).

### 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 (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, 2023.

The table below summarizes the components of retirement benefits cost recognized in the statements of comprehensive income (see Note 19):

	2024	2023	2022
Current service cost	<b>₱450,000</b>	₱466,454	₱264,326
Interest cost	<b>30,888</b>	82,721	65,566
	<b>₱480,888</b>	₱549,175	₱329,892

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

	2024	2023
Balance at beginning of year	<b>₱1,611,076</b>	₱1,590,782
Retirement benefits cost	<b>480,888</b>	549,175
Benefits paid from Company operating funds	—	(295,000)
Actuarial loss (gain) due to:		
Experience adjustment	—	75,564
Changes in financial assumptions	—	(309,445)
Balance at end of year	<b>₱2,091,964</b>	₱1,611,076

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

	2024	2023
Discount rate	<b>6.17%</b>	6.17%
Future salary increases	<b>3.00%</b>	3.00%

The projected unit credit method was applied to all the benefits without using one-year term cost. The sensitivity analysis on retirement benefits liability based on reasonably possible changes of the assumptions is as follows:

	Basis Points	2024	2023
Discount rate	+1%	<b>(₱330,241)</b>	(₱254,327)
	-1%	<b>413,652</b>	318,564
Salary increase rate	+1%	<b>434,633</b>	334,722
	-1%	<b>(350,201)</b>	(269,699)

Each sensitivity analysis on the significant actuarial assumptions was prepared by remeasuring the retirement benefits liability at the reporting date after adjusting one of the current assumptions according to the applicable sensitivity increment or decrement (based on changes in the relevant assumption that were reasonably possible at the valuation date) while all other assumptions remain unchanged. The corresponding change in the retirement benefits liability was expressed as a percentage change from the base amount.

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



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

	2024	2023
Less than one year	<b>₱387,048</b>	₱180,332
One year to less than 10 years	<b>487,054</b>	306,722
More than ten years	<b>41,391,509</b>	41,778,557

The average duration of the retirement benefits liability as at December 31, 2024 and 2023 is 22.4 years and 23.4 years, respectively.

The cumulative remeasurement losses on retirement benefits liability recognized in other comprehensive income are as follows:

	Cumulative Actuarial Loss (Gain)	Deferred Tax	Net
Balance as at December 31, 2022	₱500,755	(₱125,189)	₱375,566
Actuarial gain	(233,881)	58,470	(175,411)
Balance as at December 31, 2024 and 2023	<b>₱266,874</b>	<b>(₱66,719)</b>	<b>₱200,155</b>

## 15. Equity

### Capital Stock and APIC

Details of the Company's common shares are as follows:

	Number of Shares			Amount		
	2024	2023	2022	2024	2023	2022
<b>Authorized Capital Stock - ₱0.05</b>						
Balance as at beginning and end of year	<b>1,500,000,000</b>	1,500,000,000	1,500,000,000	<b>₱75,000,000</b>	₱75,000,000	₱75,000,000
<b>Issued and Outstanding - ₱0.05</b>						
Balance at beginning of year	<b>1,495,005,000</b>	1,495,005,000	1,170,005,000	<b>₱74,750,250</b>	₱74,750,250	₱58,500,250
Issuances	—	—	325,000,000	—	—	16,250,000
Balance as at end of year	<b>1,495,005,000</b>	1,495,005,000	1,495,005,000	<b>₱74,750,250</b>	₱74,750,250	₱74,750,250

On December 27, 2021, the stockholders and the BOD authorized the Company's Offering of its common shares with the PSE. This was approved by the SEC and the PSE on May 24, 2022 and May 26, 2022, respectively. On June 30, 2022, the Company's 325,000,000 common shares were officially listed on the PSE at an offer price of ₱0.70 a share resulting to additional paid-in capital of ₱211.3 million.

The Offer Period was from June 17, 2022 to June 23, 2022. The trading of the shares commenced on June 30, 2022.

### **Additional Paid-in Capital**

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

Details are as follows:

Balance as at December 31, 2022	₱96,532,500
Add proceeds in excess of par value	211,250,000
Less IPO expenses charged against APIC	(20,939,319)
Balance as at December 31, 2024 and 2023	₱286,843,181

IPO expenses were charged as follows:

Additional paid-in capital	₱20,939,319
General and administrative expenses	2,760,681
	₱23,700,000

### **Retained Earnings**

The Company's BOD declared the following cash dividends:

Date of Declaration	Stockholders of Record	Amount Declared	
		Per Share	Total
<b>October 23, 2024</b>	<b>October 24, 2024</b>	<b>₱0.005</b>	<b>₱7,475,025</b>
May 17, 2023	May 31, 2023	₱0.005	7,294,940

### **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 APIC presented in the statements of financial position as its core capital and it is not subject to any externally-imposed capital requirements.

The public ownership is 27.59% and 24.66% as at December 31, 2024 and 2023, respectively.

The total number of stockholders of the Company as at December 31, 2024 and 2023 is 81 and 83, respectively.

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## 16. Revenue

This account consists of:

	Note	2024	2023	2022
Sales of goods		<b>₱618,261,630</b>	₱506,132,167	₱323,443,182
Franchise revenue	23	<b>49,738,450</b>	29,073,484	17,716,102
		<b>₱668,000,080</b>	₱535,205,651	₱341,159,284

The Company derives sales upon delivery to customers or at a point in time when the Company has no more obligations that could affect the acceptance of goods by the customers.

Details of the Company's sales of goods based on geographical markets are as follows:

	2024	2023	2022
Luzon	<b>₱592,790,562</b>	₱488,240,661	₱314,452,113
Visayas	<b>25,471,068</b>	17,891,506	8,991,069
	<b>₱618,261,630</b>	₱506,132,167	₱323,443,182

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## 17. Cost of Sales

This account consists of:

	Note	2024	2023	2022
Merchandise inventories at beginning of year		<b>₱8,652,161</b>	₱6,860,023	₱2,664,326
Purchases:				
Related party	21	<b>233,058,476</b>	177,140,845	123,172,363
Third parties		<b>91,923,087</b>	86,754,176	46,449,847
Cost of goods available for sale		<b>333,633,724</b>	270,755,044	172,286,536
Merchandise inventories at end of year	8	<b>(10,557,158)</b>	(8,652,161)	(6,860,023)
		<b>₱323,076,566</b>	₱262,102,883	₱165,426,513

## 18. Selling and Distribution Expenses

This account consists of:

	Note	2024	2023	2022
Salaries, wages and other employees' benefits		<b>₱59,787,294</b>	₱53,052,697	₱30,064,932
Rental	23	<b>33,461,770</b>	33,557,905	22,546,890
Utilities		<b>28,928,923</b>	23,492,815	16,695,316
Depreciation and amortization	10	<b>20,443,186</b>	16,210,292	11,087,597
Outside services		<b>16,721,898</b>	3,095,173	1,664,164
Service fees		<b>15,022,598</b>	10,316,303	4,528,520
Advertisement		<b>11,610,699</b>	6,755,026	2,196,753
Transportation and travel		<b>7,101,223</b>	7,235,993	2,690,889
Management fees		<b>4,152,004</b>	4,757,342	4,119,409
Repairs and maintenance		<b>2,445,137</b>	1,941,134	1,039,441
Insurance		<b>959,887</b>	835,084	249,579
Others		<b>2,565,001</b>	1,924,457	1,532,973
		<b>₱203,199,620</b>	₱163,174,221	₱98,416,463

Management fees pertain to Company's agreement with a third-party service provider for store operations management subject to monthly fees.

## 19. General and Administrative Expenses

This account consists of:

	Note	2024	2023	2022
Depreciation and amortization	10	<b>₱29,584,536</b>	₱23,046,392	₱16,318,094
Salaries, wages and other employees' benefits		<b>10,436,705</b>	6,745,000	4,440,966
Taxes and licenses		<b>8,060,999</b>	3,582,275	6,096,895
Management fees	21	<b>5,525,623</b>	5,390,505	7,500,000
Office supplies		<b>3,482,095</b>	1,273,623	1,211,306
Professional fees		<b>1,312,466</b>	840,002	840,000
Retirement benefits	14	<b>480,888</b>	549,175	329,892
Others		<b>81,702</b>	9,980	152,965
		<b>₱58,965,014</b>	₱41,436,952	₱36,890,118

## 20. Other Income (Charges)

This account consists of:

	Note	2024	2023	2022
Gain on bargain purchase	4	<b>₱5,247,150</b>	₱—	₱—
Gain on pre-termination of lease	23	<b>865,458</b>	—	29,347
Unrealized gain (loss) on changes in fair value for financial assets at FVPL	6	<b>220,172</b>	438,487	(255,063)
Other income (expenses)		<b>1,074,741</b>	240,806	125,351
		<b>₱7,407,521</b>	₱679,293	(₱100,365)

Other income (expenses) pertains mainly to cash overages from outlets and other miscellaneous income and expenses.

## 21. Related Party Transactions

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

Related Party	Nature of Transactions	Note	Amount of Transactions		Outstanding Balances	
			2024	2023	2024	2023
<b>Trade Receivable</b>						
Under common control	Sale of baked goods		<b>₱21,505,994</b>	₱31,255,152		
	Collections		<b>(21,505,994)</b>	(31,255,152)	₱—	₱—
<b>Due from Related Parties</b>						
Under common control	Advances		<b>₱188,064,548</b>	—		
	Collection		<b>(177,451,239)</b>	(₱563,573)	<b>₱21,655,720</b>	₱11,042,411
<b>Note Receivable</b>						
Under common management	Payments		<b>(₱2,000,000)</b>	(₱10,000,000)		
	Interest income		<b>2,000,000</b>	2,500,000	<b>₱40,000,000</b>	₱40,000,000
<b>Trade and Other Payables</b>						
Under common control	Purchase of merchandise inventories*	17	<b>₱233,058,476</b>	₱177,140,845		
	Payments		<b>(233,058,476)</b>	(177,140,845)		
	Rental		—	1,027,200		
	Payments		—	(1,027,200)	₱—	₱—
Parent	Management fees*	19	<b>6,188,698</b>	6,037,366		
	Payments		<b>(6,188,698)</b>	(6,037,366)		
	Rental		<b>343,932</b>	343,929		
	Payments		<b>(343,932)</b>	(343,929)	—	—
					<b>₱—</b>	<b>₱—</b>
<b>Due to Related Parties</b>						
Under common management	Cash advances		<b>₱—</b>	₱—		
	Payment		<b>(264,986)</b>	—	<b>₱136,761</b>	₱401,747

\*Inclusive of VAT, net of EWT

### Terms and Conditions

Outstanding balances, except for trade payables that are generally settled on a 15 to 30-day term, unsecured, noninterest-bearing and are collectible/payable in cash upon demand. There have been no guarantees provided for any of the aforementioned related party receivables and payables. An assessment of the collectability of the account is undertaken each financial year through examining financial position of the related party and the market in which the related party operates.

**Note Receivable**

The Company's note receivable is unsecured and collectible/payable in cash upon demand. This note bears interest rates of 5.00% per annum and interest is collectible monthly. In 2024, the note was rolled over for another year with the same terms.

**Management Agreement**

The Parent Company has a management agreement with its affiliates to provide administrative services for a fixed monthly fee as at December 31, 2024 and 2023. The management fees charged to affiliates are disclosed in Note 19.

**Compensation of Key Management Personnel**

Compensation of key management personnel, consisting of salaries and short-term benefits, amounted to ₱4.1 million, ₱4.3 million and ₱3.6 million in 2024, 2023 and 2022, respectively.

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**22. Earnings Per Share**

The calculation of the basic and diluted earnings per share is based on the following data:

	2024	2023	2022
Net income for the year	<b>₱67,835,939</b>	₱58,641,614	₱37,133,169
Weighted average number of outstanding common shares	<b>1,495,005,000</b>	1,495,005,000	1,332,505,000
	<b>₱0.0454</b>	₱0.0392	₱0.0279

The Company has no dilutive potential share in 2024, 2023 and 2022.

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**23. Significant Agreements****Company as Lessee - Short-term Lease**

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

Rental expense charged to operations is disclosed in Note 18.

**Company as Lessee - Long-term Lease**

The Company has existing several noncancellable lease agreements with third parties for its outlet spaces for a period of three years subject to renewal.

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

*ROU Assets*

	Note	2024	2023
<b>Cost</b>			
Balance at beginning of year		<b>₱59,837,461</b>	₱37,253,245
Additions		<b>2,685,012</b>	22,584,216
Retirement		<b>(29,136,990)</b>	–
Pre-termination		<b>(10,069,601)</b>	–
Balance at end of year		<b>23,315,882</b>	59,837,461
<b>Accumulated Amortization</b>			
Balance at beginning of year		<b>29,947,202</b>	13,736,910
Amortization	10	<b>20,443,186</b>	16,210,292
Retirement		<b>(29,136,990)</b>	–
Pre-termination		<b>(7,913,409)</b>	–
Balance at end of year		<b>13,339,989</b>	29,947,202
<b>Carrying Amount</b>		<b>₱9,975,893</b>	₱29,890,259

*Lease Liabilities*

	2024	2023
Balance at beginning of year	<b>₱31,653,339</b>	₱24,403,029
Additions	<b>2,685,012</b>	22,584,216
Interest	<b>1,926,190</b>	1,347,087
Rental payments	<b>(22,565,423)</b>	(16,680,993)
Pre-termination	<b>(3,021,650)</b>	–
Balance at end of year	<b>10,677,468</b>	31,653,339
Less current portion	<b>6,726,323</b>	15,333,906
Noncurrent portion	<b>₱3,951,145</b>	₱16,319,433

The incremental borrowing rate applied to the lease liabilities ranges from 6.40% to 11.00% per annum, depending on the lease term. ROU assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments.

The details of security deposits and advance rentals paid to the lessors is as follows:

	Note	2024	2023
Current:			
Security deposits	9	<b>₱15,384,299</b>	₱11,665,031
Advance rentals	9	<b>1,720,079</b>	1,375,760
Noncurrent -			
Security deposits		<b>216,000</b>	1,133,487
		<b>₱17,320,378</b>	₱14,174,278

The amounts recognized in profit or loss are as follows:

	Note	2024	2023	2022
Rental expense - short-term lease	18	<b>₱33,461,770</b>	₱33,557,905	₱22,546,890
Amortization of ROU assets	10	<b>20,443,186</b>	16,210,292	11,087,597
Interest expense on lease liabilities	12	<b>1,926,190</b>	1,347,087	1,760,287
Gain on pre-termination of lease	20	<b>865,458</b>	–	29,347

#### **Franchise Agreements**

The Company 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 provide for an initial franchise revenue payable upon execution of the agreements. The initial franchise revenue payment covers the construction of franchisee's unit, training of staff, signage, promotional materials, and equipment. Franchise revenue recognized as part of "Revenue" is disclosed in Note 16.

#### **24. Income Taxes**

The Company's provision for current income tax represents RCIT in 2024, 2023 and 2022.

Details of the Company's deferred tax assets are as follows:

	2024	2023
Retirement benefits liability	<b>₱522,991</b>	₱402,769
Lease liabilities, net of ROU assets	<b>175,394</b>	440,770
	<b>₱698,385</b>	₱843,539

Reconciliation of provision for income tax based on statutory tax rate and the effective tax rate is as follows:

	2024	2023	2022
Provision for income tax computed at the statutory tax rate	<b>₱22,276,008</b>	₱19,133,964	₱10,751,497
Tax effects of:			
Nondeductible expenses	<b>836,376</b>	(109,620)	–
Nontaxable income	<b>(1,311,788)</b>	–	737,099
Interest income already subjected to a final tax	<b>(532,502)</b>	(1,130,103)	(380,946)
Expenses charged to APIC	–	–	(5,234,830)
Provision for income tax computed at the effective tax rate	<b>₱21,268,094</b>	₱17,894,241	₱5,872,820



## 25. Reconciliation of Liabilities Arising from Financing Activities

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

	2023	Payments	Additions	Noncash Charges		2024
				Accretion of Interest	Pre-termination of Lease	
Lease liabilities	₱31,653,339	(₱22,565,423)	₱2,685,012	₱1,926,190	(₱3,021,650)	₱10,677,468
Notes payable	45,800,000	(53,666,667)	51,000,000	—	—	43,133,333
Mortgage payable	—	(297,837)	2,293,538	—	—	1,995,701
Due to related parties	401,747	(264,986)	—	—	—	136,761
	<b>₱77,855,086</b>	<b>(₱76,794,913)</b>	<b>₱55,978,550</b>	<b>₱1,926,190</b>	<b>(₱3,021,650)</b>	<b>₱55,943,263</b>

	2022	Payments	Additions	Noncash Charges		2023
				Accretion of Interest	Pre-termination of Lease	
Lease liabilities	₱24,403,029	(₱16,680,993)	₱22,584,216	₱1,347,087	₱—	₱31,653,339
Notes payable	—	—	45,800,000	—	—	45,800,000
Due to related parties	401,747	—	—	—	—	401,747
	<b>₱24,804,776</b>	<b>(₱16,680,993)</b>	<b>₱68,384,216</b>	<b>₱1,347,087</b>	<b>₱—</b>	<b>₱77,855,086</b>

## 26. Financial Risk Management Policies and Objectives

The Company's financial assets comprise cash in banks and cash equivalents, financial assets at FVPL, trade and other receivables (excluding advances to officers and employees), note receivable, due from related parties and construction bond (presented as part of "Other current assets" account in the statements of financial position). The Company's financial liabilities include trade and other payables (excluding statutory payables), notes payable, lease liabilities and due to related parties. The main purpose of these financial liabilities is to finance the Company's operations.

The Company is exposed to credit risk and liquidity risk. The Company's management oversees the management of these risks. The Company's BOD and management review and approve the policies for managing each of the risks, which are summarized below.

### Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Counterparty such as banks and customer who pay on or before due date have minimum risk exposure because default in settling its obligations is remote.

The table below shows the gross maximum exposure of the Company to credit risk for the components of the Company's financial position:

	2024	2023
Cash in banks and cash equivalents	₱272,749,707	₱243,048,164
Trade and other receivables	24,462,808	16,343,746
Financial assets at FVPL	11,945,818	16,183,424
Note receivable	40,000,000	40,000,000
Due from related parties	21,655,720	11,042,411
Construction bond	424,638	360,783
	<b>₱371,238,691</b>	<b>₱326,978,528</b>

**Risk Management.** 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 as at December 31, 2024 and 2023:

2024					
	Neither Past Due Nor Impaired		Past Due but Not Impaired	Impaired	Total
	High Grade	Standard Grade			
<b>Financial Assets at Amortized Cost</b>					
Cash in banks and cash equivalents	₱272,749,707	₱—	₱—	₱—	₱272,749,707
Trade and other receivables	—	24,462,808	—	—	24,462,808
Note receivable	—	40,000,000	—	—	40,000,000
Due from related parties	—	21,655,720	—	—	21,655,720
Construction bond	—	424,638	—	—	424,638
	272,749,707	86,543,166	—	—	359,292,873
<b>Financial Assets at FVPL</b>	11,945,818	—	—	—	11,945,818
	₱284,695,525	₱86,543,166	₱—	₱—	₱371,238,691

2023					
	Neither Past Due Nor Impaired		Past Due but Not Impaired	Impaired	Total
	High Grade	Standard Grade			
<b>Financial Assets at Amortized Cost</b>					
Cash in banks and cash equivalents	₱243,048,164	₱—	₱—	₱—	₱243,048,164
Trade and other receivables	—	16,343,746	—	—	16,343,746
Note receivable	—	40,000,000	—	—	40,000,000
Due from related parties	—	11,042,411	—	—	11,042,411
Construction bond	—	360,783	—	—	360,783
	243,048,164	67,746,940	—	—	310,795,104
<b>Financial Assets at FVPL</b>	16,183,424	—	—	—	16,183,424
	₱259,231,588	₱67,746,940	₱—	₱—	₱326,978,528

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, companies, government agencies and individual buyers. Credit quality was determined based on the credit standing of the counterparty.
- **Standard Grade.** Other financial assets not belonging to high grade financial assets are included in this category.

**Security.** The Company does not have financial assets held as collaterals.

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

Trade receivables arise mainly from transactions with store outlets. Store outlets 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. The Company has assessed that the ECL on trade and other receivables is not material because these are substantially collected within the Company's credit terms.

For other financial assets at amortized cost which comprise cash and cash equivalents, other receivables, note receivable, due from related parties and construction bond, the PFRS Accounting Standards 9 impairment requirements do not result in significant ECL. The following are considered in the assessment:

- Cash being deposited with reputable counterparty banks that possess good credit ratings
- Available liquid assets 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 related party advances and aims to manage liquidity as follows:

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

The tables below summarize the maturity profile of the Company's financial liabilities as at December 31, 2024 and 2023, based on undiscounted cash flows:

	2024					
	Payable on demand	1 to 120 days	121 to 240 days	241 to 360 days	Over 360 days	Total
Trade and other payables*	P=	P14,428,806	P=	P=	P=	P14,428,806
Notes payable	—	12,433,333	12,433,333	12,433,334	5,833,333	43,133,333
Lease liabilities	—	2,242,108	2,242,108	2,242,107	3,951,145	10,677,468
Mortgage payable	—	239,405	239,405	239,406	1,277,485	1,995,701
Due to related parties	136,761	—	—	—	—	136,761
	P136,761	P29,343,652	P14,914,846	P14,914,847	P11,061,963	P70,372,069

\*Excluding statutory payables

	2023					Total
	Payable on demand	1 to 120 days	121 to 240 days	241 to 360 days	Over 360 days	
Trade and other payables*	₱—	₱11,323,268	₱—	₱—	₱—	₱11,323,268
Notes payable	—	45,800,000	—	—	—	45,800,000
Lease liabilities	—	5,111,302	5,111,302	5,111,303	16,319,432	31,653,339
Due to related parties	401,747	—	—	—	—	401,747
	₱401,747	₱62,234,570	₱5,111,302	₱5,111,303	₱16,319,432	₱89,178,354

\*Excluding statutory payables

## 27. Fair Value Measurement

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

	2024		2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial Assets at Amortized Cost:</b>				
Cash in banks and cash equivalents	₱272,749,707	₱272,749,707	₱243,048,164	₱243,048,164
Trade and other receivables	24,462,808	24,462,808	16,343,746	16,343,746
Note receivable	40,000,000	40,000,000	40,000,000	40,000,000
Due from related parties	21,655,720	21,655,720	11,042,411	11,042,411
Construction bond	424,638	424,638	360,783	360,783
<b>Financial assets at FVPL</b>	<b>11,945,818</b>	<b>11,945,818</b>	<b>16,183,424</b>	<b>16,183,424</b>
	<b>₱371,238,691</b>	<b>₱371,238,691</b>	<b>₱326,978,528</b>	<b>₱326,978,528</b>
<b>Financial Liabilities at Amortized Cost:</b>				
Trade and other payables*	₱14,428,806	₱14,428,806	₱11,323,268	₱11,323,268
Notes payable	43,133,333	43,133,333	45,800,000	45,800,000
Lease liabilities	10,677,468	10,677,468	31,653,339	31,653,339
Mortgage payable	1,995,701	1,995,701	—	—
Due to related parties	136,761	136,761	401,747	401,747
	<b>₱70,372,069</b>	<b>₱70,372,069</b>	<b>₱89,178,354</b>	<b>₱89,178,354</b>

\*Excluding statutory payables.

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

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

*Notes Payable, Mortgage Payable and Lease Liabilities.* The fair value of notes payable, mortgage payable and lease liabilities are determined based on the discounted cash flow analysis using effective interest rates for similar types of instruments. There were no significant unobservable inputs identified and no relationship was established between the unobservable inputs and the fair value of lease liabilities. These financial liabilities are classified under Level 3 of the fair value hierarchy. The rates applied to lease liabilities range from 6.05% to 11.00%.

Generally, an increase or decrease in the incremental after-tax cash flows will result in an increase or decrease in the fair value of these financial assets and liabilities. An increase or decrease in discount rate will result in a decrease or increase in the fair value of these financial asset and liabilities. There are no significant transfers between levels in the fair value hierarchy in 2024 and 2023.

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**28. Operating Segment Information**

While the Company's operations are organized by brand names for management purposes. These brands share similar economic characteristics including 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. Accordingly, these have been aggregated into a single operating segment for external reporting purposes in accordance with PFRS Accounting Standards 8.

Outlet stores sales reflected in the statements of comprehensive income are all from external customers and within the Philippines, which is the Company's domicile and primary place of operations. Additionally, the Company'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 Company's store outlets. Consequently, the Company has no concentrations of revenue from a single customer in 2024, 2023, and 2022.



## REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors  
BALAI NI FRUITAS, INC.  
68 Data St. Brgy. Don Manuel  
Quezon City, Philippines

We have audited in accordance with Philippine Standards on Auditing, the financial statements of BALAI NI FRUITAS, INC. (the "Company"), a subsidiary of FRUITAS HOLDINGS, INC., as at December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022, and have issued our report thereon dated April 5, 2025.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Supplementary Schedules are the responsibility of the Company's management. These supplementary schedules include the following:

- Supplementary Schedules as Required by Part II of the Revised Securities Regulation Code (SRC) Rule 68
- Reconciliation of Retained Earnings Available for Dividends Declaration
- Schedule for Listed Companies with a Recent Offering of Securities to the Public
- Conglomerate Map

These schedules are presented for the purpose of complying with the Revised SRC Rule 68 and are not part of the basic financial statements. The information in these supplementary schedules have been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### REYES TACANDONG & Co.

CEDRIC M. CATERIO

Partner

CPA Certificate No. 87322

Tax Identification No. 102-083-647-000

BOA Accreditation No. 4782/P-008; Valid until June 6, 2026

BIR Accreditation No. 19-005765-001-2022;

Valid until December 13, 2025

PTR No. 10467124;

Issued January 2, 2025, Makati City

April 5, 2025  
Makati City, Metro Manila

**BALAI NI FRUITAS, INC.**  
**[A Subsidiary of FRUITAS HOLDINGS, INC.]**

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**SUPPLEMENTARY SCHEDULES AS REQUIRED BY PAR. 6**  
**PART II OF THE REVISED SRC RULE 68**  
**DECEMBER 31, 2024**

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

N/A - Not applicable

**BALAI NI FRUITAS, INC.**  
**[A Subsidiary of FRUITAS HOLDINGS, INC.]**

**SCHEDULE A – FINANCIAL ASSETS**  
**DECEMBER 31, 2024**

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Value based on market quotations at balance sheet date	Interest received and accrued
<b>Financial Assets at Fair Value through Profit or Loss</b>				
First Metro Securities Brokerage Corporation	271,900	₱7,766,218	₱7,766,218	₱—
AP Securities, Incorporated	6,000	2,786,400	2,786,400	—
Regina Capital Development Corp.	3,000	1,393,200	1,393,200	—
		<b>₱11,945,818</b>	<b>₱11,945,818</b>	<b>₱—</b>



**BALAI NI FRUITAS, INC.**  
**[A Subsidiary of FRUITAS HOLDINGS, INC.]**

**SCHEDULE B – AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, AND  
PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)**  
**DECEMBER 31, 2024**

Name and Designation of debtor	Balance of Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Current	Not Current	Balance at end of period
Advances to officers and employees	P=	P1,090,000	P=	P=	P1,090,000	P=	P1,090,000

**BALAI NI FRUITAS, INC.**  
**[A Subsidiary of FRUITAS HOLDINGS, INC.]**

**SCHEDULE D - LONG-TERM DEBT**  
**DECEMBER 31, 2024**

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
<b>Loan Payable</b>			
BDO Unibank, Inc.	₱31,000,000	₱9,000,000	₱5,833,333
Asia United Bank	20,000,000	20,000,000	—
Philtrust Bank	18,300,000	8,300,000	—
	<b>69,300,000</b>	<b>37,300,000</b>	<b>5,833,333</b>
<b>Mortgage Payable</b>			
Asia United Bank	₱2,293,538	₱718,216	₱1,277,485
	<b>₱71,593,538</b>	<b>₱38,018,216</b>	<b>₱7,110,818</b>

**BALAI NI FRUITAS, INC.**  
**[A Subsidiary of FRUITAS HOLDINGS, INC.]**

**SCHEDULE G - CAPITAL STOCK**

**DECEMBER 31, 2024**

Title of issue	Number of shares authorized	Number of shares issued and outstanding at 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
Common stock - ₱0.05 par value	1,500,000,000	1,495,005,000	—	1,082,488,000	17,000	412,500,000

**RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR  
DIVIDEND DECLARATION  
FOR THE REPORTING YEAR ENDED DECEMBER 31, 2024**

**BALAI NI FRUITAS, INC.**  
[A Subsidiary of FRUITAS HOLDINGS, INC.]  
68 Data St. Brgy. Don Manuel Quezon City, Philippines

	<b>Amount</b>
<b>Unappropriated retained earnings, beginning of reporting period</b>	<b>₱98,662,184</b>
<b>Add: <u>Category A:</u> Items that are directly credited to unappropriated retained earnings</b>	
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)	(843,539)
	<b>(843,539)</b>
<b>Less: <u>Category B:</u> Items that are directly debited to unappropriated retained earnings</b>	
Dividend declaration during the reporting period	7,475,025
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)	—
	<b>7,475,025</b>
<b>Unappropriated retained earnings, as adjusted</b>	<b>90,343,620</b>
<b>Add/less: Net income for the current year</b>	<b>67,835,939</b>
<b>Less: <u>Category C.1:</u> Unrealized income recognized in the profit or loss during the reporting period (net of tax)</b>	
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)	220,172
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) Accounting Standards (describe nature)	—
	<b>220,172</b>
<b>Sub-total</b>	<b>220,172</b>

(Forward)

	Amount	
<b>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></b>		
Realized foreign exchange gain, except those attributable to cash and cash equivalents	—	
Realized fair value adjustment (mark-to-market gains) of financial instruments at FVPL	—	
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 Accounting Standards (describe nature)	—	
Realized foreign exchange gain, except those attributable to cash and cash equivalents	—	—
Sub-total		—
<b>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></b>		
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 Accounting Standards, previously recorded (describe nature)	—	—
Sub-total		—
<b>Adjusted net income (loss)</b>		<b>157,959,387</b>
<b>Add: <u>Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)</u></b>		
Depreciation on revaluation increment (after tax)	—	—
Sub-total		—
<b>Add/less: <u>Category E: Adjustments related to relief granted by the SEC</u></b>		
Amortization of the effect of reporting relief	—	
Total amount of reporting relief granted during the year	—	
Others (describe nature)	—	—
Sub-total		—

(Forward)

	<b>Amount</b>
<b>Add/less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution</b>	
Net movement of treasury shares (except for reacquisition of redeemable shares)	—
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	—
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	145,154
Adjustment due to deviation from PFRS Accounting Standards/GAAP - gain (loss)	—
Others (describe nature)	—
<b>Sub-total</b>	<b>145,154</b>
<b>Total retained earnings, end of the reporting period available for dividend</b>	<b>₱158,104,541</b>

**BALAI NI FRUITAS, INC.**  
**[A Subsidiary of FRUITAS HOLDINGS, INC.]**

**SCHEDULE FOR LISTED COMPANIES WITH  
A RECENT OFFERING OF SECURITIES TO THE PUBLIC  
DECEMBER 31, 2024**

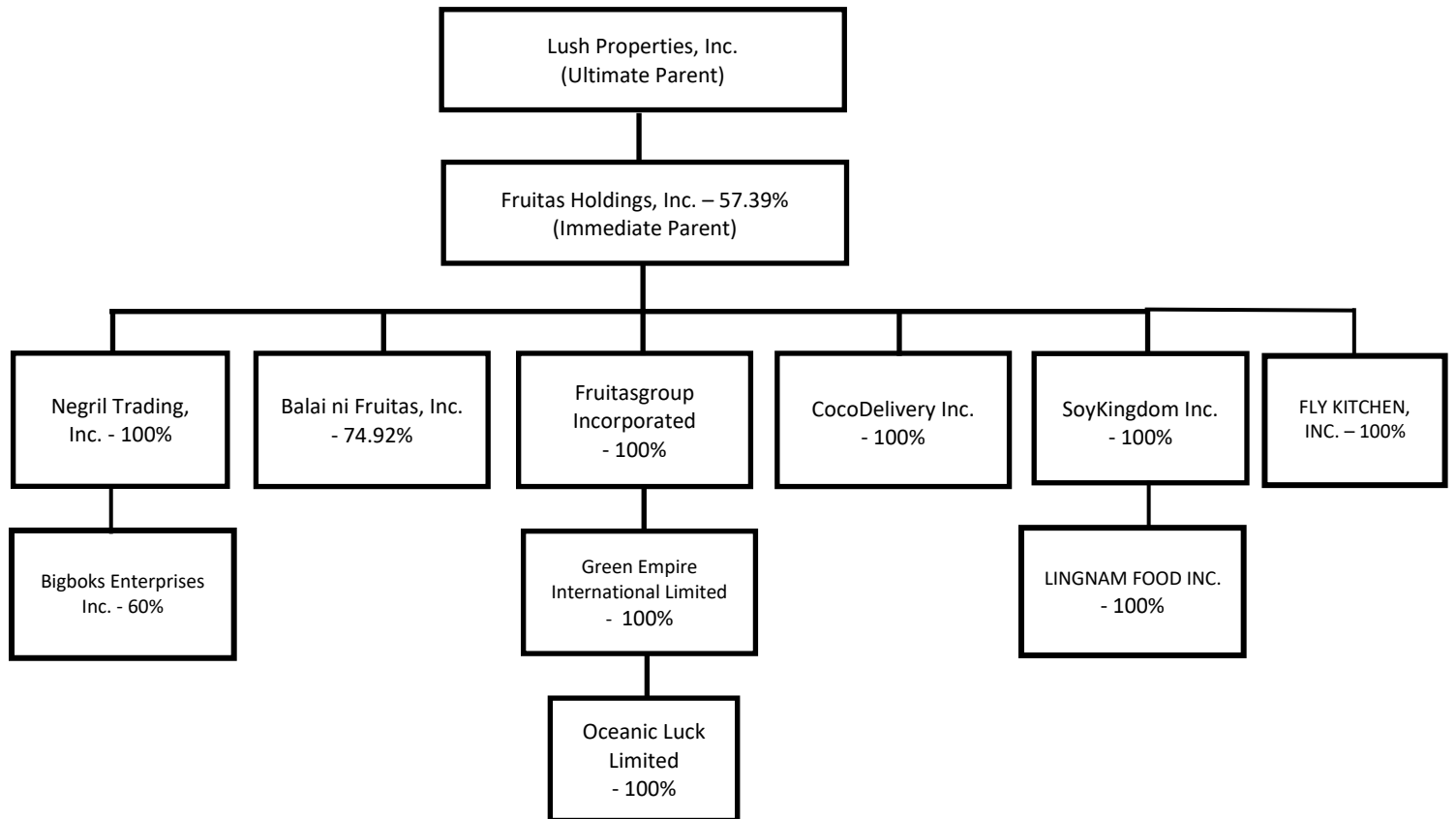
	Estimated	Actual
<b>Gross Proceeds</b>	₱227,500,000	₱227,500,000
<b>Offer Expenses</b>	(23,700,000)	(23,700,000)
<b>Net Proceeds</b>	203,800,000	203,800,000
<b>Use of Proceeds</b>		
Commissary set-up	(₱110,000,000)	(₱73,649,539)
Store network expansion and store improvement	(73,800,000)	(51,793,234)
Acquisition opportunities and introduction of new concepts	(20,000,000)	(9,628,451)
	(203,800,000)	(135,071,224)
<b>Unapplied Proceeds</b>	₱—	₱68,728,776

**BALAI NI FRUITAS, INC.**  
**[A Subsidiary of FRUITAS HOLDINGS, INC.]**

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**CONGLOMERATE MAP**

**DECEMBER 31, 2024**







**REPORT OF INDEPENDENT AUDITORS ON  
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS**

The Stockholders and the Board of Directors  
BALAI NI FRUITAS, INC.  
68 Data St. Brgy. Don Manuel  
Quezon City, Philippines

We have audited in accordance with Philippine Standards on Auditing, the financial statements of BALAI NI FRUITAS, INC. (the "Company"), a subsidiary of FRUITAS HOLDINGS, INC., as at December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022, and have issued our report thereon dated April 5, 2025.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule (SRC) 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Company's financial statements as at December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022, and no material exceptions were noted.

**REYES TACANDONG & Co.**

**CEDRIC M. CATERIO**

Partner

CPA Certificate No. 87322

Tax Identification No. 102-083-647-000

BOA Accreditation No. 4782/P-008; Valid until June 6, 2026

BIR Accreditation No. 19-005765-001-2022;

Valid until December 13, 2025

PTR No. 10467124;

Issued January 2, 2025, Makati City

April 5, 2025  
Makati City, Metro Manila

**BALAI NI FRUITAS, INC.**  
**[A Subsidiary of FRUITAS HOLDINGS, INC.]**

**FINANCIAL SOUNDNESS INDICATORS UNDER THE REVISED SRC RULE 68**

Below is a schedule showing financial soundness indicators of the Company as at and for the years ended December 31, 2024 and 2023.

	2024	2023
<b>CURRENT/LIQUIDITY RATIO</b>		
Current assets	P399,344,115	P356,537,798
Current liabilities	76,178,505	83,791,901
<b>Current Ratio</b>	<b>5.24</b>	4.26
<b>ACID TEST RATIO</b>		
Quick assets	P371,215,787	P326,766,589
Current liabilities	76,178,505	83,791,901
<b>Acid Test Ratio</b>	<b>4.87</b>	3.90
<b>SOLVENCY RATIO</b>		
Net income before depreciation and Amortization	P117,863,661	P97,898,298
Total liabilities	89,332,432	101,722,410
<b>Solvency Ratio</b>	<b>1.32</b>	0.96
<b>DEBT-TO-EQUITY RATIO</b>		
Total liabilities	P89,332,432	P101,722,410
Total equity	520,416,374	460,055,460
<b>Debt-to-Equity Ratio</b>	<b>0.17</b>	0.22
<b>ASSET-TO-EQUITY RATIO</b>		
Total assets	P609,748,806	P561,777,870
Total equity	520,416,374	460,055,460
<b>Asset-to-Equity Ratio</b>	<b>1.17</b>	1.22
<b>INTEREST-COVERAGE RATIO</b>		
Earnings before interest and taxes	P94,296,410	P78,691,302
Interest expense	5,192,377	2,155,447
<b>Interest-Coverage Ratio</b>	<b>18.16</b>	36.51
<b>PROFITABILITY RATIO</b>		
Net income	P67,835,939	P58,641,614
Average equity	490,235,917	434,294,418
<b>Return on Equity</b>	<b>0.14</b>	0.14

	2024	2023
<b>RETURN ON ASSETS</b>		
Net income	<b>₱67,835,939</b>	₱58,641,614
Average assets	<b>585,763,338</b>	506,168,435
<b>Return on Assets</b>	<b>0.12</b>	0.12
<b>NET PROFIT MARGIN</b>		
Net income	<b>₱67,835,939</b>	₱58,641,614
Revenue	<b>668,000,080</b>	535,205,651
<b>Net Profit Margin</b>	<b>0.10</b>	0.11

**BALAI NI FRUITAS, INC.**  
**(A Subsidiary of FRUITAS HOLDINGS, INC.)**

**SUPPLEMENTARY OF EXTERNAL AUDITOR FEE-RELATED INFORMATION**  
**DECEMBER 31, 2024 AND 2023**

	2024	2023
<b>Total Audit Fees</b>	<b>₱525,000</b>	<b>₱500,000</b>
Non-audit services fees:		
Other assurance services - agreed upon procedures on the use of proceeds from IPO	<b>120,000</b>	120,000
Tax services	—	—
All other services	—	—
<b>Total Non-Audit Fees</b>	<b>120,000</b>	120,000
<b>Total Audit and Non-audit Fees</b>	<b>₱645,000</b>	<b>₱645,000</b>
<b>Audit and Non-audit Fees of Other Related Entities</b>		
	2024	2023
Audit Fees	<b>₱1,975,000</b>	<b>₱1,900,000</b>
Non-audit services fees:		
Other assurance services	—	—
Tax services	—	—
All other services		
<b>Total Audit and Non-audit Fees of Other Related Entities</b>	<b>₱1,975,000</b>	<b>₱1,900,000</b>

# BALAI NI FRUITAS INC.

(Formerly: BUKO NI FRUITAS INC.)

68 Data St. corner Cordillera St., Brgy. Don Manuel Quezon City, Philippines

Tel: (63.2)8-330-3188; Mobile No. +63928.361.6345

Email: [ipo.compliance@balainifruitas.com](mailto:ipo.compliance@balainifruitas.com); [compliancetax.bnfi@gmail.com](mailto:compliancetax.bnfi@gmail.com)

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

The Management of Balai ni Frutas Inc. is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2024. 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, 2024 and the accompanying Annual Income Tax Return are in accordance with the books and records of Balai Ni Frutas 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: \_\_\_\_\_

Ma. Teresa B. Trujillo  
Chief Financial Officer and Treasurer

Signed this 5th day of April 2025

DOC NO. 591  
PAGE NO. 35  
BOOK NO. 1-1  
SERIES OF 2025

SUBSCRIBED AND SWORN APR 14 2025  
to before me this \_\_\_\_\_  
Affiant exhibited to me his/her \_\_\_\_\_

ATTY. FELIZARDO M. IBARRA

Notary Public for N.C. Until Dec. 31, 2025

Roll No. 80835

PTR No. 6986783D/Jan. 07, 2025/Q.C.

IBP No. 331161(2024-2025)/Q.C.

MCLE Comp. No. VIII-0009973-001-2022-04/14/2025)

Admin. Matter No. NP-00000000-2026)

Quirino Highway Brgy., Marikina City

# ANNEX B

## COVER SHEET

C S 2 0 0 5 0 8 3 8 6  
SEC Registration Number

B A L A I N I F R U I T A 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)

RALPH HECTOR ADRICULA

Contact Person

+(632) 8731-8886

Company Telephone Number

### SEC FORM 17-C

1 2

Month

Fiscal Year

3 1

Day

FORM TYPE

0 8

Month

Annual Meeting

1 3

Day

Secondary License Type, If Applicable

Dept Requiring this Doc  
Section

Amended Articles Number /

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes

January 10, 2025



**THE SECURITIES AND EXCHANGE COMMISSION**

Markets and Securities Regulation Department  
Secretariat Building, PICC Complex  
Roxas Boulevard, Pasay City, 1307

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

**PHILIPPINE STOCK EXCHANGE**

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

Attention: **Atty. Stefanie Ann B. Go**  
Officer-in-Charge, Disclosure Department

Subject : **List of Top 100 Stockholders as of December 31, 2024**

Dear Sir/Madam:

We hereby submit the List of Top 100 Stockholders of Balai Ni Frutas Inc. (BALAI) as of December 31, 2024 both certificated and shares lodged to PCD.

Number of Issued and Outstanding Common Shares	1,495,005,000
Number of Treasury Common Shares, if any	-
Number of Outstanding Common Shares	1,495,005,000
Number of Listed Common Shares	1,495,005,000
Number of Lodged Common Shares	412,470,000
PCD Nominee - Filipino	406,510,309
PCD Nominee - Non-Filipino	5,959,691
Number of Certificated Common Shares	1,082,535,000

Very truly yours,

**BALAI NI FRUITAS INC.**

By:   
**Ralph Hector Adricula**  
Compliance Officer

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE  
AND SRC RULE 17.2(c) THEREUNDER

1. January 10, 2025

Date of Report (Date of earliest event reported)

2. SEC Identification Number- CS200508386

3. BIR Tax Identification No. - 237-383-045-000

4. BALAI NI FRUITAS 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

Common Shares

1,495,005,000

11. Indicate the item numbers reported herein:

**Item 9- Other Events**

We hereby submit the List of Top 100 Stockholders of Balai Ni Fruitas Inc. (BALAI) as of December 31, 2024. There are 412,470,000 lodged common shares out of 1,495,005,000 outstanding common shares, consisting of 406,510,309 PCD Nominee - Filipino and 5,959,691 PCD Nominee - Non-Filipino. And a total of 1,082,535,000 certificated common shares.



## 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.

**BALAI NI FRUITAS INC.**

Issuer

Date



**RALPH HECTOR P. ADRICULA**  
Compliance Officer

**January 10, 2025**



**TRUST BANKING GROUP**  
**Fiduciary Services Division**

3F Trust Banking Group  
PNB Financial Center Pres. D. Macapagal Boulevard  
Pasay City, Philippines  
Trunk Lines: (632) 8891-6040 to 70 local 4649  
Direct Line: (632) 8573-4649  
Fax: (632) 8526-3379

**CONFIDENTIAL**

January 02, 2025

**BALAI NI FRUITAS INC.**

68 Data St. Barangay Don Manuel,  
Quezon City

Attention : **MR. LESTER C. YU**  
President and CEO

Subject : **REPORT ON THE LIST OF TOP 100 STOCKHOLDERS**

Gentlemen:

As Transfer Agent for Balai ni Frutas Inc., we submit herewith the report on the list of Top 100 stockholders as of December 31, 2024 as follows:

Count	Name	Nationality	No. of Shares	Percentage
1	FRUITAS HOLDINGS, INC.	Filipino	1,082,488,000	72.4069819164
2	PCD Nominee Corporation - Filipino	Filipino	406,510,309	27.1912340761
3	PCD Nominee Corporation - Non Filipino	Non Filipino	5,959,691	0.3986402052
4	Perfecto Crooc Nolasco	Filipino	30,000	0.0020066823
5	Lester C. Yu	Filipino	4,000	0.0002675576
6	Roselyn A. Legaspi	Filipino	2,000	0.0001337788
7	Madelene Sayson	Filipino	2,000	0.0001337788
8	Marvin C. Yu	Filipino	2,000	0.0001337788
9	Jennifer T. Ramos	Filipino	2,000	0.0001337788
10	David Jonathan Y. Bayot	Filipino	1,000	0.0000668894
11	Calvin F. Chua	Filipino	1,000	0.0000668894
12	Rogelio M. Guadalquiver	Filipino	1,000	0.0000668894
13	Lee Ceasar S. Junia	Filipino	1,000	0.0000668894
14	Bernardino M. Ramos	Filipino	1,000	0.0000668894
<b>Total</b>			<b>1,495,005,000</b>	<b>100.0000000000</b>

Very truly yours,  
**Philippine National Bank**  
**Acting Through Its Trust Banking Group**  
**As Transfer Agent**  
By:

**LILIAN L. RUGA**  
Senior Manager

**WALTER R. BRIONES**  
Assistant Vice President

OUTSTANDING BALANCES FOR SPECIFIC COMPANY

**December 27, 2024**

**BALAI0000000**

<b>BPNAME</b>	<b>QUANTITY</b>
AB CAPITAL SECURITIES, INC.	152,591,181
FIRST METRO SECURITIES BROKERAGE CORP.	76,712,556
COL Financial Group, Inc.	52,716,283
PHILIPPINE EQUITY PARTNERS, INC.	17,115,000
BPI SECURITIES CORPORATION	13,683,712
BDO SECURITIES CORPORATION	12,106,764
ABACUS SECURITIES CORPORATION	10,739,935
AURORA SECURITIES, INC.	9,570,000
PHILSTOCKS FINANCIAL INC	8,406,923
TOWER SECURITIES, INC.	8,347,000
EVERGREEN STOCK BROKERAGE & SEC., INC.	8,030,000
YAO & ZIALCITA, INC.	3,490,000
G.D. TAN & COMPANY, INC.	3,016,000
RCBC SECURITIES, INC.	2,876,000
MAYBANK SECURITIES, INC.	2,647,000
WESTLINK GLOBAL EQUITIES, INC.	2,580,000
ANSALDO, GODINEZ & CO., INC.	2,177,000
R. NUBLA SECURITIES, INC.	2,125,500
F. YAP SECURITIES, INC.	2,077,500
TIMSON SECURITIES, INC.	1,952,000
AAA SOUTHEAST EQUITIES, INCORPORATED	1,830,000
QUALITY INVESTMENTS & SECURITIES CORPORATION	1,712,000
IGC SECURITIES INC.	1,640,000
LUYS SECURITIES COMPANY, INC.	1,590,000
HDI SECURITIES, INC.	768,000
CHINA BANK SECURITIES CORPORATION	677,000
SUMMIT SECURITIES, INC.	671,000
SB EQUITIES, INC.	600,000
ASIASEC EQUITIES, INC.	581,000
MDR SECURITIES, INC.	576,000
DAVID GO SECURITIES CORP.	566,000
UNICAPITAL SECURITIES INC.	540,000
THE FIRST RESOURCES MANAGEMENT & SECURITIES CORP.	530,000
STRATEGIC EQUITIES CORP.	500,000
R. COYIUTO SECURITIES, INC.	415,000
SECURITIES SPECIALISTS, INC.	400,000
PAPA SECURITIES CORPORATION	385,000
AP SECURITIES INCORPORATED	380,000

BELSON SECURITIES, INC.	334,000
LANDBANK SECURITIES, INC.	332,000
WEALTH SECURITIES, INC.	322,000
VENTURE SECURITIES, INC.	315,000
NEW WORLD SECURITIES CO., INC.	310,000
REGINA CAPITAL DEVELOPMENT CORPORATION	307,000
SINCERE SECURITIES CORPORATION	300,000
EASTERN SECURITIES DEVELOPMENT CORPORATION	274,000
E. CHUA CHIACO SECURITIES, INC.	250,000
STANDARD SECURITIES CORPORATION	250,000
IMPERIAL, DE GUZMAN, ABALOS & CO., INC.	227,000
PNB SECURITIES, INC.	222,000
GLOBALINKS SECURITIES & STOCKS, INC.	200,000
BERNAD SECURITIES, INC.	190,000
INVESTORS SECURITIES, INC.	179,000
DRAGONFI SECURITIES, INC.	176,646
I. B. GIMENEZ SECURITIES, INC.	160,000
SOLAR SECURITIES, INC.	150,000
OPTIMUM SECURITIES CORPORATION	120,000
YU & COMPANY, INC.	120,000
MERCANTILE SECURITIES CORP.	102,000
UPCC SECURITIES CORP.	100,000
EAST WEST CAPITAL CORPORATION	50,000
ASIA PACIFIC CAPITAL EQUITIES & SECURITIES CORP.	43,000
EQUITIWORLD SECURITIES, INC.	30,000
GOLDSTAR SECURITIES, INC.	30,000
S.J. ROXAS & CO., INC.	30,000
A & A SECURITIES, INC.	10,000
ALPHA SECURITIES CORP.	10,000
RTG & COMPANY, INC.	3,000
GUILD SECURITIES, INC.	2,000
<b>Total Lodged Shares</b>	<b>412,470,000</b>



**Annex C to the SEC Form 17-A:**

# **BALAI SUSTAINABILITY REPORT**

## Contextual Information

Name of Organization	Balai Ni Fruitas Inc. (BALAI)
Location of Headquarters	68 Data St., Brgy. Don Manuel, Quezon City
Location of Operations	Philippines
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	This report mainly covers Balai ni Fruitas Inc. and it's operations within the Philippines
Business Model, including Primary Activities, Brands, Products, and Services	BALAI is a food and beverage community store and kiosk operator with having four active brands namely Buko Ni Fruitas, Fruitas House of Desserts, Sugarhouse and Balai Pandesal. Through its brands, BALAI serves a wide-range of products such as coconut-based desserts, boba shakes, fresh fruit shakes, baked goods, and more through its stores located in strategic locations and through the store network of Fruitas Holdings Inc. group.
Reporting Period	January 1 to December 31, 2024
Highest Ranking Person responsible for this report	Lester C. Yu – President and Chief Executive Officer Ralph Hector Adricula – Compliance Officer

## Materiality Process

Balai Ni Fruitas Inc. is a food and beverage community store and kiosk operator with having four active brands namely Buko Ni Fruitas, Fruitas House of Desserts, Sugarhouse and Balai Pandesal. The company sells a wide-range of products such as coconut-based desserts, boba shakes, fresh fruit shakes, baked goods and more through its vast store network and through the store network of the Fruitas Holdings Inc. group. The sustainability of the company is emphasized on the strength of its stores, distribution channels, and product offerings. The report focuses on material topics relating to macroeconomic impact and the actions performed by the Company to manage risk and capitalize on possible opportunities.

In succeeding Sustainability Reports, the 3P's principles will be employed to identify other material topics. Balai's sustainability goals are centered around the 3P's principles—People, Planet, and Profit—to ensure long-term growth while fostering social and environmental responsibility.

**People-** Balai believes that its employees, stakeholders, and customers are a key integral part of the business. The company recognizes that its success is driven by the dedication and expertise of its workforce, and as such, it is committed to empowering employees through continuous training and development. By providing skill-enhancing programs, career growth opportunities, and a positive work environment, Balai ensures that its people are well-equipped to contribute effectively to the company's long-term goals. The company also prioritizes ethical sourcing by working with local suppliers, supporting community-based businesses, and ensuring that its products meet high-quality standards. As part of its commitment to customer well-being, Balai also strives to offer healthy product options that can serve as daily staples, promoting better nutrition and lifestyle choices.

**Planet-** Balai endeavors on reducing its environmental footprint by adopting sustainable practices. The company emphasizes responsible sourcing by using eco-friendly packaging and ensuring that its ingredients are obtained through sustainable means. Waste reduction initiatives, such as food waste minimization and recycling programs, are being implemented to promote environmental responsibility. Furthermore, Balai is exploring energy-efficient equipment to enhance sustainability in its store operations.

**Profitability-** Ensuring profitability is essential for sustaining Balai's operations and long-term expansion. The company is actively growing its multi-format stores, capitalizing on the increasing demand for specialty baked goods and beverages. Innovation remains a key focus, as Balai continuously develops new product offerings to stay competitive while maintaining cost efficiency. Balai expands at its own pace, ensuring that every move aligns with its long-term vision of creating sustainable value for customers, shareholders, and the company itself.

By integrating these 3P's principles into its business strategy, Balai aims to create a balanced approach that benefits its people, preserves the planet, and ensures financial sustainability.

# ECONOMIC

## Economic Performance

### Direct Economic Value Generated and Distributed

Disclosure	2024	2023	Units
Direct economic value generated (revenue)	668,000,080	535,205,651	PhP
Direct economic value distributed:			
a. Operating costs	262,164,634	204,611,173	PhP
b. Employee wages and benefits	70,223,999	59,797,697	PhP
c. Payments to suppliers, other operating costs	323,076,566	262,102,883	PhP
d. Taxes given to government	21,268,094	17,894,241	PhP
e. Interest payments to loan providers	5,192,377	2,155,447	PhP
f. Dividends given to stockholders	7,475,025	7,294,940	PhP

### Direct Economic Value

#### **Discussion on Impact, Risks, and Management Approach**

##### **Company Overview**

Balai Ni Fruitas Inc. ("BALAI"), formerly known as Buko Ni Fruitas Inc., is a wholly-owned subsidiary of Fruitas Holdings, Inc. ("FHI"). Established on May 17, 2005, the company began operations in August 2005 with its first Buko Ni Fruitas kiosk in Robinsons Manila, serving fresh coconut-based beverages and desserts. Over the years, BALAI has expanded through the creation and acquisition of new brands, making it a key player in the Philippine food and beverage kiosk industry. Currently, BALAI operates four active brands:

- Buko Ni Fruitas (BNF): Specializing in coconut-based beverages and desserts.
- Fruitas House of Desserts (FHOD): Offering a variety of fruit-based desserts.
- Sugarhouse: Providing premium pastries and cakes and meal offerings.
- Balai Pandesal (BP): Featuring freshly-baked bread.

In 2024, the company generated PhP 668 million in direct economic value, reflecting strong growth from the previous year. This value was distributed across key areas, including operating costs, employee compensation, supplier payments, taxes, interest, and dividends—supporting economic activity, workforce stability, and investor confidence.

However, risks such as rising costs, regulatory changes, and market competition could impact future performance. BALAI recognizes key risks that could impact its business and implements strategies to mitigate these challenges.

#### **Key Risks and Mitigation Strategies**

##### **1. Macro-environmental Risks in the Philippines**

As a developing economy, the Philippines faces various macro-environmental risks, including political, economic, social, and technological uncertainties. Factors such as economic downturns, rising inflation, high interest rates, and stock market fluctuations can significantly affect business performance. Global events, such as the recent pandemic, have exacerbated economic instability, impacting consumer demand and overall industry growth.



**Mitigation Strategy:**

- Continuously monitor economic trends and adjust business strategies accordingly.
- Strengthen financial resilience through prudent financial management and diversification.
- Enhance adaptability to macroeconomic changes by optimizing supply chain and cost structures.

**2. Business Operations Risks**

Since all of BALAI's operations are based in the Philippines, its financial performance is heavily dependent on local economic conditions. Consumer purchasing power and disposable income levels directly impact demand for BALAI's products. Additionally, operational efficiency relies on workforce availability and infrastructure stability. External factors such as typhoons and floods can disrupt workforce mobility and supply chain logistics.

**Mitigation Strategy:**

- Develop contingency plans for workforce and logistics disruptions.
- Invest in technology and infrastructure to improve operational efficiency.
- Secure strategic locations for production and distribution expansion.
- Strengthen training and workforce development programs to enhance productivity.

**3. Financial Risks**

BALAI relies on key suppliers for raw materials and product distribution. Any disruptions, including supply chain failures, infrastructure bottlenecks, or supplier insolvency, could lead to shortages, increased costs, and reduced profitability. Given BALAI's commitment to affordability, absorbing cost increases without passing them to consumers can strain profit margins. Conversely, price adjustments may impact sales and franchisee profitability.

**Mitigation Strategy:**

- Maintain strong supplier relationships to ensure stable supply at competitive costs.
- Leverage the wide supplier network of its affiliates for sourcing flexibility.
- Conduct regular cost assessments to optimize financial management and operational efficiency.
- Implement pricing strategies that balance cost absorption and consumer affordability.

**Opportunities for Growth**

Despite these challenges, BALAI continues to explore opportunities to enhance business sustainability and growth. The company focuses on supply chain optimization by strengthening supplier partnerships and leveraging affiliate networks to mitigate cost fluctuations and supply disruptions. Additionally, BALAI prioritizes operational efficiency through regular financial assessments and the adoption of cost-effective strategies to improve overall performance. Strategic expansion remains a key initiative, with efforts to acquire and lease strategic locations to expand production and distribution capabilities. Furthermore, the company emphasizes product innovation by continuously developing new products to meet evolving consumer preferences and drive market demand.

By proactively managing risks and seizing growth opportunities, BALAI aims to maintain its competitive edge and strengthen its position in the Philippine food and beverage industry.

## **Climate-related risks and opportunities**

Climate-related risks pose significant challenges to the bread and beverage industry, affecting raw material availability, supply chain efficiency, and overall business operations. Extreme weather events such as typhoons, droughts, and floods can disrupt the sourcing of key ingredients like wheat, sugar, coffee, and dairy. Droughts may reduce crop yields, leading to increased costs, while excessive rainfall can impact farming schedules and transportation logistics. Additionally, fluctuations in temperature and humidity levels can affect food quality and shelf life, causing baked goods to spoil faster and altering the taste and texture of beverages, especially dairy-based and perishable drinks.

Operational risks also arise from climate-related disasters, as typhoons, earthquakes, and flooding can damage production facilities, warehouses, and retail locations. Power outages and water supply disruptions may further hinder manufacturing and distribution, resulting in increased operational costs and revenue losses. Moreover, transportation and logistics can be severely affected by extreme weather conditions, with flooded roads, damaged infrastructure, and port closures delaying the delivery of raw materials and finished products.

Beyond these physical risks, changing consumer preferences driven by climate change awareness are also reshaping the industry. Customers are increasingly seeking brands that prioritize sustainability, from responsibly sourced ingredients to eco-friendly packaging and energy-efficient production methods. Businesses that fail to adapt to these expectations may face reputational risks and declining customer loyalty.

Despite these challenges, there are opportunities for Balai to enhance its resilience and sustainability efforts. By adopting sustainable sourcing practices, the company can work with climate-resilient farms and suppliers to secure a stable supply of ingredients. Implementing eco-friendly packaging solutions and improving energy efficiency in production processes can also reduce environmental impact while appealing to environmentally conscious consumers. Additionally, diversifying product offerings to include climate-resistant ingredient alternatives can help mitigate supply chain disruptions. To strengthen long-term resilience, Balai may consider developing a climate risk assessment and disaster preparedness plan, ensuring business continuity in the face of climate-related disruptions. Through these proactive measures, Balai can position itself as a responsible and forward-thinking brand while safeguarding its operations against climate risks.

## **Procurement Practices**

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

Balai remains committed to sourcing 100% of its procurement from local suppliers in 2024, ensuring that its business supports domestic enterprises and fosters economic growth within the community. However, while Balai directly procures from local suppliers, some of these suppliers may import certain raw materials or ingredients that are not readily available or produced in sufficient quantities within the country. This approach allows Balai to maintain product quality, consistency, and availability while still prioritizing partnerships with local businesses.

By working with local suppliers who source globally, Balai benefits from a balanced procurement strategy that combines the strengths of international ingredients with the

economic advantages of supporting domestic businesses. This model helps sustain local distribution networks, create jobs, and drive economic activity while ensuring access to high-quality ingredients that meet industry standards.

Additionally, this procurement strategy enables Balai to uphold its commitment to product excellence. Certain specialized ingredients, such as premium wheat for baking, high-quality dairy, or specific coffee varieties, may require international sourcing to achieve the desired taste, texture, and consistency in Balai's offerings. By sourcing these materials through local suppliers who import, Balai ensures that it delivers the best possible products while maintaining efficient supply chain operations.

Despite the necessity of imported raw materials in some cases, Balai continues to advocate for local entrepreneurship and prioritizes dealing with local suppliers whenever possible. Moving forward, the company may explore partnerships that enhance local production capabilities, invest in sustainable sourcing initiatives, or support local farmers and producers in expanding their capacity to reduce reliance on imports. Through these efforts, Balai strengthens its procurement framework while reinforcing its role in supporting both local businesses and the broader supply chain. (SMEs), farmers, and artisanal producers, Balai helps create employment opportunities and stimulate local economies. Supporting local suppliers enables these businesses to expand, innovate, and compete in a growing market, fostering entrepreneurship and sustainable livelihoods.

Balai's procurement practices also align with ethical and responsible sourcing principles. The company ensures that its suppliers adhere to high-quality standards while promoting fair trade and equitable business relationships. By strengthening ties with local partners, Balai not only secures a reliable supply of ingredients but also builds long-term partnerships that benefit both the business and the broader community.

Moving forward, Balai may explore further enhancements to its procurement practices, such as implementing sustainable sourcing certifications, increasing supplier capacity-building programs, and adopting digital procurement solutions to improve efficiency. By continuously refining its approach, Balai reinforces its commitment to responsible business practices while contributing to a more resilient and self-sustaining local economy.

## **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	%

Balai upholds a strong commitment to ethical business practices by implementing robust anti-corruption policies, including the Whistle-Blowing Policy and Insider Trading Policy. These policies ensure transparency, accountability, and integrity across all levels of the organization. Every employee, director, and officer is made fully aware of these policies to reinforce a culture of honesty and compliance.

As of 2024, Balai has maintained a clean record with no instances of corruption within the organization. However, recognizing the importance of proactive prevention, the company remains committed to strengthening awareness and vigilance against corrupt practices. This extends not only to internal employees but also to business partners, ensuring ethical conduct throughout its supply chain and operations.

Currently, Balai does not have a formal anti-corruption training program in place but there are seminars covering key topics such as fraud detection, ethical decision-making, conflict of interest management, and legal implications.

# ENVIRONMENT

## Resource Management

Balai follows best practices in environmental management, focusing on waste reduction, proper disposal, and conservation of energy, water, and supplies. Awareness initiatives have been implemented company-wide to promote sustainability.

As resource consumption levels are not yet formally tracked, Balai uses estimates to provide data for 2024. The company is working to consolidate actual consumption data, which will be included in future Sustainability Reports. Through these efforts, Balai reinforces its commitment to responsible resource management and environmental stewardship.

Balai upholds best practices in environmental management, focusing on waste reduction, proper disposal, and conservation of energy, water, and supplies. Awareness initiatives have been implemented company-wide to promote sustainability.

While Balai has yet to formally monitor resource consumption, it is in the process of gathering data to assess usage levels. This will guide future sustainability efforts, with findings to be reported in upcoming Sustainability Reports. Through these initiatives, Balai reinforces its commitment to responsible resource management and environmental stewardship.

Energy consumption within the organization:

Disclosure	Quantity	Units	Reduction
Energy consumption (renewable sources)	N/A	GJ	-
Energy consumption (gasoline)	No Available Information	GJ	-
Energy consumption (LPG)	33,179	KG	-
Energy consumption (diesel)	23,037	Liters	-
Energy consumption (electricity)	715,403	kWh	-

*\*Consumption data gathered were based on the total payment over average rate per unit.*

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	13,766	Cubic meters
Water consumption	13,766	Cubic meters
Water recycled and reused	No Available Information	Cubic meters

*\*Consumption data gathered were based on the total payment over average rate per unit.*

Materials used by the organization

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

Ecosystem 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 <sup>1</sup> Red List species and national conservation list species with habitats in areas affected by operations	N/A	

## Environmental Impact Management

### Air Emissions GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	No Available Information	Tonnes CO <sub>2</sub> e
Energy indirect (Scope 2) GHG Emissions	No Available Information	Tonnes CO <sub>2</sub> e
Emissions of ozone-depleting substances (ODS)	No Available Information	Tonnes

### Air pollutants

Disclosure	Quantity	Units
NO <sub>x</sub>	No Available Information	kg
SO <sub>x</sub>	No Available Information	kg
Persistent organic pollutants (POPs)	No Available Information	kg
Volatile organic compounds (VOCs)	No Available Information	kg
Hazardous air pollutants (HAPs)	No Available Information	kg
Particulate matter (PM)	No Available Information	kg

## Solid and Hazardous Wastes

### Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	No Available Information	kg
Reusable	No Available Information	kg
Recyclable	No Available Information	kg
Composted	No Available Information	kg
Incinerated	No Available Information	kg
Residuals/Landfilled	No Available Information	kg

### Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	No Available Information	kg
Total weight of hazardous waste transported	No Available Information	kg

## Environmental compliance

### Non-compliance with Environmental Laws and Regulations

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

Our approach to environmental impact management emphasizes compliance with environmental laws and continuous improvement in our tracking and reporting processes. Currently, we lack data on key environmental metrics such as greenhouse gas emissions, air pollutants, and waste generation. However, we are actively working on building the necessary systems to collect and report this information accurately moving forward.

<sup>1</sup> International Union for Conservation of Nature

In 2024, we had no monetary fines, sanctions, or dispute cases related to environmental non-compliance, demonstrating our commitment to meeting regulatory standards. While data collection remains a work in progress, we understand the importance of monitoring and reducing our environmental footprint.

To address this, we are focusing on developing internal systems for comprehensive data tracking, improving waste management practices, and enhancing staff training on environmental compliance and sustainability. These efforts will help ensure more transparent reporting and better management of our environmental performance in future years.

## SOCIAL

### CORPORATE SOCIAL RESPONSIBILITY

#### **Build A Classroom Project**

Balai along with its parent and affiliate company is deeply committed to community development and social responsibility. One of its key initiatives includes actively supporting the Build a Classroom Project of Hope in a Bottle, a program dedicated to improving educational infrastructure for students in underserved communities. By participating in this initiative, Balai contributes to the construction of better learning environments, ensuring that students have access to safe, well-equipped, and conducive spaces for education. This effort aligns with Balai's mission to give back to society and create a lasting, positive impact on the lives of young learners.

#### **Balai Enhances Employee Hiring and Skills Development Through Strategic Partnerships**

Balai, through its affiliation with Fruitas, is strengthening its commitment to employee growth and skills development by forging key partnerships with educational and vocational institutions.

In October 2024, Balai is collaborating with Philippine Business Education and USAID to support workforce readiness programs, equipping individuals with essential skills to succeed in the industry. This initiative aims to bridge the gap between education and employment, preparing future professionals for sustainable careers.

In November 2024, Balai will further its efforts through a partnership with Dualtech and TESDA, focusing on technical skills training and hands-on learning. This collaboration is designed to enhance employees' capabilities, providing them with practical expertise that aligns with industry demands.

Through these strategic alliances, Balai reinforces its dedication to empowering its workforce, fostering career growth, and contributing to a highly skilled and competent labor force.

## **Employee Management**

### **Employee Hiring and Benefits**

#### **Employee data**

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
Total number of employees <sup>2</sup>	297	count
a. Number of female employees	197	count
b. Number of male employees	100	count
Attrition rate <sup>3</sup>	6.14	rate
Ratio of lowest paid employee against minimum wage	1:1	ratio

We prioritize fair employment, inclusivity, and compliance with labor standards. In 2024, we employed 297 individuals—66% female and 34% male—while maintaining a 1:1 ratio against the minimum wage and a healthy attrition rate of 6.14%.

All employees receive mandated government benefits (SSS, PhilHealth, Pag-ibig), with additional support including sick/vacation leaves, subsidized HMO coverage, and loan access. No retirements occurred in 2024, and educational assistance, though available in policy, was not provided.

We continue to improve benefit awareness, support retention, and explore new offerings such as flexible work and career development programs, ensuring a responsive and supportive work environment.

#### **Employee benefits**

<b>List of Benefits</b>	<b>Y/N</b>	<b>% of female employees who availed for the year</b>	<b>% of male employees who availed for the year</b>
SSS			
Maternity	Y	0%	1%
Sickness	Y	2%	2%
Salary Loan	Y	13%	10%
Calamity Loan	Y	4%	6%
PhilHealth	Y	0%	2%
Pag-ibig	Y	17%	12%
Parental leaves	N	0%	0%
Vacation leaves	Y	22%	15%
Sick leaves	Y	38%	25%
Medical benefits (aside from PhilHealth))	Y	15%	11%
Housing assistance (aside from Pag-ibig)	N		
Retirement fund (aside from SSS)	Y	0%	0%
Further education support	Y	0%	0%
Company stock options	N		
Telecommuting	N		
Flexible-working Hours	N		
(Others)			

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

<sup>3</sup> 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)



Our approach to employee benefits balances compliance with statutory requirements and the well-being of our team. In 2024, we continued to provide mandatory benefits such as SSS, PhilHealth, and Pag-ibig, along with company-supported programs including sick and vacation leaves, medical assistance, and loan options.

The additional medical benefit offered was a subsidized HMO, which contributed to improved access to healthcare beyond government provisions. Utilization data shows that employees actively relied on financial and health-related benefits, particularly Pag-ibig (17% of female and 12% of male employees), SSS salary loans, and sick leaves. Educational assistance, while available in policy, was not provided in 2024, and no employees retired during the year.

These trends point to the need for improved communication, clearer processes, and more proactive HR support to raise awareness and encourage use of available programs. Benefits that received low to no uptake will be reviewed for relevance and accessibility.

Looking ahead, we aim to enhance benefit awareness, ensure equitable access across all employees, and gradually introduce new offerings aligned with workforce needs and company growth. Flexible work arrangements, housing support, and career development programs are also being explored as part of our long-term strategy to improve employee engagement and retention.

#### Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	21,480	Hours
b. Male employees	13,920	Hours
Average training hours provided to employees		
a. Female employees	120	Hours
b. Male employees	120	Hours

The company implemented several key learning and development initiatives focused on onboarding, upskilling, leadership, and ethical conduct. New Employee Orientation was the most widely attended, ensuring new hires are equipped with foundational knowledge and aligned with company values. Refresher courses helped reinforce core competencies, particularly among store operations teams. Leadership development was advanced through the 4 E's program, enhancing management's ability to engage and motivate teams. Training on workplace culture and ethics reinforced the company's commitment to integrity and a positive work environment. Additionally, internal capabilities were strengthened through the Certified Store Trainer program, supporting ongoing learning within store teams.

#### Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	0	%
Number of consultations conducted with employees concerning employee-related policies	31	count

#### Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	66.33	%
% of male workers in the workforce	33.67	%
Number of employees from indigenous communities and/or vulnerable sector*	0.67	%

\*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 is committed to fostering a respectful, inclusive, and collaborative workplace. While none of the workforce is currently covered by collective bargaining agreements, the organization ensures that employees are heard through regular consultations. In the reporting period, multiple dialogues were conducted to support transparency, alignment, and responsiveness to workforce concerns.

On diversity and equal opportunity, the company upholds inclusive hiring practices, with a strong representation of women across the workforce. Efforts to broaden inclusivity include the active hiring of persons with disabilities (PWDs), reflecting the company's belief in equal access to employment and meaningful participation in the workplace. Though representation from indigenous and other vulnerable sectors remains limited, the company continues to enhance outreach and support to improve access and opportunities for these groups.

Overall, the company's strategy focuses on open communication, equal opportunity, and inclusive growth—ensuring a workplace where everyone is valued and empowered to contribute.

#### Workplace Conditions, Labor Standards, and Human Rights

##### Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	25,921,673	Man-hours
No. of work-related injuries	6	count
No. of work-related fatalities	N/A	#
No. of work related ill-health	N/A	#
No. of safety drills	2	count

*\*The 6 work-related injuries pertain to minor injuries related to (i) equipment use during operation of the unit, (ii) vehicle sustained injuries of a delivery personnel.*

Balai Ni Frutas Inc. prioritizes the health, safety, and overall wellbeing of its employees as part of its operational integrity and commitment to responsible labor practices. The company maintains occupational health and safety protocols to minimize workplace risks, as demonstrated by the achievement of over 25.9 million safe man-hours. Safety drills are conducted periodically, with two drills held during the reporting period. Although a few incidents were recorded (six work-related injuries), there were no reported fatalities or cases of work-related ill-health.

Balai is in the process of enhancing its safety management system, which includes formalizing a comprehensive grievance and feedback mechanism for safety-related concerns. The company also recognizes the importance of mental wellbeing and aims to gradually integrate wellness-focused strategies into its human resources programs.

##### Labor Laws and Human Rights

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

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 AND DATA RELATION TO HEALTH, SAFETY, AND WELFARE OF EMPLOYEES INCLUDING COMPANY SPONSORED TRAININGS
Child labor	N	
Human Rights	Y	POLICY AND DATA RELATION TO HEALTH, SAFETY, AND WELFARE OF EMPLOYEES INCLUDING COMPANY SPONSORED TRAININGS

Our company upholds strict policies to ensure ethical labor practices and protect human rights across all operations. We prohibit forced labor in any form, as outlined in our Policy on Health, Safety, and Welfare of Employees, which includes company-sponsored training programs to promote fair and ethical working conditions.

Similarly, we maintain a zero-tolerance policy for child labor, ensuring compliance with local government laws. Our commitment to human rights is embedded in our Health, Safety, and Welfare Policy, reinforcing our dedication to a safe, inclusive, and equitable workplace for all employees.

## Supply Chain Management

BALAI considers sustainability factors and encourages its suppliers to comply to such practices. The Company acknowledges the relevance of good business practices to ensure the continuity of its supply chain. Currently, the Company have drafted Vendor Code of Conduct which sets forth the minimum standards that all vendors, suppliers, and business partners must adhere to in their dealings with the Company. Vendors must comply with all applicable local, national, and international laws, regulations, and standards, including those related to labor and human rights, health and safety, environmental protection, and Business Ethics. This vendor code of conduct is for approval and set to cascade to suppliers for their compliance and practice.

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	N	
Forced labor	N	
Child labor	N	
Human rights	N	
Bribery and corruption	Y	Business Integrity and Ethics Agreement

The company has an existing Business Integrity and Ethics Agreement with its suppliers, outlining expectations for bribery prevention, anti-corruption measures, and confidentiality. These business practices are formally acknowledged by the suppliers. A vendor code of ethics shall be released in the succeeding year to cover the Environmental, Forced Labor, Child labor and Human Rights.

## 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

*\*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)*

As part of its business operations, the company has a direct impact on local communities through manpower expansion and supplier partnerships across different regions. These operations create employment opportunities and contribute to economic development while also requiring measures to ensure fair labor practices and sustainable sourcing.

#### Manpower for Retail Store Expansion

With the company's ongoing retail store expansion in Luzon, NCR, Visayas, and Mindanao, a significant number of job opportunities are generated, particularly for low-income workers, women, and persons with disabilities (PWDs). While this expansion positively impacts employment, the company recognizes its responsibility to uphold fair labor rights. Measures are in place to provide competitive wages, maintain safe working conditions, implement inclusive hiring policies, and offer skills training programs. These initiatives promote economic inclusion and professional growth for vulnerable groups

#### Sourcing Suppliers from different locations

The company sources products from various provinces and regions, engaging with small-scale suppliers, farmers, and other local producers. While this strengthens regional economies and promotes local entrepreneurship, it also raises concerns about fair trade practices. To address this, the company enforces ethical sourcing policies, ensures fair payment terms, and supports supplier capacity-building programs. These efforts help create sustainable business partnerships while fostering equitable economic opportunities for suppliers.

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

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

### Customer Management

#### Customer Satisfaction

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

BALAI ensures quality of service to its customers through quality sold products and active customer service. To maintain and enhance service quality, BALAI implements several key initiatives:

- Mystery Shopper Program – The company deploys mystery shoppers to assess in-store experiences, ensuring that customer service, product quality, and overall store operations meet established standards.
- Store Audits – Regular internal audits are conducted to evaluate food quality, operational efficiency, and adherence to company standards, ensuring consistency across all locations.
- Social Media Monitoring – The company actively monitors feedback and customer concerns across various social media platforms, promptly addressing complaints and improving service based on recurring trends.
- Customer Service Hotline – A dedicated customer service team manages inquiries, feedback, and complaints, ensuring swift resolution and customer satisfaction.

BALAI also collects customer feedback from various channels and is in the process of consolidating data on customer interactions. The findings from these efforts will be incorporated into future Sustainability Reports to further improve customer engagement and experience.

#### Health and Safety

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

BALAI is committed to maintaining high standards of product and service health and safety. In the reporting period, there were no substantiated complaints related to product or service health and safety.

In case of complaints, the Company has customer service hotline and social media monitoring to address any BALAI ensures that all feedback is carefully reviewed, and necessary corrective actions are implemented to continuously improve service quality and customer satisfaction.

#### Marketing and labelling

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

*\*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.*

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	#
No. of complaints addressed	0	#
No. of customers, users and account holders whose information is used for secondary purposes	N/A	#

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

BALAI NI FRUITAS INC. is fully committed to upholding customer privacy and data protection in accordance with the Data Privacy Act of 2012 and its Implementing Rules and Regulations. The company has officially registered with the National Privacy Commission (NPC), as evidenced by its Certificate of Registration (NPC Registration No. PIC-007-050-2024), which is valid until September 22, 2025.

During the reporting period, the company did not receive any substantiated complaints related to customer privacy breaches.

Additionally, BALAI does not use customer, user, or account holder information for secondary purposes. The company strictly adheres to data privacy regulations and implements safeguards to maintain the confidentiality and security of customer information. Continuous monitoring and compliance efforts are in place to uphold customer trust and data protection standards.

#### Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	N/A	#

During the reporting period, the company did not record any data breaches, including leaks, thefts, or losses of data.

To ensure the protection of sensitive information, BALAI has implemented stringent data security measures, including secure storage systems, access controls, and compliance with the Data Privacy Act of 2012. The company also continuously monitors its data protection protocols to mitigate risks and safeguard customer trust.

## 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	BALAI manufactures and serves fresh and nutritious products, supporting SDG 2 (Zero Hunger) and SDG 3 (Good Health and Well-being) by promoting healthy eating habits.	Mismanagement of fresh and healthy products may lead to food spoilage, contamination, or foodborne illnesses.	BALAI 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.	BALAI 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.	BALAI promotes the use of biodegradable, recyclable, or reusable packaging and educates consumers on proper disposal methods.
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.	Expansion may lead to increased energy consumption and higher carbon footprint.	BALAI incorporates energy-efficient practices in its stores, implements sustainable building designs, 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.	BALAI ensures responsible e-waste management, invests in secure IT infrastructure, 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.*



## ANNEX C



August 13, 2024

**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

**PHILIPPINE STOCK EXCHANGE**

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

Attention: **Atty. Stefanie Ann B. Go**  
Officer-in-Charge, Disclosure Department

Subject: **Results of the Balai Ni Frutas, Inc. Annual Meeting held on August 13, 2024**

Gentlemen:

Please see attached the SEC Form 17-C of **Balai ni Frutas, Inc.** for the Results of the 2024 Annual Stockholders Meeting on August 13, 2024 filed in compliance with the Securities Regulation Code, its 2015 Implementing Rules and Regulations and the Revised Disclosure Rules of the Philippine Stock Exchange (PSE).

Thank you.

Very truly yours,

**BALAI NI FRUITAS, INC.**

By:

  
**Ralph Hector P. Adricula**  
Compliance Officer



# COVER SHEET

C S 2 0 0 5 0 8 3 8 6  
SEC Registration Number

B A L A I N I F R U I T A 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)

RALPH HECTOR ADRICULA

Contact Person

+(632) 8731-8886

Company Telephone Number

## SEC FORM 17-C

1 2

Month

3 1

Day

Fiscal Year

FORM TYPE

0 8

Month

1 3

Day

Annual Meeting

Secondary License Type, If Applicable

Dept Requiring this Doc  
Section

Amended Articles Number /

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE  
AND SRC RULE 17.2(c) THEREUNDER

1. August 13, 2024

Date of Report (Date of earliest event reported)

2. SEC Identification Number- CS200508386

3. BIR Tax Identification No.- 237-383-045-000

4. BALAI NI FRUITAS INC.

Exact name of issuer as specified in its charter

5. QUEZON CITY, PHILIPPINES

Province, country or other jurisdiction  
of incorporation

6.  (SEC Use Only)  
Industry Classification Code

6. 68 DATA ST. BRGY. DON MANUEL QUEZON CITY

Address of principal office

1113  
Postal Code:

7. (02)8243-1741

Issuer's telephone number, including area code

9. N/A

Former name or former address, if changed since last report

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

Title of Each Class

Number of Shares of Common Stock

Outstanding and Amount of Debt

Outstanding

Common Shares

1,495,005,000

11. Indicate the item numbers reported herein:

Item 4: Resignation, Removal or Election of Registrant's Directors or  
Officers

Item 9: Other Events

## SIGNATURES

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

**BALAI NI FRUITAS INC.**

Issuer

Date

A handwritten signature in black ink, appearing to read 'R. Adricula', is written over the printed name of the Compliance Officer.

**RALPH HECTOR P. ADRICULA**

**August 13, 2024**

Compliance Officer

**PSE Disclosure Form 4-24 Results of Annual Stockholders' Meeting**

References: SRC Rule 17 (SEC Form 17-C) and  
Sections 6 and 4.4 of the Revised Disclosure Rules

**BALAI NI FRUITAS, INC.'S DISCLOSURE**

<i>Subject of the Disclosure:</i>			
<b>Results of the 2024 Annual Stockholders' Meeting</b>			
<i>Background/Description of the Disclosure</i>			
<b>Results of the 2024 Annual Stockholders' Meeting , resolutions and approval on various matters by the stockholders</b>			
<i>List of elected directors for the ensuing year with their corresponding shareholdings in the Issuer</i>			
<b>Name of Person</b>	<b>Shareholdings in the Listed Company</b>		<b>Nature of Indirect Ownership</b>
	<b>Direct</b>	<b>Indirect</b>	
ROGELIO M. GUADALQUIVER	1,000-	-	N/A
LESTER C. YU	4,004,000-	-	N/A
CALVIN F. CHUA	1,330,000-	-	N/A
MADELENE T. SAYSON	2,000-	-	N/A
TOMMANNY TAN	10,000-	-	N/A
LEE CEASAR S. JUNIA	1,000-	-	N/A
BERNARDINO M. RAMOS	1,000-	-	N/A

<i>External Auditor</i>	:	Reyes, Tacandong & Co.
<i>List of Other Material Resolutions, Transactions and Corporate Actions Approved by the Stockholders</i>		
<ol style="list-style-type: none"><li>1. Call to order</li><li>2. Certification of service of notice and presence of quorum</li><li>3. Reading and approval of the minutes of the last Annual Stockholders' Meeting held on August 15, 2023</li><li>4. Ratification of all acts and resolutions of the Board of Directors and Management from the date of the last annual stockholders' meeting until the date of this meeting</li><li>5. Presentation of the President's Report</li><li>6. Management Report and Approval of the Audited Financial Statements for the year 2023</li><li>7. Election of the members of the Board of Directors, including the Independent Directors for the year 2024</li><li>8. Appointment of External Auditors</li><li>9. Other Matters</li><li>10. Adjournment</li></ol>		
<i>Other Relevant Information</i>	:	Please refer to attached SEC Form 17C with the Minutes of the 2024 Stockholders Meeting.

**MINUTES OF THE ANNUAL MEETING OF THE STOCKHOLDERS**  
**BALAI NI FRUITAS, INC. (BNFI)**  
**Conducted via remote communication through Zoom**  
**August 13, 2024**  
**2:00 P.M**

<b><u>TOTAL NUMBER OF SHARES OUTSTANDING</u></b>	<b>1,495,005,000</b>
<b>Total No. of Shares of Stockholders Participating Remotely or in Absentia</b>	<b>1,178,834,00</b>
Percentage	78.85%
<b>Total Shares Not Represented</b>	<b>316,171,000</b>
Percentage	21.15%

**Directors in Attendance:**

1. Rogelio M. Guadalquiver	Chairman
2. Lester C. Yu	President and Chief Executive Officer
3. Calvin F. Chua	Director, Chief Financial Adviser
4. Madelene T. Sayson	Director
5. David Jonathan Y. Bayot	Independent Director
6. Lee Ceasar S. Junia	Independent Director
7. Bernardino M. Ramos	Independent Director

**Corporate Officers in Attendance:**

1. Roselyn A. Legaspi	Managing Director
2. Ma. Teresa B. Trujillo	Chief Financial Officer and Treasurer
3. Ralph Hector P. Adricula	Compliance Officer
4. Lerma C. Fajardo	Comptroller
5. William V. Capuno	Head of Operations
6. Shaun Aldrich Si	Investor Relations Officer
7. Marvin C. Yu	Corporate Secretary

**I. CALL TO ORDER**

The Chairman opened the meeting by welcoming the shareholders to the 2024 Annual Stockholders Meeting of the company and calling the same to order after, indicating that the meeting was held via remote communication using Zoom Platform.

**II. CERTIFICATION OF THE NOTICE OF MEETING AND QUORUM**

Upon request of the Chairman of the Board, Mr. Rogelio M. Guadalquiver, the Corporate Secretary, Mr. Marvin C. Yu, announced that the notices for the meeting were distributed to the stockholders through the following:

1. Publication of the Notice of the ASM in the Business Sections of the Manila Standard and the Business Mirror, both newspapers of general circulation in the Philippines, in both print and online format on July 22 and July 23, 2024;
2. Disclosure of the ASM Notice on the Philippine Stock Exchange Edge portal; and

3. Posting on the Corporation's website at [www.balainifruitas.com](http://www.balainifruitas.com)

These alternative modes of notification to stockholders are in compliance with the guidelines of the SEC per its Notice dated February 23, 2024. The total outstanding common shares were represented at the meeting by stockholders participating remotely or in absentia or represented by proxies. The Corporate Secretary then certified the existence of a quorum.

1. The PSE Edge portal; and
2. The Corporation's website at [www.balainifruitas.com](http://www.balainifruitas.com).

The Definitive Information Statement contains detailed steps and procedures for participating via remote communication and voting in absentia.

### III. **APPROVAL OF THE MINUTES OF THE LAST ANNUAL MEETING OF THE STOCKHOLDERS**

The Chairman proceeded to the next item in the agenda, which was the approval of the minutes of the annual meeting of the stockholders held last August 15, 2023. The Corporate Secretary mentioned that the minutes of the said meeting were provided through posting in the Corporation's website.

On motion duly made and seconded, the stockholders dispensed with the reading of the minutes of the last stockholders' meeting of the Corporation held on August 15, 2023 and submitted the same for approval as recorded. Accordingly, the following resolution was thus adopted and approved:

**"RESOLVED**, that the stockholders of Balai ni Fruitas, Inc. hereby approve the Minutes of the Annual Stockholders' Meeting held on August 15, 2023 as recorded."

The Chairman requested the Corporate Secretary to record the votes for this agenda item. The above resolution was approved by more than a majority of the total outstanding shares entitled to vote, **1,178,834,000** shares, representing **78.85%**

Based on the existing process, votes were casted through an online portal which was accessed by eligible shareholders upon successful registration to the ASM 2024.

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

The next item on the agenda was the ratification of acts and resolutions of the Board of Directors and Management for year 2023 and up to present. On motion duly made and seconded, the stockholders approved the following resolution:

**"RESOLVED**, that the stockholders of Balai ni Fruitas, Inc., hereby approve and ratify all the actions taken by the Corporation's Board of Directors and Management for the year 2023 and up to the present."

The Chairman requested the Corporate Secretary to record the votes for this agenda item. The stockholders owning more than a majority of the total outstanding shares entitled to vote ratified all acts of the Corporation, its Board of Directors and Management from the last annual

stockholders' meeting to the present. Of the 1,178,834,00 total outstanding common shares entitled to vote at this meeting, 1,178,834,000 shares, representing 78.85% of the total outstanding common shares of the Corporation, have voted in favor of ratifying all acts and resolutions of the Board of Directors and Management from the date of the last Annual Stockholders' Meeting until the date of this meeting.

Based on the existing process, votes were casted through an online portal which was accessed by eligible shareholders upon successful registration to the ASM 2024.

**V. PRESENTATION OF THE PRESIDENT'S REPORT**

The Chairman of the Meeting then gave the floor to the President of the Corporation, Mr. Lester C. Yu, for the latter's report on the Corporation's achievements and milestones throughout the year 2023 and 2024.

The President reported on the significant business transaction undertaken by Management and the operational strategies and achievements for the year 2023 and 2024.

**VI. MANAGEMENT REPORT AND APPROVAL OF AUDITED FINANCIAL STATEMENT FOR THE YEAR 2023**

The Chairman of the Meeting then gave the floor to Co-Host, Ms. Rushell Salvador, for the latter's report on the Corporation's results of operations and financial condition for year 2023 and 2024.

After Ms. Salvador's presentation, the Chairman opened the floor for questions. On motion duly made and seconded, the stockholders approved the following resolution:

**"RESOLVED**, that the stockholders of Balai ni Fruitas, Inc. hereby approve the 2023 Annual Report and the Audited Consolidated Financial Statements of Balai ni Fruitas, Inc. for the year ended December 31, 2023."

The Chairman requested the Corporate Secretary to record the votes for this agenda item. The stockholders owning more than a majority of the total outstanding shares entitled to vote approved the report for the year 2023 and the audited financial statements for year ended December 31, 2023. Of the 1,178,834,000 total outstanding common shares entitled to vote at this meeting, 1,178,834,000 shares voted, representing 78.85% of the total outstanding common shares of the Corporation, have voted in favor of approving the Audited Financial Statements for the year 2023.

Based on the existing process, votes were casted through an online portal which was accessed by eligible shareholders upon successful registration to the ASM 2024.

**VII. ELECTION OF THE MEMBERS OF THE BOARD OF DIRECTORS, INCLUDING INDEPENDENT DIRECTORS, FOR THE YEAR 2024**

The Articles of Incorporation of the Corporation provide for 7 directors, with 3 being Independent Directors. The Corporate Secretary announced the names of the persons nominated for election as directors and independent directors of Balai ni Fruitas, Inc. as follows:

1. Mr. Rogelio M. Guadalquiver
2. Mr. Lester C. Yu
3. Ms. Madelene T. Sayson
4. Mr. Calvin F. Chua
5. Mr. Bernardino M. Ramos (*Independent Director*)
6. Mr. Lee Ceasar S. Junia (*Independent Director*)
7. Mr. David Jonathan Y. Bayot (*Independent Director*)
8. Mr. Tommanny Tan (*Independent Director*)

On motion duly made and seconded, the above-named nominees were nominated as directors and independent directors of the Corporation. There was no objection, the nomination was closed.

Since no objection was made, the seven (7) listed directors were elected based on votes of stockholders participating remotely or in absentia and by proxy. The Chairman requested the Corporate Secretary to record the votes for this agenda item. The stockholders owning more than a majority of the total outstanding shares entitled to vote casted the votes via the online portal and results were shown to the stockholders, as detailed below:

AGENDA	VOTES	
	NO. OF SHARES	%
Election of Directors		
1. Rogelio M. Guadalquiver	1,178,833,000	78.85%
2. Lester C. Yu	1,178,833,000	78.85%
3. Calvin F. Chua	1,178,833,000	78.85%
4. Madelene T. Sayson	1,178,833,000	78.85%
5. Lee Ceasar S. Junia	1,178,833,000	78.85%
6. Bernardino M. Ramos	1,178,833,000	78.85%
7. Tommanny Tan	1,178,833,000	78.85%

#### VIII. APPOINTMENT OF EXTERNAL AUDITORS

The stockholders were informed that present auditor, Reyes Tacandong & Co. (RTC), was appointed as Company auditor since 2015. The Audit Committee, chaired by Mr. Bernardino Ramos, recommend the re-appointment of RTC and RTC has accepted the invitation to stand for re-appointment this year. The Company is in compliance with Rule 68 of the Securities Regulation Code requiring the rotation of external auditors or engagement partners who have been engaged by the company.

There being no other questions, on motion duly made and seconded, the following resolution was adopted and approved:

**”RESOLVED**, that the stockholders of Balai ni Frutas, Inc. (the “Corporation”) hereby approve and ratify the appointment of Reyes Tacandong & Co. (RTC) as the external auditor of the Corporation for the year 2024.”

The Chairman requested the Corporate Secretary to record the votes for this agenda item. The stockholders owning more than a majority of the total outstanding shares entitled to vote



approved the re-appointment of Reyes Tacandong & Co. as the external auditor of the Corporation for the year 2024. Of the **1,178,834,000** total outstanding common shares entitled to vote at this meeting, **1,178,834,000** shares, representing **78.85%** of the total outstanding common shares of the Corporation, have voted in favor approving the appointment of Reyes Tacandong & Co.


Based on the existing process, votes were casted through an online portal which was accessed by eligible shareholders upon successful registration to the 2024 Annual Stockholders Meeting.

**IX. OTHER MATTERS AND ADJOURNMENT**

The stockholders were given an opportunity to ask questions by sending their queries about the ASM and the Company to [ipo.compliance@balainifruitas.com](mailto:ipo.compliance@balainifruitas.com) and through zoom chat box.

There being no questions casted by present eligible shareholders and no further business to transact, on motion duly made and seconded, the Chairman adjourned the meeting. The Chairman thanked all the stockholders for their attendance and participation remotely.

Certified Correct:

  
**MARVIN Q. YU**  
Corporate Secretary

ANNEX D

COVER SHEET

C S 2 0 0 5 0 8 3 8 6

SEC Registration Number

B A L A I N I F R U I T A 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)

RALPH HECTOR ADRICULA

Contact Person

+(632) 8731-8886

Company Telephone Number

SEC FORM 17-C

1 2

Month

3 1

Day

Fiscal Year

FORM TYPE

0 8

Month

1 3

Day

Annual Meeting

Secondary License Type, If Applicable

Dept Requiring this Doc

Amended Articles Number / Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

\_\_\_\_\_  
LCU

Document ID

\_\_\_\_\_  
Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE  
AND SRC RULE 17.2(c) THEREUNDER

1. June 03, 2025  
Date of Report (Date of earliest event reported)
2. SEC Identification Number- CS200508386
3. BIR Tax Identification No.- 237-383-045-000
4. BALAI NI FRUITAS 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
6. 68 DATA ST. BRGY. DON MANUEL QUEZON CITY  
Address of principal office
- 1113  
Postal Code:
7. (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 Shares</u>	<u>1,495,005,000</u>
----------------------	----------------------
11. Indicate the item numbers reported herein:

**Item 9- Other Events**

We hereby submit the SEC Form 17C for the Report on Number of Shareholders of Balai Ni Fruitas Inc. for the month ended May 31, 2025. There are four stockholders, each owning at least one board lot (10,000 shares) of the 1,495,005,000 outstanding common shares of BALAI, with a closing price of Php 0.36 on the last trading day of May 30, 2025.

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## 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.

**BALAI NI FRUITAS INC.**

Issuer

Date



**RALPH HECTOR P. ADRICULA**  
Compliance Officer

**June 03, 2025**



**June 03, 2025**

**THE SECURITIES AND EXCHANGE COMMISSION**

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

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

**PHILIPPINE STOCK EXCHANGE**

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

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

Subject: **Balai Ni Fruitas Inc. – Report on Number of Stockholders as of May 31, 2025**

Dear Sir/Madam:

We report to you herewith the number of stockholders owning at least one board lot each of Balai Ni Fruitas Inc. (BALAI) as of May 31, 2025

Last Trading Date	Closing Price	Shares Per Board Lot	Total Number of Shareholders Owning at least One Board Lot
05.30.2025	0.36	10,000	4

Very truly yours,

**BALAI NI FRUITAS INC.**

By:

**Ralph Hector Adricula**  
Compliance Officer

# ANNEX E

## CERTIFICATION OF INDEPENDENT DIRECTOR

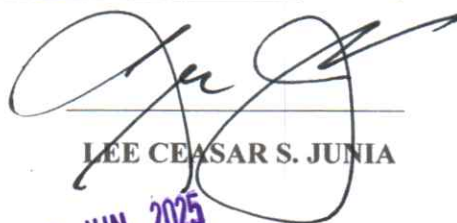
I, **LEE CEASAR S. JUNIA**, Filipino, of legal age and with office address at **68 DATA ST., BRGY. DON MANUEL, QUEZON CITY**, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **BALAI NI FRUITAS, INC.** and have been its independent director since 2021.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Gateway Group, Inc.	Head – Sales and After Sales	April 2024 to Present
Toyota Makati Inc.	Executive Vice President	2014 to 2024

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **BALAI NI FRUITAS, INC.**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to any director/ officer/ substantial shareholder of **BALAI NI FRUITAS, INC. and any of its subsidiaries** other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of **BALAI NI FRUITAS, INC.** of any changes in the abovementioned information within five days from its occurrence.

Done, this 27 JUN 2025 day of \_\_\_\_\_ at QUEZON CITY.

  
LEE CEASAR S. JUNIA

SUBSCRIBED AND SWORN to before me this 27 JUN 2025 day of \_\_\_\_\_ at \_\_\_\_\_  
affiant personally appeared before me and exhibited to me his/her \_\_\_\_\_  
issued at \_\_\_\_\_ on \_\_\_\_\_ QUEZON CITY

Doc. No. 202 ;  
Page No. 2 ;  
Book No. XXX ;  
Series of 2025 ;

**ATTY. MA. PERITA P. CARRERA**  
Notarial Commission until DEC. 31, 2025  
Adm. Matter No. 012 (2024-2025)  
PTR. No.: 6989495; 01/02/2025 - QC  
IBP. No.: 483671; 12/16/2024 - QC  
Attorney's Roll No. 44573  
MCLE IX Compliant as of March 2025  
(Awaiting MCLE Certificate)

## CERTIFICATION OF INDEPENDENT DIRECTOR


I, **TOMMANNY TAN**, Filipino, of legal age and with office address at **68 DATA ST., BRGY. DON MANUEL, QUEZON CITY**, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **BALAI NI FRUITAS, INC.** and have been its independent director since 2024.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
I-FERN CORP.	President and CEO	2012 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **BALAI NI FRUITAS, INC.**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to any director/ officer/ substantial shareholder of **BALAI NI FRUITAS, INC. and any of its subsidiaries** other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of **BALAI NI FRUITAS, INC.** of any changes in the abovementioned information within five days from its occurrence.

Done, this 27 JUN 2025 day of QUEZON CITY.



**TOMMANNY TAN**

SUBSCRIBED AND SWORN to before me this 27 JUN 2025 day of QUEZON CITY  
affiant personally appeared before me and exhibited to me his/her \_\_\_\_\_  
issued at \_\_\_\_\_ on \_\_\_\_\_.

Doc. No. 203;  
Page No. 42;  
Book No. XXXI;  
Series of 205.

**ATTY. MA. PERLITA P. CARRERA**  
Notarial Commission until DEC. 31, 2025  
Adm. Matter No. 012 (2024-2025)  
PTR. No.: 6989495/01/02/2025 - QC  
IBP. No.: 483671; 12/16/2024 - QC  
Attorney's Roll No. 44573  
MCLE IX Compliant as of March 2025  
(Awaiting MCLE Certificate)



## CERTIFICATION OF INDEPENDENT DIRECTOR

I, **BERNARDINO M. RAMOS**, Filipino, of legal age and with office address at **68 DATA ST., BRGY. DON MANUEL, QUEZON CITY**, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **BALAI NI FRUITAS, INC.** and have been its independent director since 2021.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
GB Distributors, Inc.	Chairman of the Board	2014 to Present
Cirtek Holdings Philippines Corporation	Member, Board of Directors and Board Committees	2019 to Present
State Investment House, Inc.	Member, Board of Directors, Chairman of the Audit Committee and Member of the Executive Committee	2010 to Present
State Properties, Inc.	Member, Board of Directors, Chairman of the Audit Committee and Member of the Executive Committee	2010 to Present
PILAC, Inc.	Member, Board of Directors	2005 to Present
Prince Plaza Condominium Corporation	Member, Board of Directors, Treasurer	2005 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **BALAI NI FRUITAS, INC.**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to any director/ officer/ substantial shareholder of **BALAI NI FRUITAS, INC. and any of its subsidiaries** other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of **BALAI NI FRUITAS, INC.** of any changes in the abovementioned information within five days from its occurrence.

**ATTY. MA. PERLITA P. CARRERA**

Notarial Commission until DEC. 31, 2025

Adm. Matter No. 012 (2024-2025)

PTR. No.: 6989495; 01/02/2025 - QC

IBP. No.: 483671; 12/16/2024 - QC

Attorney's Roll No. 44573

MCLE IX Compliant as of March 2025  
(Awaiting MCLE Certificate)



Done, this 27 JUN 2025 day of \_\_\_\_\_ at QUEZON CITY.

  
BERNARDINO M. RAMOS

SUBSCRIBED AND SWORN to before me this 27 JUN 2025 day of \_\_\_\_\_ at QUEZON CITY  
affiant personally appeared before me and exhibited to me his/her \_\_\_\_\_  
issued at \_\_\_\_\_ on \_\_\_\_\_.

Doc. No. 204 ;  
Page No. 42 ;  
Book No. XXX ;  
Series of 2025 ;

  
ATTY. MA. PERLA P. CABRERA

Notarial Commission until DEC. 31, 2025

Adm. Matter No. 012 (2024-2025)

PTR. No.: 6989495; 01/02/2025 - QC

IBP. No.: 483671; 12/16/2024 - QC

Attorney's Roll No. 44573

MCLE IX Compliant as of March 2025  
(Awaiting MCLE Certificate)

## ANNEX F

**BALAI NI FRUITAS, INC.**  
No. 68 Data St., Brgy. Don Manuel  
Quezon City, Philippines 1113

### **SECRETARY'S CERTIFICATE**

I, **MARVIN C. YU**, of legal age, Filipino and with office address at No. 68 Data St., Brgy. Don Manuel, Quezon City, Philippines 1113, after having been duly sworn in accordance with law, hereby certify that:

1. I am the duly elected and incumbent Corporate Secretary of **BALAI NI FRUITAS, INC.** (the "Corporation"), a corporation duly organized and existing under the laws of the Republic of the Philippines, with principal address at No. 68 Data St., Brgy. Don Manuel, Quezon City, Philippines 1113;
2. None of the following Directors or Officers of the Corporation are connected with any government agencies or its instrumentalities:

<b>Name</b>	<b>Position</b>
Rogelio M. Guadalquiver	Chairman
Lester C. Yu	Director, President, and Chief Executive Officer
Calvin F. Chua	Director and Chief Financial Adviser
Madelene T. Sayson	Director
Lee Ceasar S. Junia	Independent Director
Tommannny Tan	Independent Director
Bernardino M. Ramos	Independent Director
Roselyn A. Legaspi	Managing Director
Ma. Teresa B. Trujillo	Chief Financial Officer and Treasurer
Marvin C. Yu	Corporate Secretary
Ralph Hector P. Adricula	Compliance Officer
Shaun Aldrich G. Si	Investor Relations Associate
Lerma C. Fajardo	Comptroller
William V. Capuno	Head of Operations

3. This certification is being issued to attest to the truth of the foregoing statements and for whatever legal purpose it may serve.

IN WITNESS WHEREOF, I have hereunto set my hand this 27 JUN 2025 in QUEZON CITY.

Marvin C. Yu  
MARVIN C. YU  
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 27 JUN 2025 in QUEZON CITY  
affiant exhibiting and presenting to me competent evidence of identity,  
\_\_\_\_\_ issued by the \_\_\_\_\_ on  
\_\_\_\_\_ valid until \_\_\_\_\_.

Doc. No. 201  
Page No. 42  
Book No. XXXI  
Series of 2025

Ma. Perlita P. Cabrera  
ATTY. MA. PERLITA P. CABRERA  
Notarial Commission until DEC. 31, 2025  
Adm. Matter No. 012 (2024-2025)  
PTR. No.: 6989495; 01/02/2025 - QC  
IBP. No.: 483671; 12/16/2024 - QC  
Attorney's Roll No. 44573  
MCLE IX Compliant as of March 2025  
(Awaiting MCLE Certificate)

COVER SHEET

C S 2 0 0 5 0 8 3 8 6

SEC Registration Number

B A L A I N I F R U I T A 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)

RALPH HECTOR ADRICULA

Contact Person

+(632) 8731-8886

Company Telephone Number

1 2 3 1

Month Day  
Fiscal Year

**SEC FORM 17Q**  
*Quarter Report ending March 31, 2025*  
FORM TYPE  
Annual Meeting

0 8 1 3

Month Day

Secondary License Type, If Applicable

Dept Requiring this Doc  
Section

Amended Articles Number /

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

May 15, 2025



**THE SECURITIES AND EXCHANGE COMMISSION**

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

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

**PHILIPPINE STOCK EXCHANGE**

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

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

Subject: **Balai Ni Frutas Inc.: Quarterly Report Ending March 31, 2025**

Dear Sir/Madam:

We hereby submit the SEC Form 17Q for the Quarter Report ending March 31, 2025 of Balai Ni Frutas Inc. (BALAI).

Attached here is the Unaudited Financial Statement as of March 31, 2025.


Hope you find everything in order.

Thank you.

Very truly yours,

**BALAI NI FRUITAS INC.**

By:

  
**Ralph Hector P. Adricula**  
Compliance Officer

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q


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

1. For the quarterly period ended- **31 MARCH 2025**
2. SEC Identification Number- **CS200508386**
3. BIR Tax Identification No.- **237-383-045-000**
4. **BALAI NI FRUITAS, INC**  
Exact name of issuer as specified in its charter
5. **QUEZON CITY, PHILIPPINES**  
Province, country or other jurisdiction  
of incorporation
6.  (SEC Use Only)  
Industry Classification Code
7. **68 DATA ST. BRGY. DON MANUEL QUEZON CITY** **1113**  
Address of principal office Postal Code:
8. **(02)8243-1741**  
Issuer's telephone number, including area code
9. **N/A**  
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 4 and 8 of the RSA
- | Title of Each Class  | Number of Shares of Common Stock<br>Outstanding and Amount of Debt<br>Outstanding |
|----------------------|---|
| <b><u>Common</u></b> | <b><u>1,495,005,000</u></b>   |
11. Are any or all of the securities listed on a Stock Exchange?  
Yes [ ☒ ] No [ ☐ ]
- If yes, state the name of such Stock Exchange and the class/es of securities listed therein:
- PHILIPPINE STOCK EXCHANGE/COMMON SECURITIES**
12. Indicate by check mark whether the registrant:
- (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)  
Yes [ ☒ ] No [ ☐ ]
- (b) has been subject to such filing requirements for the past ninety (90) days.  
Yes [ ☒ ] No [ ☐ ]
-

## SIGNATURES

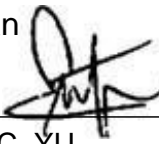
Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BALAI NI FRUITAS, INC.



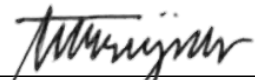
ROGELIO M. GUADALQUIVER

Chairman



LESTER C. YU

President and Chief Executive Officer



MA. TERESA B. TRUJILLO

Chief Finance Officer and Treasurer

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

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

### ***Results of Operations for Three months ending March 2025 vs Three months ending March 2024***

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

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

The Company generated revenues of ₱160.0 million for the three months ending March 31, 2025, a 10.5% or ₱15.2 million increase from the same period in 2024, which closed at ₱144.7 million. The increase was driven by stronger performance of the stores.

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

Cost of sales for the three months ended March 31, 2025 closed at ₱78.6 million, 10.6% or ₱7.5 million increase from the same period in 2024 which closed at ₱71.1 million. The increase is mainly attributable to the increase in revenues.

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

The Company's operating expenses settled at ₱63.6 million at the close of the three months of 2025, a 9.3% or a ₱5.3 million increase from the same period in 2024 which settled at ₱58.5 million. The increase was mainly attributed to the increased business volume in 2025 and expansion undertaken by the Company.

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

From ₱3.0 million current income tax last first quarter of 2024 to ₱3.4 million income tax for the same period in 2025. Increase in Income tax for the period ending March 31, 2025 was primarily due to the increase in revenues.

##### ***Net income***

Net income for the period ending March 31, 2025 closed at ₱14.9 million compared to the same period of the prior year of ₱13.2 million net income driven by the increase in revenue due to business expansion and continued same store sales growth.

### ***Financial Condition as of MARCH 31, 2025 versus DECEMBER 2024***

BALAI had consolidated total assets of ₱595.5 million as of March 31, 2025, a decrease of ₱14.2 million from the total assets of ₱609.7 million last December 31, 2024.

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

As of end March 2025, cash and cash equivalents totaled ₱243.7 million, decreased from ₱273.2 million as of end-2024. Cash includes cash on hand and in banks while cash equivalents are short-term, highly liquid investments that are easily convertible to cash.

#### ***Trade and other receivables***

Trade and other receivables were at ₱26.8 million as of March 31, 2025 compared to ₱24.5 million as of end-2024, higher by 9.4% due to increased third party trade receivables.

#### ***Inventories***

As of March 31, 2025, inventories increased to ₱12.2 million, from ₱10.6 million as of end of 2024. The increase was attributed to the Company's continuous opening of stores.



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

Consolidated net property and equipment stood at ₱185.8 million as of March 31, 2025. Acquisition of property and equipment for the last three months of the year reached ₱3.6 million, which was invested in the transfer of land, building of new stores, new store equipment and additional transportation equipment.

### ***Intangible assets***

Intangible assets stood at ₱9.2 million for the period ending March 31, 2025.

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

Trade and other payables decreased by 20.8% for the period ending March 31, 2025 to ₱18.0 million driven by the payment of trade payables for the purchase of inventories towards the end of 2024.

### ***Equity***

As of March 31, 2025, the Company's consolidated equity increased to ₱535.3 million from ₱520.4 million as of end-2024 which was driven by the net income generated in the first quarter of 2025.

### **Cash Flow Summary**

Net cash provided by operating activities amounted to ₱3.1 million for the three months of 2025.

Net cash used in investing activities was ₱4.1 million for the three months of 2025, driven by CAPEX.

Net cash used in financing activities was ₱28.4 million for the three months of 2025, as a result of payment of promissory notes.

	<b>Interim Three Months Ended March 31, 2025</b>	<b>Interim Three Months Ended March 31, 2024</b>
Revenue Growth	10.5%	27.0%
Gross Profit Margin	50.8%	50.9%
Net Income (in million)	14.9	13.2
	<b>As of March 31, 2025</b>	<b>As of December 31, 2024</b>
Current Ratio	7.50x	5.24x
Debt to Equity Ratio	11.3%	17.2%

# COVER SHEET

for  
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C S 2 0 0 5 0 8 3 8 6

COMPANY NAME

B A L A I N I F R U I T A S , I N C . D o i n g b u s i n e s s u  
n d e r t h e n a m e s a n d s t y l e s o f B a l a i P a n d  
e s a l , B u k o N i F r u i t a s a n d F r u i t a s H o u s e  
o f D e s s e r t s , ( F o r m e r l y B u k o n i F r u i t a s  
, I n c . ) [ A S u b s i d i a r y o f F R U I T A S H O L D I N  
N G S , I N C . ]

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

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 , P h i l i p p i n e s

Form Type

A A 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@balainifruitas.com

Company's Telephone Number/s

(02) 8-243-1741

Mobile Number

09156427243

No. of Stockholders

83

Annual Meeting (Month / Day)

Third 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

Ms. Madelene Timbas-Sayson

Email Address

madelene.sayson@fruitasholdings.com

Telephone Number/s

(02) 8-243-1741

Mobile Number

09283616345

## CONTACT PERSON'S ADDRESS

68 Data St. Brgy. Don Manuel, Quezon City, Philippines

**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.

**BALAI NI FRUITAS, INC.**  
**[A Subsidiary of FRUITAS HOLDINGS, INC.]**

---

**STATEMENTS OF FINANCIAL POSITION**

	Note	Mar 2025	Dec 2024
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	<b>₱243,686,002</b>	₱273,151,441
Financial assets at fair value through profit or loss (FVPL)	6	<b>12,738,382</b>	11,945,818
Trade and other receivables	7	<b>26,764,783</b>	24,462,808
Note receivable		<b>40,000,000</b>	40,000,000
Due from related parties		<b>22,155,720</b>	21,655,720
Merchandise inventories	8	<b>12,237,158</b>	10,557,158
Other current assets	9	<b>34,966,890</b>	17,571,170
Total Current Assets		<b>392,548,935</b>	399,344,115
<b>Noncurrent Assets</b>			
Security deposits	23	<b>216,000</b>	216,000
Property and equipment	10	<b>185,842,523</b>	190,267,263
Right-of-use (ROU) assets	23	<b>6,983,125</b>	9,975,893
Intangible assets	4	<b>9,247,150</b>	9,247,150
Deferred tax assets		<b>698,385</b>	698,385
Total Noncurrent Assets		<b>202,987,183</b>	210,404,691
		<b>₱595,536,118</b>	₱609,748,806
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Trade and other payables	11	<b>₱17,959,010</b>	₱22,672,954
Current portion of:			
Notes payable	12	<b>13,300,000</b>	37,300,000
Lease liabilities	23	<b>8,166,248</b>	6,726,323
Mortgage payable	13	<b>718,216</b>	718,216
Income tax payable		<b>12,055,361</b>	8,624,251
Due to related parties	21	<b>136,761</b>	136,761
Total Current Liabilities		<b>52,335,596</b>	76,178,505
<b>Noncurrent Liabilities</b>			
Noncurrent portion of:			
Notes payable	12	<b>4,583,333</b>	5,833,333
Lease liabilities	23	<b>-</b>	3,951,145
Mortgage payable	13	<b>1,103,924</b>	1,277,485
Retirement benefits liability	14	<b>2,241,964</b>	2,091,964
Total Noncurrent Liabilities		<b>7,929,221</b>	13,153,927
Total Liabilities		<b>60,264,817</b>	89,332,432

(Forward)

	Note	Mar 2025	Dec 2024
<b>Equity</b>	15		
Capital stock		<b>₱74,750,250</b>	₱74,750,250
Additional paid-in capital		<b>286,843,181</b>	286,843,181
Retained earnings		<b>173,878,025</b>	159,023,098
Other comprehensive loss	14	<b>(200,155)</b>	(200,155)
Total Equity		<b>535,271,301</b>	520,416,374
		<b>₱595,536,118</b>	₱609,748,806

*See accompanying Notes to Financial Statements.*

**BALAI NI FRUITAS, INC.**  
**[A Subsidiary of FRUITAS HOLDINGS, INC.]**  
**STATEMENTS OF COMPREHENSIVE INCOME**

	Note	1Q 2025	1Q 2024
REVENUE	16	₱159,908,903	₱144,724,804
COST OF SALES	17	(78,643,129)	(71,103,165)
GROSS PROFIT		81,265,775	73,621,639
SELLING AND DISTRIBUTION EXPENSES	18	(55,984,555)	(50,074,677)
GENERAL AND ADMINISTRATIVE EXPENSES	19	(6,610,976)	(7,197,260)
INTEREST EXPENSE		(948,661)	(1,217,995)
INTEREST INCOME		573,695	1,092,617
OTHER INCOME (CHARGES) - Net	20	(9,241)	10,501
INCOME BEFORE INCOME TAX		18,286,036	16,234,825
PROVISION FOR (BENEFIT FROM) INCOME TAX			
Current		3,431,110	3,046,230
Deferred		-	-
		3,431,110	3,046,230
NET INCOME		14,854,926	13,188,595
OTHER COMPREHENSIVE INCOME			
Not to be reclassified subsequently to profit or loss:			
Remeasurement gain on retirement benefits liability - net of deferred tax asset		-	-
TOTAL COMPREHENSIVE INCOME		₱14,854,926	₱13,188,595
Basic Earnings per Share	22	₱0.010	₱0.009

See accompanying Notes to Financial Statements.

**BALAI NI FRUITAS, INC.**  
**[A Subsidiary of FRUITAS HOLDINGS, INC.]**

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**STATEMENTS OF CHANGES IN EQUITY**

	Note	1Q 2025	1Q 2024
<b>CAPITAL STOCK</b>			
Balance at beginning of year	15	<b>₱74,750,250</b>	₱74,750,250
Issuances		—	—
Balance at end of year		<b>74,750,250</b>	74,750,250
<b>ADDITIONAL PAID-IN CAPITAL</b>			
Balance at beginning of year		<b>286,843,181</b>	286,843,181
Additions	15	—	—
Balance at end of year		<b>286,843,181</b>	286,843,181
<b>RETAINED EARNINGS</b>			
Balance at beginning of year		<b>159,023,098</b>	98,662,184
Net income		<b>14,854,926</b>	13,188,595
Cash dividends	15	—	—
Balance at end of year		<b>173,878,024</b>	111,850,779
<b>OTHER COMPREHENSIVE LOSS</b>			
Cumulative remeasurement losses on retirement benefits liability - net of deferred income tax	14		
Balance at beginning of year		<b>(200,155)</b>	(200,155)
Remeasurement gain - net of deferred income tax		—	—
Balance at end of year		<b>(200,155)</b>	(200,155)
		<b>₱535,271,300</b>	₱473,244,055

*See accompanying Notes to Financial Statements.*

**BALAI NI FRUITAS, INC.**  
**[A Subsidiary of FRUITAS HOLDINGS, INC.]**

**STATEMENTS OF CASH FLOWS**

	Note	1Q 2025	1Q 2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income tax		<b>₱18,286,036</b>	<b>₱16,234,825</b>
Adjustments for:			
Depreciation and amortization	10	<b>11,034,437</b>	12,298,488
Interest expense		<b>948,661</b>	1,217,995
Interest income		<b>(573,695)</b>	(1,092,617)
Retirement benefits cost	14	<b>150,000</b>	150,000
Operating income before working capital changes		<b>29,845,439</b>	28,808,692
Decrease (increase) in:			
Trade and other receivables		<b>(2,301,975)</b>	(1,174,138)
Merchandise inventories		<b>(1,680,000)</b>	158,308
Other current assets		<b>(17,395,720)</b>	(5,971,209)
Financial assets carried at FVPL		<b>(792,564)</b>	-
Increase (decrease) in trade and other payables		<b>(4,713,943)</b>	809,985
Net cash generated from operations		<b>2,961,237</b>	22,631,638
Income tax paid		-	-
Interest paid		<b>(467,114)</b>	(1,217,995)
Interest received		<b>573,695</b>	1,092,617
Net cash provided by operating activities		<b>3,067,818</b>	22,969,439
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property and equipment	10	<b>(3,616,929)</b>	(19,565,323)
Proceeds from disposal of investment in FVPL	6	-	-
Additions to intangible assets	4	-	-
Collections of note receivable		-	-
Decrease (increase) in advances to related parties	21	<b>(500,000)</b>	(2,594,277)
Net cash used in investing activities		<b>(4,116,929)</b>	(22,159,600)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payments of:			
Notes payable		<b>(25,250,000)</b>	(16,416,667)
Lease payments	23	<b>(2,992,768)</b>	(5,462,991)
Mortgage payable	13	<b>(173,561)</b>	-
Proceeds from:			
Notes payable		-	31,000,000
Mortgage payable	13	-	-
Issuances of shares of stock	15	-	-
Advances from (settlement of) related parties	21	-	-
Net cash provided by (used in) financing activities		<b>(28,416,329)</b>	9,120,342

(Forward)

	Note	1Q 2025	1Q 2024
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		₱(29,465,439)	9,930,182
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		273,151,441	243,197,008
CASH AND CASH EQUIVALENTS AT END OF YEAR		₱243,686,002	₱253,127,190

*See accompanying Notes to Financial Statements.*



**BALAI NI FRUITAS, INC.**  
**[A Subsidiary of FRUITAS HOLDINGS, INC.]**

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**NOTES TO FINANCIAL STATEMENTS**  
**AS AT MARCH 31, 2025 AND 2024 AND FOR THE PERIOD ENDED MARCH 31,**  
**2025 AND DECEMBER 31, 2024**

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**1. Corporate Information**

**General Information**

BALAI NI FRUITAS, INC. Doing business under the names and styles of BALAI Pandesal, Buko ni Fruitas and Fruitas House of Desserts (the “Company”) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on May 17, 2005. The Company is primarily engaged in the trading of baked goods, fresh fruit drinks and other related products.

On June 30, 2022, the common shares of the Company were listed and traded in the PSE through an Initial Public Offering (IPO) under the trading name “BALAI”.

The Company is 74.92% owned subsidiary, as at March 31, 2025 and March 31, 2024, of FRUITAS HOLDINGS, INC. (FHI or the “Parent Company”), a company incorporated and domiciled in the Philippines, whose shares of stock are listed and traded in the Philippine Stock Exchange (PSE). FHI is primarily engaged in investing, holding and owning real and personal properties of any kind. The ultimate parent of the Company is The Lush Properties, Inc., an entity incorporated in the Philippines and, is engaged in leasing/real estate activities.

The Company’s registered office address, which is also its principal place of business, is at 68 Data St. Brgy. Don Manuel, Quezon City, Philippines.

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

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

**Basis of Preparation and Statement of Compliance**

The financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. This financial reporting framework includes PFRS, 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 financial statements are presented in Philippine Peso, the Company’s functional currency. All values represent absolute amounts unless otherwise stated.

The financial statements of the Company have been prepared on a historical cost basis except for financial assets at fair value through profit or loss, retirement benefits liability and lease liabilities measured at present value. 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 the following notes to financial statements:

- Note 8 - Financial Assets at Fair Value through Profit and Loss (FVPL)
- Note 25 - Fair Value Measurement

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

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amendments to PFRS Accounting Standards effective for annual periods beginning on or after January 1, 2024 -

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

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

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

Relevant amendments to PFRS Accounting Standards, which are not yet effective as at March 31, 2025 and have not been applied in preparing the financial statements, are summarized below:

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

- Amendments to PFRS 9, *Financial Instruments*, and PFRS Accounting Standards 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Assets* – The amendments clarify that a financial liability is derecognized when the related obligation is discharged, cancelled, expires or otherwise qualifies for derecognition (e.g. settlement date), and introduces a policy option to derecognize financial liabilities settled through an electronic payment system before settlement date if the required conditions are met. The amendments also clarify the assessment of contractual cash flow characteristics of financial assets, the treatment of non-recourse loans and contractually linked instruments, as well as require additional disclosure requirements for financial assets and liabilities with contingent features and equity instruments classified at fair value through other comprehensive income (FVOCI). Earlier application is permitted.
- Amendments to PFRS 9, *Financial Instruments*, and PFRS Accounting Standards 7, *Financial Instruments: Disclosures – Contracts Referencing Nature-dependent Electricity* – The amendments on the hedge accounting requirements in PFRS Accounting Standards 9 now permits companies to designate a variable nominal volume of forecast electricity transactions as the hedged item. The variable hedged volume is determined based on the variable volume expected to be delivered by the generation facility specified in the hedging instrument. The amendments further provides an exception for designated forecast nature-dependent electricity contracts, allowing them to qualify as hedged item with the presumption the transaction is highly probable. The amendments include additional disclosure requirements to enable users of financial statements to understand how these contracts for renewable electricity affect the amount, timing and uncertainty of the companies' future cash flows. The amendments shall be applied prospectively to new hedging relationships designated on or after the date of when the amendment is first applied. Earlier application is permitted.
- Annual Improvements to PFRS Accounting Standards 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 10, *Consolidated Financial Statements - Determination of a 'de facto agent'* – The amendments remove inconsistencies by clarifying that an entity must use judgment to determine whether other parties are acting as de facto agents. Earlier application is permitted.
  - Amendments to PAS 7, *Statement of Cash Flows - Cost Method* – The amendments replace the term 'cost method' with 'at cost' following the deletion of the definition of 'cost method'. Earlier application is permitted.

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

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

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

#### **Business Combination**

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

When the Company 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 statement of comprehensive income or as a change to other comprehensive income.

If the contingent consideration is not within the scope of PFRS 9, it is measured in accordance with appropriate PFRS 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 Company also considers whether the acquisition represents an acquisition of a business or a group of assets. The Company 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 Company exceeds the acquisition price, and is recognized in the consolidated statement of comprehensive income in the year of acquisition.

## **Financial Assets and Liabilities**

### **Recognition and Measurement**

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

*Initial Recognition and Measurement.* Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

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

### **Classification**

*Classification of Financial Instruments.* The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost, and (c) financial assets at fair value through other comprehensive income (FVOCI). Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Company’s business model and its contractual cash flow characteristics.

As at March 31, 2025 and December 31, 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 collectibility is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at March 31, 2025 and December 31, 2024, the Company's cash and cash equivalents, trade and other receivables (excluding advances to officers and employees), note receivable, due from related parties and construction bond (presented as part of "Other current assets" account in the statements of financial position) are classified under this category.

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

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

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

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

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

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

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

As at March 31, 2025 and December 31, 2024, the Company's trade and other payables (excluding statutory payables), notes payable, mortgage payable, due to related parties and lease liabilities 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.

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

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

### **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.

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

For other financial assets at amortized cost, the 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 statements of comprehensive income.



**Offsetting**

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

**Merchandise Inventories**

Merchandise inventories are carried at the lower of cost and net realizable value (NRV). The NRV of merchandise inventories is the estimated selling price in the ordinary course of business, less the costs necessary to make the sale. Cost includes the purchase price of the direct materials and is determined using first-in, first-out method.

At each reporting date, merchandise inventories are assessed for impairment. If merchandise inventories are impaired, the carrying amount is reduced to its NRV. Impairment loss is recognized immediately in profit or loss. The amount of any reversal of any write-down of merchandise inventories, arising from an increase in NRV, is recognized as part of other income or charges in profit or loss.

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

**Property and Equipment**

Property and equipment, except for land, are stated at cost less accumulated depreciation and amortization and any accumulated impairment losses. Land is stated at cost less any accumulated impairment losses. 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, 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 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 life of the property and equipment:

Asset Type	Number of Years
Leasehold improvements	5 to 10 years or lease term, whichever is shorter
Transportation equipment	5 to 10
Furniture and fixtures	3
Store equipment	3
Office equipment	3

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

Fully depreciated assets are retained in the accounts until these are no longer in use and no further change for depreciation and amortization are made in respect of those assets.

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 Company without physical substance held for use in operations, the production of goods or services. These pertain to intellectual property rights over the Balai Pandesal and Sugarhouse brand, practices, recipes, and supply chain. The cost of an intangible asset acquired in a business combination is its fair value at the date of acquisition. Subsequently, intangible assets are carried at cost less any accumulated impairment losses.

The Company assessed the useful life of the brand name 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 Company.

Brand names with indefinite useful lives are tested for impairment annually, either individually or at the cash-generating unit level. Such intangibles are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

#### **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 and amortization (for property and equipment), 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 Company 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 Company. However, as permitted by PFRS Accounting Standards 8, *Operating Segments*, the Company has aggregated these segments into a single operating segment to which it derives its revenue 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**

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

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

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

*Other Comprehensive Loss.* Other comprehensive loss pertains to the accumulated remeasurement gains or losses on the Company's retirement benefits liability arising from experience adjustments and changes in financial assumptions. Remeasurements of retirement benefits liability, and the corresponding deferred tax component, are recognized immediately in other comprehensive income and are included in equity. These are not reclassified to profit or loss in subsequent periods.

### **Earnings Per Share (EPS)**

Basic EPS 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 EPS is computed by adjusting the weighted average number of common shares outstanding to assume conversion of all the dilutive potential common shares into common shares.

The Company has no dilutive potential common shares.

### **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.

- *Sales of Goods.* Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the customer, which is normally upon delivery to and acceptance of the goods by the customers.
- *Franchise Revenue.* Franchise revenue includes continuing royalty and initial franchise fees. Royalty fees are recognized in the period earned. Initial franchise fees are recognized upon opening of a store when the Company has performed substantially all of the services required under the franchise agreement.

#### **Other Sources of Income**

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

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

#### **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.

*Cost of Sales.* Cost of sales includes expenses directly related to the production and sale of food products. Cost of sales is recognized at the time the related merchandise inventories are sold to customers.

*Selling and Distribution Expenses.* Selling and distribution expenses constitute costs of selling and distributing the goods to customers that do not qualify 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 interest on lease liabilities. Interest expense 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 include salaries and wages, social security contributions, short-term compensated absences, and bonuses and non-monetary benefits. Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

*Retirement Benefits.* Retirement benefit costs 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 defined benefit obligations is performed regularly by a qualified actuary.

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

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

Remeasurements of the retirement benefits liability, which consist of actuarial gains and losses are recognized immediately in other comprehensive income and are not reclassified to profit or loss in subsequent periods.

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

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

### **Leases**

The Company assesses whether the contracts is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified assets for a period of time, the 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.

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

*ROU Assets.* At commencement date, the Company 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 Company in dismantling and removing the underlying asset, when applicable.

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

*Lease Liabilities.* At commencement date, the Company measures the lease liabilities 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 Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liabilities 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 Company is reasonably certain to exercise; lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

Lease liabilities are subsequently measured at amortized cost. Interest on the 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 liabilities are 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 liabilities are 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.

### **Income Taxes**

*Current Tax.* Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used to compute the amount are those that have been 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 to the extent that it is probable that taxable profit will be available against which the deductible temporary differences 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 a business combination, or items directly recognized to equity or 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 Transactions**

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities that are under common control with the reporting enterprise, or between and/or among the reporting enterprise and its key management personnel, directors, or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on legal form.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

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

#### **Provisions**

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

#### **Contingencies**

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

### **Events after the Reporting Date**

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

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### **3. Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the Company's financial statements requires management to make judgments and estimates that affect the amounts reported in the financial statements and accompanying notes. The judgments and estimates used in the 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 ongoing 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:

*Accounting for Business Acquisition.* At the time of acquisition, the Company considers whether the acquisition represents an acquisition of a business or a group of assets. In May 2024, the Company accounted for the acquisition of the assets of Sugarhouse from Golden Spatula Corporation (GSC) as an acquisition of a business since it has acquired an integrated set of business processes in addition to the group of assets acquired (see Note 4).

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

The application of the acquisition method requires certain estimates and assumptions concerning the determination of the fair values of acquired intangible assets, property and equipment and security deposit, as well as liabilities assumed at the acquisition date. There is also a requirement to determine the useful lives of the acquired intangible assets and property and equipment. The valuations are based on information available at the acquisition date. The Company's acquisitions have resulted in the recognition of intangible assets with indefinite life.

Information on the Company's business combination transactions is disclosed in Note 4.



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

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

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

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

*Classifying the Lease Commitments - Company as a Lessee.* The Company has entered into commercial property leases for its store spaces and a warehouse. For the Company's non-cancellable lease, the Company recognizes ROU assets and lease liabilities measured at the present value of lease payments to be made over the lease term using the Company's incremental borrowing rate. The Company availed exemption for the short-term lease 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 ROU assets and lease liabilities are disclosed in Note 23. The amount of rental expense charged to operations is disclosed in Note 23.

*Assessing the ECL of Trade Receivables.* When the Company assessed that there is a significant change in the credit risk, the Company estimates expected credit losses using a provision matrix. The Company applying the simplified approach in the computation of ECL initially uses a provision matrix based on historical default rates for trade receivables. Depending on the diversity of its debtor's base, the Company uses its historical credit loss experience adjusted for forward-looking factors, as appropriate. The information about the ECL assessment on the Company's trade receivables is disclosed in Note 26 to the financial statements.

The carrying amount of the Company's trade receivables is disclosed in Note 7.

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

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

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

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

The Company has assessed that the ECL on other financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Company only with reputable banks and companies with good credit standing and relatively low risk of defaults. No provision for ECL on other financial assets at amortized cost was recognized in 2025, 2024 and 2023. The carrying amounts of cash in banks and cash equivalents, other receivables, due from related parties, and construction bond (presented as part of "Other current assets" account in the statements of financial position) are disclosed in Notes 5, 7, 9 and 21.

*Estimating the ROU Assets and Lease Liabilities.* The Company's ROU assets and lease liabilities are initially measured at the present value of lease payments. In determining the appropriate discount rate, the Company considered readily available interest rate implicit in the lease agreements, interest rate on its borrowings and the term of each lease commitment. The Company determined that the implicit rate in the lease agreements is readily available and presents the appropriate financing cost in leasing the underlying assets. The rate implicit in the lease is the rate that would cause the present value of the lease payments and unguaranteed residual to equal the sum of the fair value of the underlying assets and initial direct costs incurred.

The carrying amounts of ROU assets and lease liabilities, and the rental expense incurred on short-term leases are disclosed in Note 23.

*Assessing the Impairment of Nonfinancial Assets.* The Company assesses impairment on its nonfinancial assets whenever events or changes in circumstances indicate that the carrying amounts of the assets or group of assets may not be recoverable.

The relevant factors that the Company considers in deciding whether to perform an asset impairment review include, among others, the following:

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

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs. Recoverable amount represents the greater of the fair value less cost to sell and the value in use. Value in use is determined as the present value of estimated future cash flows expected to be generated from the continued use of the assets. The estimated cash flows are projected using growth rates based on historical experience and business

plans and are discounted using pretax discount rates that reflect the current assessment of the time value of money and the risks specific to the assets.

Intangible assets are tested for impairment annually and more frequently, when circumstances indicate that the carrying amount may be impaired.

No impairment losses on nonfinancial assets were recognized in 2025 and 2024.

The carrying amounts of the Company's other current assets (except for construction bond), property and equipment, ROU assets and intangible assets are disclosed in Notes 4, 9, 10 and 23.

*Estimating the Retirement Benefits Liability.* The determination of the obligation and costs of retirement benefits is dependent on the assumptions used by the actuary in calculating such amounts. These assumptions are described in Note 14 and include, among others, discount rates and salary increase rates. 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.

The carrying amount of retirement benefits liability and details of remeasurement loss on retirement benefits liability are disclosed in Note 14.

*Assessing the Recognition of Deferred Tax Asset.* The Company reviews its deferred tax asset 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 asset to be utilized. Recognition of deferred tax asset 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.

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#### 4. Accounting for Business Acquisition

##### *Sugarhouse*

In May 2024, the Company acquired the assets and the brand name Sugarhouse from Golden Spatula Corporation (GSC). The acquisition was completed following the execution of Deeds of Absolute Sale of Assets and the payment of the related consideration amounting to ₱9.0 million. Under the agreement, the Company acquired the trademark, recipes and other technical know-how relating to Sugarhouse business, leasehold improvements, certain equipment, inventory, among others. Consequently, the business combination resulted in a gain from bargain purchase amounting to ₱5.2 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 as at acquisition date:

	Amount
Leasehold improvement and equipment	₱5,760,000
Intangible asset	6,247,150
Merchandise inventories	1,200,000
Transportation equipment	1,000,000
	₱14,207,150

The fair value of the Sugarhouse brand was determined using the Relief-from-Royalty method. Under this method, the value of the brand is estimated by reference to the present value of the hypothetical royalty payments that would be saved through owning the asset, rather than licensing it from a third party.

Key assumptions used in the fair value determination at the acquisition date includes royalty rate of 1% based on observed market transactions for comparable brands in the food and beverage industry, revenue projections over a five-year period based on management's expectations for the brand, long-term growth rate of 5% for terminal value calculation, consistent with industry averages and post-tax discount rate of 12.7% reflecting the time value of money and the specific risks related to the asset.

The fair value measurement is categorized as Level 3 in the fair value hierarchy due to the significance of unobservable inputs used in the valuation.

Leasehold improvements, equipment and inventory were valued using market comparison and cost approaches, adjusting for physical condition, remaining useful life, and costs to complete or sell.

#### *Balai Pandesal*

In 2021, the Company acquired the assets and the brand name *Balai Pandesal* from Balai Pandesal Corp. (BPC) for a consideration amounting to ₱11.2 million. The acquired assets include the intangible asset amounting to ₱3.0 million, along with merchandise inventories, store equipment and transportation equipment, with aggregate fair values equal to the consideration. The Company accounted for the acquisition of the assets of BPC as an acquisition of a business since it has acquired an integrated set of business processes in addition to the group of assets acquired.

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## 5. Cash and Cash Equivalents

This account consists of:

	Mar 2025	Dec 2024
Cash on hand	<b>₱807,447</b>	₱401,734
Cash in banks	<b>144,534,672</b>	170,031,544
Cash equivalents	<b>98,343,883</b>	102,718,163
	<b>₱243,686,002</b>	₱273,151,441

Cash in banks are stated at face amount and earn interest at the prevailing bank deposit rates. Cash equivalents are made for three months depending on the immediate cash requirements of the Company and earn interest at the prevailing short-term placement rates.

## 6. Financial Assets at FVPL

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

Movements in investments at FVPL are as follows:

	Note	Mar 2025	Dec 2024
Balance at beginning of year		<b>₱11,945,818</b>	₱16,183,424
Disposal		-	(4,457,778)
Unrealized gain on changes in fair value	20	<b>792,564</b>	220,172
Balance at end of year		<b>₱12,738,382</b>	₱11,945,818

## 7. Trade and Other Receivables

This account consists of:

	Mar 2025	Dec 2024
Trade receivables	<b>₱26,648,279</b>	₱23,372,808
Advances to officers and employees	<b>116,504</b>	1,090,000
Other receivable	-	-
	<b>₱26,764,783</b>	₱24,462,808

Trade receivables are noninterest-bearing and are normally collected on a 30-day term.

Advances to officers and employees represents the cash advances and operations' revolving fund. These are non-interest-bearing and are normally settled through salary deductions and liquidations within one year.

Below is the aging of receivables:

As at March 2025					
	Total	Neither past Due of impaired	Less than one year	One year and over	Past Due and Impaired
Trade receivables	26,648,279	5,720,423	20,927,856		-
Other receivable	116,504	3,917,596	-		-
	<b>26,764,783</b>	<b>9,638,019</b>	<b>20,927,856</b>	-	-

As at December 2024					
	Total	Neither past Due of impaired	Less than one year	One year and over	Past Due and Impaired
Trade receivables	23,372,808	8,910,101	14,462,707		-
Other receivable	1,090,000	1,090,000	-		-
	<b>24,462,808</b>	<b>10,000,101</b>	<b>14,462,707</b>	-	-

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**8. Merchandise Inventories**

This account consists of:

	<b>Mar 2025</b>	<b>Dec 2024</b>
At cost:		
Food and beverages	<b>₱8,318,660</b>	₱7,058,660
Store supplies and others	<b>3,918,498</b>	3,498,498
	<b>₱12,237,158</b>	₱10,557,158

Cost of inventories charged to cost of sales is disclosed in Note 17.

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9. **Other Current Assets**

This account consists of:

	Note	Mar 2025	Dec 2024
Security deposits	23	<b>₱16,037,598</b>	₱15,384,299
Advance rentals	23	<b>1,782,056</b>	1,720,079
Construction bond		<b>522,492</b>	424,638
Prepayments		<b>2,220,394</b>	42,154
Input VAT		<b>8,685,512</b>	—
Other current assets		<b>5,718,838</b>	
		<b>₱34,966,890</b>	₱17,571,170

Security deposits pertain to amounts paid by the Company to the lessors. These will be applied against unpaid rentals and any unpaid utilities upon the expiration of the lease term. Advance rentals pertain to one to three months advance rental, which will be applied at the end of the lease term.

## 10. Property and Equipment

The balances and movements in this account are as follows:

Mar 2025							
	Land	Leasehold Improvements	Transportation Equipment	Furniture and Fixtures	Store Equipment	Office Equipment	Total
<b>Cost</b>							
Balance at beginning of year	₱119,683,626	₱15,044,475	₱32,348,300	₱70,476,292	₱36,417,796	₱713,526	₱274,684,015
Additions	-	357,017	1,891,786	567,779	582,491	217,857	3,616,929
Balance at end of year	119,683,626	15,401,492	34,240,086	71,044,071	37,000,287	931,383	278,300,944
<b>Accumulated Depreciation and Amortization</b>							
Balance at beginning of year	-	7,142,674	9,716,219	45,634,463	21,451,646	471,750	84,416,752
Depreciation and amortization	-	862,261	1,614,100	3,310,401	2,205,967	48,940	8,041,669
Balance at end of year	-	8,004,935	11,330,319	48,944,864	23,657,613	520,690	92,458,421
<b>Carrying Amount</b>	<b>₱119,683,626</b>	<b>₱7,396,557</b>	<b>₱22,909,766</b>	<b>₱22,099,207</b>	<b>₱13,342,674</b>	<b>₱410,693</b>	<b>₱185,842,523</b>

Dec 2024							
	Land	Leasehold Improvements	Transportation Equipment	Furniture and Fixtures	Store Equipment	Office Equipment	Total
<b>Cost</b>							
Balance at beginning of year	₱111,333,600	₱10,078,537	₱17,115,800	₱62,248,296	₱23,861,806	₱566,964	₱225,205,003
Additions	8,350,026	4,965,938	15,232,500	8,227,996	12,555,990	146,562	49,479,012
Balance at end of year	119,683,626	15,044,475	32,348,300	70,476,292	36,417,796	713,526	274,684,015
<b>Accumulated Depreciation and Amortization</b>							
Balance at beginning of year	-	4,432,495	5,033,876	31,379,503	13,670,991	315,351	54,832,216
Depreciation and amortization	-	2,710,179	4,682,343	14,254,960	7,780,655	156,399	29,584,536
Balance at end of year	-	7,142,674	9,716,219	45,634,463	21,451,646	471,750	84,416,752
<b>Carrying Amount</b>	<b>₱119,683,626</b>	<b>₱7,901,801</b>	<b>₱22,632,081</b>	<b>₱24,841,829</b>	<b>₱14,966,150</b>	<b>₱241,776</b>	<b>₱190,267,263</b>



The cost of fully depreciated property and equipment that are still in use amounted to ₱16.3 million as at March 31, 2025 and December 31, 2024.

Depreciation and amortization are summarized as follows:

	Note	Mar 2025	Mar 2024
Property and equipment		<b>₱8,041,669</b>	₱6,835,497
ROU assets	23	<b>2,992,768</b>	5,462,991
		<b>₱11,034,437</b>	₱12,298,488

Depreciation and amortization are charged to operations as follows:

	Note	Mar 2025	Mar 2024
Selling and distribution expenses	18	<b>₱10,985,497</b>	₱12,267,416
General and administrative expenses	19	<b>48,940</b>	31,072
		<b>₱11,034,437</b>	₱12,298,488

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## 11. Trade and Other Payables

This account consists of:

	Mar 2025	Dec 2024
Trade payables	<b>₱7,312,585</b>	₱8,619,479
Statutory payables	<b>10,646,425</b>	8,244,148
Accrued expenses	-	5,809,327
	<b>₱17,959,010</b>	₱22,672,954

Trade payables are unsecured, noninterest-bearing and generally settled on a 15 to 30-day term.

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

Accrued expenses include accrued rentals, taxes, salaries, professional fees and outside services, which are normally settled within the following financial year.

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## 12. Notes Payable

### Short-term

The Company availed of unsecured loans from various local banks. Annual interest rates range from 6.25% to 7.0% per annum in 2024 and 2023. The terms of these loans range from 30-days to 180-days with varying maturities until 2025. The purpose of the loans is to support the Company's working capital requirements.

### Long-term

In 2024, the Company issued promissory notes amounting to ₱15.0 million with an interest rate of 6.25% per annum, and which is expected to mature in 2027.

Balance and movement in this account are as follows:

	Mar 2025	Dec 2024
Balance at beginning of year	<b>₱43,133,333</b>	₱45,800,000
Availments	-	51,000,000
Payments	<b>(25,250,000)</b>	(53,666,667)
Balance at end of year	<b>17,883,333</b>	43,133,333
Current portion	<b>13,300,000</b>	37,300,000
Noncurrent portion	<b>₱4,583,333</b>	₱5,833,333

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### 13. Mortgage Payable

In 2024, the Company obtained a mortgage loan from a local commercial bank to finance its acquisition of transportation equipment. The mortgage bears an interest rate of 13.63% per annum. This mortgage is payable on a monthly installment basis and is expected to mature in July 2027.

Balance and movement in this account are as follows:

	Mar 2025
Balance at beginning of year	<b>₱1,995,701</b>
Availments	-
Payments	<b>(173,561)</b>
Balance at end of year	<b>1,822,140</b>
Less current portion	<b>718,216</b>
Noncurrent portion	<b>₱1,103,924</b>

Interest expense charged to operations amounted to ₱43,618 in 2025.

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### 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 (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, 2023.

The table below summarizes the components of retirement benefits cost recognized in the statements of comprehensive income (see Note 19):

	Mar 2025	Mar 2024
Current service cost	<b>₱150,000</b>	₱150,000
Interest cost	-	-
	<b>₱150,000</b>	₱150,000

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

	2024	Mar 2024
Balance at beginning of year	<b>₱2,091,964</b>	₱1,611,076
Retirement benefits cost	<b>150,000</b>	150,000
Benefits paid from Company operating funds	-	-
Actuarial loss (gain) due to:		
Experience adjustment	-	-
Changes in financial assumptions	-	-)
Balance at end of year	<b>₱2,241,964</b>	₱1,761,076

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

	2024	2023
Discount rate	<b>6.17%</b>	6.17%
Future salary increases	<b>3.00%</b>	3.00%

The projected unit credit method was applied to all the benefits without using one-year term cost. The sensitivity analysis on retirement benefits liability based on reasonably possible changes of the assumptions is as follows:

	Basis Points	2024	2023
Discount rate	+1%	<b>(₱330,241)</b>	(₱254,327)
	-1%	<b>413,652</b>	318,564
Salary increase rate	+1%	<b>434,633</b>	334,722
	-1%	<b>(350,201)</b>	(269,699)

Each sensitivity analysis on the significant actuarial assumptions was prepared by remeasuring the retirement benefits liability at the reporting date after adjusting one of the current assumptions according to the applicable sensitivity increment or decrement (based on changes in the relevant assumption that were reasonably possible at the valuation date) while all other assumptions remain unchanged. The corresponding change in the retirement benefits liability was expressed as a percentage change from the base amount.

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

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

	2024	2023
Less than one year	<b>₱387,048</b>	₱180,332
One year to less than 10 years	<b>487,054</b>	306,722
More than ten years	<b>41,391,509</b>	41,778,557

The average duration of the retirement benefits liability as at December 31, 2024 and 2023 is 22.4 years and 23.4 years, respectively.

The cumulative remeasurement losses on retirement benefits liability recognized in other comprehensive income are as follows:

	Cumulative Actuarial Loss (Gain)	Deferred Tax	Net
Balance as at December 31, 2022	₱500,755	(₱125,189)	₱375,566
Actuarial gain	(233,881)	58,470	(175,411)
Balance as at December 31, 2024 and 2023	<b>₱266,874</b>	<b>(₱66,719)</b>	<b>₱200,155</b>

## 15. Equity

### **Capital Stock and APIC**

Details of the Company's common shares are as follows:

	Number of Shares		Amount	
	2025	2024	2024	2023
<b>Authorized Capital Stock - P=0.05</b>				
Balance as at beginning and end of year	<b>1,500,000,000</b>	1,500,000,000	<b>P=75,000,000</b>	=P75,000,000
<b>Issued and Outstanding - P=0.05</b>				
Balance at beginning of year	<b>1,495,005,000</b>	1,495,005,000	<b>P=74,750,250</b>	=P74,750,250
Issuances	-	-	-	-
Balance as at end of year	<b>1,495,005,000</b>	1,495,005,000	<b>P=74,750,250</b>	=P74,750,250

On December 27, 2021, the stockholders and the BOD authorized the Company's Offering of its common shares with the PSE. This was approved by the SEC and the PSE on May 24, 2022 and May 26, 2022, respectively. On June 30, 2022, the Company's 325,000,000 common shares were officially listed on the PSE at an offer price of ₱0.70 a share resulting to additional paid-in capital of ₱211.3 million.

The Offer Period was from June 17, 2022 to June 23, 2022. The trading of the shares commenced on June 30, 2022.

### **Additional Paid-in Capital**

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

Details are as follows:

Balance as at December 31, 2022	₱96,532,500
Add proceeds in excess of par value	211,250,000
Less IPO expenses charged against APIC	(20,939,319)
Balance as at December 31, 2024 and 2023	₱286,843,181

IPO expenses were charged as follows:

Additional paid-in capital	₱20,939,319
General and administrative expenses	2,760,681
	₱23,700,000

### **Retained Earnings**

The Company's BOD declared the following cash dividends:

Date of Declaration	Stockholders of Record	Amount Declared	
		Per Share	Total
<b>October 23, 2024</b>	<b>October 24, 2024</b>	<b>₱0.005</b>	<b>₱7,475,025</b>
May 17, 2023	May 31, 2023	₱0.005	7,294,940

### **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 APIC presented in the statements of financial position as its core capital and it is not subject to any externally-imposed capital requirements.

The public ownership is 24.59% and 27.59% as at March 31, 2025 and December 31, 2024, respectively.

The total number of stockholders of the Company as at March 31, 2025 and December 31, 2024 is 81.

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**16. Revenue**

This account consists of:

	Note	Mar 2025	Mar 2024
Sales of goods		<b>₱146,846,458</b>	₱135,811,137
Franchise revenue	23	<b>13,062,445</b>	8,913,667
		<b>₱159,908,903</b>	₱144,724,804

The Company derives sales upon delivery to customers or at a point in time when the Company has no more obligations that could affect the acceptance of goods by the customers.

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**17. Cost of Sales**

This account consists of:

	Note	Mar 2025	Mar 2024
Merchandise inventories at beginning of year		<b>₱10,557,158</b>	₱8,652,161
Purchases:			
Related party	21	<b>58,066,015</b>	51,122,208
Third parties		<b>22,257,114</b>	19,822,649
Cost of goods available for sale		<b>90,880,287</b>	79,597,018
Merchandise inventories at end of year	8	<b>(12,237,158)</b>	( 8,493,853)
		<b>₱78,643,129</b>	₱71,103,165

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**18. Selling and Distribution Expenses**

This account consists of:

	Note	Mar 2025	Mar 2024
Salaries, wages and other employees' benefits		<b>₱14,187,932</b>	₱12,569,148
Rental		<b>10,443,907</b>	8,881,918
Utilities		<b>6,562,334</b>	5,477,890
Depreciation and amortization	10	<b>10,985,497</b>	12,267,416
Outside services		<b>4,654,379</b>	3,787,792
Advertisement		<b>2,824,791</b>	2,068,980
Transportation and travel		<b>1,354,831</b>	2,220,579
Repairs and maintenance		<b>619,619</b>	564,336
Insurance		<b>208,286</b>	244,602
Others		<b>4,142,979</b>	1,992,016
		<b>₱55,984,555</b>	₱50,074,677

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**19. General and Administrative Expenses**

This account consists of:

	Note	Mar 2025	Mar 2024
Depreciation and amortization	10	<b>₱48,940</b>	₱31,072
Salaries, wages and other employees' benefits		<b>3,000,000</b>	2,400,000
Taxes and licenses		<b>985,963</b>	847,328
Management fees	21	<b>1,339,286</b>	1,391,256
Professional fees		<b>464,679</b>	497,004
Retirement benefits	14	<b>150,000</b>	150,000
Others		<b>622,109</b>	1,880,600
		<b>₱6,610,976</b>	₱7,197,260

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**20. Other Income (Charges)**

This account consists of:

	Note	Mar 2025	Mar 2024
Gain on bargain purchase	4	₱ –	₱ –
Other income (expenses)		(9,241)	10,501
		<b>₱(9,241)</b>	<b>₱10,501</b>

Other income (expenses) pertains mainly to cash overages from outlets and other miscellaneous income and expenses.

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**21. Related Party Transactions**

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

	Mar 2025	2024
Due from related parties	22,155,720	21,655,720
Due to related parties	136,761	136,761

**Terms and Conditions**

Outstanding balances, except for trade payables that are generally settled on a 15 to 30-day term, unsecured, noninterest-bearing and are collectible/payable in cash upon demand. There have been no guarantees provided for any of the aforementioned related party receivables and payables. An assessment of the collectability of the account is undertaken each financial year through examining financial position of the related party and the market in which the related party operates.



**Note Receivable**

The Company's note receivable is unsecured and collectible/payable in cash upon demand. This note bears interest rates of 5.00% per annum and interest is collectible monthly. In 2024, the note was rolled over for another year with the same terms.

**Management Agreement**

The Parent Company has a management agreement with its affiliates to provide administrative services for a fixed monthly fee as at March 31, 2025 and 2024.

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**22. Earnings Per Share**

The calculation of the basic and diluted earnings per share is based on the following data:

	Mar 2025	Mar 2024
Net income for the period	<b>₱14,854,926</b>	₱13,188,595
Weighted average number of outstanding common shares	<b>1,495,005,000</b>	1,495,005,000
	<b>₱0.010</b>	₱0.009

The Company has no dilutive potential share in 2025 and 2024.

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**23. Significant Agreements****Company as Lessee - Short-term Lease**

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

Rental expense charged to operations is disclosed in Note 18.

**Company as Lessee - Long-term Lease**

The Company has existing several noncancellable lease agreements with third parties for its outlet spaces for a period of three years subject to renewal.

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

*ROU Assets*

	Note	Mar 2025	2024
<b>Cost</b>			
Balance at beginning of year		<b>₱23,315,882</b>	₱59,837,461
Additions		-	2,685,012
Retirement		-	(29,136,990)
Pre-termination		-	(10,069,601)
Balance at end of year		<b>23,315,882</b>	23,315,882
<b>Accumulated Amortization</b>			
Balance at beginning of year		<b>13,339,989</b>	29,947,202
Amortization	10	<b>2,992,768</b>	20,443,186
Retirement		-	(29,136,990)
Pre-termination		-	(7,913,409)
Balance at end of year		<b>16,332,757</b>	13,339,989
<b>Carrying Amount</b>		<b>₱6,983,125</b>	₱9,975,893

*Lease Liabilities*

	Mar 2025	2024
Balance at beginning of year	<b>₱10,677,468</b>	₱31,653,339
Additions	-	2,685,012
Interest	<b>481,548</b>	1,926,190
Rental payments	<b>(2,992,768)</b>	(22,565,423)
Pre-termination	-	(3,021,650)
Balance at end of year	<b>8,166,248</b>	10,677,468
Less current portion	<b>₱8,166,248</b>	6,726,323
Noncurrent portion	<b>₱-</b>	₱3,951,145

The incremental borrowing rate applied to the lease liabilities ranges from 6.40% to 11.00% per annum, depending on the lease term. ROU assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments

## 24. Financial Risk Management Policies and Objectives

The Company's financial assets comprise cash in banks and cash equivalents, financial assets at FVPL, trade and other receivables (excluding advances to officers and employees), note receivable, due from related parties and construction bond (presented as part of "Other current assets" account in the statements of financial position). The Company's financial liabilities include trade and other payables (excluding statutory payables), notes payable, lease liabilities and due to related parties. The main purpose of these financial liabilities is to finance the Company's operations.

The Company is exposed to credit risk and liquidity risk. The Company's management oversees the management of these risks. The Company's BOD and management review and approve the policies for managing each of the risks, which are summarized below.

### Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Counterparty such as banks and customer who pay on or before due date have minimum risk exposure because default in settling its obligations is remote.

The table below shows the gross maximum exposure of the Company to credit risk for the components of the Company's financial position:

	Mar 2025	2024
Cash in banks and cash equivalents	<b>₱ 242,878,555</b>	₱272,749,707
Trade and other receivables	<b>26,764,783</b>	24,462,808
Financial assets at FVPL	<b>12,738,382</b>	11,945,818
Note receivable	<b>40,000,000</b>	40,000,000
Due from related parties	<b>22,155,720</b>	21,655,720
Construction bond	<b>522,492</b>	424,638
	<b>₱345,059,932</b>	₱371,238,691

**Risk Management.** 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 as at December 31, 2024 and 2023:

Mar 2025					
	Neither Past Due Nor Impaired		Past Due but Not Impaired	Impaired	Total
	High Grade	Standard Grade			
<b>Financial Assets at Amortized Cost</b>					
Cash in banks and cash equivalents	₱242,878,555	P=—	P=—	P=—	₱242,878,555
Trade and other receivables	—	26,764,783	—	—	26,764,783
Note receivable	—	40,000,000	—	—	40,000,000
Due from related parties	—	22,155,720	—	—	22,155,720
Construction bond	—	522,492	—	—	522,492
	242,878,555	89,442,995	—	—	332,321,550
<b>Financial Assets at FVPL</b>	12,738,382	—	—	—	12,738,382
	P=255,616,937	₱89,442,995	P=—	P=—	₱345,059,932

2024					
	Neither Past Due Nor Impaired		Past Due but Not Impaired	Impaired	Total
	High Grade	Standard Grade			
<b>Financial Assets at Amortized Cost</b>					
Cash in banks and cash equivalents	P=272,749,707	P=—	P=—	P=—	P=272,749,707
Trade and other receivables	—	24,462,808	—	—	24,462,808
Note receivable	—	40,000,000	—	—	40,000,000
Due from related parties	—	21,655,720	—	—	21,655,720
Construction bond	—	424,638	—	—	424,638
	272,749,707	86,543,166	—	—	359,292,873
<b>Financial Assets at FVPL</b>	11,945,818	—	—	—	11,945,818
	P=284,695,525	P=86,543,166	P=—	P=—	P=371,238,691

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, companies, government agencies and individual buyers. Credit quality was determined based on the credit standing of the counterparty.
- **Standard Grade.** Other financial assets not belonging to high grade financial assets are included in this category.

**Security.** The Company does not have financial assets held as collaterals.

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

Trade receivables arise mainly from transactions with store outlets. Store outlets 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. The Company has assessed that the ECL on trade and other receivables is not material because these are substantially collected within the Company's credit terms.

For other financial assets at amortized cost which comprise cash and cash equivalents, other receivables, note receivable, due from related parties and construction bond, the PFRS Accounting Standards 9 impairment requirements do not result in significant ECL. The following are considered in the assessment:

- Cash being deposited with reputable counterparty banks that possess good credit ratings
- Available liquid assets 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 related party advances and aims to manage liquidity as follows:

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

## 25. Fair Value Measurement

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

	Mar 2025		2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial Assets at Amortized Cost:</b>				
Cash in banks and cash equivalents	₱242,878,555	₱242,878,555	P=272,749,707	P=272,749,707
Trade and other receivables	26,764,783	26,764,783	24,462,808	24,462,808
Note receivable	40,000,000	40,000,000	40,000,000	40,000,000
Due from related parties	22,155,720	22,155,720	21,655,720	21,655,720
Construction bond	522,492	522,492	424,638	424,638
<b>Financial assets at FVPL</b>	<b>12,738,382</b>	<b>12,738,382</b>	<b>11,945,818</b>	<b>11,945,818</b>
	<b>₱345,059,932</b>	<b>₱345,059,932</b>	<b>P=371,238,691</b>	<b>P=371,238,691</b>
<b>Financial Liabilities at Amortized Cost:</b>				
Trade and other payables*	₱7,312,585	₱7,312,585	P=14,428,806	P=14,428,806
Notes payable	17,883,333	17,883,333	43,133,333	43,133,333
Lease liabilities	8,166,248	8,166,248	10,677,468	10,677,468
Mortgage payable	1,822,140	1,822,140	1,995,701	1,995,701
Due to related parties	136,761	136,761	136,761	136,761
	<b>₱ 35,321,067</b>	<b>₱ 35,321,067</b>	<b>P=70,372,069</b>	<b>P=70,372,069</b>

\*Excluding statutory payables.

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

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

*Notes Payable, Mortgage Payable and Lease Liabilities.* The fair value of notes payable, mortgage payable and lease liabilities are determined based on the discounted cash flow analysis using effective interest rates for similar types of instruments. There were no significant unobservable inputs identified and no relationship was established between the unobservable inputs and the fair value of lease liabilities. These financial liabilities are classified under Level 3 of the fair value hierarchy. The rates applied to lease liabilities range from 6.05% to 11.00%.

Generally, an increase or decrease in the incremental after-tax cash flows will result in an increase or decrease in the fair value of these financial assets and liabilities. An increase or decrease in discount rate will result in a decrease or increase in the fair value of these financial asset and liabilities. There are no significant transfers between levels in the fair value hierarchy in 2025 and 2024.

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**26. Operating Segment Information**

While the Company's operations are organized by brand names for management purposes. These brands share similar economic characteristics including 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. Accordingly, these have been aggregated into a single operating segment for external reporting purposes in accordance with PFRS Accounting Standards 8.

Outlet stores sales reflected in the statements of comprehensive income are all from external customers and within the Philippines, which is the Company's domicile and primary place of operations. Additionally, the Company'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 Company's store outlets. Consequently, the Company has no concentrations of revenue from a single customer in 2025 and 2024.

