

May 04, 2026



THE PHILIPPINE STOCK EXCHANGE
6F PSE Tower, 5th Avenue corner 28th 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 Fruitas Inc. 2025 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, 2025 with the following exhibits:

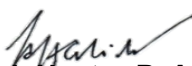
1. 2025 Audited Financial Statement
2. Top 100 Stockholders as of December 31, 2025
3. Sustainability Report

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 3 1
Month Day
Fiscal Year

FORM TYPE
Annual Meeting

0 8 1 2
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

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

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

1. For the fiscal year ended **December 31, 2025**
2. SEC Identification Number **CS200208386**
3. BIR Tax Identification No. **238-383-045**
4. Exact name of issuer as specified in its charter **Balai ni Fruitas 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, 2025

Total Number of Outstanding Shares	1,495,005,000
Less: Outstanding Shares held by Affiliates	1,127,340,000
Shares held by Non-Affiliates	367,665,000
Closing price as of December 31, 2025	Php 0.35
Aggregate Market Value of Voting Stock held by Non-Affiliate	Php 128,682,750
Level of Public Float based on information available as of Dec. 31, 2025	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) 2025 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, 2025, the Company operates a total of 149 stores across the Philippines under three (3) store formats: community store, kiosk, and inline store. This includes 43 BNF, 53 FHOD, 51 BP stores, and 2 Sugarhouse locations. Of the total store count, 92% or 137 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.hosuseoffruitas.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 achieved a significant milestone with its successful listing on the Small, Medium, and Emerging (SME) Board of the Philippine Stock Exchange (PSE). Building on this progress, on March 18, 2026, BALAI further strengthened its market position by successfully transferring its listing to the Main Board of the PSE, with a total of 1,495,005,000 common shares at ₱0.70 per share.

For about 21 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 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, 2025, it has a total of 43 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 fifty-three (53) kiosk and inline store as of the end of December 2025.

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 51 community stores as of the end of December 2025.

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. BALAI 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, ₱668.0 million, and ₱766.4 for the years ended December 31, 2020, 2021, 2022, 2023, 2024, and 2025 respectively, and net income (loss), (₱0.9 million), of ₱8.5 million, ₱37.1 million, ₱58.6 million, ₱67.8 million, and ₱71.7 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.

In 2025, the emerging war is centered on escalating tensions between the United States, Israel, and Iran, primarily driven by disputes over Iran's nuclear program and regional influence. Negotiations between the U.S. and Iran in early 2025 failed to reach an agreement, which led to a major escalation. In June 2025, a short but intense conflict known as the "Twelve-Day War" broke out when Israel launched strikes on Iran's military and nuclear facilities, followed by U.S. attacks on key nuclear sites. Although a ceasefire was reached, tensions did not fully resolve. This ongoing geopolitical tensions and conflict faces a key business risk, primarily in the form of supply chain disruption and cost inflation driven by global energy shocks. With this, we are expecting a rise in transportation, sourcing, and distribution expenses, directly

impacting our operating margins. Moreover, higher energy and commodity prices contribute to broader inflation, which can weaken consumer purchasing power and reduce demand for discretionary spending. Additionally, supply chain delays and increased import costs for key ingredients may disrupt store operations, particularly given the company’s reliance on perishable goods. If the conflict persists, these pressures could significantly affect our ability to maintain stable pricing, consistent supply, and overall profitability, making geopolitical-driven energy volatility a critical business risk.

Item 2. Properties

The Company leases its head office at 68 Data St., Barangay Don Manuel, Quezon City and one of its commissaries in Dona Imelda, 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
Offices		
68 Data, Quezon City	420 sq. m.	Leased
Commissaries		
Dona Imelda, Quezon City	1,269.20 sq. m.	Leased
N. Domingo, Quezon City	484 sq. m.	Owned
New Manila, Quezon City	1,000 sq. m.	Leased

Item 3. Legal Proceedings

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

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

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

PART II - OPERATIONAL AND FINANCIAL INFORMATION

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

a.) Market Information

The Company’s common shares are listed and traded on the Small, Medium, and Emerging (SME) Board of the Philippine Stock Exchange, Inc. (“PSE”), with the initial listing completed on June 30, 2022. Subsequently, on March 18, 2026, the Company successfully transferred its listing to the Main Board of the PSE.

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
September 2022	0.83	0.63
December 2022	0.61	0.55
March 2023	0.67	0.58
June 2023	0.60	0.52
September 2023	0.48	0.425
December 2023	0.45	0.375
March 2024	0.375	0.375
June 2024	0.47	0.41
September 2024	0.40	0.375
December 2024	0.37	0.345
March 2025	0.38	0.35
June 2025	0.38	0.365
September 2025	0.33	0.30
December 2025	0.38	0.31

The market capitalization of the Company's common shares as of end 2025, based on the closing price of Php 0.35 per share was Php 523,251,750.00

b) Holders

Total shares outstanding as of December 31, 2025, 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
Fruitas Holdings, Inc.	1,082,488,000	72.407%
PCD Nominee Corp. (Filipino)	407,021,926	27.225%
PCD Nominee Corp. (Non-Filipino)	5,448,074	0.364%
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	-
Lee Ceasar S. Junia	1,000	-
Bernardino M. Ramos	1,000	-

c) Dividends

The Company's BOD declared the following cash dividends in 2025:

Date of Declaration	Record Date	Dividends per share	Amount paid	Date of payment
October 9, 2024	October 24, 2024	Php 0.005	Php 7,475,025.00	November 8, 2024
June 13, 2025	June 27, 2025	Php 0.005	Php 7,475,025.00	July 10, 2025

On June 13, 2025, the Board of Directors approved the declaration of cash dividends based on 1,495,005,000 outstanding shares at Php 0.005 per share, for a total amount of Php 7,475,025.00. The cash dividends have been paid from the Unrestricted Retained Earnings as of December 31, 2024. There are no outstanding dividends payable as at December 31, 2025.

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, 2025.

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

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

FY 25 Results of Operations Key Highlights

BALAI registered a consolidated net income of Php 71.7 million for the twelve months ending December 31, 2025. This yields a net income margin of 9.4%, an increase of 5.7% year-on-year compared to the reported net income of Php 67.8 million in 2024.

Revenues

Consolidated net revenues, composed of sales from company-owned stores and franchise, and royalty fees from franchisees, reached Php 766.4 million, increasing by 14.7% from reported revenues of Php 668.0 million for the twelve months ending December 31, 2024.

Cost of Sales

For the year ending 2025, cost of sales increased by 18.5% from Php 323.1 million in 2024 to Php 382.8 million. Cost of sales is mainly composed of raw material, packaging costs and direct labor costs.

Gross Profit

Consolidated gross profit amounted to Php 383.6 million for the full year 2025, increasing by 11.2% from Php 344.9 million in the previous year. This yielded a gross profit margin of 50.1% 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, 2025, consolidated selling and distribution expenses totaled Php 234.0 million, representing a 30.5% cost-to-sales ratio. This is Php 30.8 million higher compared to Php 203.2 million during the same period in 2024.

General and Administrative Expenses

For the twelve months ending December 31, 2025, consolidated general and administrative expenses totaled Php 60.2 million, representing a 7.9% cost-to-sales ratio. This is Php 1.2 million higher compared to Php 59.0 million during the same period in 2024.

Operating Income

Consolidated operating income reached Php 89.4 million in 2025, increasing by 8.0% from Php 82.8 million in 2024. This was primarily driven by improvement of revenues from current and new store locations and rationalized operating expenses.

Interest Expense

Interest expense of Php 4.5 million and Php 5.2 million was recorded for the twelve months ending December 31, 2025 and 2024 respectively.

Other Income

Consolidated other income totaled Php 8.4 million and Php 11.5 million as of year-end 2025 and 2024. This is composed mainly of interest income from notes receivables and investments.

Net Income

For the year ending 2025, net income reached Php 71.7 million, yielding a net income margin of 9.4%. This is an improvement of 5.7% versus the 2024 recorded net income after tax of Php 67.8 million.

FY24 Financial Condition

BALAI had consolidated total assets of Php 702.3 million as of December 31, 2025, an increase versus total assets of Php 609.7 million as of end-2024 primarily driven by the expansion of stores and acquisition of assets.

Cash and cash equivalents

Cash and cash equivalents totaled Php 249.3 million and Php 273.2 million as of December 31, 2025 and 2024, 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 87.8 million as of year-end 2025 compared to Php 64.5 million in 2024, an increase of 36.1% primarily due increase in third party receivables.

Inventories

As of December 31, 2025, inventories increased to Php 15.1 million from Php 10.6 million in 2024, an increase of 43.3% 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 216.5 million and Php 190.3 million as of year-end 2025 and 2024. Acquisition of new property and equipment for the year 2025 and 2024 reached Php 60.1 million and Php 49.5 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 9.2 million for the period.

Trade and other current liabilities

Trade and other current liabilities in 2025 increased to Php 100.4 million from Php 76.2 million in 2024, driven primarily by of lease liabilities.

Capital stock and Additional paid-in capital

For the twelve months ending December 31, 2025 and 2024, 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 92.5 million for the full-year 2025, 21.3% decrease versus the previous year's Php 117.6 million. The decline was primarily due to lower non-cash adjustments and changes in working capital, reflecting more timely settlement of obligations during the period.

Consolidated net cash used in investing activities in 2025 was Php 108.1 million versus Php 54.4 million in 2024. The increase in investing activities is mainly attributable to transactions undertaken with related parties.

Consolidated net cash used in financing activities amounted to Php 8.3 million in 2025, compared to net cash provided of Php 33.3 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 2025 totaled Php 23.8 million while net cash used in 2024 amounted to Php 30.0 million, resulted in cash and cash equivalents balance of Php 249.3 million and Php 273.2 million respectively at year-end 2025 and 2024.

Key Performance Indicators (KPIs)

	Audited Twelve Months Ended December 31, 2025	Audited Twelve Months Ended December 31, 2024
Revenue Growth	15%	25%
Gross Profit Margin	50%	52%
Net Income Margin	9%	10%
EBITDA (Php millions)	134	134
EBITDA Margin	18%	20%
Return on Average Assets	11%	12%
Return on Average Equity	13%	14%
Current Ratio	4.55	5.24
Debt to Equity Ratio	20%	17%

Gross Profit Margin is gross profit as a percentage of revenues

Net Income Margin is net income as a percentage of revenues

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

EBITDA margin is EBITDA as a percentage of revenues

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

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

Current Ratio is current assets divided by current liabilities

Debt to Equity Ratio is total liabilities over total equity

Item 7. Financial Statements

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

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

a.) External Auditor

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

Wilson P. Teo has been the audit partner and served our Company from 2016 to 2021 followed by Cedric M. Caterio from 2022 to 2024. Arthur Vinson U. Ong assumed the role effective 2025. We have not had any material disagreements on accounting and financial disclosures with our current external auditor for the same periods or any subsequent interim period. RT&Co. has neither 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	2025	2024	2023	2022	2021
Audit and Audit-Related Fees ^a	₱ 0.55	₱ 0.53	₱ 0.36	₱ 0.38	₱ 0.70
All Other Fees ^b	0.12	0.12	0.14	0.07	None
Total	₱ 0.67	₱ 0.65	₱ 0.50	₱ 0.45	₱ 0.70

- 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
Lee Ceasar S. Junia	Chairman
Calvin F. Chua	Member
Rogelio M. Guadalquiver	Member

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

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

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

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

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

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

Name	Age	Nationality	Position
Rogelio M. Guadalquiver	83	Filipino	Chairman
Lester C. Yu	51	Filipino	President, Chief Executive Officer
Madelene T. Sayson	36	Filipino	Director
Calvin F. Chua	46	Filipino	Director, Chief Financial Advisor
Lee Ceasar S. Junia	60	Filipino	Independent Director
Tommanny Tan	57	Filipino	Independent Director

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

Rogelio M. Guadalquiver, 83, was appointed as the Chairman of BALAI in December 21, 2021 and was also appointed as the Chairman of Fruitas Holdings Inc. in August 24, 2019. He previously served as a

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

Lester C. Yu, 51, 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 Frutas 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. Yu's career began in 1989 within his family's business, Janette Jewelry, followed by a distinguished stint in banking where he became the youngest Branch Manager at Westmont Bank. Under his visionary leadership, FHI has aggressively expanded its portfolio through organic brand innovation and strategic acquisitions, including Sabroso Lechon and Negril Trading (the operator of De Original Jamaican Pattie Shop). Beyond FHI, he holds presidency across several entities, including Ralproperties, Inc., Dough Matters, Inc., Lush Harvest Manufacturing Inc., 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. Her governance experience includes a previous tenure as Director of FHI from February 2015 to August 2019, followed by her reelection to the Board in December 2020. Beyond her operational leadership at FHI, Ms. Sayson holds several key executive and board positions within the Group's subsidiaries and affiliates. She serves as Chairman and President of Gyuma Fragrance Inc. and holds dual roles as Corporate Secretary and Director for entities including Negril Trading, Inc., Lingnam Food Inc., and Flykitchen Inc. Additionally, she serves as Vice President and Director of Themangofarm Corp. and La Petite Parisienne, Inc., and was appointed Treasurer of BALAI in April 2021. Ms. Sayson holds a Bachelor of Science degree in Accountancy from the Garcia College of Technology.

Calvin F. Chua, 46, was elected as our Director and Chief Financial Adviser on December 21, 2021, He concurrently serves as Director and Chief Financial Adviser of Frutas Holdings Inc. (FHI), a position he has held since August 2019, following his tenure as a consultant for the Group beginning in 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, 60, was elected as our Independent Director on December 21, 2021. Mr. Junia is currently the VP for Sales and After Sales for Gateway Group, Inc. since April 2024. Prior to working with Gateway Group, Inc., he worked for Toyota Motor Philippines owned dealers Toyota 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, 57, was elected as an Independent Director on August 13, 2024. He currently serves as the President and Chief Executive Officer of I-FERN Global Marketing 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.

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

Name	Age	Nationality	Position
Roselyn A. Legaspi	48	Filipino	Managing Director
Ma. Teresa Trujillo	63	Filipino	Chief Financial Officer and Treasurer
William V. Capuno	39	Filipino	Head of Operations
Lerma C. Fajardo	39	Filipino	Comptroller
Ralph Hector P. Adricula	31	Filipino	Compliance Officer
Marvin C. Yu	47	Filipino	Corporate Secretary
Shaun Aldrich G. Si	34	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. Ms. Legaspi has been with the Fruitas Group since 2002, previously contributing to the Board’s governance as a Director of FHI from February 2015 to August 2019. Her leadership extends across the Group’s portfolio, where she holds dual roles as Vice President and Director for several entities, including Negril Trading, Inc., Lush Properties Inc., and Ralproperties Inc. Furthermore, she serves on the Board of Directors for Gyuma Fragrance Inc., The Mango Farm Corp., and Lush Harvest Manufacturing Inc. Ms. Legaspi holds a Bachelor of Science in Accountancy and is currently advancing her executive leadership skills through an MBA at the University of San Carlos, Cebu City.

Ma. Teresa Trujillo, 63, serves as the Chief Financial Officer and Treasurer of the Company, a role she assumed on December 21, 2021. Since February 2018, she has also led the Human Resources Department of Fruitasgroup Inc., where she oversees the full spectrum of HR management, including strategic recruitment, compensation and benefits, and organizational development. Ms. Trujillo’s tenure with the Group began as the Officer-in-Charge of the Business Permits Department, demonstrating her deep operational knowledge of the business. She brings a strong financial foundation to her executive roles, holding a Bachelor’s degree in Commerce, major in Accountancy, from Universidad De Sta. Isabel, and has completed 18 units toward an MBA for Middle Managers at the Ateneo Graduate School of Business.

William V. Capuno, 39, has served as the Head of Operations for BALAI since December 21, 2021. He brings extensive leadership experience from the food and beverage industry, having begun his career at Zagu Foods Corporation. Over an eight-year tenure at Zagu, he rose to the position of Operations Head before transitioning into the distribution sector. Prior to joining the Group, Mr. Capuno served as Sales Operations Manager at Marina Sales Incorporated, where he managed operations for leading brands such as Del Monte, CDO, and Sunquick. He holds a Bachelor of Science degree in Computer Science from the Polytechnic University of the Philippines – Sto. Tomas, Batangas.

Lerma C. Fajardo, 39, 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, 31, has served as the Compliance Officer of BALAI since December 21, 2021. A dedicated member of the Group for over six years, Mr. Adricula has demonstrated a consistent trajectory of professional growth. He joined the organization in November 2015 as an Accounting Staff and subsequently rose through the ranks to serve as Assistant Accounting Manager. He holds a Bachelor of Science degree in Applied Mathematics from University of the Philippines Visayas.

Marvin C. Yu, 47, was appointed as the Corporate Secretary of BALAI on December 21, 2021, and has

been FHI's Corporate Secretary since Aug. 24, 2019. Mr. Yu brings over 15 years of experience in the technical and engineering field. His previous roles include serving as a Consultant for the SMC Telco Project, Master Planning Network Coverage Senior Manager for the Sun Cellular 2G and 3G Project, and RF Network Planning, Design, and Optimization Engineer for Smart Communications, Inc. Mr. Marvin Yu holds a Bachelor of Science degree in Electronics and Communications Engineering from De La Salle University and an Electronics and Communications Engineering Board Passer.

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

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, 2025:

Name	Position
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, 2024, and 2025 (estimated):

Aggregate Compensation – Executive Officers (top five)	
Year	Total (P million)
2020	1.5
2021	2.3
2022	3.1
2023	3.1
2024	3.6
2025	3.9

Aggregate Compensation – Directors and Executive Officers (excluding top five above)	
Year	Total (P million)
2020*	N/A
2021	0.2
2022	0.7
2023	0.7
2024	0.5
2025	0.7

Standard Arrangements

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

Other Arrangements

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

Warrants and Options

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

Item 11. Security Ownership of Certain Beneficial Owners and Management

a.) Security Ownership of Certain Record and Beneficial Owners

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

shares:

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Shares Held	% to Total Outstanding
Common	Fruitas Holdings, Inc. / 68 Data St., Brgy. Don Manuel, Quezon City / Stockholder of Record	Please see PNB Report as of December 31, 2025 attached as Annex "C"	Filipino	1,082,488,000	72.407%
Common	PCD Nominee Corp. ¹ / The Enterprise Center, Ayala Avenue Corner Paseo de Roxas, Makati City / Stockholder of Record	Please see PNB Report as of December 31, 2025 attached as Annex "C"	Filipino	407,021,926	27.225%

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

Title of Class	Name of Beneficial Owner	Citizenship	Number of Direct Shares	Number of Indirect Shares	% of Capital Stock
Common	Lester C. Yu	Filipino	4,004,000	-	0.27
Common	Rogelio M. Guadalquiver	Filipino	1,000	-	-
Common	Calvin F. Chua	Filipino	1,330,000	-	0.09
Common	Madelene T. Sayson	Filipino	502,000	-	0.03
Common	Lee Ceasar S. Junia	Filipino	1,000	-	-
Common	Tommany Tan	Filipino	10,000	-	-
Common	Roselyn A. Legaspi	Filipino	1,502,000	-	0.01
Common	Marvin C. Yu	Filipino	2,000	-	-
		Total	7,352,000	-	-

c.) Voting Trust Holder of 5% or more

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

d.) Changes in Control

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

Item 12. Certain Relationships and Related Transactions

Due from Related Parties

The Company has due from related parties amounting to ₱73.6 and ₱21.7 million as of December 31, 2025

and 2024.

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, 2025 until December 31, 2025. 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 2025	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 3rd party assessor/s to determine fairness and reasonable value of the property.

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

PART IV – EXHIBITS AND SCHEDULES

Reports on SEC Form 17-C

Date	Subject of Report
January 15, 2025	Reallocation of IPO proceeds: Increased allocation for commissary setup.
April 5, 2025	Approval of 2024 Audited Financial Statements.
April 15, 2025	Submission of Q1 IPO Proceeds Disbursement Report. BALAI Financial Results as of December 31, 2024.
May 15, 2025	BALAI Financial Results as of March 31, 2025.
May 30, 2025	Rescheduling of 2025 Annual Stockholders' Meeting to August 12, 2025.
June 13, 2025	Declaration of cash dividend of Php 0.005 per share.
July 15, 2025	Quarterly Report on the Disbursement of Initial Public Offering Proceeds of Balai Ni Fruitas Inc. as of June 30, 2025.
August 12, 2025	Annual Stockholders' Meeting and Organizational Meeting held.
August 14, 2025	Balai Financial Results as of June 30, 2025.
October 15, 2025	Quarterly Report on the Disbursement of Initial Public Offering Proceeds of Balai Ni Fruitas Inc. as of September 30, 2025.
November 20, 2025	Balai Financial Results as of September 30, 2025.
December 22, 2025	Reallocation of IPO proceeds: Increased allocation for store network expansion and commissary setup.

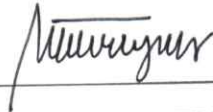
SIGNATURES

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

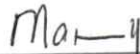
By:



LESTER C. YU
President and CEO



MA. TERESA B. TRUJILLO
CFO and Treasurer



MARVIN C. YU
Corporate Secretary




LERMA C. FAJARDO
Comptroller

SUBSCRIBED AND SWORN to before me this _____ day of APR 30 2026
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	108-743-481-000
Marvin C. Yu	214-877-469-000
Lerma C. Fajardo	257-881-618-000

DOC NO. 4457
PAGE NO. 89
BOOK NO. 111
SERIES OF 111


ATTY. EMYNG G. PEKAS
NOTARY PUBLIC FOR QUEZON CITY
ADM. MATR. NO. NP 171 VALID UNTIL DEC. 31, 2026
ROLL OF ATTORNEYS NO. 66493/TIN 289-457-753
REG. NO. 576127 DECEMBER 30, 2015 QUEZON CITY
ROLL NO. 11111111111111111111 VALID UNTIL 14 APR 2028
ROLL NO. 11111111111111111111 JANUARY 5, 2026, MARIKINA CITY
LAW OFFICE OF EMYNG G. PEKAS, CUBAO, Q.C.



SEC eFast Final Acceptance

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

Mon, May 4, 2026 at 3:08 AM

Dear **BALAI NI FRUITAS INC. DOING BUSINESS UNDER THE NAMES AND STYLES OF BALAI PANDESAL, BUKO NI FRUITAS AND FRUITAS HOUSE OF DESSERTS,**

Greetings!

Your submission has been reviewed and accepted. Please see attached file as proof of acceptance. You can also generate your QR Code page in your account.

SEC Registration No: CS200508386

Company Name: BALAI NI FRUITAS INC. DOING BUSINESS UNDER THE NAMES AND STYLES OF BALAI PANDESAL, BUKO NI FRUITAS AND FRUITAS HOUSE OF DESSERTS

Document Code: AFS

Please be reminded that no requests for reconsideration will be entertained if, during monitoring, the submission is tagged as not filed for lack of proof of BIR receipt. Upon filing, you confirmed through the system that the Annual Financial Statements (AFS) were accompanied by either (a) a copy stamped "Received" by the BIR or its authorized banks, or acceptable alternative proof of submission, or (b) for eAFS filings, the system-generated Transaction Reference Number/Confirmation Receipt in lieu of the manual stamp.

Thank you.

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


REMINDER:

TO ALL FILERS OF REPORTS IN THE e-FAST

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

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

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

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COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

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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	(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	G	S	,	I	N	C	.)																					

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

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t	y	,	P	h	i	l	i	p	p	i	n	e	s																		

Form Type

A	A	F	S
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Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

N	/	A
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COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	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 INFORMATIONThe designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number	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. (a subsidiary of FRUITAS HOLDINGS, INC.) (the Company), which comprise the statements of financial position as at December 31, 2025 and 2024, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years ended December 31, 2025, 2024 and 2023, 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, 2025 and 2024, and its financial performance and its cash flows for the years ended December 31, 2025, 2024 and 2023 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

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

Key Audit Matters

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

Revenue Recognition for Sale of Goods

Revenue from sale of goods amounted to ₱764.7 million for the year ended December 31, 2025, representing 99.77% of the Company's total revenue. Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed on to the customer.

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



Our audit procedures included, among others, understanding and walkthrough of the revenue from sale of goods process, testing the design and operating effectiveness of relevant key controls, and performing substantive audit procedures to address the completeness and cut-off assertions. We also assessed the adequacy of the disclosures in Note 16 to the financial statements.

Other Information

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

Our opinion on the 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 Arthur Vinson U. Ong.

REYES TACANDONG & Co.


ARTHUR VINSON U. ONG

Partner

CPA Certificate No. 120745

Tax Identification No. 253-222-555-000

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

SEC Accreditation No. 120745-SEC Group A

Issued March 29, 2022

Valid for Financial Periods 2021 to 2025

BIR Accreditation No. 08-005144-015-2026

Valid until March 2, 2029

PTR No. 10764031

Issued January 2, 2026, Makati City

April 23, 2026

Makati City, Metro Manila

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; compliance@balainifruitas.com

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

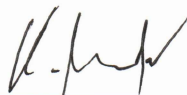
The Management of **Balai Ni Fruitas Inc.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein for the years ended **December 31, 2025 and 2024**, in accordance with the prescribed financial reporting framework indicated therein,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


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

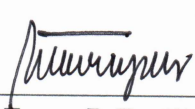
The Board of Directors is responsible in overseeing the Company's financial reporting process.

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

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

Signature: 
Rogelio M. Guadalquiver
Chairman of the Board

Signature: 
Lester C. Yu
President and Chief Executive Officer

Signature: 
Ma. Teresa B. Trujillo
Chief Financial Officer and Treasurer

Signed this 23rd day of April 2026

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

MCLE NO. 6805 DECEMBER 30, 2025, QUEZON CITY
PTR NO. 10433501, JANUARY 5, 2026, MARIKINA CITY
603 EDSA, DIAMOND FINANCE, CUBAO, Q.C.
NOTARY PUBLIC, QUEZON CITY
ADM. MATTER NO. 144/2025, QUEZON CITY
ROLL OF ATTORNEY NO. 66393, TIN 289-467 753
IBP NO. 576803 DECEMBER 30, 2025, QUEZON CITY
MCLE NO VIII 0013054, VALID UNTIL 14/APR/2028
PTR NO. 10438501, JANUARY 5, 2026, MARIKINA CITY
603 EDSA DIAMOND FINANCE, CUBAO, Q.C.

DOC NO. 412
PAGE NO. 85
BOOK NO. XVII
SERIES OF 2024

BALAI NI FRUITAS INC.
(A Subsidiary of FRUITAS HOLDINGS, INC.)

STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	2025	2024
ASSETS			
Current Assets			
Cash and cash equivalents	5	₱249,347,047	₱273,151,441
Financial assets at fair value through profit or loss (FVPL)	6	10,636,272	11,945,818
Trade and other receivables	7	87,752,192	64,462,808
Due from related parties	21	73,610,440	21,655,720
Inventories	8	15,127,104	10,557,158
Other current assets	9	19,920,213	17,571,170
Total Current Assets		456,393,268	399,344,115
Noncurrent Assets			
Property and equipment	10	216,535,985	190,267,263
Right-of-use (ROU) assets	23	16,919,166	9,975,893
Intangible assets	4	9,247,150	9,247,150
Rental deposits	23	2,279,111	216,000
Deferred tax assets	24	898,045	698,385
Total Noncurrent Assets		245,879,457	210,404,691
		₱702,272,725	₱609,748,806
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	11	₱27,000,181	₱22,809,715
Current portion of:			
Notes payable	12	53,300,000	37,300,000
Lease liabilities	23	4,552,218	6,726,323
Mortgage payable	13	854,309	718,216
Income tax payable		14,676,594	8,624,251
Total Current Liabilities		100,383,302	76,178,505
Noncurrent Liabilities			
Noncurrent portion of:			
Lease liabilities	23	13,512,528	3,951,145
Notes payable	12	833,333	5,833,333
Mortgage payable	13	423,176	1,277,485
Retirement benefits liability	14	2,446,600	2,091,964
Total Noncurrent Liabilities		17,215,637	13,153,927
Total Liabilities		117,598,939	89,332,432

(Forward)

		December 31	
	Note	2025	2024
Equity			
Capital stock	15	₱74,750,250	₱74,750,250
Additional paid-in capital	15	286,843,181	286,843,181
Retained earnings		222,872,352	159,023,098
Other comprehensive income (loss)	14	208,003	(200,155)
Total Equity		584,673,786	520,416,374
		₱702,272,725	₱609,748,806

See accompanying Notes to Financial Statements.

BALAI NI FRUITAS INC.
(A Subsidiary of FRUITAS HOLDINGS, INC.)

STATEMENTS OF COMPREHENSIVE INCOME

	Note	Years Ended December 31		
		2025	2024	2023
REVENUE	16	₱766,409,244	₱668,000,080	₱535,205,651
DIRECT COSTS	17	(382,815,610)	(323,076,566)	(262,102,883)
GROSS PROFIT		383,593,634	344,923,514	273,102,768
SELLING AND DISTRIBUTION EXPENSES	18	(233,997,550)	(203,199,620)	(163,174,221)
GENERAL AND ADMINISTRATIVE EXPENSES	19	(60,214,329)	(58,965,014)	(41,436,952)
INTEREST INCOME	5	5,667,027	4,130,009	9,520,414
INTEREST EXPENSE	12	(4,470,110)	(5,192,377)	(2,155,447)
OTHER INCOME	20	2,717,306	7,407,521	679,293
INCOME BEFORE INCOME TAX		93,295,978	89,104,033	76,535,855
PROVISION FOR (BENEFIT FROM) INCOME TAX	24			
Current		22,307,412	21,122,940	18,176,880
Deferred		(335,713)	145,154	(282,639)
		21,971,699	21,268,094	17,894,241
NET INCOME		71,324,279	67,835,939	58,641,614
OTHER COMPREHENSIVE INCOME				
<i>Not to be reclassified subsequently to profit or loss -</i>	14			
Remeasurement gain on retirement benefits liability, net of deferred tax		408,158	-	175,411
TOTAL COMPREHENSIVE INCOME		₱71,732,437	₱67,835,939	₱58,817,025
BASIC EARNINGS PER SHARE	22	₱0.0477	₱0.0454	₱0.0392

See accompanying Notes to Financial Statements.

BALAI NI FRUITAS INC.
(A Subsidiary of FRUITAS HOLDINGS, INC.)

STATEMENTS OF CHANGES IN EQUITY

	Note	Years Ended December 31		
		2025	2024	2023
CAPITAL STOCK	15	₱74,750,250	₱74,750,250	₱74,750,250
ADDITIONAL PAID-IN CAPITAL	15	286,843,181	286,843,181	286,843,181
RETAINED EARNINGS				
Balance at beginning of year		159,023,098	98,662,184	47,315,510
Net income		71,324,279	67,835,939	58,641,614
Cash dividends	15	(7,475,025)	(7,475,025)	(7,294,940)
Balance at end of year		222,872,352	159,023,098	98,662,184
OTHER COMPREHENSIVE INCOME (LOSS)	14			
Cumulative remeasurement gains (losses) on retirement benefits liability, net of deferred tax				
Balance at beginning of year		(200,155)	(200,155)	(375,566)
Remeasurement gain		408,158	–	175,411
Balance at end of year		208,003	(200,155)	(200,155)
		₱584,673,786	₱520,416,374	₱460,055,460

See accompanying Notes to Financial Statements.

BALAI NI FRUITAS INC.
(A Subsidiary of FRUITAS HOLDINGS, INC.)

STATEMENTS OF CASH FLOWS

	Note	Years Ended December 31		
		2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		₱93,295,978	₱89,104,033	₱76,535,855
Adjustments for:				
Depreciation and amortization	10	43,986,926	50,027,722	39,256,684
Interest income	5	(5,667,027)	(4,130,009)	(9,520,414)
Interest expense	12	4,470,110	5,192,377	2,155,447
Unrealized gain from fair value changes of financial assets at FVPL	20	(1,729,122)	(220,172)	(438,487)
Retirement benefits cost	14	898,847	480,888	549,175
Dividend income	6	(727,709)	–	–
Loss (gain) on redemptions of financial assets at FVPL	6	(202,081)	13,706	–
Gain on pre-termination of leases	20	(35,596)	(865,458)	–
Gain on bargain purchase	20	–	(5,247,150)	–
Operating income before working capital changes		134,290,326	134,355,937	108,538,260
Decrease (increase) in:				
Trade and other receivables		(23,289,384)	(8,119,062)	(4,648,996)
Inventories		(4,569,946)	(1,904,997)	(1,792,138)
Other current assets		(2,349,043)	4,465,365	(8,146,226)
Rental deposits		(2,063,111)	–	(1,953,422)
Increase (decrease) in trade and other payables		4,190,466	9,819,300	(2,413,385)
Net cash generated from operations		106,209,308	138,616,543	89,584,093
Income tax paid		(16,255,069)	(21,901,283)	(9,137,314)
Interest received		5,667,027	4,130,009	9,520,414
Interest paid		(3,078,651)	(3,266,187)	(808,360)
Retirement benefit paid		–	–	(295,000)
Net cash provided by operating activities		92,542,615	117,579,082	88,863,833
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
Property and equipment	10	(60,091,530)	(47,185,474)	(136,130,739)
Intangible assets		–	(1,000,000)	–
Additional due from related parties	21	(51,954,720)	(10,613,309)	(6,936,431)
Proceeds from redemptions of financial assets at FVPL	6	3,240,749	4,444,072	–
Dividends received	6	727,709	–	–
Collections of note receivable		–	–	20,390,004
Net cash used in investing activities		(108,077,792)	(54,354,711)	(122,677,166)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of:				
Notes payable	12	(29,000,000)	(53,666,667)	(2,000,000)
Lease liabilities	23	(11,075,976)	(22,565,423)	(16,680,993)
Cash dividends	15	(7,475,025)	(7,475,025)	(7,294,940)
Mortgage payable	13	(718,216)	(297,837)	–
Due to related parties	25	–	(264,986)	–
Proceeds from issuance of notes payable	12	40,000,000	51,000,000	47,800,000
Net cash provided by (used in) financing activities		(8,269,217)	(33,269,938)	21,824,067

(Forward)

	Note	Years Ended December 31		
		2025	2024	2023
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(P23,804,394)	P29,954,433	(P11,989,266)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		273,151,441	243,197,008	255,186,274
CASH AND CASH EQUIVALENTS AT END OF YEAR		P249,347,047	P273,151,441	P243,197,008
SUPPLEMENTARY INFORMATION ON NONCASH ACTIVITIES				
Recognition of ROU assets and lease liabilities	23	P17,328,601	P2,685,012	P22,584,216
Pre-termination of:	23			
Lease liabilities		(256,806)	(3,021,650)	–
ROU assets		(221,210)	(2,156,192)	–
Acquisition of transportation equipment through mortgage payable	10, 13	–	2,293,538	–
COMPONENTS OF CASH AND CASH EQUIVALENTS				
	5			
Cash on hand		P1,497,470	P401,734	P148,844
Cash in banks		121,652,473	170,031,544	187,552,592
Cash equivalents		126,197,104	102,718,163	55,495,572
		P249,347,047	P273,151,441	P243,197,008

See accompanying Notes to Financial Statements.

BALAI NI FRUITAS INC.
(A Subsidiary of FRUITAS HOLDINGS, INC.)

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

1. General Information

Corporate 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 business of processing, manufacturing, packaging, servicing, repacking, marketing, buying, selling, trading, or otherwise dealing in, (on wholesale and/or to the extent allowed under Philippine 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; and 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.

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

The Company is 74.92% owned subsidiary 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 PSE. FHI is primarily engaged in investing, holding and owning real and personal properties of any kind. The Ultimate Parent of the Company is Lush Properties, Inc., an entity incorporated in the Philippines and is engaged in leasing or 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 as at December 31, 2025 and 2024 and for the years ended December 31, 2025, 2024 and 2023 were approved and authorized for issuance by the Board of Directors (BOD) on April 23, 2026 upon review and recommendation for approval by the Audit Committee on the same date.

2. Summary of Material Accounting Policy Information

The material accounting policy information that have been 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 Accounting Standards, Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee issued by the Philippine Financial and Sustainability Reporting Standards Council and adopted by the SEC, including the SEC pronouncements.

Measurement Bases

The financial statements are presented in Philippine Peso, the Company's functional currency. All values represent absolute amounts except when otherwise stated.

The financial statements of the Company have been prepared on the historical cost basis of accounting except for financial assets at FVPL which are measured at fair value, and retirement benefits liability and lease liabilities which are 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 valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active market 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.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Further information about the assumptions made in measuring fair value are included in the following notes to financial statements:

- Note 6, Financial Assets at FVPL
- Note 27, Fair Value Measurement

Adoption of Amendments to PFRS Accounting Standards

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

New and Amendments to PFRS Accounting Standards in Issue But Not Yet Effective or Adopted

Relevant new and amendments to PFRS Accounting Standards, which are not yet effective as at December 31, 2025 and have not been applied in preparing the financial statements, are summarized below:

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

- Amendments to PFRS 9, *Financial Instruments*, and PFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Assets* – The amendment provides to clarify the requirements related to the date of recognition and derecognition of financial assets and financial liabilities, with an exception for derecognition of financial liabilities settled through cash using an electronic payment system. The amendments also clarify the requirements of assessing contractual cash flow characteristics of financial assets, with additional guidance on assessment of contingent features, and the characteristics of non-recourse loans and contractually linked instruments. The amendments also introduce additional disclosure requirements for equity instruments classified as financial assets measured at fair value through other comprehensive income (FVOCI) with contingent features. Earlier application is permitted.
- Annual Improvements to PFRS Accounting Standards Volume 11:
 - Amendments to PFRS 7, *Financial Instruments: Disclosures* – The amendments remove some obsolete references related to the gain or loss on derecognition on financial assets of an entity that has a continuing involvement and to the disclosure requirements on deferred differences between fair value and transaction price. The amendments also clarify that the illustrative guidance does not necessarily illustrate all the requirements for credit risk disclosure.
 - Amendments to PFRS 9, *Financial Instruments* – The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, *Financial Instruments*, the lessee must apply the derecognition criteria for a financial liability which requires recognition of a gain or loss in profit or loss. The amendments apply to lease liabilities that are extinguished on or after the beginning of the annual reporting period in which the entity first applies the amendments. 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 requirements for the presentation and disclosure of information in general purpose financial statements. The standard introduces new categories and sub-totals in the statements of comprehensive income, additional disclosures on management-defined performance measures, and enhanced requirements for grouping information. Full retrospective application is required. Earlier application is permitted.

Under prevailing circumstances, the adoption of the foregoing new and amendments to PFRS Accounting Standards is not expected to have any material effect on the 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 account in the statements of comprehensive income.

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 statements of comprehensive income or as a change to other comprehensive income.

If the contingent consideration is not within the scope of PFRS 9, it is measured in accordance with appropriate PFRS Accounting Standards. Contingent consideration that is classified as equity is not remeasured until it is finally settled and accounted for within equity.

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

The 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 on 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 statements of comprehensive income in the year of acquisition.

Financial Assets and Liabilities

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

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

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

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

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

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

- The financial assets are 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 assets 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, impaired or through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2025 and 2024, the Company’s cash and cash equivalents, trade and note receivables (presented as part of “Trade and other receivables” account), due from related parties and construction bond (presented as part of “Other current assets” account) are classified under this category.

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

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

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

The Company's investments in quoted shares listed in the PSE which are held for trading are included in this category.

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

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process. Financial liabilities at amortized cost are included under current liabilities if maturity is within 12 months after the reporting period. Otherwise, these are classified as noncurrent liabilities.

As at December 31, 2025 and 2024, the Company's trade and other payables (excluding statutory payables), notes payable, lease liabilities and mortgage payable 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).

Impairment of Financial Assets at Amortized Cost

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

For trade receivables (presented as part of "Trade and other receivables" account), 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, and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For other financial assets at amortized cost, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECL that results from default events on the financial assets 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 the financial assets has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial assets as at the reporting date with the risk of a default occurring on the financial assets 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.

The Company considers financial assets to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions. In assessing whether a borrower is in default, the Company considers qualitative and quantitative factors.

Derecognition of Financial Assets and Liabilities

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 of Financial Assets and Liabilities

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

Classification of Financial Instrument Between Liability and Equity

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

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the 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. Otherwise, the financial instrument is classified as equity.

Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). Cost of inventories includes all cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined using the first-in, first-out method.

At each reporting date, inventories are assessed for impairment. If inventories are impaired, the carrying amounts are reduced to its NRV. NRV is determined as the probable selling price to willing buyers as at reporting date. Impairment loss is recognized immediately in profit or loss. When the circumstances that previously caused inventories to be impaired no longer exist, or when there is clear evidence of an increase in NRV because of changed economic circumstances, the entity shall reverse the amount of the impairment. The amount of reversal of any write-down of inventories is recognized in profit or loss.

When inventories are sold, the carrying amount of those inventories are recognized in profit or loss in the period in which the related revenue is recognized.

Rental Deposits and Advance Rentals

Rental deposits and advance rentals pertain to amounts paid in advance by the Company to the lessors which will be applied against unpaid rentals, utilities and other charges upon the expiration of the lease term. These are recognized at transaction price including transaction costs and subsequently measured at face amount less any impairment in value. Rental deposits are included under current assets if realizability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

Property and Equipment

Property and equipment, except for land, are stated at cost less accumulated depreciation and amortization and any accumulated impairment in value. Land is stated at cost less any accumulated impairment in value.

The initial cost of property and equipment consists of its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally recognized in profit or loss in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

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

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

The assets' estimated useful lives and depreciation and amortization method are reviewed annually, and adjusted prospectively, as appropriate, if there is an indication of a significant change since the last reporting date.

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

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization, and any impairment in value are removed from the accounts. Any resulting gain or loss is recognized 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 Balai Pandesal and Sugarhouse brands, practices, recipes and supply chain. The cost of intangible assets 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 lives of the brand names to be indefinite. Based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which the assets are 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 lives of intangible assets with indefinite lives are reviewed annually to determine whether the indefinite lives assessment continues to be supportable. If not, the change in the useful lives assessment from indefinite to finite is made on a prospective basis.

The Relief-from-Royalty method was used in the valuation of brand names at initial recognition and for impairment testing. Under this method, the value of an intangible asset is determined by reference to the value of the hypothetical royalty payments that would be saved through owning the asset, as compared with licensing the intangible asset from a third party. The hypothetical royalty payments are adjusted for tax and discounted to present value at the valuation date. Conceptually, the method may also be viewed as a discounted cash flow method applied to the cash flow that the owner of the intangible asset could receive through licensing the intangible asset to third parties.

Impairment of Nonfinancial Assets

The nonfinancial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and where the carrying amount exceeds its estimated recoverable amounts, the asset or cash-generating unit is written down to its recoverable amount. The estimated recoverable amount of the asset is the higher of an asset's fair value less costs to sell or value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an orderly transaction between market participants less the costs of disposal.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax 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. If that is the case, 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 (in the case of 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 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 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 and paid.

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 Income (Loss). Other comprehensive income (loss) pertains to the cumulative remeasurement gains and losses on the Company's retirement benefits liability arising from experience adjustments and changes in financial assumptions. Remeasurement on retirement benefits liability and the corresponding deferred tax component are recognized immediately in other comprehensive income and are included under equity. This will not be reclassified subsequently to profit or loss.

Earnings Per Share

Basic earnings per share is calculated by dividing the net income by the weighted average number of common shares outstanding during the year, with retroactive adjustments for any stock dividends declared and stock split.

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

The Company has no dilutive potential common shares.

Revenue Recognition

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:

Sale of Goods. Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed on to the customer.

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

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.

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

Selling and Distribution Expenses. Selling and distribution expenses constitute costs of selling and marketing the goods. These are expensed when incurred.

General and Administrative Expenses. General and administrative expenses constitute costs of administering the business. These are expensed when incurred.

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

Employees' Benefits

Short-term Benefits. The Company provides short-term benefits to its employees in the form of basic pay, 13th month pay, bonuses, employer's share on government contribution, and other short-term benefits. Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

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

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

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

Remeasurements of the retirement benefits liability, which consist of actuarial gains and losses are recognized immediately in other comprehensive income and will not be 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

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

ROU Assets. ROU assets are recognized under the same basis with property and equipment 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 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 is the expected tax payable on the taxable income for the year, using the tax rate enacted or substantively enacted at the reporting date.

Deferred Tax. Deferred tax is recognized on all temporary differences at the reporting date between the carrying amount of the assets and liabilities in the financial statements and their corresponding tax bases.

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 sufficient future 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 future taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rate expected to apply to the period when the asset is realized or the liability is settled, based on tax rate and tax laws in effect at 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 other comprehensive income.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Related Party Relationships and Transactions

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

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

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

Provisions and Contingencies

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Provisions are reviewed at the end of each reporting year and adjusted to reflect the current best estimate.

Contingent liabilities are not recognized in the financial statements. These 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 disclosed in the notes to financial statements when an inflow of economic benefits is probable.

Events After the Reporting Date

Events after the reporting date that provide additional information about the Company's financial position at the reporting date (adjusting events) are reflected in the financial statements. Events after the reporting date that are non-adjusting events are disclosed in the notes to financial statements when material.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the Company's financial statements requires management to make judgments, accounting estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The judgments, accounting estimates and assumptions 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 accounting 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, accounting estimates and assumptions made by the Company:

Accounting for Business Combination. 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.

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

The Company recognizes a gain on a bargain purchase when the fair value of the net assets acquired exceeds the consideration transferred. Such gain is recognized in the statements of comprehensive income in the year of acquisition.

Details and information on the Company's business combination transactions are disclosed in Note 4.

Classifying 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 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:

- Similar nature of products or services offered and methods to distribute products and provide services;
- Similar class of target customers; and

- Primary place of operations is in the Philippines.

Revenue in 2025, 2024 and 2023 is disclosed in Note 16.

Identifying 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 sale 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 at a point in time and upon receipt of the goods by the customers.

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

Revenue in 2025, 2024 and 2023 is disclosed in Note 16.

Classifying Lease Agreements - Company as a Lessee. The Company has entered into commercial property leases for its store spaces and warehouses. For the Company's non-cancellable leases, 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 as at December 31, 2025 and 2024 and the lease-related transactions charged to operations in 2025, 2024 and 2023 are disclosed in Note 23.

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

The carrying amounts of ROU assets and lease liabilities as at December 31, 2025 and 2024 and the incremental borrowing rates used in the recognition of ROU assets and lease liabilities are disclosed in Note 23.

Assessing ECL on Financial Assets at Amortized Cost. The Company estimates ECL on trade receivables (presented as part of "Trade and other receivables" account) based on specific valuation of accounts and where the Company has information that the counter parties are unable to meet their financial obligations. In these cases, the use of estimate is based on the best available facts and circumstances, including but not limited to, the length of relationship with the counter parties and known market factors, to record specific reserves against the amount of trade receivables and to reduce the amount that is expected to be collected.

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

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

The carrying amounts of the Company's financial assets at amortized cost as at December 31, 2025 and 2024 are disclosed in Notes 5, 7, 9 and 21.

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

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

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

Inventories carried at cost as at December 31, 2025 and 2024 are disclosed in Note 8.

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

There were no changes in the estimated useful lives of property and equipment in 2025, 2024 and 2023.

The carrying amount of depreciable and amortizable property and equipment as at December 31, 2025 and 2024 and the related depreciation and amortization in 2025, 2024 and 2023 are disclosed in Note 10.

Assessing Impairment of Nonfinancial Assets. The Company assesses impairment on its nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of 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 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 value in use, 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 assessed for impairment annually and more frequently, when circumstances indicate that the carrying amount may be impaired.

No impairment loss on nonfinancial assets was recognized in 2025, 2024 and 2023.

The carrying amounts of the Company's nonfinancial assets as at December 31, 2025 and 2024 are disclosed in Notes 4, 7, 9, 10, and 23.

Estimating Retirement Benefits Liability. The retirement benefits cost is determined using the projected unit credit method which reflects services rendered by employees and incorporates assumptions concerning employees' projected salaries and use of discount rates. The management believes that the estimation made is reasonable of future retirement obligations. These assumptions are disclosed in Note 14.

Retirement benefits cost and remeasurement gain recognized in profit or loss and other comprehensive income, respectively, in 2025, 2024 and 2023, and the carrying amount of retirement benefits liability as at December 31, 2025 and 2024 are disclosed in Note 14.

Recognizing Deferred Tax Assets. The carrying amount of deferred tax assets at each reporting date is reviewed and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Company's assessment on the recognition of deferred tax assets on deductible temporary differences is based on the forecasted taxable income of the subsequent reporting periods. This forecast is based on the Company's past results and future expectations on revenue and expenses.

The Company's recognized deferred tax assets as at December 31, 2025 and 2024 are disclosed in Note 24.

4. Accounting for Business Combination

Sugarhouse

In May 2024, the Company acquired the assets and the brand name Sugarhouse from 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, inventories, among others. Consequently, the business combination resulted in a gain on 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 at the acquisition date:

Intangible asset	₱6,247,150
Leasehold improvement and equipment	5,760,000
Inventories	1,200,000
Transportation equipment	1,000,000
	<hr/>
	₱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 improvement and equipment and inventories were valued using market comparison and cost approaches, adjusting for physical condition, remaining useful life, and costs to complete or sell.

Balai Pandesal

The Company acquired the brand name Balai Pandesal from Balai Pandesal Corp. for a consideration of ₱3.0 million. The fair value of the acquired brand name was assessed to be equal to the consideration paid.

5. **Cash and Cash Equivalents**

This account consists of:

	2025	2024
Cash on hand	₱1,497,470	₱401,734
Cash in banks	121,652,473	170,031,544
Cash equivalents	126,197,104	102,718,163
	₱249,347,047	₱273,151,441

Cash in banks earn interest at the prevailing respective bank deposit rates and are immediately available for use in the current operations.

Cash equivalents are short-term placements made for three (3) months depending on the immediate cash requirements of the Company and earn interest at the prevailing short-term placement rates ranging from 5.00% to 5.45% in 2025, 2024 and 2023.

Breakdown of interest income earned is as follows:

	Note	2025	2024	2023
Cash in banks		₱1,702,758	₱1,528,207	₱3,694,938
Cash equivalents		1,964,269	601,802	825,472
Note receivable	21	2,000,000	2,000,000	5,000,004
		₱5,667,027	₱4,130,009	₱9,520,414

6. Financial Assets at FVPL

Investments in quoted shares listed in the PSE are held for trading. Accordingly, these have been classified as financial assets at FVPL.

Movements and balances in this account are as follows:

	Note	2025	2024
Balance at beginning of year		₱11,945,818	₱16,183,424
Redemptions		(3,038,668)	(4,457,778)
Unrealized gain from fair value changes	20	1,729,122	220,172
Balance at end of year		₱10,636,272	₱11,945,818

Dividend income earned from financial assets at FVPL amounted to ₱0.7 million in 2025.

Various financial assets at FVPL were redeemed for ₱3.2 million and ₱4.4 million in 2025 and 2024, respectively, resulting to a gain of ₱0.2 million in 2025 and loss of ₱13,706 in 2024.

Any dividend income from and gain or loss on the redemptions of financial assets at FVPL in 2025, 2024 and 2023 are included as part of "Others" under "Other income" account in the statements of comprehensive income.

7. Trade and Other Receivables

This account consists of:

	Note	2025	2024
Trade receivables		₱47,460,919	₱23,372,808
Note receivable	21	40,000,000	40,000,000
Advances to officers and employees		291,273	1,090,000
		₱87,752,192	₱64,462,808

Trade receivables are noninterest-bearing and are normally collected on a 30-day term.

Advances to officers and employees represent the cash advances and operations' revolving fund. These are non-interest-bearing and are normally settled through salary deductions and liquidations within one (1) year.

8. Inventories

This account consists of:

	2025	2024
At cost:		
Food and beverages	₱10,265,468	₱7,058,660
Store supplies and others	4,861,636	3,498,498
	₱15,127,104	₱10,557,158

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

Cost of inventories charged to operations in 2025, 2024 and 2023 is disclosed in Note 17.

9. Other Current Assets

This account consists of:

	Note	2025	2024
Rental deposits	23	₱18,414,537	₱15,384,299
Advance rentals	23	1,282,608	1,720,079
Construction bond		223,068	424,638
Prepayments		–	42,154
		₱19,920,213	₱17,571,170

10. Property and Equipment

The movements and balances in this account are as follows:

	2025						
	Land	Leasehold Improvements	Transportation Equipment	Furniture and Fixtures	Store Equipment	Office Equipment	Total
Cost							
Balances 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	–	25,477,845	5,637,042	7,668,126	20,253,912	1,054,605	60,091,530
Balances at end of year	119,683,626	40,522,320	37,985,342	78,144,418	56,671,708	1,768,131	334,775,545
Accumulated Depreciation and Amortization							
Balances at beginning of year	–	7,142,674	9,716,219	45,634,463	21,451,646	471,750	84,416,752
Depreciation and amortization	–	5,579,101	6,729,785	11,908,157	9,306,626	299,139	33,822,808
Balances at end of year	–	12,721,775	16,446,004	57,542,620	30,758,272	770,889	118,239,560
Carrying Amount	₱119,683,626	₱27,800,545	₱21,539,338	₱20,601,798	₱25,913,436	₱997,242	₱216,535,985
	2024						
	Land	Leasehold Improvements	Transportation Equipment	Furniture and Fixtures	Store Equipment	Office Equipment	Total
Cost							
Balances 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
Balances at end of year	119,683,626	15,044,475	32,348,300	70,476,292	36,417,796	713,526	274,684,015
Accumulated Depreciation and Amortization							
Balances 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
Balances at end of year	–	7,142,674	9,716,219	45,634,463	21,451,646	471,750	84,416,752
Carrying Amount	₱119,683,626	₱7,901,801	₱22,632,081	₱24,841,829	₱14,966,150	₱241,776	₱190,267,263

In 2024, the Company obtained a mortgage loan from a local commercial bank to finance its acquisition of transportation equipment amounting to ₱2.3 million (see Note 13). The acquired transportation equipment serves as collateral for the outstanding balance of the mortgage payable. This was treated as a noncash transaction to properly reflect in the 2024 statement of cash flows.

Depreciation and amortization are summarized as follows:

	Note	2025	2024	2023
Property and equipment		₱33,822,808	₱29,584,536	₱23,046,392
ROU assets	23	10,164,118	20,443,186	16,210,292
		₱43,986,926	₱50,027,722	₱39,256,684

Depreciation and amortization are charged to operations as follows:

	Note	2025	2024	2023
Selling and distribution expenses	18	₱10,164,118	₱20,443,186	₱16,210,292
General and administrative expenses	19	33,822,808	29,584,536	23,046,392
		₱43,986,926	₱50,027,722	₱39,256,684

Fully depreciated items of property and equipment that are still being used by the Company amounted to ₱46.1 million and ₱27.6 million as at December 31, 2025 and 2024, respectively.

11. Trade and Other Payables

This account consists of:

	Note	2025	2024
Trade payables		₱10,331,366	₱8,619,479
Statutory payables		10,242,475	8,244,148
Accrued expenses		6,289,579	5,809,327
Due to related parties	21	136,761	136,761
		₱27,000,181	₱22,809,715

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 which are normally settled in the following month.

Accrued expenses consist mainly of rentals, taxes, salaries, professional fees and outside services, which are normally settled within a year.

12. Notes Payable

Short-term

The Company issued unsecured promissory notes to various local banks. The notes bear annual interest rates ranging from 5.80% to 6.25% in 2025 and from 6.25% to 7.00% in 2024. The notes have maturities ranging from 30 to 180 days, with varying maturity dates extending until 2026. The proceeds from these notes were used to support the Company's working capital requirements.

The details of the short-term notes are as follows:

	2025	2024
Balance at beginning of year	₱32,300,000	₱45,800,000
Availments	40,000,000	36,000,000
Payments	(24,000,000)	(49,500,000)
Balance at end of year	₱48,300,000	₱32,300,000

Long-term

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

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

Interest expense incurred is as follows:

	Note	2025	2024	2023
Notes payable		₱2,928,151	₱3,202,059	₱808,360
Lease liabilities	23	1,391,459	1,926,190	1,347,087
Mortgage payable		150,500	64,128	-
		₱4,470,110	₱5,192,377	₱2,155,447

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 9.00% per annum. This mortgage is payable on a monthly installment basis of ₱72,393 and is expected to mature in July 2027.

The movements and balances in this account are as follows:

	Note	2025	2024
Balance at beginning of year		₱1,995,701	₱–
Availments	10	–	2,293,538
Payments		(718,216)	(297,837)
Balance at end of year		1,277,485	1,995,701
Less current portion		854,309	718,216
Noncurrent portion		₱423,176	₱1,277,485

Interest expense incurred on the mortgage payable in 2025 and 2024 is disclosed in Note 12.

14. Retirement Benefits Liability

The Company's retirement plan is unfunded and noncontributory defined benefit plan with a single lump-sum payment covering retirement based on *Republic Act (R.A.) No. 7641 Retirement Law*. The retirement benefits are based on years of service and compensation on the last year of employment as determined by an external actuary using the projected credit unit method. The most recent actuarial valuation was made by an independent actuary as at December 31, 2025.

The components of retirement benefits cost presented as part of "General and administrative expenses" account in the statements of comprehensive income are as follows (see Note 19):

	2025	2024	2023
Current service cost	₱769,773	₱450,000	₱466,454
Interest cost	129,074	30,888	82,721
	₱898,847	₱480,888	₱549,175

The changes in the present value of the retirement benefits liability are as follows:

	2025	2024
Balance at beginning of year	₱2,091,964	₱1,611,076
Retirement benefits cost	898,847	480,888
Remeasurement gain:		
Experience adjustments	(377,133)	–
Changes in financial assumptions	(167,078)	–
Balance at end of year	₱2,446,600	₱2,091,964

The principal actuarial assumptions used to determine retirement benefits are as follows:

	2025	2024
Discount rate	6.55%	6.17%
Future salary increases	3.00%	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	2025	2024
Discount rate	+1%	(P382,723)	(P330,241)
	-1%	472,712	413,652
Salary increase rate	+1%	498,221	434,633
	-1%	(406,967)	(350,201)

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

	2025	2024
Less than one year	P93,394	P387,048
One year to less than 10 years	786,534	487,054
More than 10 years	73,263,953	41,391,509

The average duration of the retirement benefits liability as at December 31, 2025 and 2024 is 22.5 years and 22.4 years, respectively.

The cumulative remeasurement gains (losses) on retirement benefits liability classified as "Other comprehensive income (loss)" account in the statements of financial position is as follows:

	2025		
	Cumulative Remeasurement Gains (Losses)	Deferred Tax	Net
Balance at beginning of year	(P266,874)	(P66,719)	(P200,155)
Remeasurement gain	544,211	136,053	408,158
Balance at end of year	P277,337	P69,334	P208,003

	2024		
	Cumulative Remeasurement Losses	Deferred Tax	Net
Balance at beginning and end of year	(P266,874)	(P66,719)	(P200,155)

The plan exposes the Company to the following risks:

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

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

15. Equity

Capital Stock

Details of the Company's common shares are as follows:

	Number of Shares			Amount		
	2025	2024	2023	2025	2024	2023
Authorized Capital Stock - ₱0.05						
Balance at beginning and end of year	1,500,000,000	1,500,000,000	1,500,000,000	₱75,000,000	₱75,000,000	₱75,000,000
Issued and Outstanding - ₱0.05						
Balance at beginning and end of year	1,495,005,000	1,495,005,000	1,495,005,000	₱74,750,250	₱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 APIC 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.

As at December 31, 2025 and 2024, 1,495,005,000 common shares are listed on the PSE.

APIC

APIC 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, 2025, 2024 and 2023	₱286,843,181

IPO-related expenses were charged as follows:

APIC	₱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	Date of Payment	Amount Declared	
			Per Share	Total
June 13, 2025	June 27, 2025	July 10, 2025	₱0.005	₱7,475,025
October 23, 2024	October 24, 2024	November 8, 2024	0.005	7,475,025
May 17, 2023	May 31, 2023	June 26, 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% as at December 31, 2025 and 2024.

The total number of stockholders of the Company is 81 as at December 31, 2025 and 2024.

16. Revenue

This account consists of:

	2025	2024	2023
Sale of goods	₱764,660,463	₱663,829,746	₱533,790,867
Franchise fees	1,748,781	4,170,334	1,414,784
	₱766,409,244	₱668,000,080	₱535,205,651

17. Direct Costs

This account consists of:

	2025	2024	2023
Direct materials	₱371,467,443	₱323,076,566	₱262,102,883
Salaries, wages and other employees' benefits	11,348,167	-	-
	₱382,815,610	₱323,076,566	₱262,102,883

18. Selling and Distribution Expenses

This account consists of:

	Note	2025	2024	2023
Salaries, wages and other employees' benefits		₱70,657,778	₱59,787,294	₱53,052,697
Rental	23	52,746,727	33,461,770	33,557,905
Utilities		33,624,792	28,928,923	23,492,815
Outside services		23,671,414	16,721,898	3,095,173
Service fees		15,258,313	15,022,598	10,316,303
Advertisement		11,916,726	11,610,699	6,755,026
Depreciation and amortization	10	10,164,118	20,443,186	16,210,292
Transportation and travel		9,000,574	7,101,223	7,235,993
Repairs and maintenance		2,874,821	2,445,137	1,941,134
Management fees		1,576,331	4,152,004	4,757,342
Insurance		865,687	959,887	835,084
Others		1,640,269	2,565,001	1,924,457
		₱233,997,550	₱203,199,620	₱163,174,221

Management fees include the Company's agreements with third-party service providers for store operations management subject to monthly fees.

19. General and Administrative Expenses

This account consists of:

	Note	2025	2024	2023
Depreciation and amortization	10	₱33,822,808	₱29,584,536	₱23,046,392
Salaries, wages and other employees' benefits		9,353,276	10,436,705	6,745,000
Taxes and licenses		6,348,877	8,060,999	3,582,275
Management fees		5,592,803	5,525,623	5,390,505
Office supplies		2,613,081	3,482,095	1,273,623
Professional fees		1,159,659	1,312,466	840,002
Retirement benefits cost	14	898,847	480,888	549,175
Others		424,978	81,702	9,980
		₱60,214,329	₱58,965,014	₱41,436,952

20. Other Income

This account consists of:

	Note	2025	2024	2023
Unrealized gain from fair value changes of financial assets at FVPL	6	₱1,729,122	₱220,172	₱438,487
Gain on pre-termination of leases	23	35,596	865,458	–
Gain on bargain purchase	4	–	5,247,150	–
Others		952,588	1,074,741	240,806
		₱2,717,306	₱7,407,521	₱679,293

Others include dividend income from and gain or loss on the redemptions of financial assets at FVPL, cash overages from outlets and other miscellaneous income.

21. Related Party Transactions

In the normal course of business, the Company has transactions with its related parties, as follows:

Nature of Transactions	Note	Amount of Transactions		Outstanding Balances	
		2025	2024	2025	2024
Trade Receivables -					
Under common control	Sale of goods	₱25,370,651	₱21,505,994	₱-	₱-
Note Receivable -					
Under common management	Interest income	₱2,000,000	₱2,000,000	₱40,000,000	₱40,000,000
Due from Related Parties:					
Under common control	Cash advances	₱51,725,736	₱10,613,309	₱73,381,456	₱21,655,720
Ultimate Parent Company	Cash advances	228,984	-	228,984	-
				₱73,610,440	₱21,655,720
Trade and Other Payables:					
Under common control	Purchase of inventories*	₱268,394,975	₱233,058,476	₱-	₱-
Parent Company	Management fees*	5,651,786	6,188,698	-	-
	Rental	-	343,932	-	-
	Cash advances	-	-	136,761	136,761
				₱136,761	₱136,761

*Exclusive of VAT

No provision for ECL was recognized on trade and note receivables, and due from related parties in 2025, 2024 and 2023.

Terms and Conditions

Outstanding balances, except for trade payables that are generally settled on a 15 to 30-day term, are unsecured, noninterest-bearing and are collectible and 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 realizability or collectability of the account is undertaken each financial year through examining financial position of the related parties and the market in which the related parties operate.

Note Receivable

The Company's note receivable is unsecured and collectible in cash upon demand. This note bears an interest rate of 5.00% per annum and is collectible monthly. The note was rolled over for another year with the same terms in 2025 and 2024.

Due from Related Parties

Due from related parties, in the form of cash advances are unsecured, noninterest-bearing and are collectible in cash upon demand.

Management Agreement

The Company receives administrative services from its Parent Company under a management agreement for a fixed monthly fee, for a period of one year, and renewable upon mutual agreement of both parties.

Management fees charged to operations in 2025, 2024 and 2023 are disclosed in Notes 18 and 19.

Compensation of Key Management Personnel

Details of the Company's compensation of key management personnel are as follows:

	2025	2024	2023
Short-term benefits	₱3,954,168	₱4,115,847	₱4,281,565
Post-employment benefits	257,885	257,885	291,635
	₱4,212,053	₱4,373,732	₱4,573,200

22. Earnings Per Share

The calculation of the basic earnings per share is based on the following data:

	2025	2024	2023
Net income	₱71,324,279	₱67,835,939	₱58,641,614
Weighted average number of outstanding common shares	1,495,005,000	1,495,005,000	1,495,005,000
	₱0.0477	₱0.0454	₱0.0392

The Company has no dilutive potential share in 2025, 2024 and 2023.

23. Significant Agreements

Company as a Lessee - Short-term Leases

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

The rental deposits and advance rentals as at December 31, 2025 and 2024, which will be applied against unpaid rentals, utilities and other charges upon expiration of the lease term are disclosed in Note 9.

Rental expense charged to operations in 2025, 2024 and 2023 is disclosed in Note 18.

Company as a Lessee - Long-term Leases

The Company has existing several non-cancellable lease agreements with third parties for its outlet and commissary spaces for a period of three years subject to renewal.

The movements and balances in ROU assets are as follows:

	Note	2025	2024
Cost			
Balance at beginning of year		₱23,315,882	₱59,837,461
Additions		17,328,601	2,685,012
Retirement		(16,227,690)	(29,136,990)
Pre-termination		(327,719)	(10,069,601)
Balance at end of year		24,089,074	23,315,882
Accumulated Amortization			
Balance at beginning of year		13,339,989	29,947,202
Amortization	10	10,164,118	20,443,186
Retirement		(16,227,690)	(29,136,990)
Pre-termination		(106,509)	(7,913,409)
Balance at end of year		7,169,908	13,339,989
Carrying Amount		₱16,919,166	₱9,975,893

The movements and balances in lease liabilities are as follows:

	Note	2025	2024
Balance at beginning of year		₱10,677,468	₱31,653,339
Additions		17,328,601	2,685,012
Interest	12	1,391,459	1,926,190
Lease payments		(11,075,976)	(22,565,423)
Pre-termination		(256,806)	(3,021,650)
Balance at end of year		18,064,746	10,677,468
Less current portion		4,552,218	6,726,323
Noncurrent portion		₱13,512,528	₱3,951,145

The incremental borrowing rates applied to the lease liabilities range from 5.92% 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 rental deposits and advance rentals paid to the lessors are as follows:

	Note	2025	2024
Current:			
Rental deposits	9	₱18,414,537	₱15,384,299
Advance rentals	9	1,282,608	1,720,079
Noncurrent -			
Rental deposits		2,279,111	216,000
		₱21,976,256	₱17,320,378

The amounts recognized in profit or loss are as follows:

	Note	2025	2024	2023
Rental - short-term leases	18	₱52,746,727	₱33,461,770	₱33,557,905
Amortization of ROU assets	10	10,164,118	20,443,186	16,210,292
Interest expense on lease liabilities	12	1,391,459	1,926,190	1,347,087
Gain on pre-termination of leases	20	35,596	865,458	–

The Company had total cash outflows for leases of ₱63.8 million, ₱56.0 million and ₱50.2 million in 2025, 2024 and 2023, respectively.

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 fee payable upon execution of the agreements. The initial franchise fee payment covers the construction of franchisee's unit, training of staff, signage, promotional materials, and equipment.

Franchise fees in 2025, 2024 and 2023 are disclosed in Note 16.

24. Income Taxes

The Company's provision for current income tax represents regular corporate income tax (RCIT) in 2025, 2024 and 2023.

The income tax rates used in preparing the financial statements as at and for the years ended December 31, 2025, 2024 and 2023 are 25% for RCIT and 2% and 1.5% for minimum corporate income tax.

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

	2025	2024	2023
Reported in Profit or Loss:			
Current	₱22,307,412	₱21,122,940	₱18,176,880
Deferred	(335,713)	145,154	(282,639)
	₱21,971,699	₱21,268,094	₱17,894,241
Reported in Other Comprehensive Income -			
Deferred tax on remeasurement gain on retirement benefits liability	₱136,053	₱–	₱58,470

Details of the Company's deferred tax assets are as follows:

	2025	2024
Retirement benefits liability	₱611,650	₱522,991
Lease liabilities, net of ROU assets	286,395	175,394
	₱898,045	₱698,385

The reconciliation between provision for income tax based on statutory income tax rate and the effective income tax rate reported in the statements of comprehensive income is as follows:

	2025	2024	2023
Provision for income tax based on statutory income tax rate	₱23,323,995	₱22,276,008	₱19,133,964
Add (deduct) tax effects of:			
Interest income subjected to a final tax	(916,757)	(532,502)	(1,130,103)
Nontaxable income	(664,728)	(1,311,788)	–
Nondeductible expenses	229,189	836,376	(109,620)
Provision for income tax based on effective income tax rate	₱21,971,699	₱21,268,094	₱17,894,241

25. Reconciliation of Liabilities Arising from Financing Activities

The tables below show the changes in the Company’s liabilities arising from financing activities, including cash and noncash changes:

	Financing Cash Flows						2025
	2024	Noncash	Proceeds	Payments	Interest Expense	Dividends Declared	
Notes payable	₱43,133,333	₱–	₱40,000,000	(₱29,000,000)	₱–	₱–	₱54,133,333
Lease liabilities	10,677,468	17,071,795*	–	(11,075,976)	1,391,459	–	18,064,746
Mortgage payable	1,995,701	–	–	(718,216)	–	–	1,277,485
Due to related parties	136,761	–	–	–	–	–	136,761
Dividends payable	–	–	–	(7,475,025)	–	7,475,025	–
	₱55,943,263	₱17,071,795	₱40,000,000	(₱48,269,217)	₱1,391,459	₱7,475,025	₱73,612,325

*Effect of PFRS 16

	Financing Cash Flows						2024
	2023	Noncash	Proceeds	Payments	Interest Expense	Dividends Declared	
Notes payable	₱45,800,000	₱–	₱51,000,000	(₱53,666,667)	₱–	₱–	₱43,133,333
Lease liabilities	31,653,339	(336,638)*	–	(22,565,423)	1,926,190	–	10,677,468
Mortgage payable	–	2,293,538**	–	(297,837)	–	–	1,995,701
Due to related parties	401,747	–	–	(264,986)	–	–	136,761
Dividends payable	–	–	–	(7,475,025)	–	7,475,025	–
	₱77,855,086	₱1,956,900	₱51,000,000	(₱84,269,938)	₱1,926,190	₱7,475,025	₱55,943,263

*Effect of PFRS 16

**Acquisition of transportation equipment through mortgage payable

26. Financial Risk Management Objectives and Policies

The Company’s principal financial instruments consist of cash and cash equivalents, financial assets at FVPL, trade and note receivables (presented as part of “Trade and other receivables” account), due from related parties, construction bond (presented as part of “Other current assets” account), trade and other payables (excluding statutory payables), notes payable, lease liabilities and mortgage payable.

The main financial risks arising from the Company’s financial instruments are credit risk and liquidity risk. The BOD and the management regularly review and approve the policies for managing these financial risks as summarized below.

Credit Risk

Credit risk is a risk due to uncertainty in the counterparty's ability to meet its obligations. With respect to credit risk arising from the financial assets, the Company's exposure to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The Company transacts and trades mainly with related parties as well as with recognized and credit-worthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, the Company only deals with financial institutions duly evaluated and approved by the BOD.

The carrying amounts of financial assets which represent the Company's maximum exposure to credit risk without taking into account the value of any collateral obtained are as follows:

	2025	2024
Financial Assets at Amortized Cost:		
Cash in banks and cash equivalents*	₱247,849,577	₱272,749,707
Trade and note receivables**	87,460,919	63,372,808
Due from related parties	73,610,440	21,655,720
Construction bond***	223,068	424,638
Financial Assets at FVPL	10,636,272	11,945,818
	₱419,780,276	₱370,148,691

*Presented as part of "Cash and cash equivalents" account (see Note 5)

**Presented as part of "Trade and other receivables" account (see Note 7)

***Presented as part of "Other current assets" account (see Note 9)

The tables below show the credit quality per class of financial assets at amortized cost as at December 31, 2025 and 2024:

	2025					Total
	Neither Past Due nor Impaired			Past Due but not Impaired	Credit Impaired	
	High Grade	Standard Grade	Substandard Grade			
Financial Assets at Amortized Cost:						
Lifetime ECL -						
Trade receivables**	P-	₱47,460,919	P-	P-	P-	₱47,460,919
12-month ECL:						
Cash in banks and cash equivalents*	247,849,577	-	-	-	-	247,849,577
Note receivable**	-	40,000,000	-	-	-	40,000,000
Due from related parties	-	73,610,440	-	-	-	73,610,440
Construction bond***	-	223,068	-	-	-	223,068
	₱247,849,577	₱161,294,427	P-	P-	P-	₱409,144,004

*Presented as part of "Cash and cash equivalents" account (see Note 5)

**Presented as part of "Trade and other receivables" account (see Note 7)

***Presented as part of "Other current assets" account (see Note 9)

	2024					Total
	Neither Past Due nor Impaired			Past Due but not Impaired	Credit Impaired	
	High Grade	Standard Grade	Substandard Grade			
Financial Assets at Amortized Cost:						
Lifetime ECL -						
Trade receivables**	₱-	₱23,372,808	₱-	₱-	₱-	₱23,372,808
12-month ECL:						
Cash in banks and cash equivalents*	272,749,707	-	-	-	-	272,749,707
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	₱85,453,166	₱-	₱-	₱-	₱358,202,873

*Presented as part of "Cash and cash equivalents" account (see Note 5)

**Presented as part of "Trade and other receivables" account (see Note 7)

***Presented as part of "Other current assets" account (see Note 9)

The credit quality of the financial assets is managed by the Company using internal credit quality ratings. High grade accounts consist of financial assets from counterparties with good financial condition and with relatively low defaults. Financial assets having risks of default but are still collectible are considered as standard grade accounts. Financial assets that are still collectible but require persistent effort from the Company to collect are considered substandard grade accounts. Past due but not impaired are those with history of frequent default nevertheless the amount due are still collectible. Credit impaired are those that are long outstanding or those that have been provided with an allowance for impairment.

Trade receivables are always subject to lifetime ECL while other financial assets at amortized cost are subject to 12-month ECL and reflect the short maturities of the exposures. The resulting ECL is not significant because the Company transacts and trades with related and reputable third parties, there is no requirement for collateral. There are no other concentrations of credit risk within the Company.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatch of the maturities of financial assets and financial liabilities. The Company's objectives to manage its liquidity profile are: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; (c) to be able to access funding when needed at the least possible cost; and (d) to maintain an adequate time spread in refinancing maturities.

The tables below show the maturity profile of the Company's financial liabilities at amortized cost as at December 31, 2025 and 2024 based on contractual undiscounted payments:

	2025					Total
	Payable on demand	1 to 120 days	121 to 240 days	241 to 360 days	Over 360 days	
Trade and other payables*	₱136,761	₱16,620,945	₱-	₱-	₱-	₱16,757,706
Notes payable**	-	50,308,624	1,740,451	1,705,729	839,844	54,594,648
Lease liabilities**	-	1,959,113	1,848,062	1,828,078	15,416,720	21,051,973
Mortgage payable**	-	289,572	289,572	289,572	506,751	1,375,467
	₱136,761	₱69,178,254	₱3,878,085	₱3,823,379	₱16,763,315	₱93,779,794

*Excluding statutory payables amounting to ₱10.2 million (see Note 11)

**Including future interests

	2024					Total
	Payable on demand	1 to 120 days	121 to 240 days	241 to 360 days	Over 360 days	
Trade and other payables*	₱136,761	₱14,428,806	₱-	₱-	₱-	₱14,565,567
Notes payable**	-	34,179,340	1,844,618	1,809,896	6,061,198	43,895,052
Lease liabilities**	-	3,476,417	2,991,110	639,259	5,282,631	12,389,417
Mortgage payable**	-	289,572	289,572	289,572	1,375,467	2,244,183
	₱136,761	₱52,374,135	₱5,125,300	₱2,738,727	₱12,719,296	₱73,094,219

*Excluding statutory payables amounting to ₱8.2 million (see Note 11)

**Including future interests

27. Fair Value Measurement

The following table presents the carrying amounts and fair values of the Company's financial instruments as at December 31, 2025 and 2024:

	2025		2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets at Amortized Cost:				
Cash and cash equivalents	₱249,347,047	₱249,347,047	₱273,151,441	₱273,151,441
Trade and note receivables*	87,460,919	87,460,919	63,372,808	63,372,808
Due from related parties	73,610,440	73,610,440	21,655,720	21,655,720
Construction bond**	223,068	223,068	424,638	424,638
Financial Assets at FVPL	10,636,272	10,636,272	11,945,818	11,945,818
	₱421,277,746	₱421,277,746	₱370,550,425	₱370,550,425
Financial Liabilities at Amortized Cost:				
Trade and other payables***	₱16,757,706	₱16,757,706	₱14,565,567	₱14,565,567
Notes payable	54,133,333	54,186,981	43,133,333	43,182,194
Mortgage payable	1,277,485	1,324,789	1,995,701	2,084,970
	₱72,168,524	₱72,269,476	₱59,694,601	₱59,832,731

*Presented as part of "Trade and other receivables" account (see Note 7)

**Presented as part of "Other current assets" account (see Note 9)

***Excluding statutory payables amounting to ₱10.2 million and ₱8.2 million as at December 31, 2025 and 2024, respectively (see Note 11)

Cash and Cash Equivalents, Trade and Note Receivables (presented as part of "Trade and other receivables" account), Due from Related Parties, Construction Bond (presented as part of "Other current assets" account) and Trade and Other Payables (excluding statutory payables). The carrying amounts of these financial instruments approximate their fair values due to the relatively short-term maturity.

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

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

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 liabilities.

There are no significant transfers between levels in the fair value hierarchy in 2025 and 2024.

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 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, 2024 and 2023.



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. (a subsidiary of FRUITAS HOLDINGS, INC.) (the Company), as at December 31, 2025 and 2024 and for the years ended December 31, 2025, 2024 and 2023, and have issued our report thereon dated April 23, 2026. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole.

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

- Reconciliation of Retained Earnings Available for Dividend Declaration as at December 31, 2025
- Schedules required by Annex 68-J as at December 31, 2025
- Schedule of Financial Soundness Indicators as at and for the years ended December 31, 2025 and 2024
- Conglomerate Map as at December 31, 2025
- Schedule for Listed Companies with a Recent Offering of Securities to the Public as at December 31, 2025

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

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

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

REYES TACANDONG & CO.


ARTHUR VINSON U. ONG

Partner

CPA Certificate No. 120745

Tax Identification No. 253-222-555-000

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

SEC Accreditation No. 120745-SEC Group A

Issued March 29, 2022

Valid for Financial Periods 2021 to 2025

BIR Accreditation No. 08-005144-015-2026

Valid until March 2, 2029

PTR No. 10764031

Issued January 2, 2026, Makati City

April 23, 2026

Makati City, Metro Manila

BALAI NI FRUITAS INC.
(A Subsidiary of FRUITAS HOLDINGS, INC.)
68 Data St. Brgy. Don Manuel Quezon City, Philippines

**RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR
DIVIDEND DECLARATION
AS AT DECEMBER 31, 2025**

	Amount
Unappropriated retained earnings, beginning of reporting period	₱158,104,541
Add: <u>Category A:</u> Items that are directly credited to unappropriated retained earnings	
Reversal of retained earnings appropriation/s	–
Effect of restatements or prior-period adjustments	–
Others (Beginning balance of cumulative deferred tax assets related to set up of right-of-use of asset and lease liability and set up of retirement obligation directly debited to unappropriated retained earnings)	–
	–
Less: <u>Category B:</u> Items that are directly debited to unappropriated retained earnings	
Dividend declaration during the reporting period	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)	–
	7,475,025
Unappropriated retained earnings, as adjusted	150,629,516
Add/less: Net income for the current year	71,324,279
Less: <u>Category C.1:</u> Unrealized income recognized in the profit or loss during the reporting period (net of tax)	
Equity in net income of associate/joint venture, net of dividends declared	–
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	–
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVPL)	1,729,122
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)	–
Sub-total	1,729,122

(Forward)

	Amount
Add: <u>Category C.2: Unrealized income recognized in profit or loss in prior periods but realized in the current reporting period (net of tax)</u>	
Realized foreign exchange gain, except those attributable to cash and cash equivalents	
Realized fair value adjustment (mark-to-market gains) of financial instruments at FVPL	P-
Realized fair value of investment property	-
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-
Realized foreign exchange gain, except those attributable to cash and cash equivalents	-
Sub-total	P-
Add: <u>Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)</u>	
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at FVPL	-
Reversal of previously recorded fair value of investment property	-
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)	-
Sub-total	-
Adjusted net income (loss)	69,595,157
Add: <u>Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)</u>	
Depreciation on revaluation increment (after tax)	-
Sub-total	-
Add/less: <u>Category E: Adjustments related to relief granted by the SEC</u>	
Amortization of the effect of reporting relief	-
Total amount of reporting relief granted during the year	-
Others (describe nature)	-
Sub-total	-

(Forward)

	Amount
Add/less: <u>Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution</u>	
Net movement of treasury shares (except for reacquisition of redeemable shares)	–
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	199,660
Adjustment due to deviation from PFRS/GAAP - gain (loss)	–
Others (describe nature)	–
Sub-total	199,660
Total retained earnings, end of the reporting period available for dividend	₱220,424,333

BALAI NI FRUITAS INC.
(A Subsidiary of FRUITAS HOLDINGS, INC.)

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

<u>Schedule</u>	<u>Description</u>	<u>Page</u>
A	Financial Assets	<u>N/A</u>
B	Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)	<u>1</u>
C	Amounts Receivable from Related Parties which are Eliminated During the Consolidation of the Financial Statements	<u>N/A</u>
D	Long-Term Debt	<u>2</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>3</u>

Notes:

Schedule A - The Company is not required to prepare a schedule of financial assets, as the aggregate cost or aggregate market value of financial assets at fair value through profit or loss does not constitute 5% or more of the total current assets.

Schedule C - The Company does not prepare consolidated financial statements. Accordingly, the elimination of receivables from related parties is not applicable.

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

Schedule F - The Company has not guaranteed any securities of other issuers as at December 31, 2025.

BALAI NI FRUITAS INC.
(A Subsidiary of FRUITAS HOLDINGS, INC.)

**SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES,
RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
AS AT DECEMBER 31, 2025**

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Current	Not Current	Balance at End of Period
Advances to officers and employees	₱1,090,000	₱-	₱798,727	₱-	₱291,273	₱-	₱291,273

BALAI NI FRUITAS INC.
(A Subsidiary of FRUITAS HOLDINGS, INC.)

SCHEDULE D - LONG-TERM DEBT
AS AT DECEMBER 31, 2025

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount shown under Caption "Current portion of Long-term Debt" in related Statement of Financial Position	Amount shown under Caption "Long-term Debt" in related Statement of Financial Position
Note Payable -			
BDO Unibank, Inc.	₱5,833,333	₱5,000,000	₱833,333
Mortgage Payable -			
Asia United Bank	1,277,485	854,309	423,176
	₱7,110,818	₱5,854,309	₱1,256,509

BALAI NI FRUITAS INC.
(A Subsidiary of FRUITAS HOLDINGS, INC.)

SCHEDULE G - CAPITAL STOCK
AS AT DECEMBER 31, 2025

Title of issue	Number of Shares Authorized	Number of Shares Issued and Outstanding at shown under related Statement of Financial Position Caption	Number of Shares Reserved for Options, Warrants, Conversion and other Rights	Number of Shares Held by Related Parties	Directors, Officers and Employees	Others
Common stock - ₱0.05 par value	1,500,000,000	1,495,005,000	-	1,119,988,000	7,352,000	367,665,000

BALAI NI FRUITAS INC.
(A Subsidiary of FRUITAS HOLDINGS, INC.)

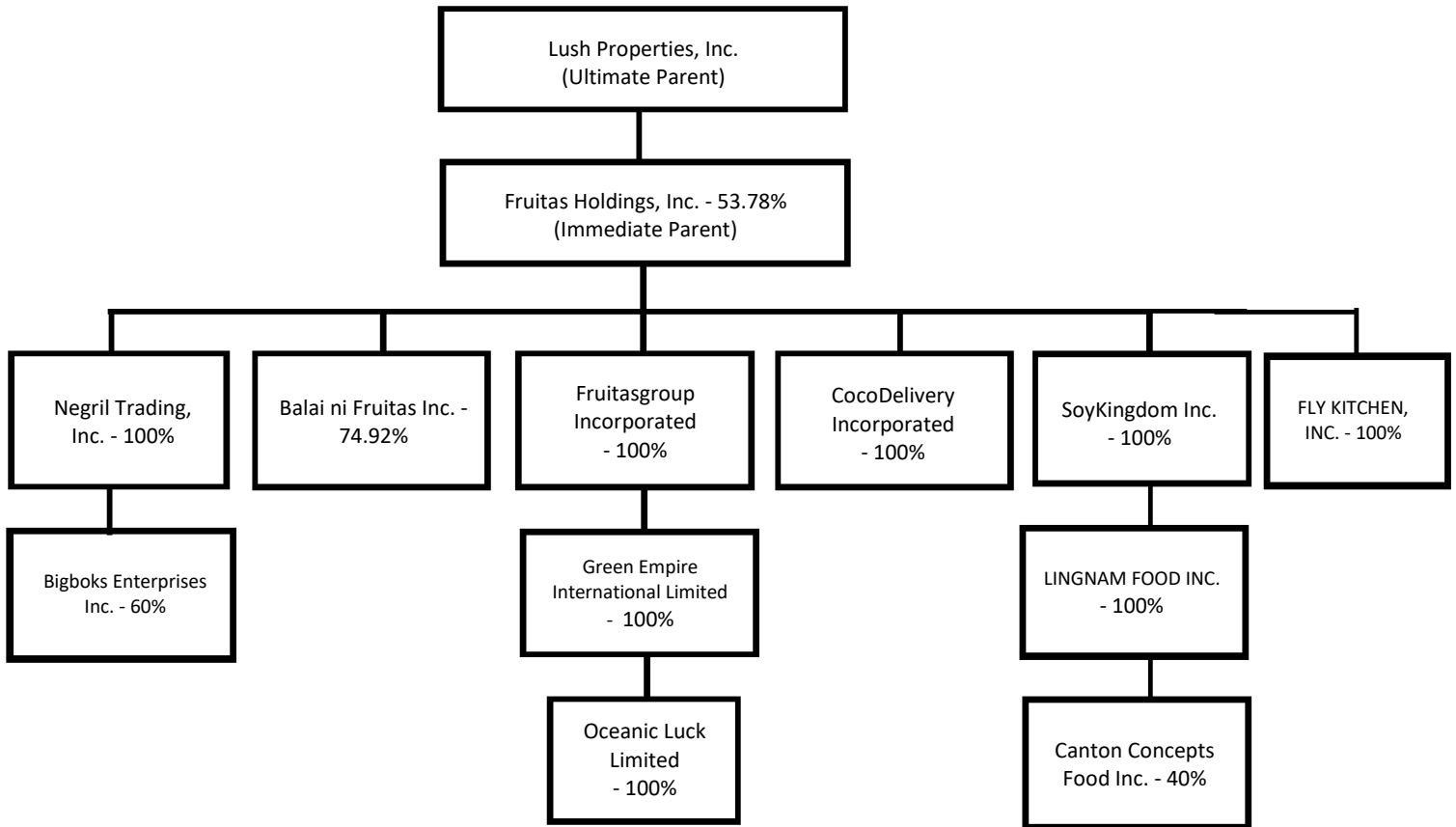
**SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS AS AT AND FOR THE YEARS ENDED
DECEMBER 31, 2025 AND 2024**

	2025	2024
CURRENT/LIQUIDITY RATIO		
Current assets	P456,393,268	P399,344,115
Current liabilities	100,383,302	76,178,505
Current Ratio	4.55	5.24
ACID TEST RATIO		
Quick assets	P421,345,951	P371,215,787
Current liabilities	100,383,302	76,178,505
Acid Test Ratio	4.20	4.87
SOLVENCY RATIO		
Net income before depreciation and amortization	P115,311,205	P117,863,661
Total liabilities	117,598,939	89,332,432
Solvency Ratio	0.98	1.32
DEBT-TO-EQUITY RATIO		
Total liabilities	P117,598,939	P89,332,432
Total equity	584,673,786	520,416,374
Debt-to-Equity Ratio	0.20	0.17
ASSET-TO-EQUITY RATIO		
Total assets	P702,272,725	P609,748,806
Total equity	584,673,786	520,416,374
Asset-to-Equity Ratio	1.20	1.17
INTEREST-COVERAGE RATIO		
Earnings before interest and taxes	P97,766,088	P94,296,410
Interest expense	4,470,110	5,192,377
Interest-Coverage Ratio	21.87	18.16
PROFITABILITY RATIO		
Net income	P71,324,279	P67,835,939
Average equity	552,545,080	490,235,917
Return on Equity	0.13	0.14

	2025	2024
RETURN ON ASSETS		
Net income	₱71,324,279	₱67,835,939
Average assets	656,010,766	585,763,338
Return on Assets	0.11	0.12
NET PROFIT MARGIN		
Net income	₱71,324,279	₱67,835,939
Revenue	766,409,244	668,000,080
Net Profit Margin	0.09	0.10

BALAI NI FRUITAS INC.
(A Subsidiary of FRUITAS HOLDINGS, INC.)

CONGLOMERATE MAP
AS AT DECEMBER 31, 2025



BALAI NI FRUITAS INC.
(A Subsidiary of FRUITAS HOLDINGS, INC.)

**SCHEDULE FOR LISTED COMPANIES WITH
A RECENT OFFERING OF SECURITIES TO THE PUBLIC
AS AT DECEMBER 31, 2025**

	Estimated	Actual
Gross Proceeds	₱227,500,000	₱227,500,000
Offer Expenses	(23,700,000)	(23,700,000)
Net Proceeds	203,800,000	203,800,000
Use of Proceeds		
Commissary set-up	(112,000,000)	(98,950,798)
Store network expansion and store improvement program	(76,800,000)	(66,833,790)
Acquisition opportunities and introduction of new concepts	(15,000,000)	(12,603,815)
	(203,800,000)	(178,388,403)
Unapplied Proceeds	₱-	₱25,411,597

BALAI NI FRUITAS INC.
(A Subsidiary of FRUITAS HOLDINGS, INC.)

SUPPLEMENTARY OF EXTERNAL AUDITOR FEE-RELATED INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Total Audit Fees	₱550,000	₱525,000
Non-audit services fees:		
Other assurance services - agreed upon procedures on the use of proceeds from IPO	120,000	120,000
Tax services	-	-
All other services	-	-
Total Non-Audit Fees	120,000	120,000
Total Audit and Non-audit Fees	₱670,000	₱645,000
Audit and Non-audit Fees of Other Related Entities		
	2025	2024
Audit Fees	₱2,150,000	₱1,975,000
Non-audit services fees:		
Other assurance services	-	-
Tax services	-	-
All other services	-	-
Total Audit and Non-audit Fees of Other Related Entities	₱2,150,000	₱1,975,000

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; compliancetax.bnfi@gmail.com

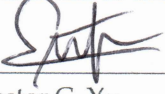
**“STATEMENT OF MANAGEMENT’S RESPONSIBILITY
FOR ANNUAL INCOME TAX RETURN”**

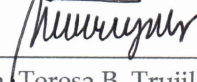
The Management of **Balai ni Fruitas Inc.** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2025. Management is likewise responsible for all information and representations contained in the financial statements accompanying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

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

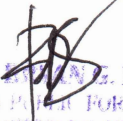
- (a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- (b) any disparity of figures in the submitted 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

SUBSCRIBED AND SWORN
 Signed this 23rd day of April 2026 APR 29 2026
 A. Not exhibited to me his/her _____


ATTY. ESTANISLAO PEKAS
 NOTARY PUBLIC FOR QUEZON CITY
 ADM. MATRICK NO. NP-171 VALID UNTIL DEC. 31 2026
 ROLL OF ATTORNEY NO. 66393/TIN 289-467 753
 IBP NO. 576603 DECEMBER 30, 2025, QUEZON CITY
 MCLE NO VIII-0015054, VALID UNTIL 14/APR/2028
 PTR NO. 10438501, JANUARY 5, 2026, MARIKINA CITY
 603 EDSA DIAMOND FINANCE, CUBAO, Q.C.

DOC NO. 463
 PAGE NO. 85
 BOOK NO. XVII
 SERIES OF my

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 .

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(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 3 1
Month Day
Fiscal Year

FORM TYPE

0 8 1 3
Month Day
Annual Meeting

[Empty box]

Secondary License Type, If Applicable

[Empty box]

Dept Requiring this Doc
Section

[Empty box]

Amended Articles Number /

[Empty box]

Total No. of Stockholders

Total Amount of Borrowings

[Empty box]

Domestic

[Empty box]

Foreign

To be accomplished by SEC Personnel concerned

[Empty box]

File Number

LCU

[Empty box]

Document ID

Cashier

STAMPS

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January 09, 2026



THE SECURITIES AND EXCHANGE COMMISSION

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

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

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 : **List of Top 100 Stockholders as of December 31, 2025**

Dear Sir/Madam:

We hereby submit the List of Top 100 Stockholders of Balai Ni Frutas Inc. (BALAI) as of December 31, 2025 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	407,021,926
PCD Nominee - Non-Filipino	5,448,074
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 09, 2026

Date of Report (Date of earliest event reported)

2. SEC Identification Number- CS200508386

3. BIR Tax Identification No. - 238-383-045-000

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, 2025 There are 412,470,000 lodged common shares out of 1,495,005,000 outstanding common shares, consisting of 407,021,926 PCD Nominee - Filipino and 5,448,074 PCD Nominee - Non-Filipino. And a total of 1,082,535,000 certificated common shares.

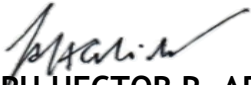
SIGNATURES

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 09, 2026



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, 2026

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 Fruitas Inc., we submit herewith the report on the list of Top 100 stockholders as of December 31, 2025 as follows:

	Name of Shareholder	Nationality	No. of Shares	Percentage
1	FRUITAS HOLDINGS, INC.	FILIPINO	1,082,488,000	72.4069819164
2	PCD NOMINEE CORPORATION - FILIPINO	FILIPINO	407,021,926	27.2254558346
3	PCD NOMINEE CORPORATION - NON FILIPINO	NON FILIPINO	5,448,074	0.3644184468
4	PERFECTO CROOC NOLASCO	FILIPINO	30,000	0.0020066823
5	YU, LESTER C.	FILIPINO	4,000	0.0002675576
6	LEGASPI, ROSELYN A.	FILIPINO	2,000	0.0001337788
7	SAYSON, MADELENE	FILIPINO	2,000	0.0001337788
8	RAMOS, JENNIFER T.	FILIPINO	2,000	0.0001337788
9	YU, MARVIN C.	FILIPINO	2,000	0.0001337788
10	BAYOT, DAVID JONATHAN Y.	FILIPINO	1,000	0.0000668894
11	CHUA, CALVIN F.	FILIPINO	1,000	0.0000668894
12	GUADALQUIVER, ROGELIO M.	FILIPINO	1,000	0.0000668894
13	JUNIA, LEE CEASAR S.	FILIPINO	1,000	0.0000668894
14	RAMOS, BERNARDINO M.	FILIPINO	1,000	0.0000668894
	TOTAL		1,495,005,000	100.0000000000

Very truly yours,
Philippine National Bank
Acting Through Its Trust Banking Group
As Transfer Agent
By:


WALTER R. BRIONES
Assistant Vice President


JOANNA MARIE L. AVILES
Assistant Manager 2

OUTSTANDING BALANCES FOR SPECIFIC COMPANY
December 29, 2025
BALAI0000000

BPNAME	QUANTITY
AB CAPITAL SECURITIES, INC.	160,986,437
FIRST METRO SECURITIES BROKERAGE CORP.	73,471,437
COL Financial Group, Inc.	38,987,725
PHILIPPINE EQUITY PARTNERS, INC.	17,115,000
BDO SECURITIES CORPORATION	15,773,787
BPI SECURITIES CORPORATION	14,310,213
PHILSTOCKS FINANCIAL INC	12,442,052
AURORA SECURITIES, INC.	10,890,000
ABACUS SECURITIES CORPORATION	10,389,935
EVERGREEN STOCK BROKERAGE & SEC., INC.	8,030,000
TOWER SECURITIES, INC.	5,707,000
G.D. TAN & COMPANY, INC.	4,066,000
YAO & ZIALCITA, INC.	3,490,000
WESTLINK GLOBAL EQUITIES, INC.	3,280,000
MAYBANK SECURITIES, INC.	3,267,000
RCBC SECURITIES, INC.	2,776,000
ANSALDO, GODINEZ & CO., INC.	2,582,000
R. NUBLA SECURITIES, INC.	2,125,500
TIMSON SECURITIES, INC.	2,047,000
F. YAP SECURITIES, INC.	1,982,500
AAA SOUTHEAST EQUITIES, INCORPORATED	1,850,000
LUYS SECURITIES COMPANY, INC.	1,820,000
WEALTH SECURITIES, INC.	1,342,000
AP SECURITIES INCORPORATED	800,000
SB EQUITIES, INC.	800,000
INVESTORS SECURITIES, INC,	769,000
CNN SECURITIES, INC.	763,000
CHINA BANK SECURITIES CORPORATION	707,000
SUMMIT SECURITIES, INC.	671,000
ASIASEC EQUITIES, INC.	581,000
MDR SECURITIES, INC.	576,000
DAVID GO SECURITIES CORP.	566,000
THE FIRST RESOURCES MANAGEMENT & SECURITIES CORP.	530,000
STRATEGIC EQUITIES CORP.	500,000
IGC SECURITIES INC.	470,000
SECURITIES SPECIALISTS, INC.	400,000
STANDARD SECURITIES CORPORATION	400,000
R. COYIUTO SECURITIES, INC.	385,000
UNICAPITAL SECURITIES INC.	370,000
BELSON SECURITIES, INC.	334,000
LANDBANK SECURITIES, INC.	332,000

NEW WORLD SECURITIES CO., INC.	310,000
REGINA CAPITAL DEVELOPMENT CORPORATION	307,000
SINCERE SECURITIES CORPORATION	300,000
VENTURE SECURITIES, INC.	285,000
EASTERN SECURITIES DEVELOPMENT CORPORATION	274,000
IMPERIAL,DE GUZMAN,ABALOS & CO.,INC.	262,000
DRAGONFI SECURITIES, INC.	232,414
PNB SECURITIES, INC.	222,000
GLOBALINKS SECURITIES & STOCKS, INC.	200,000
PAPA SECURITIES CORPORATION	190,000
BERNAD SECURITIES, INC.	190,000
I. B. GIMENEZ SECURITIES, INC.	160,000
E. CHUA CHIACO SECURITIES, INC.	150,000
SOLAR SECURITIES, INC.	150,000
OPTIMUM SECURITIES CORPORATION	120,000
META CAPITAL SECURITIES INC	120,000
MERCANTILE SECURITIES CORP.	102,000
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
QUALITY INVESTMENTS & SECURITIES CORPORATION	2,000
TOTAL LODGED SHARES	412,470,000



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, 2025
Highest Ranking Person responsible for this report	Marvin C. Yu – Corporate Secretary Ralph Hector Adricula – Compliance Officer

Materiality Process

Balai Ni Fruitas Inc. is a specialized food and beverage community store and kiosk operator, managing four core brands: Buko Ni Fruitas, Fruitas House of Desserts, Sugarhouse, and Balai Pandesal. The company distributes a diverse product range including coconut-based desserts, boba, shakes, fresh fruit shakes, and artisanal baked goods through an extensive store network of the House of Fruitas Group.

The sustainability of the company is anchored in the resilience of its store footprint, the efficiency of its distribution channels, and the quality of its product offerings. This report identifies material topics related to macroeconomic impacts and details the specific actions taken by the Company to mitigate risk and capitalize on emerging opportunities.

Subsequent Sustainability Reports will utilize the 3Ps Principle (People, Planet, and Profit) to identify additional material topics, ensuring that long-term growth aligns with social and environmental stewardship.



People- Balai views human capital comprising employees, stakeholders, and customers as the cornerstone of the enterprise. Organizational excellence is a direct result of the dedication and expertise of the workforce. To sustain this, a commitment to professional empowerment is maintained through robust training, career advancement pathways, and a supportive corporate culture. Beyond the internal team, the company champions ethical sourcing and community-based partnerships while ensuring the product portfolio promotes consumer wellness through nutritious, high-quality daily staples.

Planet- Environmental stewardship is integrated into the operational framework. Balai is dedicated to mitigating the ecological footprint through the adoption of sustainable procurement and eco-friendly packaging solutions. Waste management protocols focus on minimization and recycling, while the transition toward energy-efficient store infrastructure reflects a long-term commitment to environmental responsibility.

Profitability- Financial resilience is the engine behind the sustained growth and multi-format expansion of Balai. By capitalizing on market trends for specialty baked goods and beverages, the company maintains a competitive edge through continuous innovation and disciplined cost management. The expansion strategy is deliberate and value-driven, ensuring that every milestone aligns with the goal of generating long-term value for shareholders and stakeholders alike.

The integration of the 3P's is not merely a corporate social responsibility initiative; it is the blueprint for Balai's future. By aligning the interests of our People, the health of the Planet, and the requirements of Profit, we are building a legacy of balance and resilience.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	2025	2024	2023	Units
Direct economic value generated (revenue)	766,409,244	668,000,080	535,205,651	PhP
Direct economic value distributed:				
a. Operating costs	294,211,879	262,164,634	204,611,173	PhP
b. Employee wages and benefits	80,011,054	70,223,999	59,797,697	PhP
c. Payments to suppliers, other operating costs	382,815,610	323,076,566	262,102,883	PhP
d. Taxes given to government	21,971,699	21,268,094	17,894,241	PhP
e. Interest payments to loan providers	4,470,110	5,192,377	2,155,447	PhP
f. Dividends given to stockholders	7,475,025	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., operates as a wholly owned subsidiary of Fruitas Holdings, Inc. Established on May 17, 2005, the company officially began operations in August of the same year with the launch of its first Buko Ni Fruitas kiosk in Robinsons Manila, offering fresh coconut-based drinks and desserts. Since then, BALAI has steadily grown by developing and acquiring new brands, positioning itself as a significant player in the Philippine food and beverage kiosk sector.

Today, the company manages four active brands that cater to a wide range of consumer preferences such as:

- 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 2025, BALAI delivered strong financial performance, generating around Php 766,409,244 million in direct economic value, an indication of steady growth compared to the previous year. These earnings were distributed across key areas such as day-to-day operations, employee compensation and benefits, payments to suppliers, taxes, financing obligations, and returns to shareholders. Through this distribution, the company not only supported its internal stability but also contributed to wider economic activity, job security, and investor confidence.

At the same time, BALAI recognizes that the business environment continues to present challenges, including rising operational costs, changing regulations, and increasing competition. To address these, the company remains proactive in identifying potential risks and putting measures in place to protect its operations while ensuring sustainable growth over the long term.

Key Risks and Mitigation Strategies

1. Macro-environmental Risks in the Philippines

As a developing economy, the Philippines operates within a dynamic macro-environment shaped by political, economic, social, and technological uncertainties. Businesses must navigate challenges such as economic slowdowns, rising inflation, elevated interest rates, and volatility in financial markets all of which can directly influence performance and growth. In recent years, global disruptions, including the pandemic, have further intensified economic pressures, affecting consumer behavior and slowing industry expansion.

To address these challenges, BALAI adopts a proactive and adaptive approach to risk management. The company continuously monitors key economic indicators to remain responsive to shifts in market conditions and adjust its strategies accordingly. It also prioritizes financial stability by practicing disciplined financial management and diversifying revenue streams to reduce exposure to risk. In addition, BALAI enhances operational flexibility by

optimizing its supply chain and refining cost structures, enabling the business to remain resilient amid inflationary pressures and broader economic fluctuations.

Mitigation Strategies:

- Regularly monitor economic trends and indicators to enable timely and informed decision-making
- Strengthen financial resilience through prudent fiscal management and revenue diversification
- Improve supply chain efficiency and cost management to maintain agility in a changing economic landscape

2. Business Operations Risks

BALAI's operations are fully concentrated within the Philippines, making its financial performance closely tied to domestic economic conditions. Fluctuations in consumer purchasing power and disposable income directly influence demand for its products, while operational efficiency depends heavily on workforce availability and the reliability of local infrastructure. Furthermore, the company remains exposed to environmental disruptions, such as typhoons and flooding, which can affect employee mobility and interrupt supply chain and logistics operations.

In response, BALAI adopts a structured approach to managing operational risks, focusing on resilience, efficiency, and continuity across its business processes.

Mitigation Strategy:

- Establish comprehensive contingency plans to address potential disruptions in workforce availability and logistics operations
- Invest in technology solutions and infrastructure improvements to enhance efficiency, reliability, and operational control
- Identify and secure strategically located sites to support the expansion of production and distribution networks
- Enhance employee capabilities through continuous training, upskilling initiatives, and workforce development programs to drive productivity and adaptability

3. Financial Risks

BALAI's financial performance is closely linked to the reliability of its supplier network, which plays a critical role in sourcing raw materials and supporting product distribution. Any disruption within this network—whether due to supply chain breakdowns, infrastructure limitations, or supplier financial instability—can result in material shortages, rising costs, and pressure on overall profitability.

At the same time, the company's commitment to maintaining affordable pricing presents an additional challenge. Absorbing increases in input costs without adjusting prices can compress profit margins, while passing these costs on to consumers may affect demand and place added strain on franchisee performance. As a result, BALAI must carefully balance cost management with pricing strategies to sustain both competitiveness and financial stability.

Mitigation Strategy:

- Strengthen and sustain strategic partnerships with key suppliers to secure consistent supply and favorable pricing terms
- Utilize the broader supplier network of affiliated companies to enhance sourcing flexibility and reduce dependency on single sources
- Perform regular cost analysis and financial reviews to improve cost control and drive operational efficiency
- Adopt adaptive pricing strategies that carefully balance margin protection with consumer affordability and market competitiveness

Opportunities for Growth

Despite existing challenges, BALAI continues to actively pursue various opportunities to strengthen its business sustainability and long-term growth. The company places strong emphasis on optimizing its supply chain by reinforcing relationships with suppliers and utilizing its affiliate network to help manage cost fluctuations and reduce the impact of supply disruptions.

In addition, BALAI prioritizes operational efficiency through regular financial reviews and the implementation of cost-effective strategies aimed at improving overall business performance. These efforts are designed to ensure better resource management and sustained productivity across its operations.

Strategic expansion also remains a key focus of the company, with ongoing initiatives to acquire and lease strategic locations that will enhance its production capacity and improve distribution efficiency. Alongside this, BALAI continues to drive product innovation by developing new offerings that respond to changing consumer preferences and emerging market trends.

Through proactive risk management and a forward-looking approach to growth opportunities, BALAI aims to strengthen its competitive position and further solidify its presence in the Philippine food and beverage industry.

Climate-related risks and opportunities

Climate-related risks present significant challenges to the bread and beverage industry, particularly in terms of raw material supply, production stability, and overall business operations. Extreme weather conditions such as typhoons, droughts, and floods can disrupt the availability of key ingredients including wheat, sugar, coffee, and dairy. These events may lead to reduced crop yields, higher production costs, and delays in the delivery of raw materials due to transportation disruptions. In addition, changes in temperature and humidity can affect product quality, causing shorter shelf life and influencing the taste and consistency of baked goods and beverages.

Operational disruptions are also a major concern, as natural disasters like flooding and strong typhoons can damage production facilities, warehouses, and retail stores. Interruptions in electricity and water supply further affect manufacturing processes and distribution efficiency, potentially resulting in financial losses. Logistics and supply chain operations are also vulnerable, with damaged infrastructure and restricted access to transport routes delaying product distribution.

Aside from physical risks, shifting consumer behavior driven by growing climate awareness is also influencing the industry. Customers are increasingly favoring companies that demonstrate environmental responsibility through sustainable sourcing, eco-friendly packaging, and energy-efficient operations. Businesses that are unable to adapt to these expectations may face reputational risks and reduced customer loyalty.

Despite these challenges, there are also opportunities for growth and resilience. Balai can strengthen its sustainability efforts by adopting climate-resilient sourcing strategies and working closely with reliable suppliers. The use of eco-friendly packaging and improvements in energy efficiency can help reduce environmental impact while appealing to environmentally conscious consumers. Additionally, exploring alternative and climate-resistant ingredients can help ensure continuity of supply.

To further enhance resilience, the company may develop a comprehensive climate risk assessment and disaster preparedness plan to support business continuity during climate-related disruptions. Through these proactive strategies, Balai can strengthen its operations while positioning itself as a responsible and sustainability-focused organization.

Procurement Practices

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

In 2025, Balai reaffirmed its commitment to sourcing 100% of its procurement from local suppliers, strengthening its support for domestic businesses and contributing to economic growth within the community. Through this approach, the company helps sustain local enterprises while fostering stronger economic activity and job creation in the country.

While procurement is directly made from local suppliers, it is recognized that some of these partners may still source certain raw materials or ingredients from international markets. This is often necessary for items that are not locally available or are produced in limited quantities. By working through local suppliers with global sourcing capabilities, Balai is able to maintain product quality, consistency, and availability while still prioritizing local business engagement.

This balanced procurement strategy allows the company to combine the benefits of international-grade ingredients with the economic advantages of supporting local suppliers. It also ensures access to specialized materials such as premium wheat, dairy products, and coffee varieties, which are essential in achieving the desired taste, texture, and quality of Balai’s products.

Beyond ensuring product excellence, Balai’s procurement practices also support Small and Medium Enterprises (SMEs), farmers, and local producers by providing them with opportunities for growth, innovation, and participation in a competitive market. These partnerships help strengthen livelihoods and promote sustainable economic development within the local supply chain.

Furthermore, Balai upholds ethical and responsible sourcing practices by working with suppliers that meet quality standards and promote fair and transparent business relationships. This strengthens long-term partnerships that benefit both the company and its stakeholders.

Moving forward, Balai aims to further enhance its procurement system by exploring initiatives such as sustainable sourcing programs, supplier development efforts, and digital procurement improvements. Through these continuous efforts, the company reinforces its commitment to responsible sourcing 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 demonstrates a strong commitment to ethical business conduct by enforcing clear anti-corruption policies, including its Whistle-Blowing Policy and Insider Trading Policy. These guidelines are designed to promote transparency, accountability, and integrity across all levels of the organization. All employees, directors, and officers are properly informed of these policies to ensure that a culture of honesty and compliance is consistently upheld within the company.

In 2025, Balai maintained a clean record with no reported incidents of corruption, reflecting the effectiveness of its governance practices. Despite this, the company continues to prioritize proactive measures to prevent unethical behavior by strengthening awareness and reinforcing vigilance among employees and stakeholders.

This commitment to integrity also extends to business partners and suppliers, ensuring that ethical standards are observed not only internally but throughout the entire supply chain and business operations.

Although there is currently no formal anti-corruption training program in place, the company conducts relevant seminars that cover important topics such as fraud detection, ethical decision-making, conflict of interest management, and applicable legal responsibilities. These initiatives support employees in making informed and responsible decisions.

Overall, Balai continues to promote a culture of integrity and ethical responsibility while working toward further strengthening its anti-corruption frameworks in the future.

ENVIRONMENT

Tree Planting Programs

Balai demonstrates its commitment to sustainability through meaningful environmental and community outreach efforts. One of its key initiatives is tree planting, which aims to support reforestation, restore ecological balance, and strengthen resilience against climate change. These activities not only contribute to environmental protection but also encourage active participation among employees and help build stronger relationships with local communities.

In 2025, Balai carried out several impactful activities across Manila and Cebu:

Date	Location
June 7, 2025	Brgy. Guadalupe, Cebu City
October 11, 2025	Mulao Liloan, Cebu
October 24, 2025	La Mesa Eco Park, Greater Lagro, Fairview, Quezon City

Resource Management

Balai continues to uphold best practices in environmental management, with a focus on waste reduction, proper disposal, conservation of energy, water, and other resources. Balai-wide awareness initiatives have been implemented to strengthen sustainability consciousness among employees and to encourage responsible resource use across operations.

As formal resource monitoring systems are still under development, consumption figures for 2024 and 2025 were derived using reasonable estimates based on total payment and average unit rates. We are actively consolidating actual consumption data to enhance the accuracy, transparency, and completeness of future Sustainability Reports.

Energy Consumption Performance (2024-2025)

Balai’s energy consumption profile shows varied trends across energy sources, reflecting both operational changes and efficiency efforts.

Energy consumption from liquified petroleum gas (LPG) declined from 33,179.00 GJ in 2024 to 31,833.68 GJ in 2025, representing a reduction of 1,345.32 GJ. This reduction attributed to several operational and behavioral factors, including improved energy efficiency practices, heightened employee awareness on energy conservation, and more prudent use of LPG-

dependent equipment, increased monitoring of fuel usage and better operational scheduling have further contributed to minimizing unnecessary LPG consumption.

In contrast, diesel consumption increased slightly, rising from 23,037.00 GJ in 2024 to 23,661.39 GJ in 2025, an increase of 624.39 GJ. This increase associated with higher operational activity, logistics requirements, and expanded service coverage during the reporting year.

Electricity consumption also increased significantly, from 2,575.45 GJ in 2024 to 5,013.95 GJ in 2025. This sharp increase is driven by business expansion and enhanced facility utilization, though it may also stem from improved data gathering practices following a year of limited monitoring. Balai continues to prioritize electrical efficiency and optimization for future operations. Data for renewable energy and gasoline consumption was not available for the 2025 reporting year.

Water Consumption

Water withdrawal and consumption increased from 13,766.00 cubic meters in 2024 to 22,397.00 cubic meters in 2025. The rise of water use corresponds with higher operational demands, increased workforce presence and partially attributable to more comprehensive monitoring and data collection compared to the limited tracking of the previous year. Information on water recycling and reuse remains unavailable, however, we recognize the importance of water efficiency and are assessing systems to support water-saving initiatives and improved monitoring moving forward.

Energy consumption within the organization:

Disclosure	2025	2024	Units	Difference
Energy consumption (renewable sources)	N/A	N/A	GJ	
Energy consumption (gasoline)	N/A	N/A	GJ	
Energy consumption (LPG)	31,833.68	33,179.00	GJ	-1,345.32
Energy consumption (diesel)	23,661.39	23,037.00	GJ	624.39
Energy consumption (electricity)	5,013.95	2,575.45	GJ	2,438.95

**Consumption data gathered were based on the total payment over average rate per unit.*

Water consumption within the organization

Disclosure	2025	2024	Units
Water withdrawal	22,397.65	13,766.00	Cubic meters
Water consumption	22,397.65	13,766.00	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 ¹ 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 ₂ e
Energy indirect (Scope 2) GHG Emissions	No Available Information	Tonnes CO ₂ e
Emissions of ozone-depleting substances (ODS)	No Available Information	Tonnes

Air pollutants

Disclosure	Quantity	Units
NO _x	No Available Information	kg
SO _x	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 Waste

Solid Waste

Disclosure	2025	2024	Units
Total solid waste generated		No Available Information	kg
Reusable		No Available Information	kg
Recyclable	4,788.21	No Available Information	kg
Composted		No Available Information	kg
Incinerated		No Available Information	kg
Residuals/Landfilled		No Available Information	kg

¹ International Union for Conservation of Nature

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	#

At present, data on greenhouse gas emissions, air pollutants, solid waste generation, and hazardous waste remain limited as monitoring system continue to be developed. Notably, 4,788.21 kilograms of recyclable waste recorded in 2025 reflecting initial progress in waste segregation and recycling efforts.

Balai reported zero monetary fines, no non monetary- sanctions, and no environmental-related dispute cases during reported period, demonstrating full compliance with applicable environmental laws and regulations.

While environmental data tracking remains a work in progress, Balai is committed to strengthening its environmental performance by enhancing internal monitoring systems, building employees capacity on sustainability practices, and improving resource efficiency. These initiatives will support more comprehensive reporting, better-informed decision-making, and reduced environmental footprint in the years ahead.

The company's approach to environmental impact management is grounded in strict compliance with environmental laws and a commitment to continuous improvement in monitoring and reporting practices. At present, there is limited data available on key environmental indicators such as greenhouse gas emissions, air pollutants, and waste generation. However, efforts are underway to establish more reliable systems that will enable accurate collection, tracking, and reporting of these metrics in the future.

SOCIAL

CORPORATE SOCIAL RESPONSIBILITY

Classroom Project

Following the 2024 groundbreaking, Balai, in collaboration with its parent and affiliate companies, successfully turned over a newly constructed classroom at Sta. Ana Central High School in Pampanga on March 18, 2025. This initiative, part of the Build a Classroom Project by Hope in a Bottle, reflects the company's core belief that meaningful change begins with access to quality education. Specifically designed to support Grade 8 students, the new facility provides a safe, comfortable, and well-equipped environment that serves as a foundation for growth and inspiration.

Balai's involvement highlights its commitment to bridging gaps in educational infrastructure for underserved communities. By investing in these physical structures, the company aims to empower young learners to pursue their aspirations with confidence. This turnover stands as a testament to Balai's mission to create a lasting, positive impact—nurturing the potential of future generations, one classroom at a time.

Outreach Programs

Balai's efforts go beyond environmental initiatives by actively supporting communities through programs like food drives and various engagement activities. These initiatives are designed not only to address immediate needs of underserved groups but also to promote long-term growth and self-sufficiency. By involving employees, partners, and local residents, Balai fosters collaboration and ensures that its social responsibility programs create a meaningful and lasting impact.

In 2025, Balai implemented a range of meaningful initiatives throughout Manila and Cebu.

Date	Location	Activities
October 8, 2025	Northern Cebu	Relief Goods Distribution for Earthquake Victims
November 21, 2025	Brgy. Umapad, Mandaue City	13 th Annual Outreach for Typhoon Victims (200 beneficiaries)
November 29, 2025	Brgy. Danglag Consolacion, Cebu	13 th Annual Outreach for Typhoon Victims (150 beneficiaries)
December 6, 2025	Brgy. Ermita, Cebu City	Outreach in Partnership with 14 th Civil-Military Operations (200 beneficiaries)

At the core of Balai's approach is a balanced commitment to people, the planet, and sustainable growth. Through projects such as classroom construction and community outreach, the organization strengthens its role in promoting social well-being while maintaining environmental awareness. By aligning these efforts with responsible financial practices, Balai demonstrates that business success can be both profitable and purposeful delivering lasting benefits to stakeholders, communities, and future generations.

Balai Enhances Employee Hiring and Skills Development Through Strategic Partnerships

In 2025, BALAI strengthened its talent development efforts by forming strategic partnerships that help connect education with real-world employment opportunities. Through collaborations with national skills programs, the company worked closely with organizations such as the Department of Social Welfare and Development (DSWD) and JobStart Philippines to support at-risk and out-of-school youth. These initiatives provide career guidance and hands-on technical training, building on earlier partnerships in 2024 with groups like PBEed, USAID, Dualtech, and TESDA, all aimed at preparing young individuals for roles in the food and service sectors.

At the same time, BALAI continued to deepen its relationships with the academic community, maintaining partnerships with more than 25 educational institutions. These collaborations span leading universities—such as UP, Ateneo, DLSU, and UST—which contribute to leadership development, as well as technical institutions like TUP Manila, EARIST, and Dualtech, which help develop specialized skills essential for commissary and logistics operations.

Community Integration and Regional Expansion

To support a network of over 140 stores, BALAI leverages Public Employment Service Offices (PESO) for localized recruitment:

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

Strategic Impact

These initiatives play a vital role in advancing BALAI's strategic risk management and commitment to ESG principles. By broadening its talent pool and focusing on local workforce development, the company strengthens its operational stability while fostering higher employee retention. Moreover, these efforts are aligned with the United Nations Sustainable Development Goal 8, which promotes decent work and sustainable economic growth. Through this alignment, BALAI not only reinforces its social responsibility but also builds stronger brand credibility and delivers lasting value to its stakeholders.

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	2025	2024	Units
Total number of employees ²	307	297	count
a. Number of female employees	205	197	count
b. Number of male employees	102	100	count
Attrition rate ³	7.6	6.14	rate
Ratio of lowest paid employee against minimum wage	1:1	1:1	ratio

BALAI places strong emphasis on fair employment practices, inclusivity, and full compliance with labor standards. In 2025, the company employed a total of 307 individuals, with women comprising 66.78% of the workforce and men 33.22%. Compensation remained aligned with regulatory requirements, maintaining parity with a 1:1 ratio against the minimum wage, while employee turnover was kept at a healthy rate of 7.6%.

All employees are provided with mandated government benefits, including SSS, PhilHealth, and Pag-IBIG, alongside additional support such as paid sick and vacation leaves, subsidized HMO coverage, and access to loan programs. While no retirements were recorded in 2024, and educational assistance is outlined in company policy, this particular benefit was not utilized during the year.

Moving forward, BALAI continues to enhance employee awareness of available benefits, strengthen retention initiatives, and explore new programs such as flexible work arrangements and career development opportunities. These efforts reflect the company's commitment to fostering a responsive, inclusive, and supportive workplace environment

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS			
Maternity	Y	4.39%	0.00%
Sickness	Y	0.49%	0.00%
Salary Loan	Y	8.78%	8.82%
Calamity Loan	Y	2.93%	5.88%
PhilHealth	Y	0.49%	0.00%
Pag-ibig	Y	21.46%	19.61%
Parental leaves	Y	0.00%	0.00%
Vacation leaves	Y	25.00%	20.00%
Sick leaves	Y	40.00%	30.00%

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

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

Medical benefits (aside from PhilHealth))	Y	9.27%	5.88%
Housing assistance (aside from Pag-ibig)	N		
Retirement fund (aside from SSS)	Y	0.00%	0.00%
Further education support	Y	0.00%	0.00%
Company stock options	N		
Telecommuting	N		
Flexible-working Hours	N		
(Others)			

BALAI’s employee benefits program reflects a balanced approach that prioritizes both compliance with statutory requirements and the overall well-being of its workforce. In 2025, the company continued to provide all mandated benefits, including SSS, PhilHealth, and Pag-IBIG, while also offering company-supported provisions such as paid sick and vacation leaves, medical assistance, and access to financial loan programs.

Beyond government-mandated healthcare coverage, BALAI extended additional medical support through a subsidized HMO, improving employees’ access to quality healthcare services. Utilization trends indicate that employees made the most use of practical and immediate support mechanisms, particularly Pag-IBIG benefits (21.46% of female and 19.61% of male employees), SSS salary loans, and sick leave provisions. Financial assistance programs such as calamity and salary loans also saw moderate uptake across both male and female employees.

Despite the availability of certain benefits in company policy, such as educational assistance and retirement-related programs these were not utilized during the year, and no employee retirements were recorded. Similarly, offerings like parental leave saw no reported usage, suggesting either limited demand or potential gaps in awareness and accessibility.

These patterns highlight opportunities for improvement in how benefits are communicated and accessed. BALAI recognizes the need to strengthen internal communication, simplify processes, and provide more proactive HR support to ensure employees fully understand and maximize available benefits. Programs with low or no participation will be reassessed to determine their relevance and effectiveness.

Looking ahead, the company aims to enhance benefit awareness, promote equitable access, and gradually expand its offerings in line with employee needs and organizational growth. Future initiatives under consideration include flexible work arrangements, housing assistance, and career development programs—efforts designed to further boost employee engagement, satisfaction, and long-term retention.

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	240	Hours
b. Male employees	119	Hours
Average training hours provided to employees		
a. Female employees	240	Hours/employee
b. Male employees	119	Hours/employee

The company strengthened its commitment to employee growth by implementing a range of learning and development initiatives centered on onboarding, skills enhancement, leadership development, and ethical practices. Among these, the New Employee Orientation program saw the highest participation, ensuring that new hires gain essential knowledge and are well-aligned with the organization's values from the very beginning.

To maintain and improve performance, refresher courses were conducted to reinforce key competencies, particularly among store operations personnel. Leadership capabilities were further developed through the 4 E's program, which equipped managers with the skills needed to effectively engage, guide, and inspire their teams.

In addition, the company emphasized the importance of a strong workplace culture by providing training focused on ethics and professional conduct, promoting integrity and a positive working environment. Internal expertise was also enhanced through the Certified Store Trainer program, which empowered employees to take an active role in mentoring and developing their peers. Collectively, these initiatives reflect the company's dedication to continuous learning and building a capable, values-driven workforce.

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	0	%
Number of consultations conducted with employees concerning employee-related policies	35	#

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	66.77	%
% of male workers in the workforce	33.22	%
Number of employees from indigenous communities and/or vulnerable sector*	N/A	%

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

The company remains dedicated to cultivating a workplace culture grounded in respect, inclusivity, and collaboration. Although no employees are currently covered by collective bargaining agreements, the organization ensures that every voice is acknowledged through consistent consultations and open dialogue. Throughout the reporting period, several discussions were held to promote transparency, strengthen alignment, and address employee concerns in a timely and responsive manner.

In terms of diversity and equal opportunity, the company continues to uphold inclusive hiring practices, with women making up a significant portion of the workforce. It has also taken meaningful steps toward greater inclusivity by actively employing persons with disabilities (PWDs), reinforcing its commitment to providing equal access to employment and encouraging full participation in the workplace.

While representation from indigenous communities and other vulnerable groups is still limited, the company recognizes this gap and is working to expand its outreach efforts and support systems to create more opportunities for these sectors.

Overall, the organization’s approach centers on open communication, fairness, and inclusive development—ensuring that all employees feel valued, respected, and empowered to contribute to the company’s continued growth.

Workplace Conditions, Labor Standards, and Human Rights
Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	30,238,272	Man-hours
No. of work-related injuries	0	count
No. of work-related fatalities	0	#
No. of work related ill-health	0	#
No. of safety drills	2	count

Balai Ni Fruitas Inc. continues to prioritize the health, safety, and overall well-being of its employees as a fundamental part of its operational integrity and commitment to responsible labor practices. The company consistently implements occupational health and safety protocols aimed at minimizing workplace risks and ensuring a secure working environment for all. This dedication is reflected in the achievement of over **30,238,272 safe man-hours**, highlighting the organization’s strong safety performance and culture of prevention.

To reinforce preparedness and awareness, Balai conducts regular safety drills, with two drills carried out during the reporting period. In addition, the company organized seminars and orientations on fire and earthquake preparedness, equipping employees with essential knowledge and practical skills to effectively respond to emergency situations.

Notably, no work-related injuries, fatalities, or cases of occupational ill-health were recorded during the period, demonstrating the effectiveness of the company’s safety measures and proactive approach to risk management.

Balai is also taking steps to further strengthen its safety management system by developing a more structured grievance and feedback mechanism. This initiative will enable employees to raise safety concerns and suggestions more efficiently, fostering a more responsive and transparent safety culture.

Moreover, the company recognizes the growing importance of mental health and is working toward integrating wellness-focused programs into its human resources initiatives. Through these continuous improvements, Balai reaffirms its commitment to providing a safe, healthy, and supportive workplace for its employees.

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	Y	POLICY ON CHILD & FORCED LABOR
Human Rights	Y	POLICY AND DATA RELATION TO HEALTH, SAFETY, AND WELFARE OF EMPLOYEES INCLUDING COMPANY SPONSORED TRAININGS

BALAI stands as a company guided not only by business goals but by a deep commitment to people. At the heart of its operations is a firm belief that every individual deserves dignity, safety, and respect in the workplace. This belief is reflected in BALAI's strict policies that uphold ethical labor practices and safeguard human rights at every level of the organization.

The company maintains a strong stance against forced labor in any form. Through its comprehensive Policy on Health, Safety, and Welfare of Employees, BALAI ensures that all work is carried out voluntarily and under fair conditions. This commitment is further strengthened by company-sponsored training programs designed to educate employees and management alike on ethical standards, reinforcing a culture where fairness and accountability are not just expected, but practiced daily.

Equally important is BALAI's unwavering position against child labor. With a zero-tolerance policy in place, the company strictly adheres to local government laws and regulations, ensuring that all workers are of legal working age. This policy is not merely about compliance, it is about protecting the rights and future of young individuals and contributing to the well-being of the broader community.

Through these principles, BALAI continues to build a workplace that is safe, inclusive, and equitable. Its dedication to human rights is more than a policy it is a promise to every employee that they are valued, protected, and empowered to thrive.

Supply Chain Management

Balai keeps its supply chain honest by including clear ethical and environmental rules in its contracts. All partners must sign a Business Integrity and Ethics Agreement, which strictly bans bribery and corruption while protecting private information. Additionally, the company's Vendor Code of Conduct is a standard part of every supplier deal. This code requires suppliers to meet basic standards for protecting the environment and human rights, including a total ban on child labor and forced labor. By making these rules a requirement, Balai ensures it only works with partners who value doing the right thing.

The Vendor Code of Conduct is now being implemented and cascaded across BALAI's supplier network. Through this initiative, the company aims to establish a unified standard of accountability and sustainability, thereby strengthening trust, reducing risks, and ensuring the long-term viability of its supply chain.

In doing so, BALAI demonstrates its strong commitment to responsible sourcing and positions itself as a company that values not only operational efficiency, but also ethical and sustainable growth.

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

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
Healthy food consumption and life style	Manila and Cebu	Children, the elderly, and health-conscious	N	Right to health and nutrition; access to	Launch nutrition education campaigns, ensure affordable pricing for healthy options, and

		low-income families		quality information	provide clear nutritional labeling
Promotion of Filipino products	All Store Branches/ Tourist Hubs	Local artisans and traditional food producers	N	Right to cultural heritage	Sourcing local ingredients
Clean and Affordable Products	Urban and peri-urban areas nationwide	Minimum - wage earners and marginalized households	N	Right to a basic standard of living; consumer protection and safety	Streamline supply chains to reduce costs, implement strict quality control for safety, and use eco-friendly packaging to reduce environmental waste
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 operations, the company plays an active role in supporting local communities through the expansion of its workforce and partnerships with suppliers in various regions. These activities help generate jobs and contribute to local economic growth. At the same time, the company recognizes its responsibility to ensure that these benefits are delivered responsibly by promoting fair labor practices and adopting sustainable and ethical sourcing standards.

Manpower for Retail Store Expansion

The company continues to expand its retail presence across Luzon, NCR, Visayas, and Mindanao, it creates numerous employment opportunities, especially for low-income individuals, women, and persons with disabilities (PWDs). This growth supports job creation and helps strengthen local economies. At the same time, the company remains committed to responsible employment practices by ensuring fair wages, safe and secure working environments, inclusive hiring, and access to training and development programs. Through these efforts, the company promotes equal opportunities and supports the growth and well-being of vulnerable sectors.

Healthy Food Consumption and Lifestyle Promotion

Operations related to promoting healthy consumption and lifestyle initiatives are conducted mainly in Manila and Cebu, with a focus on benefiting children, older persons, and low-income families. These initiatives contribute positively to community well-being by addressing issues related to nutrition, food quality, and accessibility.

Potential human rights considerations include the right to health and adequate nutrition, as well as ensuring equal access to quality food. The Company addresses these concerns through nutrition education campaigns, affordable pricing strategies, and the provision of healthier food options with clear nutritional labeling to empower informed consumer choices.

Promotion of Filipino Products

The Company promotes Filipino products across Luzon, Visayas, and Mindanao, supporting micro, small, and medium enterprises (MSMEs), including small artisans, farmers, and rural producers.

Key human rights priorities include safeguarding livelihoods, preserving cultural heritage, and maintaining local identity. To promote positive outcomes, the Company collaborates with local cooperatives, uses responsible sourcing platforms, and ensures fair profit-sharing arrangements that benefit artisans and producers equitably.

Clean and Affordable Products

The provision of clean and affordable products serves urban and peri-urban communities nationwide, particularly benefiting minimum-wage earners and marginalized households. While no formal human rights impact assessment has been conducted, the Company recognizes the importance of basic standards, consumer protection, and the environmental impact of commercial activities.

To address these considerations, the Company implements supply chain efficiencies to reduce costs, applies strict quality control measures, and transitions to safer, eco-friendly packaging to minimize environmental risks and ensure product safety for consumers.

Through these initiatives, the Company aims to balance business growth with social responsibility. By identifying affected communities and vulnerable groups, addressing human rights risks, and implementing targeted mitigation measures, the Company strengthens its role as a responsible corporate citizen and contributes to sustainable community development.

Sourcing Suppliers from different locations

The company sources products from various provinces and regions, working with small-scale suppliers, farmers, and local producers. This helps boost local economies and support entrepreneurship. At the same time, the company ensures fair trade practices by following ethical sourcing policies, providing fair payment terms, and offering programs that help suppliers improve their capabilities. These actions strengthen long-term partnerships and promote equal economic opportunities.

For operations involving Indigenous Peoples (IPs), the company ensures compliance with Free and Prior Informed Consent (FPIC) requirements and secures Certification Preconditions (CPs) when applicable. The total number of FPIC processes and CPs secured and currently active is to be reported, with supporting documents or links provided 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 remains committed to delivering high-quality products and excellent customer service, recognizing that customer satisfaction is a key driver of business success and brand loyalty. Although a formal third-party customer satisfaction study has not yet been conducted, the company has established internal mechanisms to monitor, assess, and continuously improve customer experience across its operations.

To ensure consistent service quality, BALAI implements several core initiatives.

- **Mystery Shopper Program** - serves as a proactive tool to evaluate in-store performance from a customer's perspective. Through this program, trained individuals assess service efficiency, staff behavior, product quality, and overall store ambiance, helping management identify areas for improvement.
- **Regular Store Audits** - are conducted to maintain high standards in food quality, cleanliness, and operational efficiency. These audits ensure that all branches adhere to company policies and deliver a consistent customer experience.
- **Active Social Media Monitoring** - by tracking customer feedback, reviews, and concerns online, the company is able to respond promptly to issues and identify recurring trends that may require operational adjustments. This real-time engagement strengthens customer trust and demonstrates responsiveness.
- **Dedicated Customer Service Hotline** - which provides customers with direct access to support for inquiries, complaints, and feedback. This channel ensures that concerns are addressed efficiently and contributes to building positive customer relationships.

BALAI is currently in the process of consolidating customer feedback data from various sources, including in-store interactions, online platforms, and direct communications. This initiative aims to develop a more structured and data-driven approach to understanding customer needs and expectations. Insights gathered will be integrated into future Sustainability Reports to enhance transparency and guide continuous improvement efforts.

In the coming years, BALAI plans to further improve its efforts to enhance customer satisfaction. The company recognizes the importance of adopting new strategies to better understand customer needs and build stronger relationships with them.

One of the strategies being considered is the use of customer satisfaction surveys. By working with independent organizations, the company can gather unbiased feedback and compare its performance with industry standards. In addition, Balai may introduce customer feedback kiosks or digital surveys in stores or mobile apps, making it easier for customers to share their experiences right after their visit.

The company is also looking into developing loyalty and rewards programs to encourage repeat customers and increase customer engagement. At the same time, continuous employee training and development will be prioritized to ensure that staff can provide high-quality service and meet changing customer expectations.

Another important tool is Net Promoter Score (NPS) tracking, which measures how likely customers are to recommend the brand to others. This will help the company better understand customer satisfaction and loyalty. Balai also plans to offer a more personalized customer experience by using customer data to provide tailored promotions, recommendations, and services.

To improve how concerns are handled, the company may implement a complaint resolution tracking system. This will help monitor how quickly and effectively issues are resolved, ensuring accountability and continuous improvement.

Balai shows a strong commitment to customer satisfaction through its current programs and feedback systems. By adding more structured tools and improving its strategies, the company is in a good position to deliver better customer experiences, build customer loyalty, and achieve long-term growth.

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 remains firmly committed to upholding the highest standards of product and service health and safety across all its operations. During the reporting period, the Company is pleased to report that there were no substantiated complaints related to product or service health and safety, reflecting its proactive approach to quality assurance and risk management.

To ensure responsiveness and transparency, BALAI maintains accessible customer service channels, including a dedicated hotline and active social media monitoring. These platforms enable the Company to promptly receive, track, and address any customer concerns or feedback.

All feedback, whether formal or informal, is carefully reviewed and assessed. BALAI places strong emphasis on continuous improvement, ensuring that any identified issues are addressed through appropriate corrective actions. This systematic approach not only strengthens service delivery but also enhances overall customer satisfaction and trust.

Through these measures, BALAI continues to reinforce its commitment to providing safe, reliable, and high-quality products and services to its stakeholders.

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 maintained compliance with all applicable marketing and labeling standards. Notably, there were no substantiated complaints received concerning marketing practices or product labeling. This reflects the organization's commitment to accuracy, transparency, and adherence to regulatory requirements.

The company continues to actively monitor customer feedback across various channels to ensure that any concerns related to marketing and labeling are promptly identified and addressed. By maintaining this proactive approach, the organization aims to uphold consumer trust, ensure satisfaction, and continuously improve its communication and product presentation strategies.

The absence of validated complaints during this period indicates effective implementation of quality control measures and reinforces the company's dedication to responsible marketing and clear, reliable labeling practices.

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. remains steadfast in its commitment to protecting customer privacy and ensuring full compliance with the Data Privacy Act of 2012, along with its Implementing Rules and Regulations. As part of its adherence to national data protection standards, the company is duly registered with the National Privacy Commission (NPC), holding Certificate of Registration No. PIC-000-745-2026, which is valid until March 27, 2027.

During the reporting period, there were no substantiated complaints received concerning breaches of customer privacy, reflecting the effectiveness of the company's data protection measures and internal controls. This indicates a strong compliance culture and a proactive approach to safeguarding sensitive information.

Furthermore, BALAI does not utilize customer, user, or account holder information for any secondary or unauthorized purposes. The company strictly limits data processing activities to those that are necessary, legitimate, and aligned with regulatory requirements.

To maintain the integrity, confidentiality, and security of customer information, the organization continuously implements and monitors robust data protection policies and safeguards. Through these ongoing compliance efforts, BALAI reinforces its commitment to earning and maintaining customer trust while upholding the highest standards of data privacy and protection.

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	N/A	#

During the reporting period, the company maintained a strong record in safeguarding its information assets, with no incidents of data breaches reported. This includes the absence of any data leaks, thefts, or losses, reflecting the effectiveness of the organization’s data protection strategies.

To ensure the continued security of sensitive information, BALAI has implemented stringent data security measures. These include the use of secure storage systems, robust access controls, and strict adherence to the provisions of the Data Privacy Act of 2012. Such measures are designed to protect both organizational and customer data from unauthorized access and potential threats.

The company actively monitors and reviews its data protection protocols on a regular basis. This proactive approach enables BALAI to identify and mitigate potential risks, strengthen its security framework, and maintain the trust and confidence of its customers.

Additionally, the company’s commitment to data privacy and security remains a top priority, as demonstrated by its clean record and ongoing efforts to enhance its protective measures.

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	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.

	promoting healthy eating habits.		
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.
Affordable neighborhood retail kiosks	Providing accessible and affordable food options within communities supports SDG 1 (No Poverty) and SDG 11 (Sustainable Cities and Communities) by improving access to basic goods and reducing travel costs for daily needs.	High store density may contribute to local congestion or increased waste generation.	BALAI implements proper site planning, waste management practices, and coordinates with local authorities to ensure minimal disruption to communities.
Commissary and centralized production operations	Centralized production improves efficiency and consistency, contributing to SDG 9 (Industry, Innovation, and Infrastructure) and SDG 12 (Responsible	Increased production volume may lead to higher energy use and food waste if not managed properly.	BALAI adopts resource efficiency measures, demand forecasting, and waste reduction programs to optimize production processes.

	Consumption and Production).		
Delivery and logistics services	Expanding delivery capabilities improves product accessibility, supporting SDG 9 (Industry, Innovation, and Infrastructure) and SDG 11 (Sustainable Cities and Communities).	Logistics operations may increase fuel consumption and carbon emissions.	BALAI optimizes delivery routes, explores fuel-efficient transport options, and monitors emissions to reduce environmental impact.
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.*

BALAI’s core products and services play a meaningful role in advancing sustainable development, aligning its business operations with several United Nations Sustainable Development Goals (UN SDGs). Through its offerings, the company not only delivers value to customers but also contributes to broader social, economic, and environmental objectives while managing potential risks associated with its activities.

At the forefront, BALAI provides fresh and nutritious food and beverages that promote healthier lifestyles, supporting goals related to zero hunger and overall well-being. To ensure product safety and quality, the company maintains strict food handling protocols, quality control systems, and transparent nutritional practices, minimizing risks such as spoilage or contamination.

The company also strengthens local economies by sourcing from farmers and small-scale suppliers, contributing to inclusive growth and responsible production. While reliance on smaller suppliers may present supply chain challenges, BALAI mitigates these risks by diversifying its sourcing network, supporting supplier development, and implementing fair trade practices.

Environmental responsibility is embedded in BALAI’s operations through initiatives such as eco-friendly packaging, which helps reduce plastic waste and environmental impact. Recognizing the risks of improper disposal, the company promotes the use of sustainable materials and actively educates consumers on responsible waste management.

In terms of economic contribution, BALAI’s retail expansion generates employment opportunities and supports community livelihoods. At the same time, the company addresses the environmental implications of expansion—such as increased energy consumption—by adopting energy-efficient technologies and sustainable store designs.

BALAI's neighborhood kiosks further enhance community accessibility by offering affordable food and daily essentials, particularly benefiting underserved and low-income areas. While increased store presence may pose challenges like congestion or waste generation, these are managed through careful site planning and effective waste management systems.

Operational efficiency is also supported by centralized commissary and production systems, which improve consistency and resource utilization. To manage potential increases in energy use and waste, BALAI applies demand forecasting, process optimization, and waste reduction initiatives.

Additionally, the company's delivery and logistics services expand customer access and convenience, though they may contribute to higher fuel consumption and emissions. BALAI addresses this by optimizing delivery routes and exploring more efficient transportation solutions.

Finally, digital platforms and online ordering systems enhance service accessibility and efficiency, aligning with innovation and infrastructure goals. Balai supports the development of secure IT systems and implements responsible e-waste management practices. To mitigate risks such as electronic waste and cybersecurity threats

Through these integrated efforts, BALAI ensures that its products and services not only drive business growth but also contribute positively to sustainable development, while proactively managing potential environmental and social impacts.