



12 October 2023

PHILIPPINE STOCK EXCHANGE, INC.

6th Floor, PSE Tower
5th Avenue cor 28th Street
Bonifacio Global City
Taguig City, Philippines

Attention: **Ms. FRANCE ALEXANDRA D. TOM WONG**
Head, Disclosure Department

RE: **FCG ANNUAL REPORT**

Gentlemen:

Attached herewith is the Figaro Coffee Group, Inc.'s ("FCG") Annual Report - SEC Form 17-A for the fiscal year ending June 30, 2023.

Very Truly Yours,

JOSE PETRONIO VICENTE D. ESPAÑOL III
Chief Financial Officer, Treasurer

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, *AS AMENDED*

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

1. For the fiscal year ended: **30 JUNE 2023**
2. SEC Identification Number : **CS201811119**
3. BIR Tax Identification No: **010-061-026-000**
4. Exact name of issuer as specified in its charter **FIGARO COFFEE GROUP, INC.**
5. **LAGUNA, PHILIPPINES**
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. **116 EAST MAIN AVE., PHASE V- SEZ LAGUNA TECHNOPARK, BINAN, LAGUNA, 4034**
Address of principal office Postal Code: 4034
8. **(632) 8812-17-18**
Issuer's telephone number, including area code
9. **33 MAYON ST. BARANGAY MALAMIG, MANDALUYONG CITY**
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
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Common Shares	5,468,455,298
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11. Are any or all of these securities listed on a Stock Exchange.

Yes [] No []

If yes, state the name of such stock exchange and the classes of securities listed therein:
THE PHILIPPINE STOCK EXCHANGE, INC.

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and [SRC Rule 17.1](#) thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [] No []

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

Yes []

No []

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

As of 30 June 2023

	2023
Total Number of Outstanding Common Shares	5,468,455,298
Less: Outstanding Shares held by Affiliates	4,179,101,299
Shares held by Non-affiliates	1,289,353,999
Closing Price as of 30 June 2023	0.71
Aggregate Market Value of Voting Stock held by Non-affiliate	915,441,339.29
Level of Public Float based on available information as of June 30	23.58%

**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) Annex A ---: Sustainability Report;

(b) Annex B ---: List of Stockholders

(c) Annex C---: Consolidated Financial Statements of Figaro Coffee Group, Inc. (the "Company" and Figaro Coffee Systems, Inc. (the "Subsidiary") for the fiscal year ending June 30, 2023.

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PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business Overview

The Figaro Group is proud to be a purely Filipino and home-grown diversified food group with over 25 years in the industry. Figaro Coffee Group, Inc. operates through its wholly-owned subsidiary, Figaro Coffee Systems, Inc.

The Figaro Group is a set of retail restaurants with 167 branches nationwide and international territories that serve a wide variety of food offerings and services. As of 30 June 2023, the Figaro Group currently operates 57 Figaro coffee shops, 96 Angel's Pizza outlets, 9 Tien Ma's Taiwanese cuisine restaurants, and 5 Café Portofino outlets.

Quality is our top priority. We ensure high quality products by controlling our production process, from roasting our own coffee weekly, producing our own breads, pastries and food products, and engaging with suppliers that meet the same high-quality standards. Daily internal and external auditors are present to keep improving our quality standards. Across all our brands, we seek to deliver the best value-for-money. We strive to offer the best-tasting products at the best price. Compared to all our competitors, our products; taste profiles and price is unbeatable.

People are our assets. We value our employees and customers because they are what make us great.

We have extensive and innovative menu offerings that cater to a wide market. We are best known for coffee drinks and pastries (Figaro Coffee), creamy spinach dip pizza (Angel's Pizza), and xiao long bao (Tien Ma's Taiwanese cuisines). We cater to families and groups through our large-sized offerings at Tien Ma's and through our pizzas and bundles at Angel's Pizza, and we also cater to corporate and private functions/ events through Figaro coffee. We have developed four different successful store formats – full store, dual concept, kiosk, and cart. We complement our dine-in services with an efficient delivery system and an expanding online sales platform. We believe that our various store formats and sales channels provide us the flexibility to locate in and grow with the different markets we serve.

Recently, Figaro Innovation and Development Inc., a wholly-owned subsidiary of Figaro Coffee Systems, Inc. ("FCSI"), the operating subsidiary of Figaro Coffee Group, Inc. ("FCG") received the Certificate of Registration issued on 07 September 2023 by the Philippine Economic Zone Authority ("PEZA") as an Ecozone Export Enterprise to engage in the production of roasted coffee such as the House Reserve, Espresso Blend and French Roast.

The Department of Trade and Industry- Export Management Bureau issued the Certificate of Accreditation as Coffee Exporter to FIDI on 08 September 2023.

The primary goal of FIDI is to develop and innovate trailblazing products and processes that will level up the F&B industry, to provide products and services that will make their operations more efficient and to promote Filipino brands, products and raw materials globally.

The Philippines is one of the most dynamic economies in the East Asia Pacific region and its GDP grew organically between 2016 and 2019 before experiencing a decline due to the COVID-19 pandemic in 2020. We believe that we are well positioned to capture these growth opportunities and meet the needs of this market as their dining choices shift from fast food establishments to full-service dining experiences in a well-designed, comfortable, clean and guest-oriented atmosphere.

Item 2. Properties

As of 30 September 2023 we lease the following properties:

#	STORES	DATE OF EXPIRATION	RENTAL FEES	TERMS OF RENEWAL	REMARKS
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HEAD OFFICE					
1	FCGI – Binan Laguna	20 Jan 2025	25,000	5	
2	FCSI – Mayon	14 Dec 2025	400,000	10	

FIGARO COFFEE					
1	ACIENDA SILANG	05 June 2024	44,092	2	
2	ANALOG 1	02 Sept 2024	15% on Sales	3	
3	ANALOG 2	02 Sept 2024	15% on Sales	3	
4	ATENEO DE MANILA UNIVERSITY	31 July 2023	20,000	1	For renewal
5	AYALA LAGOON	05 August 2025	120,000	5	
6	CITIPLAZA	31 Dec 2024	15% on Sales	2	
7	CSB MAIN BUILDING	Sept 2024	32,100	1	
8	DELOS SANTOS	31 Dec 2024	37,968.94	3	
9	DUMAGUETE	31 Mar 2031	109,686.50	8	
10	FIRST SUMIDEN	15 July 2023	15% on Sales	2	For renewal
11	HIGSTREET	31 Dec 2023	109,942.04	1	
12	MAKATI MEDICAL	31 Dec 2024	20,000	3	
13	MAXIM	31 Jan 2025	15% on Sales	3	
14	MEDICAL CITY	31 Dec 2024	78,218.71	3	
15	ONSEMICON	22 Apr 2025	15% on Sales	2	
16	PGH	30 Sept 2023	5% of Sales	4	
17	PNB	19 Feb 2024	33,600.00	1	
18	SCHNEIDER	14 Nov 2023	10% on Sales	6 Months	
19	SHANGRILA	30 June 2024	84,338.50	1	
20	SLU - BAGUIO	31 July 2024	40,800	1	
21	SM BAGUIO	31 Oct 2023	5% on Sales	2	

22	TOSHIBA 1	30 June 2023	15% on Sales	2	For renewal
23	TRINOMA	31 Dec 2023	10,000	1	
24	UST	31 Dec 2024	55,763.83	3	
25	WALTERMART BALIWAG	31 Oct 2027	6% on Sales	5	
26	WALTERMART NORTH EDSA	31 July 2025	7% on Sales	3	
27	WALTERMART SUCAT	31 July 2025	6% on Sales	3	

ANGELS PIZZA					
1	ACIENDA SILANG (EXPRESS)	05 June 2024	5% of Sales	2	
2	ANGELES	31 Mar 2026	65,000	5	
3	ANTIPOLO	15 Feb 2025	61,790.40	5	
4	AVIDA DAVAO	30 June 2027	675.00/sqm	5	
5	AYALA MANILA BAY (EXPRESS)	31 Dec 2023	800.00/sqm	1	
6	BACCOOR	30 Apr 2026	90,000	5	
7	BAGUIO PALACE	31 Mar 2031	267,179	8	
8	BASAK CEBU	30 June 2028	72,800	6	
9	BGC	30 June 2026	131,417.41	5	
10	CAINTA	30 June 2026	80,500	5	
11	CAPITOL SQUARE BALANGA	14 Apr 2028	69,445	5	
12	CITYWALK TARLAC	30 June 2030	52,500	8	
13	CONSOLACION CEBU	31 Oct 2028	160,000	6	
14	CSB ATRIUM (EXPRESS)	2024 Sept	16,050	1	
15	CSB MAIN BUILDING (EXPRESS)	2024 Sept	32,850	1	
16	DASMA CAVITE	31 May 2028	90,000	6	
17	DOÑA SOLEDAD	28 Feb 2027	165,850	6	
18	DUMAGUETE	31 Mar 2031	109,686.50	8	
19	FAIRVIEW	07 Feb 2024	20,000	3	
20	FISHERMALL QUEZON AVE. (EXPRESS)	30 June 2023	35,000	1	
21	GAISANO CAPITAL DANAOS	30 Nov 2027	62,812	5	
22	GENERAL TRIAS	31 July 2026	64,800	5	

23	GLORIETTA (EXPRESS)	31 Jan 2025	165,900	3	
24	GREENHILLS	30 Sept 2023	26,400	1	
25	HANSTON	30 Sept 2026	96,000	5	
26	IMUS	04 Apr 2028	89,815.95	5	
27	KALAYAAN	31 Jan 2026	28,875	3	
28	LAOAG ILOCOS NORTE	2028 June	75,000	5	
29	LA UNION	31 Jan 2031	120,000	8	
30	LAS PIÑAS	15 Mar 2026	100,000	5	
31	LEMERY (BATANGAS)	31 Jan 2028	60,000	5	
32	LG GARDEN MACTAN	01 Oct 2028	160,000	6	
33	LIPA	15 Dec 2026	72,500	5	
34	LUCENA	31 May 2031	139,210	8	
35	MAKATI	15 Jan 2026	130,000	5	
36	MALABON CITY SQUARE (EXPRESS)	30 June 2024	35,000	1	
37	MALATE	31 Jan 2024	51,912.97	1	
38	MAPUA MANILA (EXPRESS)	31 Dec 2024	35,000	2	
39	MARIKINA	14 Oct 2025	55,540.60	3	
40	MARILAO BULACAN	09 Sept 2028	95,950.00	5	
41	MARSHA MORIONES TONDO	18 Mar 2031	146,880	8	
42	MAYON	14 Dec 2025	Under the lease of FCSI HO	10	
43	MCU (EXPRESS)	31 Aug 2024	6,000.00	1	
44	MIDTOWN SQUARE SILANG	22 Apr 2028	96,440	5	
45	MONUMENTO	30 Nov 2024	117,346.87	3	
46	MUNTINLUPA	30 Nov 2024	125,000	8	
47	NORTHRIDGE	04 Nov 2026	58,500	5	
48	NUEVA ECIJA	29 June 2028	61,000	5	
49	PACO MARKET MALL (EXPRESS)	25 July 2028	57,112.00	5	
50	PASIG	06 Oct 2025	53,928	5	
51	PETRON - DASMA	06 Sept 2025	66,950	2	

52	RETIRO	31 Dec 2023	133,100	3	
53	ROBINSONS ANTIPOLO (EXPRESS)	30 Apr 2024	5% of Sales	2	
54	ROSARIO CAVITE	14 July 2031	53,928.00	8	
55	SAN FERNANDO	30 Nov 2026	114,000	5	
56	SAN JOSE DEL MONTE	08 Apr 2028	78,965	5	
57	SAN MATEO RIZAL	03 Nov 2027	80,400	5	
58	SAN PEDRO LAGUNA	28 Apr 2028	93,100	6	
59	SAN SEBASTIAN	15 Nov 2023	32,000	1	
60	SILANG VILLAGE SQUARE	2027 Oct	56,000	5	
61	SLU BAGUIO (EXPRESS)	31 July 2024	40,800	1	
62	SMF DOWNTOWN (EXPRESS)	15 Nov 2024	5% of Sales	2	
63	SM CITY CLARK (EXPRESS)	31 Oct 2024	5% of Sales	1	
64	SM CITY DASMARIÑAS (EXPRESS)	31 Oct 2024	5% of Sales	2	
65	SM CITY PAMPANGA (EXPRESS)	31 Oct 2024	5% of Sales	2	
66	SM CITY SUCAT (EXPRESS)	31 Oct 2025	5% of Sales	3	
67	SM CITY TANZA (EXPRESS)	31 Oct 2024	5% of Sales	2	
68	STA. LUCIA (EXPRESS)	June 2024	33,000	1	
69	STA. MARIA BULACAN	15 June 2027	80,000	5	
70	SUCAT	14 June 2024	26,916.81	3	
71	TAYTAY	30 Apr 2027	116,550	5	
72	TUGUEGARAO	30 Aug 2031	70,000	8	
73	URDANETA PANGASINAN	15 Aug 2027	79,100	5	
74	VALENZUELA	14 Oct 2026	57,342	5	
75	WALTERMART BALIWAG (EXPRESS)	31 Oct 2027	6% of Sales	5	
76	WALTERMART CARMONA CAVITE (EXPPRESS)	31 July 2024	6% of Sales	1	
77	WALTERMART SUCAT (EXPRESS)	31 July 2025	6% of Sales	3	
78	WALTERMART TRECE MARTIRES (EXPRESS)	31 July 2024	6% of Sales	1	
79	WEST DRIVE MARIKINA	25 Aug 2027	63,000	5	

CAFÉ PORTOFINO					
1	C. RAYMUNDO	30 Nov 2023	36,750	1	
2	DLSU BINAN LAGUNA	30 Nov 2023	15% of Sales	1	
3	KATIPUNAN	30 Nov 2023	36,750	1	
4	VALENZUELA	04 Oct 2023	36,750	1	
5	WEST REMBO	08 Dec 2027	42,800	5	

TIEN MAS					
1	MAKATI	15 Jan 2026	130,000	5	
2	MORIONES TONDO	18 Mar 2031	146,880	8	
3	MUNTINLUPA	30 Nov 2023	125,000	8	
4	PUREGOLD AVELINO SOUTHPARK	30 May 2028	95,207	5	
5	PUREGOLD SUMULONG ANTIPOLO	22 Apr 2028	71,000	5	
6	RETIRO	31 Dec 2023	133,100	3	
7	SAN FERNANDO	30 Nov 2026	114,000	5	
8	WALTERMART NORTH EDSA	31 Oct 2025	7% of Sales	3	

In the next 12 months, we plan to expand our company-owned stores. We plan to focus on the following areas, subject to various factors such as market and economic conditions, and results of our operations and performance: (i) for

Angel's Pizza – various viable locations in NCR, Bulacan, Laguna, Cavite, Pampanga and Batangas; (ii) for Figaro Coffee – viable locations in Metro Manila including malls, hospitals and mixed-use areas or CBDs; (iii) for Tien Ma's – viable locations in NCR; and (iv) for Café Portofino – also in various locations in NCR. The locations for such stores shall be leased from third parties. We will fund these new stores through internally generated funds, the remaining proceeds from the Company's IPO, and fundraising activities from investors.

As of date, we do not hold any land. Our head office is located at 116 E. Main Avenue, Phase V, SEZ Laguna Technopark, Biñan, Laguna. We lease our head office. All our warehouse facilities and operating headquarters are in Mandaluyong.

We lease spaces for our Company-owned stores. Our franchisees have independent leasing arrangements for their franchised stores or may own the land on which the store is located. Lease terms and rates vary depending on whether the store is located in or outside of a mall.

Item 3. Legal Proceedings

As of June 30, 2023, the Company is not involved in any legal proceedings but its subsidiary, FCSI, is involved in the pending cases listed below. One case is a case instituted by FCSI.

1. Filipino Society of Composer, Authors and Publishers, Inc., Plaintiff -versus- Figaro Coffee Systems Inc., Nelia T. Liu, Brian Gregory T. Liu, Michael Stephen T. Liu, Divina Gracia Cabrera, Sigrid De Jesus and Justin Liu, defendants.

Civil Case No. R-QZN-17-06048-CV; RTC, Quezon City (Copyright Infringement)

This case is a civil action for copyright infringement filed against FCSI and its directors for publicly performing musical compositions without securing licenses from the plaintiff.

Plaintiff is claiming actual damages in the amount of ₱1,124,707.58, moral damages in the amount of ₱500,000.00, and attorney's fees and litigation expenses in the amount of ₱100,000.00.

The action was instituted on March 9, 2017.

Status: The second witness was not presented because he was indisposed. Next hearing was set on 23 November 2023.

2. BDO Unibank, Inc., plaintiff, -versus- Figaro Coffee Systems, Inc. and Divine Cabreira, defendants.

Civil Case No. R-MKT-17-01307-CV; Branch 132, Makati City (Collection and Damages with Application for the Issuance of Writ of Preliminary Attachment)

Fernando C. Go, doing business under single proprietorship "Café Ferdigo" is a franchisee of FCSI. He operated a Figaro store in the Podium Keppel Center. In order to renovate the coffee shop, Mr. Go secured a loan from BDO Unibank, Inc. and as security for the loan, Mr. Go assigned by way of security his rights under the franchise agreement without the consent of and without notice to, FCSI.

In February 2016, Mr. Go informed FCSI through a letter that he sold his business to a third party.

BDO Unibank Inc. is demanding that FCSI and Divine Cabrera pay the following: (a) ₱3,804,113.33 outstanding loan obligation; (b) ₱1,000,000.00 in moral damages; (c) ₱500,000.00 in exemplary damages; and (d) costs of suit.

Status: The hearing set on 08 September 2023 was cancelled as it was declared a Non-Working Holiday. The date of resetting will be issued by Court through an Order.

3. Figaro Coffee Systems, Inc., plaintiff, -versus- Philippine Air Asia, Inc., defendant.

Civil Case No. 21-01559; RTC Branch 118; Pasay City (Sum of Money)

FCSI filed a case for collection for sum of money amounting to ₱16,746,587.99 plus legal interests accruing from the date of extra-judicial demand against Philippine Air Asia, Inc. ("Air Asia"). The case arose from Air Asia's failure to pay its obligations under the Supply Agreement dated July 17, 2017 for the supply of meals and food products for its crew and employees.

The case was instituted on July 27, 2021.

Status: Air Asia and FCSI have confirmed the arrangement under which Air Asia will pay the amount of Php 1 million per month installment starting January 2022 until the full settlement of the obligation. As of 30 September 2023, with the outstanding balance of Php 3,181,720.56, it is expected to be fully paid by Air Asia by 1st quarter of 2024.

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

Except for matters taken up during the annual meeting on 09 December 2022 and the special meeting on 06 June 2023 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

The Company's common shares are traded in the Main Board of The Philippine Stock Exchange, Inc. ("PSE"). The common shares were listed on January 24, 2022.

As announced by the PSE on 28 July 2023, FCG has joined the sectoral Industrial Index and is also a constituent of the PSE Dividend Yield Index effective on 07 August 2023.

The following table shows the high and low prices (in pesos per common share) of the Company's shares in the PSE for this fiscal period:

PERIOD	2023	
	HIGH	LOW
January	0.94	0.62
February	1.08	0.81
March	1.10	0.92
April	0.97	0.75
May	0.87	0.67
June	0.78	0.68
July	0.78	0.68
August	0.76	0.58
September	0.75	0.70
January to September	0.89	0.71

Source: https://edge.pse.com.ph/companyPage/stockData.do?cmpy_id=689

Total number of shares outstanding as of 30 September 2023 is **13,968,455,298**, consisting of **5,468,455,298** common shares and **8,500,000,000** Preferred Shares Series 2023-1. The Preferred Shares Series 2023-1 are not listed in the PSE.

There were 12 shareholders as of 30 September 2023. The shareholders of the Company's common and preferred shares, as of the same date, are as follows:

	No. of Shares	Percentage
Camerton Inc.	***11,401,148,995	81.6206856934%
PCD Nominee Corporation-Filipino	2,118,082,125	15.1633239311%
Carmetheus Holdings	375,000,000	2.6846203965%
PCD Nominee Corporation – Non Filipino	74,179,175	0.5310478032%
Joselito Herrera	10,000	0.0000715899%
Nadezhda Iskra F. Herrera	10,000	0.0000715899%
Gabrielle Claudia F. Herrera	10,000	0.0000715899%
Juan Trinidad Lim	10,000	0.0000715899%
Jennifer T. Ramos	5,000	0.0000357949%
Corazon P. Guidote	1	0.0000000072%
Senen L. Matoto	1	0.0000000072%
Hector R. Villanueva	1	0.0000000072%
TOTAL	13,968,455,298	100.000000000%

*** Includes the 8,500,000,000 Preferred Shares Series 2023-1 that are not listed in the PSE.

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 E". The consolidated financial statements and notes thereto have been prepared in accordance with the Philippine Financial Reporting Standards (PFRS).

Fiscal Year 2022 – 2023 Results of Operations

Key Highlights

- FCG, from its full acquisition of its subsidiary, Figaro Coffee Systems, Inc (FCSI) in June 21, 2021, saw a Consolidated FY July- June 30, 2023 Profit before tax of ₱616.75 million, 133% increase from June 30, 2022 Profit before tax of ₱264.25 million, primarily because of the growth in the number of stores from 123 to 167 stores as of June 30, 2023 driven by the 44 new stores opened for Angels Pizza.
- System-wide Sales FY ending June 30, 2023, amounted to ₱4.62 Billion, 80% increase from same periods ending June 30, 2022 System-wide Sales of ₱2.57 Billion
- Consolidated Revenues for FY ending June 30, 2023 stood at ₱4.28 Billion, 76% increase over same periods of Consolidated Revenues of ₱2.44 Billion.
- The increase in Revenues was primarily driven by the store openings from 123 store count ending June 30, 2022 to 167 stores ending June 30, 2023 or 44 new store opening during the period or 36% increase in store count, which primarily are Angels Pizza Stores or about 99% of the newly opened stores.

STORE COUNT PER BRAND			
Concept	June 30, 2023	June 30, 2022	June 30,2021
Figaro	57	56	53
Angel's Pizza	96	52	30
Tien Mas	9	6	7
Café Portofino (formerly TFG Express)	5	9	1
TOTAL	167	123	91

Cost of Sales

For the FY ending June 30, 2023, consolidated direct costs increased to ₱2.35 billion or 89% increase from ₱1.24 billion based on June 30, 2022 direct costs.

Global inflation that started in April 2022 has significantly affected our main raw materials like dairies, flour, meat products and stainless equipment and machines. Consolidated cost of sales is mainly composed of raw material and packaging costs, direct labor costs, and store-related costs including rent, utilities, etc.

Consolidated gross profit increased to ₱1.94 billion for the FY ending June 30, 2023, representing a 62% increase from the ₱1.20 billion in the previous year same periods. This yielded a gross profit margin of 45%, from 49% of July to June 2022 gross profit margin.

Operating Expenses

For the twelve months ending June 30, 2023, consolidated operating expenses totaled ₱1.36 billion, representing a cost-to-sales ratio of 32% from last year's same periods cost-to-sales ratio of

39%, primarily because of the overhead maximization despite the net opening of 44 additional stores during the period.

Net Interest Expense

Interest expense of ₱1.8 million was recorded for the twelve months ending June 30, 2023. This 13% increase in financing costs was primarily due to the addition of 10M to our bank loans from 20M bank loan in 2022 to 30M loan in order to create credit lines from various banks.

Other Income

Other income totaled ₱39.5 million as of FY ending June 30, 2023 from the placements of IPO and Monde proceeds.

Net Income

For the FY ending June 30, 2023, consolidated net income after tax stood at ₱462.6 million, from P198.2 million NIAT of June 2022, 133% increase over same periods of 2022, yielding a net income margin of 11%, a significant improvement from 8.1% NIAT margin of 2022.

FY21 Financial Condition

FCG had consolidated total assets of ₱3.22 billion as of June 30, 2023, an increase of ₱1.34 billion or 72% increase versus total assets of ₱1.88 billion as of June 30, 2022, primarily because of the increased Cash, Short-term Investments and Fixed assets revenues resulting from 44 new stores and the capital infusion by Monde Nissin Corporation amounting to ₱0.82 billion in February of 2023.

Cash and cash equivalents

As of June 30, 2023, cash and cash equivalents totaled ₱463.29 million. Cash includes cash on hand and in banks while cash equivalents are short-term, highly liquid investments that are easily convertible to cash.

Short Term Investments

Short-term Investments stood at ₱895 million as of FY end June 30, 2023, primarily from the investments of Monde Nissin and some remaining IPO proceeds.

Trade and other receivables

Trade and other receivables stood at ₱162.1 million as of FY end June 30, 2023 compared to ₱89.4 million in 2022 or 81% increase primarily because of new franchisees that opened during the period and the increased receivable from the improved volume of institutional accounts during the year.

Inventories

As of June 30, 2023, inventories increased to ₱178.4 million from ₱95.7 million in June 30, 2022 or 86% increased during the year as a result of increased operations from opening of new stores.

Property, plant, and equipment

Consolidated net property, plant, and equipment stood at ₱1.21 billion as of FY end June 30, 2023 or 98% increase from ₱611.6 million of June 30, 2022 which were primarily invested in the opening of new stores and the construction of satellite commissaries.

Accounts payable and other current liabilities

Accounts payable and other current liabilities stood at ₱395 million from ₱296 million or 33% increase from the previous year primarily because of the increased operations resulting from store opening activities.

Loans payable

As of June 30, 2023, the Company's total interest-bearing debt stood at ₱30 million from last year's same period, short-term loans amounting to ₱20 million. This new loan availment was basically just to open credit lines for future investment and capex program.

Capital stock and Additional paid-in capital

The increase in capital stock of about P42 million was due to Monde Nissin infusion and the additional P42.5 million preferred shares subscription by Camerton, Inc giving FCG a Capital Stock of P589.3 million as of June 30, 2023 from P464.8 million in June 30, 2022. Likewise, additional paid-in capital increased by P738 million in June 30, 2023 from last year due to Monde Nissin infusion at P1/ share versus the par value of P0.10 per share.

Cash flows

Consolidated net cash provided by operating activities amounted to ₱587.6 million for the FY ending June 30, 2023 resulting from 76% revenue increase, from ₱5.1 million cashflow from operations provided from last year.

Consolidated net cash used in investing activities was ₱1.2 billion. This is mainly attributable to capital expenditures for 44 new store openings, commissary satellites and commissary and equipment upgrades and the placement of Nissin Monde proceeds.

Consolidated net cash provided in financial activities was ₱876.96 million in FY ending June 30, 2023, which includes the proceeds from Monde Nissin of P820 million and the proceeds from preferred share of P42.5 million.

All in all, net cash flow generated for the year totaled ₱267.61 million, leading to cash and cash equivalents balance of ₱463.29 million FY ending June 30, 2023.

Key Performance Indicators (KPIs)

	Audited 12 Months Ended June 30, 2023	Audited 12 Months Ended June 30, 2022	Proforma 12 Months Ended June 30, 2021
Gross Profit Margin	45%	49%	44%
Before Tax Return on Sales	14%	11%	19%
Return on Equity	22%	20%	19%
Net Gearing Ratio	0.01x	0.01 x	0.01x
Current Ratio	3.74x	3.2x	1.2x

Notes:

- 1 *Gross Profit margin = Gross Profit / Net Revenue*
- 2 *Before Tax Return on Sales = Net Profit Before Tax / Net Revenue*
- 3 *Return on Equity = Net Income / Average Equity*
- 4 *Net gearing ratio = (Interest-bearing liabilities – Cash) / Total Equity*
- 5 *Current Ratio = Total Current Assets / Total Current Liabilities*

Item 7. Financial Statement

The Company's Financial Statement and Notes is attached herewith as "Annex E".

Item 8. Information on Independent Auditor

R.S. Bernaldo & Associates ("RSBA") has audited and rendered an unqualified audit report on the Company's separate financial statements as of June 30, 2022, June 30, 2021, December 31, 2020, December 31, 2019 and December 31, 2018; and on FCSI's interim financial statements for the six month period ended June 30, 2021 and June 30, 2020 and audited financial statements for the years ended December 30, 2021, December 31, 2020, December 31, 2019, December 31, 2018 and December 31, 2017. RSBA has acted as the Company's external auditor since the calendar year of 2018. Mr. Romeo A. de Jesus, Jr. is the current audit partner for the Company and has served as such since the calendar year of 2018. The Company has not had any material disagreements on accounting and financial disclosures with its current external auditor for the same periods or any subsequent interim period. RSBA has neither shareholding in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities of the Company. RSBA will not receive any direct or indirect interest in the Company or its securities (including options, warrants or rights thereto) pursuant to or in connection with the Offer. RSBA is not a promoter, underwriter, voting trustee, director, officer or employee of the Company. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

The following table sets out the aggregate fees billed for each of the years ended June 30, 2021, June 30, 2022 and June 30, 2023 for professional services rendered by RSBA, excluding fees directly related to the Offer:

For the year ended

	June 30, 2023	June 30, 2022	June 30, 2021
Audit and Audit-Related Services	824,500.00	265,865.60	281,520.00
All Other Fees	0.00	0.00	0.00
Total	824,500.00	265,865.60	281,520.00

In relation to the audit of our annual financial statements, our Manual on Corporate Governance provides that the audit committee shall, among other activities, oversee, monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system, engage and provide oversight of the Company's internal and external auditors.

PART III - CONTROL AND COMPENSATION INFORMATION**Item 9. Directors and Executive Officers of the Issuer****(1) Directors and 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 (9) members, of whom three (3) are independent directors.

The table below sets forth each member of the Board of Directors and Principal Officers as of June 30, 2023:

Name	Age	Nationality	Position
Jerry S. Liu	74	Filipino	Chairman Emeritus
Justin T. Liu	41	Filipino	Chairman
Michael Stephen T. Liu	38	Filipino	Director
Brian Gregory T. Liu	36	Filipino	Director
Divina Gracia G. Cabuloy	45	Filipino	President and CEO
Sigrid Von D. De Jesus	49	Filipino	Director, Chief Compliance Officer and Assistant Corporate Secretary
Michael T. Barret	44	Filipino	Director, Chief Operations Officer, Corporate Information Officer and Chief IR Officer
Senen L. Matoto	76	Filipino	Independent Director
Corazon P. Guidote	62	Filipino	Independent Director
Hector R. Villanueva	88	Filipino	Independent Director
Jose Petronio Vicente Español III	49	Filipino	Treasurer, Chief Finance Officer and Chief Risk Officer
Lowela L. Concha	58	Filipino	Corporate Secretary
Marilou R. Roca	39	Filipino	Comptroller and Chief Accounting Officer

Jerry S. Liu

Mr. Liu is the Chairman Emeritus of FCGI. Mr. Liu holds a Bachelor of Science degree in Physics from Chung Yuan University of Taiwan and an MBA from the University of the East. As Chairman Emeritus, he does not participate in the management of the Company nor does he have any voting rights. It is merely an honorary title to acknowledge the support that he has provided to us.

Justin T. Liu

Mr. Justin Liu is the Chairman and a Director of Figaro Coffee Group, Inc. He is also the President and CEO of the Mercantile Insurance Co., Inc. Vice President and Director of Cirtek Holdings Philippines Corporation, and a Director of Tonik Digital Bank, Inc. Prior to serving in his current positions, he was Vice President of Research in Evergreen Stock Brokerage and Securities, Inc., and Operations Manager of Pizzatek and Foods, Corp. He holds a Master of Science in Financial Analysis degree from University of San Francisco, and a B.S. Business Management and Entrepreneurship degree from De La Salle University.

Michael Stephen T. Liu

Mr. Michael Liu is a Director of Figaro Coffee Group, Inc., Director of Cirtek Holdings Phils. Corp., and EVP and Corporate Secretary of Cirtek Advanced Technologies and Solution, Inc. Previously, he served as Special Project Development Lead at Cirtek Electronics Corp., Product Engineer at Silicon Link Inc., General Manager of Cirtek Advanced Technologies & Solutions Inc., and President at QUINTEL. He graduated from De La Salle University with a Bachelor's degree in Electronics and Communications Engineering, and completed an Entrepreneurship course at the Ateneo Graduate School of Business.

Brian Gregory T. Liu

Mr. Brian Liu is a Director of Figaro Coffee Group, Inc., EVP & CFO of Cirtek Holdings Phils. Corp., Managing Director and COO of Cirtek Elect. Corp., Director of Cirtek Land Corp., Director of Cayon Holdings Corp., and General Manager of Tuborg Trading. Previously, he was involved in the Design, Planning, Construction, Operation and Sales of Capri Villa in New Manila. He graduated from De La Salle University with a Bachelor's degree in Management of Financial Institutions. He trained as an Analyst under Mr. Peter Gaisano of Evergreen Stockbrokerage & Securities, Inc.

Divina Gracia G. Cabuloy

Ms. Cabuloy is the President, CEO, and a Director of Figaro Coffee Group, Inc. Previously, she was a Cost Control Officer of Hotel Rembrandt, Restaurant Manager of Burger King Philippines and PERF Restaurants, Store Manager, Area Manager and Operations Manager of Figaro Coffee Company and Operations Director and Deputy COO of Figaro Coffee Systems, Inc. She holds a Bachelor's degree in Hotel and Restaurant Management.

Sigrid Von D. De Jesus

Ms. De Jesus is the Director, Assistant Corporate Secretary and Chief Compliance Officer of Figaro Coffee Group, Inc., and the HRAD and Training Director and Financial Comptroller of Figaro Coffee Systems, Inc. She is also the Corporate Secretary of the Mercantile Insurance Co. Previously, she was the General Manager of Zuriel Pizza and Pasta, General Manager, Commissary Manager, and Accounting Officer of Pizzatek and Foods Corporation, Collection Officer of Citibank Philippines, Executive Assistant of CAC Insurance Agency, General Manager of 788 Car Care Center, Executive Assistant of Cannondale Auto Center, and Assistant Manager of Divina Bakery and Restaurant. She holds Bachelor's and Master's degrees in Nutrition and Dietetics.

Michael T. Barret

Mr. Barret is EVP, Chief Operations Officer, Corporate Information Officer, Chief IR Officer and a Director of Figaro Coffee Group, Inc. He is also Deputy Chief Operating Officer of Figaro Coffee Company. Previously, he was Franchise and Business Development Director, Area Manager and Store Manager of Figaro Coffee Company, Deputy Store Operations Manager of Highlands Coffee in Hanoi, Vietnam, Franchise Manager of Figaro Coffee Systems, Inc. and Warehouse Supervisor of SM Mart, Inc. He holds Bachelor's and Master's degrees in Mass Communications and Business Administration, respectively.

Senen L. Matoto

Mr. Matoto is an Independent Director of Figaro Coffee Group, Inc. He is currently a director of AgriNurture Inc., Scholars' Dormitory Inc., Independent Director and Audit Committee Chairman of Yuanta Savings Bank, Senior Advisor the Chairman of Cirtek Holdings Philippines Inc. and Board Advisor of Clean and Green Energy Solutions Inc. Mr. Matoto obtained a Bachelor of Science degree in Business Administration from the University of the Philippines, and post-graduate studies from the Asian Institute of Management.

Corazon P. Guidote

Ms. Guidote is an Independent Director of Figaro Coffee Group, Inc. A Certified Public Accountant, Ms. Guidote is a Bachelor of Science graduate, major in Accountancy at the University of Santo Tomas in 1982. The UST College of Commerce eventually recognized her as one of its most outstanding alumnae in 2004. She holds a Master's Degree in Applied Business Economics from the University of Asia and the Pacific where she likewise received an Achievement Award in 1997 from the ABEP Alumni Association. She is now a member of the teaching faculty at the Institute of Corporate Directors currently specializing in the field of Sustainability Reporting otherwise referred to as ESG or (Environmental, Social and Governance). She successfully concluded her 15-year career in Investor Relations on October 2017. It was during this period that her pioneering spirit ushered her into two of her most challenging tasks of setting up the Investor Relations offices; first, at the Bangko Sentral ng Pilipinas (BSP), and second at SM Investments Corporation.

Hector R. Villanueva

Mr. Villanueva is an Independent Director of Figaro Coffee Group, Inc. He has held senior positions in both private and public sectors. He was Chairman of the Board of First Metro Philippine Equity Exchange Traded Fund, Inc., Chairman, Postmaster General & CEO of Philippine Postal Corporation, Member of the Advisory Board, First Metro Investment Corporation, and Publisher and Editor-in-Chief of Sun Star Manila. Mr. Villanueva was also Cabinet Secretary from 1995-1998. Mr. Villanueva obtained a Bachelor of Science degree in Economics from the London School of Economics and Political Science, and post-graduate studies from Royal Institute of Bankers, United Kingdom.

Jose Petronio Vicente D. Español III

Mr Español is the Treasurer and Chief Finance Officer of Figaro Coffee Group, Inc. He started as a Senior Auditor in SGV & Co in 1995, until he became the Company Accountant of Alsons' Cement Corporation. He was the Chief Accountant of Domino's Pizza Transnational Philippines for 5 years and was promoted as the Finance Head of American Express Transnational Travel for 3 years until he was promoted as General Manager of Transnational Logistics, Inc. for 6 years. Currently, he is an Independent Director of Rural Bank of Capalonga and the Managing Director of JDE Systems Logistics, Inc and H&P Consulting. He is a Certified Public Accountant and a Certified Management Accountant with masteral units in Industrial Relations in UP and Supply Chain Management in Ateneo Business School. He was a graduate of University of Sto. Tomas in 1995.

Lowela L. Concha

Ms. Concha is a partner at the law firm Garay Usita Concha and Jimenea. She is a litigator with almost 30 years of experience representing individual and corporate clients in disputes involving commercial law, criminal law, civil law, and family law among others. In active general law practice while continuing to render legal advice to clients from a wide spectrum of industries on corporate governance, real estate transactions, human resources administration, and contract management. She obtained a Bachelor of Science degree in Marketing from St. Paul's University in Quezon City, and her law degree from San Beda University College of Law in 1992. She was admitted to the Philippine Bar in 1993.

Marilou R. Roca

Ms. Roca is Comptroller and Chief Accounting Officer of FCGI. Previously, she was Accounting and Finance OIC, Treasury Officer, Cost Control Officer and Accounting Assistant at Figaro Coffee Systems, Inc. She holds a BS Accounting Management degree from Batangas State University.

(2) Significant Employees

No single person is expected to make a significant contribution to the business since we consider the collective efforts of all our employees as instrumental to the overall success of our performance.

Item 10. Executive Compensation

Summary Compensation Table

The following table identifies and summarizes the aggregate compensation of the Company's President and four most highly compensated executive officers, as well as the aggregate compensation paid to all other directors and all other officers as a group, for the years ended December 31, 2019, 2020, 2021, 2022 and 2023 what we expect to be paid on the ensuing year.

Name	Position
Justin T. Liu	Chairman
Divina Gracia G. Cabuloy	President & CEO
Michael T. Barret	COO
Sigrid Von D. De Jesus	CCO

	Year	Salary (in thousands)	Bonus (in thousands)	TOTAL (in thousands)
	2019	3,893.53	3,244.60	7,138.13
	2020	3,893.53	3,244.60	7,138.13
	2021	4,756.21	3,986.00	8,742.21
	2022	3,834.30	2,000.00	5,834.30
	June 2023	15,292,584.00	565,327.09	15,857,911.09

Employment Contracts Between the Company and Named Executive Officers

We have no special employment contracts with the named executive officers.

Standard Arrangements

Other than payment of reasonable per diem as may be determined by our board of directors for every meeting, there are no standard arrangements pursuant to which our directors are compensated directly or indirectly, for any services provided as a director.

Other Arrangements

There are no other arrangements pursuant to which any of member of our board of directors is compensated, directly or indirectly, for any service provided as a director.

Warrants and Options

There are no outstanding warrants or option held by directors and officers nor are there any adjustments in the exercise price of said warrants or options.

Family Relationships

Justin T. Liu, Michael Stephen T. Liu, and Brian Gregory T. Liu are brothers and their father is Jerry S. Liu. Aside from the foregoing, there are no family relationships between any Directors and any members of the Company's senior management as of the date of this report.

Interlocking Directors

Except in cases of fraud, and provided the contract is fair and reasonable under the circumstances, a contract between two or more corporations having interlocking directors shall not be invalidated on that ground alone; provided, that if the interest of the interlocking director in one corporation is substantial and his interest in the other corporation or corporations is merely nominal, he shall be subject to the provisions of the preceding section insofar as the latter corporation or corporations are concerned. Stockholdings exceeding twenty (20%) percent of the outstanding capital stock shall be considered substantial for purposes of interlocking directors.

Item 11. Security Ownership of Certain Beneficial Owners and Management

SECURITY OWNERSHIP OF DIRECTORS AND OFFICERS AS OF JUNE 30, 2023

The following table sets forth security ownership of the Company's Directors and Officers as of June 30, 2023:

Title of Class	Name of Beneficial Owners	Amount and Nature of Beneficial Ownership	Citizenship	% of total Outstanding Shares	
Common	Justin T. Liu	1 (Indirect)	Filipino	Nil	
Common	Michael Stephen T. Liu	1 (Indirect)	Filipino	Nil	
Common	Brian Gregory T. Liu	1 (Indirect)	Filipino	Nil	
Common	Divina Gracia G. Cabuloy	1 (Indirect)	Filipino	Nil	
Common	Sigrid Von D. De Jesus	1 (Indirect)	Filipino	Nil	
Common	Michael T. Barret	1 (Indirect)	Filipino	Nil	
Common	Senen L. Matoto	1 (Direct)	Filipino	Nil	
Common	Corazon P. Guidote	1 (Direct)	Filipino	Nil	
Common	Hector R. Villanueva	1 (Direct)	Filipino	Nil	
Common	Jose Petronio D. Espanol III	-	Filipino	-	
Common	Lowela Concha	-	Filipino	-	
Common		6 (Indirect)			
Common		3 (Direct)			

There is no director or key officer of the Company that owns at least 10% of its issued and outstanding shares of common or preferred stock.

Voting Trust Holders of 5% or More

There is no voting trust arrangement executed among the holders of five percent (5%) or more of the issued outstanding shares of our common stock.

Changes in Control

There has been no change of control in our beneficial ownership since our incorporation.

Item 12. Certain Relationships and Related Transactions

All sales to, and purchases from, related parties are made at prevailing market prices. Outstanding year end balances pertain to the extension and receipt of, and advances to and from, related parties. For further information, such as outstanding advance balances, see note 19 to the audited financial statements of FCGI

and note 18 of the audited financial statements of FCSI. These balances are unsecured, short-term and interest-free, and settlement occurs in cash. There have been no guarantees received or provided for any related party-receivables or payables, respectively.

Our policy is to subject any related party transaction to Board approval. The transaction must be supported by a Secretary's Certificate signifying the approval of the Board.

We have limited related party transactions. Our operations can handle our financing requirements, and we have been funding our capital expenditures through internally generated cash flows.

FCSI, as the operating company, does not own land. It entered into a lease arrangement with LC International Garments Corp. to lease the land where its office is located. The commercial building has a total floor area of 3,968.07 sqm. The lease will expire 2025 and FCSI does not anticipate any issues with its renewal.

On January 4, 2017, FCSI entered into a lease agreement with Cirtex Land Corporation for the period commencing on January 16, 2021 and ending on January 16, 2026. Said lease agreement covers the lease of a commercial building located at 1 Constellation St. cor. Makati Avenue, Makati City, for use by the Makati City branches for Angel's Pizza and Tien Ma's. The lease agreement will be renewed in due course.

Recently, Figaro Innovation and Development Inc., a wholly-owned subsidiary of Figaro Coffee Systems, Inc. ("FCSI"), the operating subsidiary of Figaro Coffee Group, Inc. ("FCG") received the Certificate of Registration issued on 07 September 2023 by the Philippine Economic Zone Authority ("PEZA") as an Ecozone Export Enterprise to engage in the production of roasted coffee such as the House Reserve, Espresso Blend and French Roast.

The Department of Trade and Industry- Export Management Bureau issued the Certificate of Accreditation as Coffee Exporter to FIDI on 08 September 2023.

The primary goal of FIDI is to develop and innovate trailblazing products and processes that will level up the F&B industry, to provide products and services that will make their operations more efficient and to promote Filipino brands, products and raw materials globally.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

The Board of Directors, the Management, officers and employees of the Company believe that sound and effective governance is fundamental to its continued success and long-term existence.

The Group is committed to the principles and best practices contained in the FCGI Manual on Corporate Governance (" Manual") and acknowledge that the same may guide the attainment of our corporate goals.

The Company's corporate governance framework is based on the following principles:

Accountability – This Manual establishes the Company's accountability to all its shareholders and guides the Board in setting strategies and monitoring the Company's management.

Fairness – The Company obligates itself to safeguard shareholder rights and ensure fair treatment of all shareholders, including minority shareholders.

Transparency – The Company ensures that timely and accurate disclosures are made on all material matters, including the financial situation, performance, ownership, and governance, in a manner easily accessible to the public and all interested parties

PART V – EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

Reports filed with SEC 17-C from July 01, 2022 to 30 June 2023

FILED DATE	PSE FORM NO	CIRCULAR NO.	PARTICULARS
14 July 2022	POR –1	CR04711-2022	Public Ownership Report (ending 30 June 2022)
15 July 2022	17-12A	CR04907-2022	List of Top 100 Stockholders (Common Shares)
27 July 2022	7-1	C05577-2022	Notice of the Annual or Special Stockholders' Meeting
09 Aug 2022	7-2	C06063-2022	Postponement of Annual Stockholders' Meeting
10 Aug 2022	4-31	C06164-2022	Press Release: FCSI Cash Dividend Declaration 2021
05 Sept 2022	17-10	0032939-2022	Report on the Number of Shares and Shareholders (ending 31 August 2022)
05 Sept 2022	17-13	0032951-2022	Foreign Ownership Report (ending 31 August 2022)
14 Sept 2022	4-30	C06939-2022	Material Information/ Transaction (Results of the 12 Sept 2022 Regular/Special Meeting)
14 Sept 2022	7-1	C06940-2022	(Amended) Notice of the Special Board Meeting
14 Sept 2022	4-4	C06941-2022	Amendment to By-Laws
06 Oct 2022	17-10	0036146-2022	Report on the Number of Shares and Shareholders (ending 30 September 2022)
06 Oct 2022	17-13	0036196-2022	Foreign Ownership Report (ending 30 September 2022)
10 Oct 2022	17-12 A	CR06539-2022	List of Top 100 Stockholders – 3Q (Common Shares)
12 Oct 2022	POR - 1	CR06544-2022	Public Ownership Report (as of 30 September 2022)
12 Oct 2022	4-30	C07592-2022	Material Information/ Transaction (Results of the 12 Oct 2022 Regular Board Meeting)
12 Oct 2022	6-1	C07593-2022	Declaration of Cash Dividends
12 Oct 2022	17- 1 A	C07594-2022	(Amended) Notice of Annual Stockholders' Meeting
12 Oct 2022	17- 1 A	C07672-2022	(Amended) Notice of Annual Stockholders' Meeting
13 Oct 2022	4-31	C07625-2022	Press Release
14 Oct 2022	4-29	C07700-2022	Disbursement of Proceeds and Progress Report (as of 30 September 2022)
14 Oct 2022	17-5	CR06743-2022	Information Statement
14 Oct 2022	17- A	CR06731-2022	Annual Report (for the Fiscal year ending 30 June 2022)
20 Oct 2022	17-5	CR07043-2022	(Amended-1) Information Statement
24 Oct 2022	17-5	CR07062-2022	Information Statement (Definitive)
04 Nov 2022	17-10	0039858-2022	Report on the Number of Shares and Shareholders (ending 31 October 2022)

FILED DATE	PSE FORM NO	CIRCULAR NO.	PARTICULARS
04 Nov 2022	17-13	0039834-2022	Foreign Ownership Report (ending 31 October 2022)
15 Nov 2022	17-4	CR07530-2022	Request for Extension to File SEC Form 17-Q
16 Nov 2022	17-2	CR07603-2022	Quarterly Report (for the period ended 30 Sept 2022)
24 Nov 2022	17-11	0042037-2022	List of Stockholders (as of Record Date 21 Nov 2022)
02 Dec 2022	17-13	0042904-2022	Foreign Ownership Report (ending 30 November 2022)
05 Dec 2022	17-10	0043043-2022	Report on the Number of Shares and Shareholders (ending 30 November 2022)
09 Dec 2022	4-24	C09124-2022	Results of the Annual or Special Stockholders' Meeting
09 Dec 2022	4-25	C09125-2022	Results of the Organizational Meeting
09 Dec 2022	4-4	C09151-2022	(Amend-1) Amendment to By-Laws
20 Dec 2022	17-18	CR07945-2022	Other SEC Forms/Reports/Requirements (GIS)
04 Jan 2023	17-10	0000446-2023	Report on the Number of Shares and Shareholders (ending 31 December 2022)
04 Jan 2023	17-13	0000455-2023	Foreign Ownership Report (ending 31 December 2022)
12 Jan 2023	POR - 1	CR00367-2023	Public Ownership Report (as of 31 December 2022)
13 Jan 2023	4-29	C00327-2023	Disbursement of Proceeds and Progress Report (as of 31 December 2022)
16 Jan 2023	17-12 A	CR00706-2023	List of Top 100 Stockholders (Common Shares) (ending 31 December 2022)
23 Jan 2023	17-7	CR00883-2023	Statement of Beneficial Ownership of Securities
26 Jan 2023	4-30	C00649-2023	Material Information/ Transaction (Results of the Regular/Special Meeting)
26 Jan 2023	4-31	C00650-2023	Press Release (Monde Nissin to Acquire 15% stake)
31 Jan 2023	LR - 1	C00868-2023	Comprehensive Corporate Disclosure on Issuance of Shares
02 Feb 2023	4-30	C00878-2023	Material Information/Transactions (Signing of Subscription Agreement between Figaro Coffee Group, Inc. and Monde Nissin Corporation)
02 Feb 2023	LR - 1	C00938-2023	(Amended) Comprehensive Corporate Disclosure on Issuance of Shares
02 Feb 2023	17-10	0004911-2023	Report on the Number of Shares and Shareholders (ending 31 January 2023)
02 Feb 2023	17-13	0005436-2023	Foreign Ownership Report (ending period 31 January 2023)
06 Feb 2023	POR - 1	CR01073-2023	Public Ownership Report (as of 02 February 2023)
06 Feb 2023	17-13	0005436-2023	Foreign Ownership Report (as of 02 February 2023)
07 Feb 2023	17 - 7	CR01074-2023	(Amended) Statement of Changes in Beneficial Ownership of Securities (Camerton, Inc.)
09 Feb 2023	17-6	CR0116-2023	Initial Statement of Beneficial Ownership of Securities (Monde Nissin Corporation)
09 Feb 2023	17-8	CR01115-2023	Report By Owner of More Than Five Percent (Monde Nissin Corporation)

FILED DATE	PSE FORM NO	CIRCULAR NO.	PARTICULARS
10 Feb 2023	17-18	CR01140-2023	(Amended) General Information Sheet 2022 To reflect MONDE as a new principal stockholder
14 Feb 2023	17-4	CR01181-2023	Request for Extension to File SEC Form 17-Q
14 Feb 2023	17-7	CR01188-2023	Statement of Changes in Beneficial Ownership of Securities (Camerton sold shares of 195M)
16 Feb 2023	4-30	C01191-2023	Material Information/Transaction Results of the Special/Regular Board Meeting
17 Feb 2023	17-2	CR01235-2023	Quarterly Report (for the period ended 31 Dec 2022)
03 Mar 2023	17-10	0007562-2023	Report on the Number of Shares and Shareholders (ending 28 February 2023)
03 Mar 2023	17-13	0007610-2023	Foreign Ownership Report (ending period 28 February 2023)
28 Mar 2023	4-4	C02385-2023	(Amended-2) Amendment to By-Laws
04 Apr 2023	17-10	0011303-2023	Report on the Number of Shares and Shareholders (ending 31 March 2023)
04 Apr 2023	17-13	0011317-2023	Foreign Ownership Report (ending period 31 March 2023)
05 Apr 2023	POR-1	CR01855-2023	Public Ownership Report (ending period of 31 March 2023)
12 Apr 2023	17-12 A	CR02083-2023	List of Top 100 Stockholders Q1 (ending 31 March 2023)
14 Apr 2023	4-29	C02685-2023	Disbursement of Proceeds and Progress Report (ending period 31 March 2023)
20 Apr 2023	4-30	C02903-2023	Material Information/ Transaction [Results of the Special Board Meeting]
20 Apr 2023	7-1	C02904-2023	Notice of Annual or Special Stockholders' Meeting
21 Apr 2023	4-3	C02944-2023	Amendments to the Articles of Incorporation
02 May 2023	17-5	CR03003-2023	Information Statement [Preliminary Information Statement]
03 May 2023	17-13	0015651-2023	Foreign Ownership Report (ending period 30 April 2023)
03 May 2023	17-10	0015654-2023	Report on the Number of Shares and Shareholders (ending 30 April 2023)
12 May 2023	4-31	C03717-2023	Press Release [Figaro Coffee Group Posts Strong Start to 2023]
12 May 2023	4-30	C03723-2023	Material Information/ Transaction [Results of the Regular Board Meeting]
12 May 2023	17-2	CR03361-2023	Quarterly Report (for the period ended 31 March 2023)
15 May 2023	17-5	CR03436-2023	Information Statement [Definitive Information Statement]
16 May 2023	4-15	C03929-2023	Creation and Issuance of New Equity Security
22 May 2023	17-11	0018330-2023	List of Stockholders (as of Record Date 17 May 2023)
26 May 2023	SEC Form I-ACGR	CR03788-2023	Integrated Corporate Governance Report [I-ACGR]
02 June 2023	4-30	C04390-2023	Philippine Economic Zone Authority ["PEZA"] Board Approval of the Application of Registration of Figaro Innovation and Development, Inc. ["FIDI"]
02 June 2023	17-13	0019715-2023	Foreign Ownership Report (ending period 31 May 2023)
02 June 2023	17-10	0019721-2023	Report on the Number of Shares and Shareholders

FILED DATE	PSE FORM NO	CIRCULAR NO.	PARTICULARS
			(ending 31 May 2023)
06 June 2023	4-30	C04473-2023	Material Information/Transactions [Results of the Special Board Meeting]
14 June 2023	4-30	C04658-2023	Material Information/Transactions [Signing of the Subscription Agreement between FCG and Camerton Inc.]
15 June 2023	4-3	C04690-2023	[Amended – 1] Articles of Incorporation
04 July 2023	17-10	0023206-2023	Report on the Number of Shares and Shareholders (ending 30 June 2023)
04 July 2023	17-13	0023198-2023	Foreign Ownership Report (ending period 30 June 2023)
12 Jul 2023	POR-1	CR04941-2023	Public Ownership Report (ending period of 30 June 2023)
13 July 2023	17-12 A	CR05053-2023	List of Top 100 Stockholders Q2 (ending 30 June 2023)
13 July 2023	4-32	0025102-2023	Reply to Exchange's Query [on the List of Top 100 Stockholders]
14 July 2023	4-29	C05432-2023	Disbursement of Proceeds and Progress Report [ending 30 June 2023]
24 July 2023	4-3	C05615-2023	[Amend-3] Amendments to Articles of Incorporation [SEC Approval on the Enabling Resolution]
24 July 2023	4-30	C05641-2023	Material Information [Preferred Shares Series 2023-1]

Item 15. Schedule of Board and Committee Meetings for the fiscal year 2022 - 2023

DATE	MEETING	RESOLUTION/ MATTERS DISCUSSED	ATTENDEES
27 July 2022	Special Board Meeting	Approval of the Setting of FCG's 2022 Annual Stockholders' Meeting ("ASM"), including the Date, Time, Venue, Agenda and Record Date	Justin T. Liu Divina Gracia G. Cabuloy Michael Stephen T. Liu Bryan Gregory T. Liu Michael T. Barret Sigrid Von D. De Jesus Corazon P. Guidote Senen L. Matoto Hector R. Villanueva Lowela L. Concha (Corp. Sec) Jose Petronio Vicente D. Español III (CFO) Marilou R. Roca (CAO)
09 August 2022	Special Board Meeting	Approval of the Postponement of the 2022 ASM	Justin T. Liu Divina Gracia G. Cabuloy Michael Stephen T. Liu Bryan Gregory T. Liu Michael T. Barret Sigrid Von D. De Jesus Corazon P. Guidote Senen L. Matoto Hector R. Villanueva Lowela L. Concha (Corp. Sec) Jose Petronio Vicente D. Español III (CFO)

			Marilou R. Roca (CAO)
14 September 2022	Special Board Meeting	Approval of (i) the new Date and Time, and Record Date for FCG's 2022 ASM; and (ii) Amendments of FCG's By-Laws	Justin T. Liu Divina Gracia G. Cabuloy Michael Stephen T. Liu Bryan Gregory T. Liu Michael T. Barret Sigrid Von D. De Jesus Corazon P. Guidote Senen L. Matoto Hector R. Villanueva Lowela L. Concha (Corp. Sec) Jose Petronio Vicente D. Español III (CFO) Marilou R. Roca (CAO)
05 October 2022	Audit Committee and CG Committee Meeting	Committee review of the financial reports and Sustainability Report prior to presentation to the Board.	Justin T. Liu Divina Gracia G. Cabuloy Michael T. Barret Sigrid Von D. De Jesus Corazon P. Guidote Senen L. Matoto Hector R. Villanueva Lowela L. Concha (Corp. Sec) Jose Petronio Vicente D. Español III (CFO) Marilou R. Roca (CAO)
12 October 2022	Regular Board Meeting	Approval of (i) the Annual Report (including the Financial and Sustainability Reports) of the Company for the fiscal year ending 30 June 2022; (ii) the Declaration of Cash Dividends; and (iii) Change in Record Date for FCG's 2022 ASM to meet the requirements of FCG's By-laws.	Justin T. Liu Divina Gracia G. Cabuloy Michael Stephen T. Liu Bryan Gregory T. Liu Michael T. Barret Sigrid Von D. De Jesus Corazon P. Guidote Senen L. Matoto Hector R. Villanueva Lowela L. Concha (Corp. Sec) Jose Petronio Vicente D. Español III (CFO) Marilou R. Roca (CAO)
09 December 2022	Organizational Board Meeting (immediately after the 2022 ASM)	Election of the FCG Principal Officers and Appointment of Board Committee Members	Jerry S. Liu Justin T. Liu Divina Gracia G. Cabuloy Michael Stephen T. Liu Bryan Gregory T. Liu Michael T. Barret Sigrid Von D. De Jesus Corazon P. Guidote Senen L. Matoto Hector R. Villanueva Lowela L. Concha (Corp. Sec) Jose Petronio Vicente D. Español III (CFO) Marilou R. Roca (CAO)
25 Jan 2023	Special Board	Approval of the (i) issuance	Justin T. Liu

	Meeting	of the Subscription Shares to Monde Nissin Corporation (ii) execution of the Subscription Agreement (iii) Listing of the Subscription Shares with the Philippine Stock Exchange (PSE)	Divina Gracia G. Cabuloy Michael Stephen T. Liu Bryan Gregory T. Liu Michael T. Barret Sigrid Von D. De Jesus Corazon P. Guidote Senen L. Matoto Hector R. Villanueva Lowela L. Concha (Corp. Sec) Jose Petronio Vicente D. Español III (CFO) Marilou R. Roca (CAO)
08 Feb 2023	Audit Committee Meeting	Review of the Quarterly Financial reports	Senen L. Matoto Justin T. Liu Corazon P. Guidote Divina Gracia G. Cabuloy Sigrid Von D. De Jesus Jose Petronio Vicente D. Español III (CFO) Marilou R. Roca (CAO)
16 Feb 2023	Regular Board Meeting	Approval of the (i) Quarterly reports ending period of 31 Dec 2023; (ii) Setting of the Special Stockholders' Meeting (iii) Approval of the Appointment of Henry Soesanto and Jesse Teo of Monde as Observers to the FCG Board	Justin T. Liu Divina Gracia G. Cabuloy Michael Stephen T. Liu Bryan Gregory T. Liu Michael T. Barret Sigrid Von D. De Jesus Corazon P. Guidote Senen L. Matoto Hector R. Villanueva Lowela L. Concha (Corp. Sec) Jose Petronio Vicente D. Español III (CFO) Marilou R. Roca (CAO)
19 April 2023	Special Board Meeting	Approval of the (i) Special Stockholders' Meeting with the date, time, agenda and Record Date; (ii) Approval of the Subscription, Issuance and Listing with the PSE of the subscription shares to Monde and the delegation of authority to FCG to execute , submit and file the listing application to PSE and secure PSE Listing Approval; (iii) Approval of the Amendments to the Articles of Incorporation	Justin T. Liu Divina Gracia G. Cabuloy Michael Stephen T. Liu Bryan Gregory T. Liu Michael T. Barret Sigrid Von D. De Jesus Corazon P. Guidote Senen L. Matoto Hector R. Villanueva Lowela L. Concha (Corp. Sec) Jose Petronio Vicente D. Español III (CFO) Marilou R. Roca (CAO)
05 May 2023	CG Committee Meeting	Review of the Integrated Annual Corporate Governance Report	Corazon P. Guidote Senen L. Matoto Sigrid Von D. De Jesus
09 May 2023	Audit and CG Committee Meeting	Review of the Quarterly reports ending period 31 March 2023	Justin T. Liu Divina Gracia G. Cabuloy Michael Stephen T. Liu Bryan Gregory T. Liu Michael T. Barret

			<p>Sigrid Von D. De Jesus Corazon P. Guidote Senen L. Matoto Hector R. Villanueva</p> <p>Lowela L. Concha (Corp. Sec) Jose Petronio Vicente D. Español III (CFO) Marilou R. Roca (CAO)</p>
11 May 2023	Regular Board Meeting	Approval of the (i) Quarterly Report ; (ii) Issuance of the first series of the Preferred Shares; (iii) Subscription and Issuance to the Subscriber	<p>Justin T. Liu Divina Gracia G. Cabuloy Michael Stephen T. Liu Bryan Gregory T. Liu Michael T. Barret Sigrid Von D. De Jesus Corazon P. Guidote Senen L. Matoto Hector R. Villanueva</p> <p>Lowela L. Concha (Corp. Sec) Jose Petronio Vicente D. Español III (CFO) Marilou R. Roca (CAO)</p>
06 June 2023	Special Stockholders' Meeting	Approval of the (i) Minutes of the previous Annual Stockholders' Meeting held on December 09, 2022 (ii) Ratification of the Matters Approved and taken by FCGI's Management and Board of Directors from December 9 2022 to date of the Special Stockholders' Meeting (iii) Approval of the Subscription and Issuance of, and Listing with the Philippine Stock Exchange ("PSE") of the 820,268,295 Common shares issued to Monde Nissin Corporation, and Delegation to FCGI's Management the Power and Authority to Execute, Submit, and File the Listing Application with the PSE and Secure the PSE Listing Approval (iv) Approval of the Amendments to the Articles of Incorporation to Increase the Authorized Capital Stock of FCGI and Delegation to FCGI's Management the Power and Authority to implement the Proposed Amendments and to determine the Terms of the Increase in FCGI's Authorized Capital Stock	<p>Justin T. Liu Divina Gracia G. Cabuloy Michael Stephen T. Liu Brian Gregory T. Liu Michael T. Barret Sigrid Von D. De Jesus Corazon P. Guidote Senen L. Matoto Hector R. Villanueva</p> <p>Jerry S. Liu (Chairman Emeritus) Lowela L. Concha (Corp. Sec) Jose Petronio Vicente D. Español III (CFO) Marilou R. Roca (CAO)</p>

		(including the Subscription to support the Increase which Subscription may be made by Related and/or Non-Related Parties of FCGI and Issuance of Shares to the said Subscriber	
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[Signature page follows]

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 _____ on _____, 20__.

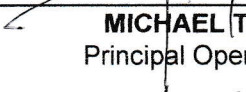
By:



DIVINA GRACIA CABULOY
 Principal Executive Officer



MARILOU R. ROCA
 Principal Accounting Officer/ Comptroller



MICHAEL T. BARRET
 Principal Operating Officer



LOWELA L. CONCHA
 Corporate Secretary

SUBSCRIBED AND SWORN to before me this OCT 12 2023 day of 2 20__ affiant(s) exhibiting to me his/their Residence Certificates, as follows:

NAMES	RES. CERT. NO.	DATE OF ISSUE	PLACE OF ISSUE
<u>DIVINA GRACIA G. CABULOY</u>	Passport No: P8647546A	07 Sept 2018	Manila
<u>MICHAEL T. BARRET</u>	LTO License ID N01-12-002157	18 Oct 2017	Manila
<u>JOSE PETRONIO VICENTE D. ESPAÑOL III</u>	BIR TIN No. 198-167-050-00000	15 April 2021	Manila
<u>MARILOU R. ROCA</u>	BIR TIN No. 305-173-064-000	28 January 2010	Manila
<u>LOWELA L. CONCHA</u>	BIR TIN No. 244-459-518-000	31 March 2006	Manila

JOC NO. 965
 BOOK NO. 8861
 PAGE NO. 71
 SERIES OF 2023

City of Manila
ATTY. HENRY D. ADANA
 NOTARY PUBLIC CITY OF MANILA
 APPOINTMENT 097/12/31/2023 MANILA
 IBP NO. 181139 / 01/03/2023
 PTR NO. 0861145 / 01/03/2023
 ROLL NO. 29679, TIN NO. 172-528-620
 MAIL COMP. NO. VII-0000165 VALID UNTIL APRIL 14, 2025
 (14) 1411 TAYUMAN ST., STA. CRUZ, MANILA

 Notary Public



ANNEX A

SUSTAINABILITY REPORT

CONTEXTUAL INFORMATION	
Name of Organization	Figaro Coffee Group, Inc. (FCGI) (PSE:FCG)
Location of Headquarters	116 East Main Ave, Phase V-SEZ, Laguna Technopark, Biñan, Laguna
Report Boundary: Legal entities (e.g., Subsidiary) included in this report	Figaro Coffee Systems, Inc. (FCSI)
Business Model. Including Primary Activities, Brands, Products, and Services	Full-service restaurant chain Brands: Angel's Pizza, Figaro Coffee, Tien Ma's and Café Portofino
Reporting Period	July 1, 2022 to June 30, 2023
Highest-ranking person responsible for this report	Divina Gracia G. Cabuloy President & CEO Michael T. Barret Director/ EVP, COO & CIO
Contact for questions regarding the report	Investor Relations corporate@figaro.ph

MATERIALITY PROCESS

FIGARO COFFEE GROUP, INC., as a Parent Company of its wholly owned operating subsidiary, Figaro Coffee Systems, Inc. (“FCSI” or the “Subsidiary”), has minimal activities. The sustainability report of the Company depends on the actions performed by its Subsidiary to manage risk and capitalize on possible opportunities. Thus, references to “FCG”, the “Company” or “Group” throughout this report pertains to both the Parent Company and its Subsidiary, unless otherwise specified in the statement.

Company Mission: Spreading Happiness Through Food and Value

Diversity and Balance. Through a diverse selection of brands and concepts, we minimize risk and volatility during challenging periods, while maximizing returns during strong economic backdrops. This streamlined brand allocation in the portfolio allows the company to maximize its back-end strengths and utilize economies of scale which creates a refined balance in the Company’s return ratios and capital allocation.

Customer-Value Oriented. To be value-oriented is one thing, but to be Customer-Value Oriented is a higher level in itself. At FCG, we make every decision and action based on what would be the best for our customers and what would delight them the most. We believe in being obsessed with customer satisfaction and aligning every facet of our strategy and goals with our valued customers.

Integrated. From our supply chain, commissary, manufacturing, and logistics, we are fully integrated to ensure high quality to maximize efficiency and optimize costs. Through technology, the company integrates outside partners as well as internal departments to always be up to speed on data analytics needed for quick decision-making.

Sustainable Execution. Our philosophy has always been long-term sustainability and business viability. We achieve this through diversification, prudent investing, and growth management. We ensure that capital expenditures will be put to good use to create long-term value for the company. We expand at our own pace based on what will create the best long-term sustainable value for customers, shareholders, and the Company.

We always practice good governance and actively pursue the cause of socio-cultural and environmental concerns. The Group creates long-term value for its shareholders and business partners through profitable operations and business sustainability, and dignity of life for its employees. As the Company moves towards the accomplishment of its corporate goals and ultimately to create and sustain increased value for all its shareholders, the Board of Directors, the Board Committees, particularly the Corporate Governance Committee, the management, officers, and employees of the Company believe that sound and effective governance is fundamental to its continued success and long-term existence.

a. Environment

FCG’s Environmental, Social and Governance (“ESG”) Policy goals are embedded and remain our core in everything we do in business. We believe we have a responsibility to minimize the energy, carbon, water, and waste impacts of our business and recognize that these impacts occur not just in the daily operations of our portfolio but also throughout our entire value chain. As a result, we strive to reduce environmental impacts across the full life cycle of our buildings and our corporate operations.

b. People

A deep commitment to social responsibility is core to who we are as a Company. We believe people are the heart of our business and take pride in our outstanding work culture. We strive to be an optimal player to our employees, business partners, as well as valued partners in our communities.

We create fun, spirited work environments that reward innovation and collaboration at all levels. Also, the health and safety of our employees, tenants, and vendors is of the utmost importance to us. Each year, we conduct various health seminars and awareness programs which require our employees to complete safety training.

Our management team has a strong background in the food and beverage industry, with an average of 31 years of exposure in different aspects of restaurant/café operations management such as store operations, business development, sales and marketing, international store expansion, research and development. We maximize our employees' potential by honing their unique skills and motivating them to become an important part of the organization. We continue to develop processes and procedures to train our employees on the techniques required to effectively operate our kitchens.

c. Product

The Company Mission is to deliver quality, innovative, and value-for-money food favorites that every customer will love and want to share. Our Company continues to work towards our vision to be the top-of-mind food company in delivering happiness to customers and value to our partners and shareholders. We ensure that our products are of top quality and meet the requirements of Food Safety Regulators. FCG also develops products that health-conscious individuals would love.

Our products are produced under the strict supervision of our Quality Assurance Department, making sure that all produced goods will be of the highest quality. With the well-established systems and the presence of dynamic individuals from the Research and Development group, we are highly confident that we can capture a larger share of the food and beverage segment by providing a variety of new products to a broader spectrum of customers. Principles of professionalism, sustainability, and customer focus run our business philosophy. We operate our own roasting facility, warehouse and supplies, and commissaries to cater to and supply our stores and business partners. Our commissary is capable of producing high-volume products without compromising on its quality. Our roasting facility operations guarantee the freshness and quality of our coffee products. Our Roasting Team members are trained at the Institution of Coffee Excellence located in Mandaluyong City. Training courses include Coffee 101, Roasting, and Third Wave, among others. We highlight the importance of Quality, Consistency, and Value in all the goods that we are producing.

Our commissary was previously Halal-certified and HACCP-compliant. Due to the pandemic, these certifications have not yet been renewed. However, the Company's operations and processes have been further enhanced to consistently adhere to the strict standards on food preparation, safety, and quality. Our facilities also adhere to the highest quality standards and have complied with the Rules and Regulations Governing the Operations of Food and Food Products Manufacturing and Processing Establishments, and the Good Manufacturing Practices Requirements under Administrative Order No.153, series of 2004, the Food and Drug Administration issued a Certificate of Good Manufacturing Practices (GMP) in favor of the Company, valid until 05 May 2024. Also, through our commissary, we now offer a variety of ready-to-eat and frozen meals, including pastries, available to the market and our employees at the head office.

COVID-19 IMPACT AND RECENT DEVELOPMENTS

The COVID-19 Pandemic is a wake-up call as the Group was forced to put health concerns, family, and team members at the forefront of focus and priorities. The Group accelerated to the right-size operations and streamlined processes to meet the demands of the new normal.

At the onset of this pandemic, everything was in disarray and full of uncertainty. Mobility and supply chain were challenged, sales were going down, additional costs related to safety and security were popping up and a lot of regulatory measures were being implemented. There were bi-weekly adjustments and re-adjustments in community quarantine. The Group was forced to align and realign with these IATF measures. As the operation adjusts, the Group needs to act fast in adjusting to the requirements of customers and maintaining the safety and security of employees while looking out for the Group's profitability and viability. The Group did not wait for the new normal. The Group's Safety Officer regularly attends seminars to improve our safety measures. This has become crucial to our operations, especially during the COVID-19 pandemic. In compliance with the government's COVID-19 Health and Safety Protocols, FCGI has set its own COVID Guidelines and Policy ("COVID Policy") and Pandemic Preparedness Plan as embodied in the ESG Policy. The Company's COVID Policy includes, among others, store safety protocols and guidelines. Under the said protocols, all staff are expected to abide by strict measures including the procedures enumerated below. These measures have since then been accordingly adjusted and re-calibrated based on the prevailing COVID alerts, mandates and guidelines set by the government health authorities.

1. Non-contact temperature screening is enforced upon entering the store. Temperature checking should be done every time an individual enters the store.
2. A standardized Health Declaration Form will be given to be strictly used.
3. A foot bath will be set up at the main entrance door.
4. A Guest Contact Tracing Form will also be provided.
5. A "No Face Mask No Entry" policy will be strictly implemented
6. Wearing of PPEs such as face shields and hand gloves will be required for all staff on duty
7. A Cash Tray will be made available to use by guests to settle their payments to minimize physical contact with others
8. Preventive and safety signage will be provided to be posted on all visible areas in the store.
9. All utensils, wares, and equipment must undergo a comprehensive sanitation procedure using the food-grade Liquid Chlorine Sanitizer (Chlorinex)
10. Observe physical distancing in the work area
11. Clean and disinfect all tables, chairs, and all frequently handled/used surfaces regularly

As of the end of September 2022, the Group has completed 100% inoculations for all employees as to the first dose, 100% of the employees for the second dose, and 80% with booster shots.

The World Health Organization (WHO) announced on May 5, 2023, that COVID-19 is now an established and ongoing health issue that no longer constitutes a public health emergency of international concern (PHEIC). The WHO further reported that the world has made significant and impressive global progress since the declaration of the PHEIC in January 2020 reaching the point where COVID-19 can be considered as no longer constituting a global health emergency.

In this connection, under Proclamation No. 297 issued last July 21, 2023, the Philippine Government has declared that all prior orders, memoranda, and issuances effective only during the state of public health emergency shall be deemed withdrawn, revoked or canceled and shall no longer be in effect. The Company is aligned with the government in recognizing that while the state of public health emergency is lifted, we must remain vigilant and proactive in our approach to health and safety. We believe that continued awareness and adherence to recommended health protocols are paramount to safeguarding ourselves and our stakeholders from potential serious health risks.

Notwithstanding the government's declaration of the lifting of the state of public health emergency in July 2023, all kitchen and store staff continue to wear face masks. In instances wherein, the employee or staff's temperature is higher than 37.5C, they are advised to stay at home and inform immediately their supervisor. The Group continues to comply with the Department of Health's prevailing guidelines.

Notwithstanding the challenges of the pandemic, our delivery business significantly increased and has been breaking historical sales records. Please refer to the Company's Annual Report for the fiscal year ended 30 June 2023 for the details on FCG's sales and revenues, with the Management's Discussion and Analysis of these financial results. Further, the Company was still able to successfully launch a total of [167] new stores, company, and franchise-owned stores within the fiscal year period covering 01 July 2022 to 30 June 2023. The following table shows the total number of stores launched for the fiscal year period from 01 July 2022 to 30 June 2023:

STORES	NEW STORES OPENED
	2023
FIGARO	57
ANGEL'S PIZZA	96
TIEN MA	9
CAFÉ PORTOFINO [FORMERLY TFG EXPRESS]	5
TOTAL	167

Our Angel's Pizza concept includes full stores and kiosks. There is an increasing number of stores of Angel's Pizza Express while TFG Express was rebranded as Café Portofino.

To cater to the ever-changing consumer demand brought by the pandemic, the Figaro Group Online (www.thefigaro.ph) and Angel's Pizza Online Store (www.angelpizza.com.ph) launched in 2020, continue to serve our customers. We ensure that our systems are up-to-date, reliable, and secure. We have successfully directed our efforts in developing ready-to-eat (RTE) meals and capitalized on our strong delivery team to provide convenience to the comforts of their homes or offices.

New Products

The Company's new products launched within this fiscal year period include:

- (i) Angel's Pizza
 - Cucumber Lemonade
 - Creamy Spinach Sushi Bake
- (ii) Figaro's
 - Dulce de Leche NY Cheesecake
 - Red Velvet Ensaymada
 - Black Forest Ensaymada
 - Keto Meal
 - Sugar-free Keto Brownie
 - Oatmeal Bar
 - Keto Coconut Tiramisu
 - Keto Double Chocolate Cocoa Muffin
 - Piña Colada Cake
 - Spanish Latte

- Iced Americano
- Iced House Brewed Coffee
- Iced Flat White
- Layered Pomegranate & Espresso
- Layered Matcha & Espresso
- Frozen Coffee Cube Latte
- Orange Juice
- Orange & Carrot Juice
- Lemonade Aloe
- Green Earth Detox
- Beachside Calm
- Tropical Sunset
- San Francisco

(iii) Tien Ma's

- Honey Walnut Chicken
- General Tso's Chicken
- Spinach Soup

The Group's Angel Pizza brand became one of the top food delivery brands identified by Grab, and Creamy Spinach continues to be the Group's top-selling Pizza variant. The Research and Development Team, in collaboration with our Marketing Team, continues to identify and keep up with the recent trends that influence the consumer's behavior and preferences by comparing previous and present data and conducting product revamp and dry run. We ensure that every option that consumers are looking for is available in our stores.

Further, in the first quarter of 2023, Management commenced the Scrap Recovery initiative which has been recently found successful in generating good results. Several benefits to the community and financial gains for the company are anticipated for the coming years.

CORPORATE SOCIAL RESPONSIBILITY

The Company remains committed to continuing its Corporate Social Responsibility ("CSR") program in line with our commitment to "Strengthening our Communities" as embodied in our ESG Policy. We have a long history of providing meaningful, and often transformational support to the communities in which we operate. We support activities and programs geared towards community welfare and environmental protection. We also provide charitable support to key industry and professional organizations, often in the form of event sponsorships.

Our CSR activities for this fiscal year period include the following:

- Hospicio De San Jose visit on 10th December 2022 where FCG representatives celebrated an early Christmas activity with the children fostered in this welfare institution in Manila, with around 10 FCG volunteers and 120 beneficiaries.
- The "Sagip Dugtong Buhay Bloodletting Project" of GMA Kapuso Foundation which upholds volunteerism through blood donation to help or extend lives. This bloodletting project of the network started in 2017 and FCG has served as one of the sponsors by primarily providing food for the blood donors and the volunteers for this year's activity.
 - 26th February 2023 held in Ever Commonwealth in Quezon City in partnership with the Philippine Red Cross, comprising around 1,705 blood donors;
 - 10th March 2023, in partnership with the Armed Forces of the Philippines (AFP) in BGC Taguig;

- 25th March 2023 held in Camp Capinpin, Tanay, Rizal with around 200 blood donors;
- 25th March 2023 held in Fort Magsaysay Palayan, Nueva Ecija with around 400 blood donors;
- 29th March 2023 held in Capas, Tarlac with around 500 blood donors
- The Vitameal Feeding program on 03 March 2023. In partnership with Hope Worldwide Foundation, FCG provided donations to support the “Feed A Kid” initiative project of the foundation by providing Vitameal to undernourished children in the Philippines,
- Baseco Feeding Program. Baseco Compound Port Area, Manila
FCG conducted a feeding program with the theme “End Hunger for a Better Tomorrow” which aims to provide free food to the urban community of the Baseco Compound in Port Area Manila. With assistance from the Manila Department of Social Welfare, this is a bi-weekly feeding program for the Baseco community to help alleviate the malnutrition problem of our country. To cater to the needs of the community, we aim to serve 500 persons per session. We produce and distribute food stubs that participants will present to make sure everyone has the chance to enjoy their food. Every month, nearly 4,000 children including their families benefit from this ongoing program. We inform and assign FCG departments on a weekly schedule and the assigned departments are in charge of designating their representatives to facilitate the program.

ECONOMIC

ECONOMIC PERFORMANCE

DISCLOSURE	AMOUNT	UNIT
	2023	
Direct Economic value generated (revenue)	4,284,080,714.00	Php
Direct economic value distributed:		
a. Payments to Suppliers and Operating Costs	2,953,180,468.00	Php
b. Employee wages and benefits	441,584,160.00	Php
c. Interest payments to loan providers	1,728,674.00	Php
d. Dividends given to stockholders	–	Php
e. Taxes given to government	123,128,036.00	Php
f. Investment to communities (eg. Donations, CSR)	1,143,057.00	Php

Management Approach on Economic Performance

Php million of Php 4,284 million revenues are funneled towards our key stakeholders, including our business partners, suppliers, stockholders, employees, banks, and government agencies.

The Group continues to make its mark in the industry through the growth of store network and product developments. From 123 number of stores, we have 167 stores nationwide as of 30 June 2023. An additional of 73 stores are opened from 01 July 2022 up to 30 September 2023. Further, 20 stores are still in progress to form part of the 250 target number of stores by the end of the year 2023.

FCG owns 100% of its Subsidiary, thus any negative effect on the Subsidiary’s business would greatly affect the financial performance of the Company.

A newly-formed subsidiary of Figaro Coffee Systems, Inc. has also been introduced this year, which is the Figaro Innovation and Development, Inc. (FIDI). It has been recently certified as an Accredited Coffee Exporter by DTI and PEZA with ICO Identification No. 372 from the Department of Trade and Industry. It is authorized to engage in the production of various coffee blends, including House Reserve, Espresso Blend, and French Roast. Further, FIDI's PEZA Certificate of Registration issued on September 7, 2023, certifies that PEZA has duly registered FIDI as an Export Enterprise engaged in the production of roasted coffee such as: (a) House Reserve, (b) Espresso Blend, and (c) French Roast at the Laguna Technopark – Special Economic Zone ("LT-SEZ"). The PEZA Certificate of Registration further states that the registered project or activity of FIDI is entitled to income tax holiday for five (5) years, special corporate income tax for ten (10) years, duty exemption for fifteen (15) years, and VAT exemption and zero rating for fifteen (15) years, subject to the representation and commitments set forth in FIDI's application for registration, the applicable laws and regulations and the terms and conditions of the Registration Agreement. FIDI plans to start commercial operations within September 2023.

Climate Related Risks and Opportunities

The impacts of climate change in the Philippines are immense. Heavy rainfall and floods are just some of the major impacts which also is a risk to our business.

We are committed to driving down our energy and carbon impacts, as we believe that climate change is one of the greatest risks to our world. The company supports a vision to be net zero carbon and to reduce our greenhouse emissions. Our sustainability program is committed to environmentally sustainable initiatives that deliver near-term efficiency, value, and health for our business, tenants, and community.

Climate change is a priority issue for our business. We have a long-standing strategy to reduce our carbon footprint. We approach this challenge by reducing the impact we have on climate change; by identifying the risks a changing climate has on our business; and by collaborating with key stakeholders to amplify our actions. Our climate strategy supports our sustainable agriculture, water, and waste strategies.

We are committed to driving down our energy and carbon impacts, as we believe that climate change is one of the greatest risks to our world. The Company supports a vision to be net zero carbon and to reduce our greenhouse emissions. Our sustainability program is committed to environmentally sustainable initiatives that deliver near-term efficiency, value, and health for our business, tenants, and community.

Our business is a contributor in the emission of greenhouse gas emissions, be it direct or indirect, beginning from our business partners, including suppliers and franchisees, up to our consumers. To help the environment and in line with FCG's ESG Policy that embodies our sustainability advocacy, we have established specific Company policies on different aspects of our business – whether our water, waste, or energy conservation efforts. These Company Policies and Guidelines being strictly implemented by the Group include (i) Stores Proper Waste Management Policy, (ii) Commissary Proper Waste Management Policy, (iii) Waste Management & Disposal Guidelines, (iv) Drainage System Guidelines, (v) Waste Segregation & Disposal Guidelines, (vi) Waste Collection Guidelines, (vii) Waste Transportation Guidelines, and (viii) Water Safety Policy

PROCUREMENT PRACTICES

DISCLOSURE	QUANTITY 2023	UNIT
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers*	57% (Local) 43% (Imported) 100% (Procurement Budget)	%

*The Company sources all its materials (both local and imported materials and ingredients) for its products through FCG's accredited local suppliers and distributors.

The Company uses raw materials that are manufactured locally and abroad. All of the Company's supply of fresh vegetables, processed meat, and coffee beans are sourced locally from our accredited local suppliers, while our supply of dairies, mozzarella, cream cheese, frozen spinach, and shrimp are imported from foreign suppliers through our accredited local distributors. With store expansion, the Company strengthened its local procurement of materials and ingredients and started importing packaging this year. The Company prioritizes providing opportunities for local products to be recognized nationwide. Our store equipment, furniture, and fixtures are likewise manufactured overseas but we procure through local distributors as well. Meanwhile, our stainless equipment is locally fabricated. The following summary provides details on the percentage of our procurement budget spent on local and imported materials:

LOCAL	2023 %	IMPORTED	2023 %
Perishable (vegetables, processed meat, coffee)	41%	Perishable (dairies, shrimp, frozen spinach)	37%
Non-perishable	5%	Non-perishable	1%
Equipment	1%	Equipment	6%
Packaging	8%	Packaging	0.20%

Management Approach on Procurement Practices

Food Safety is a top priority and we dedicate significant resources, including our supply chain team and quality assurance team, to help ensure that our customers enjoy safe, quality food products. We have taken various steps to mitigate food quality and safety risks, including having personnel focused on this goal together with our supply chain team. Our stores undergo third-party food safety reviews, internal safety audits, and routine health inspections. We also consider food safety and quality assurance when selecting our suppliers.

Maintaining a high degree of quality in our stores depends in part on our ability to acquire from reliable suppliers' ingredients and other necessary supplies that consistently meet our specifications. We carefully select suppliers based on quality and their understanding of our brand, and we seek to develop mutually beneficial long-term relationships with them. We work closely with our suppliers and negotiate the terms of our contracts consistent with the industry standards. We rely on key suppliers for certain raw materials. We do not depend on a single supplier that would have a material adverse effect on its operations. Despite having key suppliers, we do not have any exclusive supply agreements and instead have several suppliers for each key raw materials and equipment needs.

To ensure high quality and safe materials, supplies, equipment, and services by accrediting suppliers and regularly evaluating their performance. The procedure covers the activities from the assessment of the application for accreditation to the evaluation of the performance of accredited suppliers.

They are also being audited by our Quality Assurance Department based on a comprehensive Assessment Checklist to make sure that suppliers meet the set standards.

As of date, FCG engages local suppliers and distributors for all of the raw materials needed for our products. Fresh vegetables are sourced from Baguio, Cavite, and Nueva Ecija for the NCR stores and Commissary, while for our provincial stores, we give priority to the communities and local markets in their respective areas to supply fresh products once approved by our Purchasing Department and R&D Team. Further, our supplier for mozzarella, whom we are giving about 70% of our consumption, is now being produced locally.

In addition, the Company has continued to champion the local Barako coffee and now offers a wide selection of different coffee flavors, as our Figaro Coffee brand has become the epitome of what a world-class global homegrown Filipino brand can become. We source our coffee beans from local suppliers that have passed our stringent accreditation standards to ensure that every batch of coffee beans supply has passed our strict Quality Assurance. We have no long-time warehousing, we do not import roasted coffee and we do not use broken or old green beans. We roast our coffee in our own roasting facility, and directly supply each of our Figaro Coffee branch and other stores serving our brand.

The Company's Procurement Team is also working on finding additional suppliers for our expansion plans. The Company considers suppliers who not only qualify based on our criteria and standards for accreditation of suppliers, but also those who share the same vision and goals as the Group.

ANTI-CORRUPTION

DISCLOSURE	AMOUNT 2023	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	100	%
Percentage of employees that have received anti-corruption training	100	%

Management Approach on Anti-Corruption

FCG ensures that all Rules and Regulations, including our Anti-Corruption policies, are properly cascaded to new employees during employees' orientation. The Company likewise ensures that FCG's Business Integrity principles are integrated into the engagements, contracts, and dealings among franchisees, suppliers, service providers, and government authorities. FCG strongly abides with its Code of Business Conduct and Ethics ("Code") which upholds Business Integrity at all times through its commitment that, "any form of corruption, extortion and embezzlement shall be prohibited. We shall not offer, pay, or accept bribes or participate in other illegal inducements in business or government relationships. We shall work against corruption in all its forms."

Incidents of Corruption

DISCLOSURE	AMOUNT 2023	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	%

Management Approach on Incidents of Corruption

As of date, there has been no incident of corruption involving our directors, employees, and business partners. The Company's HR Policies provide the appropriate procedures and sanctions for violations of the Company Policies and Code that will be accordingly implemented by Management should there be any incident of corruption.

ENVIRONMENT

RESOURCE MANAGEMENT

We have a long-term environmental performance target for the portfolio that addresses energy and water consumption. To achieve our targets, each of our properties is monitored regularly by our third-party consultants. Water Potability sampling, testing, and monitoring are done on a monthly basis by our accredited service provider, Scientia Tech. Water Potability and LPG usage of the Company are also being monitored by the accredited service providers endorsed by the respective LGUs where the Company's stores or branches are located. The Company's LPG or gas line suppliers likewise conduct monitoring and inspection of our stores.

Energy Consumption within the organization

DISCLOSURE	AMOUNT 2023	UNIT	REDUCTION
Energy consumption (LPG)	437,417	Kls	-
Energy consumption (Diesel)	153,448.61	Liters	-
Energy consumption (Electricity)	23,082.13	GJ	-

Management Approach on Energy Consumption

Our corporate office, stores, and commissaries run primarily on electricity, LPG, and gasoline. The Company is committed to ensuring efficiency in energy consumption for its business operations and will continue to study and find ways to be even more efficient in the use of energy resources. Our energy consumption initiatives include energy retrofits, energy management system upgrades, and equipment

upgrades. We have adopted sustainability policies for our head office and all corporate and franchise stores that include criteria such as energy-efficient lighting and appliances, water-efficient fixtures, recycling programs with 3rd party service providers, and e-waste collection events which promote a healthy, safe working environment for all. We also consistently encourage our employees to conserve electricity not just to help the environment but also to optimize the operating expenses of the Company. The Management believes that efficiency in energy consumption is significant in the sustainability program of the Group.

The increase in electricity consumption for this reporting period is due to the following reasons: (i) acquisition of various kinds of updated equipment, (ii) opening and/or expansion of physical stores/dine-in areas to accommodate more guests and walk-ins since the lifting of the state of public health emergency, and (iii) week-long store operations, including 24-hours stores schedule and activities in line with the store network expansion.

Water consumption within the organization

DISCLOSURE	QUANTITY 2023	UNIT	REDUCTION
Water consumption			
- Stores (Figaro Coffee, Angel's Pizza, Tien Ma's and Café Portofino)	387,548.85	Cubic meter	-
- FCG Head Office (Corporate Offices Commissary and Angel's Pizza Mayon branch)	13,613	Cubic meter	-

Management Approach on Water Consumption

Water is a critical resource in the Company's business. The programs for efficiency in energy consumption likewise cover the Company's water consumption management, which includes the efficient use of water by our employees and the implementation of water conservation measures in our stores. The Company regularly monitors water usage through checking of the water bills of the stores on a monthly basis.

The increase in water consumption reported for this period is mainly due to the increasing number of operating stores inside and outside Metro Manila and the placing of additional staff for each store. Implementing 24-hour store operations is likewise a major factor. Further, when store sales increase, water and electricity consumption also increase correspondingly.

ENVIRONMENTAL IMPACT MANAGEMENT

Solid and Hazardous Waste

DISCLOSURE	AMOUNT 2023	UNITS
Total solid waste generated	448,672	kg
Reusable	No available information	kg
Recyclable	No available information	kg
Composted	No available information	kg

Incinerated	No available information	kg
Residuals / Landfilled	448,672	kg

* Stated amount pertains to solid waste generated from FCG's commissaries and our Head Office.

The Company is committed to ensuring the safety of all consumers and workers and maintaining the highest quality of raw materials used in food processing. Wastes generated from store operations are collected by third-party waste collection service providers, duly certified and accredited by the Department of Environment and Natural Resources - Environmental Management Bureau (DENR-EMB), who handle and manage the proper treatment, storage, and disposal of the waste. The Management ensures that these selected providers engaged by the Company are government-certified and adhere to the strict waste management, treatment, storage, and disposal guidelines and regulations. In addition, the stores also implement waste segregation, in which all store personnel and managers are responsible for identifying waste materials.

Management Approach on Environmental Impact Management

Environmental impact may be hard to limit yet we are finding ways to manage our emissions through reducing our energy consumption as much as we can. We are also looking into using only highly efficient and energy-saving equipment as we purchase for our newly built stores and for the renovation of old stores.

The FCG corporate office, commissary, and stores are fully compliant with the environmental requirements and permits prescribed by the government. The Company secures all required permits and licenses, including, but not limited to, Business Permit, Environmental Clearance, Locational Clearance, and Sanitary, Occupancy, and Fire Permits, and complies with all applicable operational and reporting requirements prior to any store openings. Annual and periodic inspections are conducted by the respective LGUs and relevant government authorities prior to the renewal of these permits to ensure our compliance with the business operations standards and requirements, that are relevant to our overall environment impact management.

Our existing systems in place, such as the ESG Manual and all supporting policies and guidelines including the Proper Waste Management Policy of our stores and commissaries, Guidelines for Waste Segregation and Disposal, and Guidelines for Drainage Systems, Waste Water, and Hazardous Waste, ensure the safe handling, movement, storage, recycling, reuse or management of waste, air emissions, and wastewater discharges. Any waste, wastewater or emissions with the potential to adversely impact human or environmental health must be appropriately managed, controlled, and treated prior to release into the environment. We likewise have existing systems to ensure safety in handling, storage, and releasing of hazardous materials, as well as procedures to manage and contain accident spills and releases as stated in our Sanitation Standard Operating Procedures. These Guidelines are being reviewed and updated to improve the Company's environmental impact management.

Also, as a matter of policy, our Company has initiated and implemented lesser use of paper and plastic cups at work. We have a long-term established proper waste management for used oil. The local government strictly implements that oil waste shall not be disposed of, thus there is a corresponding penalty for noncompliance. In this regard, we have accredited oil waste collection service providers for our head office and stores in NCR, while the provincial stores have their respective accredited waste collection service providers. A minimum of three cans of used oil are sold every Monday and Thursday to accredited collectors and eventually used for Biodiesel and feeding of farm animals. Furthermore, the stores, commissary, and warehouse are the primary departments that continue to practice extensively the recovery of scrap since its implementation as one of the ways to reduce the environmental impact of operations and productions. Our Internal Audit Department initiated and headed the program to closely monitor the process and ensure both the effectiveness and efficiency of this project.

ENVIRONMENTAL COMPLIANCE

Non-compliance with Environmental Laws and Regulations

DISCLOSURE	AMOUNT 2023	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	#

Management Approach on Environmental Compliance

The Company views good governance as essential to creating and preserving value for our shareholders and other stakeholders. This includes a committed approach to corporate governance that complies with all applicable laws, rules, regulations, and policies as well as unwavering adherence to our values. Thus, we are committed to fully comply with all applicable environmental rules and regulations covering all of our business operations. Prior to store openings, all required environmental, business, fire, sanitary, and occupancy permits, licenses, and locational clearances are obtained. To facilitate the government's annual inspection of our business and the smooth renewal of permits, the Group consistently abides with the environmental laws and regulations, without any violation.

SOCIAL

EMPLOYEE MANAGEMENT

Employee Hiring and Benefits

Employee Data

DISCLOSURE	AMOUNT 2023	UNITS
Total number of employees	2,271	
a. Number of female employees	1,089	#
b. Number of male employees	1,182	#
Attrition rate	7.99	Rate
Ratio of lowest paid employee against minimum wage	0	Ratio

Management Approach on Employee Hiring and Benefits

A deep commitment to social responsibility is core to who we are as a Company. We believe that our people are at the heart of our business and take pride in our outstanding work culture. We strive to be an optimal employer to our employees, and business partners, as well as a valued partner to our communities.

We provide equal employment opportunity (EEO) to all employees without regard to gender, sexual orientation, religion, ethnicity, age, disability, or marital status in accordance with our ESG Manual and applicable government regulations. We embrace and value diversity in all its forms, regardless of gender, age, marital status, ethnicity, or cultural background. Equal opportunity is integral to our recruitment process, as we aim to develop a community of diverse talent. We seek to maintain a positive workplace, free from discrimination and harassment. We champion pay equity and mutual respect, promoting an environment of fairness and equality. Our commitment to diversity and inclusion applies to the highest levels of the organization, including at the board level, where we recognize that diversity strengthens board performance and promotes long-term shareholder value. In an era where social media is a powerful tool to find qualified jobseekers, we ensure to post the right job qualifications that are respectful to anyone who can see our job advertisement.

We contribute positively to the promotion of social responsibility in the community in which we live and work by supporting activities and programs geared towards community welfare and environmental protection. Also, the Company, particularly our stores across all brands, prioritizes hiring locally to provide job opportunities to the community. We ensure that employees are assigned to the nearest branch from their residence.

The hiring, training and development of FCG directly affect the efficiency and productivity of our operations. The Company's rules and regulations ensure, among others, that employees are well informed with respect to salary and benefits. We comply with applicable wage laws, including minimum wage, overtime hours, and mandated benefits. Individual KRA assessment is also being done monthly aside from the Performance Evaluation which is done quarterly which assesses the level of performance done by employees which will be the basis if they are qualified for incentives and/or salary increases.

As we are still in the phase of recovery from the pandemic, the health and safety of employees remain the utmost priority of FCG. Despite the pandemic, we made sure that training is given to employees to educate them such as First Aid conducted by Philippine Red Cross and Basic Occupational Safety and Health by DOLE to promote safety and health in the workplace. We also continue to remind employees of the importance of vaccine boosters as protection against prevailing COVID variants. We conduct Annual Physical Exam for all employees which helps both the Company and the employees to be well-informed on their health conditions.

DISCLOSURE	Y/N	% of female employees who availed for the year 2023	% of male employees who availed for the year 2023
SSS	Y	7%	6%
PhilHealth	Y	2%	2.5%
Pag-Ibig	Y	1.5%	1.6%
Parental Leaves	Y	0.9%	0.3%
Vacation Leaves*	Y	27%	22%
Sick Leaves*	Y	13%	20%
Medical Benefits (aside from PhilHealth)	Y	10.9%	16.8%
Housing Assistance (aside from Pag-ibig)	Y	0.3%	0.4%

Retirement fund (aside from SSS)	N		
Further education support	N		
Company stock options	N		
Telecommuting	N		
Flexible working hours	N		
(Others)	N		

*Vacation leave and sick leaves are paid if not used.

The housing assistance that the Group provides for the employees from the head office is the Company's affiliated which is the Charmview Building. This provides safe and comfortable accommodation for employees to avoid commuting from their hometown to the office.

Compensation and Benefits

The Group sets a competitive and market-based compensation system that is anchored on the principle of equal pay for substantially equal work, in conformance with legally mandated regulations on condition of employment. We offer competitive compensation and benefits to all regular full-time employees, including but not limited to paid holiday, vacation, and sick leave, retirement savings plan, and medical, dental, and vision coverage.

Employee Training and Development

DISCLOSURE	AMOUNT 2023	UNITS
Total training hours provided to employees		
a. Store Staff	120	Hours/employee
b. Management Trainees	240	Hours/employee
c. Office Staff	8	Hours/employee
d. Food Safety / Commissary Staff	160	Hours/employee

Management Approach on Employee Training and Development

At FCG, employee training both for operations and office staff is vital for the employees to perform at their best. When it comes to promotion, the Management focuses on giving the opportunity internally before posting on job portals for external hiring to recognize the performance of existing employees.

We manage the development of our employees through the following processes:

1. Monthly KRA assessment is conducted to assess the performance of employees. They are evaluated by their supervisors and given appropriate commendations and/or recommendations.
2. Quarterly / Semi-annual Performance Evaluation is also conducted to assess the quality of work of the employee. Recommendations such as salary increases and/or additional allowances are given depending on the results of the evaluation.
3. We also provide continuous learning opportunities to employees such as virtual seminars during the pandemic. Face-to-face seminars are also conducted whenever possible.

To ensure consistent quality in our services, our managers undergo a Basic Supervisory Skills Training Program which is a three-month intensive training program covering, among others, the Figaro Group's philosophy, concept, and established procedures. For franchise, our Franchise Relations Team provides operations and marketing support, on-site consultations, and spot quality assurance audits of all the stores under the Figaro Group's brands. We have a Safety Officer from the Quality Assurance Department who regularly attends seminars to improve our safety measures. This has become crucial to our operations, especially during the COVID-19 pandemic.

We also organize and conduct training programs in coordination with our major suppliers of equipment for Basic Knowledge and Training on Proper Equipment Handling, Usage, and Maintenance. We prepared a Training Kit which serves as a starter pack to orient the trainees. For personal and team growth, Training Seminar and Refresher Courses have been continuously provided.

Food safety is a top priority and we dedicate significant resources, including our supply chain team and quality assurance teams, to help ensure that our customers enjoy safe, quality food products. We have taken various steps to mitigate food quality and safety risks, including having personnel focused on this goal together with our supply chain team. We have developed processes and procedures to train our employees on the techniques required to effectively operate our kitchens. Our Manager Training Program adheres to the following curriculum:

1. Company Orientation
2. Basic Behaviour
3. Legendary Standards
4. Company Rules and Regulations
5. WOW Experience

This Training Curriculum provides the following training points:

- Introduction/ Orientation
- Customer Service
- Product-specific Training
- Food Preparation
- Social Responsibility
- Cashier Training
- Product Quality Assessment
- Inventory Training

Labor Management Relations

DISCLOSURE	AMOUNT 2023	UNITS
% of employees covered with Collective Bargaining Agreements	None	%
Number of consultations conducted with employees concerning employee-related policies		
For Corporate stores personnel	Twice per month per store/area	#
Head Office personnel	Weekly	#

Management Approach on Labor Management Relations

Communication is the best way to actively engage with all employees. At FCG, we keep communication channels open throughout the Company through Department Heads and the HR Team to be constantly aware of the employees' well-being and to foster healthy professional relationships. Among

others, providing employees with an open line of communication in voicing out their opinions allows Management to manage expectations and risks in relation to labor relations.

Diversity and Equal Opportunity

DISCLOSURE	AMOUNT 2023	UNITS
% of female workers in the workforce	48%	%
% of male workers in the workforce	52%	%
Number of employees from indigenous committees and/or vulnerable sectors*	0	#

**Vulnerable sectors include 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).*

Management Approach on Diversity and Equal Opportunity

As a Company with a workforce of 2,271 employees as of 30 June 2023, the Human Resources Department plays a vital role throughout the hiring process up to the development and promotion of employees. We provide equal employment opportunity to all employees regardless of gender, sexual orientation, religion, ethnicity, age, disability, and marital status. Equal opportunity is integral to our recruitment process as we aim to develop a community of diverse talent. We provide a workplace free of harassment, discrimination, and harsh and inhumane treatment.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

DISCLOSURE	AMOUNT 2023	UNITS
Safe Man-hours	4,687,344	Manhours
No. of work-related injuries*	11	instances
No. of work-related fatalities	0	#
No. of work-related ill-health**	0	instances
No. of safety drills	1	#

**The 11 work-related injuries pertain to minor injuries related to (i) equipment use during operation of the unit, (ii) vehicle sustained injuries of a delivery rider, and (iii) slip/fall accident.*

Management Approach on Occupational Health and Safety

FCG gives importance to the health and safety of its employees. The Company provides continuous training to all staff from store level up to office level to educate them on the importance of Health and Safety. The Company's Safety Committee likewise ensures that appropriate safety measures are in place and that we always maintain a safe and sustainable working environment.

As stressed in this report, food safety is a top priority of the Group, and we dedicate significant resources, including our supply chain team and quality assurance teams, to help ensure that our customers enjoy safe, quality food products, as well as the health and safety of all our employees. We have taken

various steps to mitigate food quality and safety risks, including having personnel focused on this goal together with our supply chain team. Our stores undergo third-party food safety reviews, internal safety audits, and routine health inspections. We have developed processes and procedures to train our employees on the techniques required to operate our kitchens effectively and in compliance with strict health and safety standards.

Labor Laws and Human Rights

DISCLOSURE	AMOUNT 2023	UNITS
No. of legal actions or employee grievances involving forced or child labor	0	#

Management Approach on Labor Laws and Human Rights

The Company and its business partners support and respect the internationally recognized human rights principles and practices that promote and protect human rights, and ensure that we are not complicit in human rights abuses.

Our Human Rights Policy reflects our long-standing dedication to the preservation of basic rights and human dignity in our workplace and beyond. The Figaro Group holds human rights to be an essential component of our business. The Code of Business Conduct and Ethics policy applies to our operations and affiliates in all assets we own and operate.

SUPPLY CHAIN MANAGEMENT

Supplier Accreditation Policy of the Organization

TOPIC	Y/N	If YES, cite reference in the supplier policy
Environmental Performance	Y	Supplier Selection and Accreditation Purchasing Manual on Materials Management
Human rights	Y	Supplier and Purchase Agreements
Bribery and corruption	Y	Supplier and Purchase Agreements

Management Approach on Supply Chain Management

From our supply chain, commissary, manufacturing, and logistics, we are fully integrated to ensure high-quality products and services, and to maximize efficiency and optimize costs. Through technology, the Company integrates outside partners as well as internal departments to always be up to speed on data analytics needed for quick decision-making and resolution of issues.

The Company expects all of its business partners to exhibit the same values of fairness, transparency, accountability, and integrity, as a condition of their engagement. Our business partners must be aligned and demonstrate compliance with the Company's principles and standards as stated in the FCG Code as a condition to their continued business relationship with the Company, as well as apply the Code to the parties with whom they work in providing goods and services to the Company. Our business partners must value the health and safety of human beings and the protection of the environment. They must adhere to effective and efficient management systems to meet contractual obligations, facilitate continual improvement, and uphold the image and brands of the Company.

To facilitate the selection of our business partners, a summary of FCG’s general accreditation process is provided below:

1. FCG shall deal only with legitimate, reputable, reliable, competent, and responsible suppliers who will pass the prescribed accreditation process.
2. Product samples are presented by the potential suppliers and must undergo product testing through R&D (Research and Development Department) for the evaluation of the products.
3. Potential suppliers must present all documentary requirements that establish their legal capacity to contract and operate their business and in compliance with Good Manufacturing Practice (GMP) in respect of its facilities and manufacturing processes. The required documents shall be updated regularly.
4. A facility audit or onsite visit shall be conducted as part of the accreditation process to survey the premises, structures, equipment, and personnel as well as the procedures in relation to production, receiving, storage, distribution, and compliance with the statutory requirements with respect to operations.
5. Suppliers who satisfactorily have passed the assessment with product samples that meet standards will proceed with the accreditation process.

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 (stores)	Cities where stores are located (NCR, Luzon, Visayas and Mindanao)	-	N	-	-
Supplier (Local suppliers/markets)	- Baguio/ Benguet - Nueva Ecija - Cavite - Local suppliers and markets where community stores are located	-	N	-	-

**Vulnerable sectors include elderly, persons with disabilities, vulnerable woman, 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).*

Management Approach on Significant Impacts on Local Communities

We have a long history of providing meaningful, and often transformational, support to communities in which we operate. As reported in the previous section on procurement practices and CSR activities, our commissary and stores across all our brands, particularly our provincial stores, provide business opportunities to the local markets for the supply of raw materials, such as coffee beans, vegetables, and processed meat. Our supply of vegetables for our NCR stores is

sourced from Baguio, Cavite, and Nueva Ecija. FCG is committed to promoting and sustaining the Angkat sa Baguio initiative in support of the farmers in Baguio, Benguet, and the rest of the Cordillera Administrative Region. Our provincial stores source fresh vegetables directly from the local community markets where the stores are located. As further reported above, the Company has continued to champion the local Barako coffee. We source our coffee beans from local coffee beans suppliers that have passed our stringent accreditation standards. The Company's Procurement Team is also working on finding additional suppliers from local communities to support our expansion plans. For this year, the Company has marketing collaborations with Pepsi-Cola Products Philippines, Inc. and Nestle Philippines. One of the engagements with Pepsi-Cola is to promote health and wellness by replacing 7Up with Sugar with 7Up No Sugar. To further promote the livelihood of our local farmers, we are pleased to add to the list our new vegetable supplier from Cavite.

Our operations have also provided business opportunities and instruments for wealth creation for our franchisees in the Philippines and abroad. Our provincial franchisees are men and women in their respective cities and provinces who share the same vision as the Company to provide quality and sustainable food and food services to Filipinos throughout the country.

Further, as likewise cited above, the Company prioritizes hiring locally, particularly in the areas where our stores are located, thus, providing job opportunities to these communities. As a matter of policy, our employees are assigned to the nearest branch from their residence.

CUSTOMER MANAGEMENT

FCG strives to be the customer's preferred choice. We listen to our customers to understand and anticipate their needs. Customers choose us because we provide them with products and services that exceed their expectations.

Customer Satisfaction

DISCLOSURE	SCORE	Did a third party conduct the customer satisfaction study (Y/N)
Customer Satisfaction	See discussion below	N

In line with our mission "to deliver quality, innovative and value-for-money food favorites that every customer will love and want to share", the Company has established programs to assess and monitor customer satisfaction, including our Mystery Shopper Program, Customer Feedback, and social media monitoring.

Through our Mystery Shopper Program, we are able to measure the quality of service and gather specific information about the products and services being offered in our stores. This is our principal method for identifying customer service behaviors, measuring employee performance, and evaluating ways to improve and promote excellence in customer service and customer satisfaction. The frequency of this program is done on a monthly basis to all Corporate-owned stores. Our Customer Feedback program is

being implemented in our Corporate and franchise stores. Aside from customer feedback received directly in our stores, customer complaints, comments, suggestions, and concerns are also being monitored through our Facebook and Instagram brand/corporate accounts, managed by our Marketing Department and our Call Center’s Admin Department. With the assistance of our Area Managers, all customer feedback matters are consolidated on a weekly basis and reported to Management. For product concerns, customers are provided with complimentary gift vouchers for product replacement. Depending on the gravity of the concern, store managers are trained to manage immediate customer concerns. Also, our Digital Marketing Assistant manages FCG’s social media activities through our Facebook pages and Instagram accounts. Our social media platforms enable us to identify customer service behavior, measure employee performance, and conduct appropriate evaluations to improve and promote excellence in customer service and customer satisfaction.

It is our Company’s vision to be a top-of-mind company in delivering happiness to customers and value to partners and shareholders. To be value-oriented is one thing, but to be Customer-Value oriented is a higher level in itself. We make every decision and action regarding our products based on what would be the best for our customers and what would delight them the most. We believe in being obsessed with customer satisfaction and aligning every facet of our strategy and goals with our valued customers. We have received the following awards during this fiscal year period in recognition of our continuous commitment to realizing our Company’s vision:

- 2022 Grab Food Signature Trailblazer Award
- 2022 Golden Grab Awards (Luzon’s Finest – Cities of Tomorrow)
 Angel’s Pizza is the only brand in Luzon that received the Golden Grab Awards for showing aggressive growth in the region.

Health and Safety

DISCLOSURE	QUANTITY 2023	Units
No. of substantiated complaints on products or service health and safety*	0	#
No. of complaints addressed	-	#

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

Management Approach on Health and Safety

As of date, no complaints regarding health and safety were filed. Despite that, our Food Safety Practices are all fully implemented in all our branches as well as our commissaries, as managed by the Safety Committee headed by the Company’s Safety Officer. In case of complaints, we have existing procedures for handling such complaints, and our personnel training includes Crisis Management and Customer Service modules. Health and safety matters that may be raised by customers are part of the weekly monitoring that is reported to Management, as monitored and consolidated by our Area Managers, Marketing Department, and our Call Center.

Marketing and Labeling

DISCLOSURE	QUANTITY 2023	Units
No. of substantiated complaints on marketing and labeling*	0	#
No. of complaints addressed	-	#

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

Management Approach on Marketing and Labeling

As of date, no complaints regarding our marketing activities and strategy have been filed against the Company. Our Marketing Department manages the marketing activities of our Group, including activities through our social media platforms. As stated above, a weekly consolidated report is elevated to Management that includes matters on customer management and the function of marketing to manage and improve customer relations and satisfaction.

Customer Privacy

DISCLOSURE	QUANTITY 2023	Units
No. of substantiated complaints on privacy*	0	#
No. of complaints addressed	0	#
No. of customers, users, and account holders whose information is used for secondary purpose	0	#

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

Data Security

DISCLOSURE	QUANTITY 2023	Units
No. of data breaches, including leaks, thefts, and losses of data	0	#

Management Approach on Customer Privacy and Data Security

Our Company respects individuals in a manner consistent with the rights to privacy and data protection. We ensure that information about our customers and business partners are used appropriately for necessary business purposes and shall be protected from misuse to prevent undue harm to individuals such as discrimination, stigmatization, or other damage to reputation and personal dignity, impact on physical integrity, fraud, financial loss, or identity theft. The Company shall continue to strictly enforce its Data Privacy Policy as integrated into our business operations, including FCG’s online customer and delivery portals, to ensure full compliance with the data privacy laws and regulations.

UN SUSTAINABLE DEVELOPMENT GOALS

Our philosophy has always been long-term sustainability and business viability. We achieve this through diversification, prudent investing, and growth management. We ensure that capital expenditures will be put to good use to create long-term value for the Company. We expand at our own pace based on what will create the best long-term sustainable value for customers, our shareholders, the Company, and our business partners.

Key Products and Services	UN Sustainable Development Goals	Social Value / Contribution to SDG
<ul style="list-style-type: none"> • Purely Filipino and home-grown diversified food group, operating more than 167 corporate and franchise branches nationwide and international territories: Figaro Coffee, Angel's Pizza, Tien Ma's, and Café Portofino stores • FCG ensures high-quality products by controlling our production process, from roasting our own coffee weekly, producing our own breads, pastries, and food products, and engaging with suppliers that meet the same high-quality standards. • Extensive and innovative menu offerings that cater to a wide market – families and groups through our large-sized offerings at Tien Ma's and through our pizzas and bundles at Angel's Pizza; also cater to corporate and private functions/ events through Figaro coffee. • Developed three different successful store formats – full store, kiosk, cart, and dual concept. We complement our dine-in services with an efficient delivery system and an expanding online sales platform. • FCG's Commissary business offers customized and large-volume products to institutional clients in a B2B model. Our products range from rice meals, baked goods, ready-to-eat, frozen food, customized coffee 	SDG 2: Zero Hunger	FCG sources raw materials from local farmers and suppliers, like vegetables from Baguio, Nueva Ecija, Cavite, and in the local community markets where our provincial stores are located. Our coffee beans are likewise sourced from local coffee suppliers.
	SDG 3: Good Health and Well-being	As FCG pursues its mission and vision - "spreading happiness through food and value" – we maintain a sustainable working environment and provide high-quality and healthy food products and services to our customers. We have launched new products in 2023, including new product items to supplement our menu of products catering to health-conscious customers, and those who love to explore innovative tastes.
	SDG 5: Gender Equality	FCG provides equal opportunity to all employees without regard to gender, religion, marital status, ethnicity, or age. We champion pay equity and mutual respect, promoting an environment of fairness and equality. Our women workforce has equal opportunities for career growth, and women continue to hold critical roles in our senior management team.
	SDG 6: Clean Water and Sanitation	FCG's ESG Manual and all supporting policies and guidelines including Stores Proper Waste Management Policy, Waste Disposal Control, and Guidelines for Waste Water and Hazardous Waste, ensure the safe handling, movement, storage, or management

Key Products and Services	UN Sustainable Development Goals	Social Value / Contribution to SDG
<p>blends, and various coffee solutions, among others.</p>	<p>SDG 8: Decent Work and Economic Growth</p>	<p>of waste, air emissions, and wastewater discharges.</p> <p>FCG provides employment through our stores and store network expansion and sets competitive and market-based benefits, compensation, healthcare, continuous recruitment, and training of employees. We also provide business opportunities for our business partners including local suppliers and franchisees. Our food products showcase Philippine culture and products, including how FCG has championed the Philippine Barako coffee. FCG continues to provide internship programs to college and graduating students from particular schools in Mindoro and NCR as part of their requirements for various degrees, assigning them to the head office or company-owned stores.</p>
	<p>SDG 12: Responsible consumption and production</p>	<p>Continuous strategic sourcing of our raw materials, goods and services while maintaining and improving service levels; FCG's commitment to sustainable practices including strict implementation of Waste Reduction and Proper Waste Management Policy, Waste Segregation and Disposal Guidelines, and Drainage System Guidelines, to support the environmental impact management of the Group. FCG's Procurement and Supply Chain Management policies are also aligned with FCG's principles and values of fairness, transparency, accountability, and integrity.</p>
	<p>SDG 16: Peace and Justice Strong Institutions</p>	<p>FCG has established corporate governance policies and regulations for all employees across all business units (Operations, Support, Sales, and Business Development), for its Board of Directors, and business partners.</p>

LIST OF TOP 100 STOCKHOLDERS - Q3 (COMMON SHARES)
(As of 30 September 2023)

		NO. OF SHARES	PERCENTAGE
1	CAMERTON INC	11,401,148,995 **	81.6206856934%
2	PCD NOMINEE CORPORATION	2,192,261,300	15.6943717342%
	FILIPINO	2,118,082,125	
	NON-FILIPINO	74,179,175	
3	CARMETHEUS HOLDINGS	375,000,000	2.68462039646%
4	JOSELITO HERRERA	10,000	0.00007158990%
5	NADEZHDA ISKRA F. HERRERA	10,000	0.00007158990%
6	GABRIELLE CLAUDIA F. HERRERA	10,000	0.00007158990%
7	JUAN TRINIDAD LIM	10,000	0.00007158990%
8	JENNIFER T. RAMOS	5,000	0.00003579490%
9	CORAZON P. GUIDOTE	1	0.0000000072%
10	SENEN L. MATOTO	1	0.0000000072%
11	HECTOR VILLANUEVA	1	0.0000000072%
	TOTAL	13,968,455,298	100.0000000%

** Includes the 8,500,000,000 Preferred Shares Series 2023-1, not for listing

Number of Issued and Outstanding Common Shares	5,468,455,298
Number of Listed Common Shares	5,468,455,298
Number of Lodged Common Shares	2,192,261,300
Number of Certificated Common Shares	3,276,193,998

FCG000000000 September 29, 2023
OUTSTANDING BALANCES FOR SPECIFIC COMPANY
September 29, 2023
FCG000000000

BPNAME	QUANTITY
UPCC SECURITIES CORP.	825,000
A & A SECURITIES, INC.	847,000
ABACUS SECURITIES CORPORATION	538,164,324
PHILSTOCKS FINANCIAL INC	11,786,251
ALPHA SECURITIES CORP.	600,000
BA SECURITIES, INC.	190,000
AP SECURITIES INCORPORATED	3,821,000
ANSALDO, GODINEZ & CO., INC.	240,000
AB CAPITAL SECURITIES, INC.	15,501,419
SB EQUITIES, INC.	9,189,000
ASIA PACIFIC CAPITAL EQUITIES & SECURITIES CORP.	220,000
ASIASEC EQUITIES, INC.	11,865,000
CHINA BANK SECURITIES CORPORATION	20,937,000
BELSON SECURITIES, INC.	3,368,000
JAKA SECURITIES CORP.	200,000
BPI SECURITIES CORPORATION	867,285,984
CAMPOS, LANUZA & COMPANY, INC.	49,000
SINCERE SECURITIES CORPORATION	1,488,000
CTS GLOBAL EQUITY GROUP, INC.	34,170,000
LUNA SECURITIES, INC.	28,001
TRITON SECURITIES CORP.	248,000
IGC SECURITIES INC.	1,267,000
CUALOPING SECURITIES CORPORATION	560,000
DAVID GO SECURITIES CORP.	27,000
DIVERSIFIED SECURITIES, INC.	4,506,000
E. CHUA CHIACO SECURITIES, INC.	755,000
EASTERN SECURITIES DEVELOPMENT CORPORATION	1,514,000
EQUITIWORLD SECURITIES, INC.	8,778,000
EVERGREEN STOCK BROKERAGE & SEC., INC.	5,826,000
FIRST ORIENT SECURITIES, INC.	507,000
F. YAP SECURITIES, INC.	3,064,700
GLOBALINKS SECURITIES & STOCKS, INC.	1,311,000
GOLDSTAR SECURITIES, INC.	2,966,000
GUILD SECURITIES, INC.	510,000
HDI SECURITIES, INC.	15,496,000
H. E. BENNETT SECURITIES, INC.	26,000
I. B. GIMENEZ SECURITIES, INC.	26,000
INVESTORS SECURITIES, INC,	255,000
IMPERIAL, DE GUZMAN, ABALOS & CO., INC.	542,000
INTRA-INVEST SECURITIES, INC.	360,000
J.M. BARCELON & CO., INC.	404,000

VALUE QUEST SECURITIES CORPORATION	335,000
STRATEGIC EQUITIES CORP.	1,080,000
LARRGO SECURITIES CO., INC.	60,000
LOPEZ, LOCSIN, LEDESMA & CO., INC.	20,000
LUCKY SECURITIES, INC.	27,000
LUYS SECURITIES COMPANY, INC.	250,000
MANDARIN SECURITIES CORPORATION	3,504,000
COL Financial Group, Inc.	290,262,158
DA MARKET SECURITIES, INC.	700,000
MERCANTILE SECURITIES CORP.	3,186,000
MERIDIAN SECURITIES, INC.	310,000
MDR SECURITIES, INC.	500,000
MOUNT PEAK SECURITIES, INC.	1,400,000
NEW WORLD SECURITIES CO., INC.	1,050,000
OPTIMUM SECURITIES CORPORATION	440,000
RCBC SECURITIES, INC.	2,254,000
PAN ASIA SECURITIES CORP.	675,000
PAPA SECURITIES CORPORATION	1,283,000
MAYBANK SECURITIES, INC.	892,000
PNB SECURITIES, INC.	10,025,005
QUALITY INVESTMENTS & SECURITIES CORPORATION	2,662,000
R. COYIUTO SECURITIES, INC.	2,641,000
REGINA CAPITAL DEVELOPMENT CORPORATION	422,000
R. NUBLA SECURITIES, INC.	236,000
AAA SOUTHEAST EQUITIES, INCORPORATED	9,350,000
R. S. LIM & CO., INC.	225,000
RTG & COMPANY, INC.	164,000
SECURITIES SPECIALISTS, INC.	1,200,000
SUMMIT SECURITIES, INC.	450,000
STANDARD SECURITIES CORPORATION	300,000
TANSENGCO & CO., INC.	1,000,000
THE FIRST RESOURCES MANAGEMENT & SECURITIES CORP.	210,000
TOWER SECURITIES, INC.	6,710,000
APEX PHILIPPINES EQUITIES CORPORATION	729,000
DRAGONFI SECURITIES, INC.	626,000
LANDBANK SECURITIES, INC.	1,150,000
VENTURE SECURITIES, INC.	285,000
FIRST METRO SECURITIES BROKERAGE CORP.	77,992,823
WEALTH SECURITIES, INC.	560,000
WESTLINK GLOBAL EQUITIES, INC.	358,000
BERNAD SECURITIES, INC.	5,500,000
WONG SECURITIES CORPORATION	400,000
YAO & ZIALCITA, INC.	4,530,000
YU & COMPANY, INC.	203,000
BDO SECURITIES CORPORATION	53,570,835
GOLDEN TOWER SECURITIES & HOLDINGS, INC.	270,000
SOLAR SECURITIES, INC.	1,090,000

G.D. TAN & COMPANY, INC.	3,600,000
PHILIPPINE EQUITY PARTNERS, INC.	150,000
UNICAPITAL SECURITIES INC.	5,597,800
SunSecurities, Inc.	4,633,000
TIMSON SECURITIES, INC.	5,171,000
STAR ALLIANCE SECURITIES CORP.	84,073,000
VC SECURITIES CORPORATION	2,950,000
CITIBANK N.A.	5,316,000
DEUTSCHE BANK MANILA-CLIENTS A/C	11,432,000
RCBC TRUST & INVESTMENT DIVISION - VARIOUS TAXABLE ACCTS	415,000
STANDARD CHARTERED BANK	3,587,000
THE HONGKONG AND SHANGHAI BANKING CORP. LTD. -CLIENTS' ACCT.	3,260,000
BDO-TIG SECURITIES SERVICES	1,265,000
TOTAL	2,192,261,300



SECURITIES AND EXCHANGE COMMISSION

THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph



The following document has been received:

Receiving: Mark Anthony Oseña

Receipt Date and Time: October 16, 2023 10:06:40 AM

Company Information

SEC Registration No.: CS201811119

Company Name: FIGARO COFFEE GROUP INC.

Industry Classification: I56101

Company Type: Stock Corporation

Document Information

Document ID: OST11016202381739759

Document Type: Financial Statement

Document Code: FS

Period Covered: June 30, 2023

Submission Type: Parent, Annual

Remarks: None

Acceptance of this document is subject to review of forms and contents

FIGARO COFFEE GROUP, INC (“FCG”)

**Audited Financial Statements
(ending period 30 June 2023)**



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR SEPARATE FINANCIAL STATEMENTS


The Management of **FIGARO COFFEE GROUP, INC.** is responsible for the preparation and fair presentation of the separate financial statements including the schedules attached therein, as at June 30, 2023 and 2022 and each for the three years in the period ended June 30, 2023, in accordance with the Philippine Financial Reporting Standards, and for such internal control as Management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

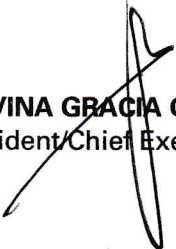
In preparing the separate financial statements, Management is responsible for assessing the Parent Company's ability to continue as going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management intends to liquidate the Company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

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

The Board of Directors reviews and approves the separate financial statements, including the schedule attached therein, and submits the same to the stockholders.

R.S. BERNALDO & ASSOCIATES, the independent auditor appointed by the stockholders, has audited the separate financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.


JUSTIN T. LIU
Chairman of the Board


DIVINA GRACIA G. CABULOY
President/Chief Executive Officer


JOSE PETROMIO D. ESPAÑOL III
Treasurer/ Chief Finance Officer

JOC NO. 368
BOOK N. XXXI
PAGE NO. 75
SERIES OF. 2023

OCT 12 2023
City of Manila

ATTY. HENRY D. ADASA
NOTARY PUBLIC CITY OF MANILA
APPOINTMENT 097/12/31/2023 MANILA
IBP NO. 181139 / 01/03/2023
PTR NO. 0861145 / 01/03/2023
ROLL NO. 29679, TIN NO. 172-528-620
MILE COMP. NO. VII-0000165 VALID UNTIL APRIL 14, 2025
14 1-11 TAYUMAN ST., STA. CRUZ, MANILA




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

The Management of **FIGARO COFFEE GROUP, INC.** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended June 30, 2023. 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 June 30, 2023 and the accompanying Annual Income Tax Return are in accordance with the books and records of **FIGARO COFFEE GROUP, 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 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) **FIGARO COFFEE GROUP, INC.** 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.



JUSTIN T. LIU
Chairman of the Board


JOSE PETROMIO D. ESPAÑOL III
Treasurer/ Chief Finance Officer

JLC NO. 307
BOOK NO. XXXVI
PAGE NO. 75
SERIES OF. 2023

City of Manila

OCT 12 2023


ATTY. HENRY D. ADASA
NOTARY PUBLIC CITY OF MANILA
APPOINTMENT 097/12/31/2023 MANILA
IBP NO. 181139 / 01/03/2023
PTR NO. 0861145 / 01/03/2023
ROLL NO. 29679, TIN NO. 172-528-620
M. LE COMP. NO. VII-0000165 VALID UNTIL APRIL 14, 2025
14 1-11 TAYUMAN ST., STA. CRUZ, MANILA



Marilou Roca <malou@figaro.ph>

Tax Return Receipt Confirmation

1 message

ebirforms-noreply@bir.gov.ph <ebirforms-noreply@bir.gov.ph>

Fri, Oct 13, 2023 at 6:08 PM

To: malou@figaro.ph

This confirms receipt of your submission with the following details subject to validation by BIR:

File name: 010061026000-1702RTv2018C-062023.xml

Date received by BIR: 13 October 2023

Time received by BIR: 03:39 PM

Penalties may be imposed for any violation of the provisions of the NIRC and issuances thereof.

FOR RETURNS WITH TAX PAYABLE:**Please pay through any of the following ePayment Channels:****Land Bank of the Philippines Link.BizPortal**

- LBP ATM Cards
- Bancnet ATM/Debit Cards
- PCHC PayGate or PESONeT (RCBC, Robinsons Bank, UnionBank, PSBank, BPI, Asia United Bank)

DBP PayTax Online

- Credit Cards (MasterCard/Visa)
- Bancnet ATM/Debit Cards

Unionbank of the Philippines

- Unionbank Online (for Unionbank Individual and Corporate Account Holders)
- UPAY via InstaPay (For Individual Non-Unionbank Account Holders)

Taxpayer Agent/ Tax Software Provider-TSP

- (Gcash/PayMaya/MyEG)

This is a system-generated email. Please do not reply.**Bureau of Internal Revenue**

INDEPENDENT AUDITOR'S REPORT TO ACCOMPANY INCOME TAX RETURN

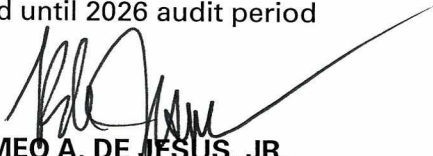
The Board of Directors and the Stockholders
FIGARO COFFEE GROUP, INC.
116 E. Main Avenue, Phase V, SEZ Laguna Technopark
Binan, Laguna

We have audited the separate financial statements of **FIGARO COFFEE GROUP, INC.** for the periods ended June 30, 2023 and 2022 on which we have rendered the attached report dated October 12, 2023.

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

R.S. BERNALDO & ASSOCIATES

BOA/PRC No. 0300
Valid until May 28, 2024
BSP Group B Accredited
Accreditation No. 0300-BSP
Valid until 2026 audit period
BIR Accreditation No. 08-007679-000-2023
Valid from January 31, 2023 until January 30, 2026
IC Group A Accredited
Accreditation No. 0300-IC
Valid until 2026 audit period



ROMEO A. DE JESUS, JR.
Managing Partner
CPA Certificate No. 86071
BIR Accreditation No. 08-004744-001-2021
Valid from January 25, 2021 until January 24, 2024
Tax Identification No. 109-227-897
IC Group A Accredited
Accreditation No. 86071-IC
Valid until 2026 audit period
PTR No. 9567815
Issued on January 4, 2023 at Makati City

October 12, 2023

COVERSHEET AUDITED FINANCIAL STATEMENTS

C S 2 0 1 8 1 1 1 1 9

SEC Registration Number

F I G A R O C O F F E E G R O U P , I N C .

(Company's Full Name)

1 1 6 E A S T M A I N A V E . P H A S E V - S E Z
L A G U N A T E C H N O P A R K , B I Ñ A N , L A G U N A
4 0 3 4

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

Sigrid Von D. De Jesus

(Contact Person)

0917-8832172

(Company Telephone Number)

0 6 3 0

Month Day
(Fiscal Year)

ACFS

(Form Type)

06 DEC

Month Day
(Annual Meeting)

N/A

(Secondary License Type, If Applicable)

CRMD

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

| | | | | | | | | |

File Number

LCU

| | | | | | | | | |

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Stockholders
FIGARO COFFEE GROUP, INC.
116 E. Main Avenue, Phase V, SEZ Laguna Technopark
Binan, Laguna

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of **FIGARO COFFEE GROUP, INC.** (the "Company"), which comprise the separate statements of financial position as at June 30, 2023 and 2022 and the separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for the periods then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Company as at June 30, 2023 and 2022, and its separate financial performance and its separate statements of cash flows for each of the three years in the period ended June 30, 2023 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matter

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 period. 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, if any.

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

BOA /PRC No. 0300 • BIR Accredited • SEC Group A Accredited • BSP Group B Accredited • IC Accredited
18/F Cityland Condominium 10 Tower 1, 156 H.V. dela Costa Street, Ayala North, Makati City, Philippines 1226
Tel: +632 8812-1718 to 22 **Email:** rsbassoc@pkfrsberaldo.com **www.pkfrsberaldo.com**

R.S. Bernaldo & Associates is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

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

Management is responsible for the preparation and fair presentation of the Separate Financial Statements in accordance with PFRSs, and for such internal control as Management determines is necessary to enable the preparation of Separate Financial Statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audits 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 Parent 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 Parent 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 separate 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 Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits 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 to 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 audits of the separate 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.

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulation Nos. 15-2010 and 19-2011 in Notes 18 and 19, respectively, to the financial statements, is presented for purposes of filing with Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the Management of **FIGARO COFFEE GROUP, INC.** The information has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditors' report is **ROMEO A. DE JESUS, JR.**

R.S. BERNALDO & ASSOCIATES

BOA/PRC No. 0300

Valid until May 28, 2024

BSP Group B Accredited

Accreditation No. 0300-BSP

Valid until 2026 audit period

BIR Accreditation No. 08-007679-000-2023

Valid from January 31, 2023 until January 30, 2026

IC Group A Accredited

Accreditation No. 0300-IC

Valid until 2026 audit period



ROMEO A. DE JESUS, JR.

Managing Partner

CPA Certificate No. 86071

BIR Accreditation No. 08-004744-001-2021

Valid from January 25, 2021 until January 24, 2024

Tax Identification No. 109-227-897

IC Group A Accredited

Accreditation No. 86071-IC

Valid until 2026 audit period

PTR No. 9567815

Issued on January 4, 2023 at Makati City

October 12, 2023

FIGARO COFFEE GROUP, INC.
SEPARATE STATEMENTS OF FINANCIAL POSITION
June 30, 2023, 2022 and 2021
(In Philippine Peso)

	NOTES	2023	2022	2021
A S S E T S				
Current Assets				
Cash	6	2,183,916	2,183,916	-
Short-term investment		895,000,000	-	-
Advances to related parties	10	718,900,455	718,900,455	67,872,936
Deferred input VAT	7	103,629	62,229	40,800
		1,616,188,000	721,146,600	67,913,736
Non-current Asset				
Investment in a subsidiary	8	376,569,838	441,565,564	441,565,564
TOTAL ASSETS		1,992,757,838	1,162,712,164	509,479,300
LIABILITY AND STOCKHOLDERS' EQUITY				
LIABILITY				
Current Liability				
Accrued professional fee	9	967,200	580,800	380,800
TOTAL LIABILITY		967,200	580,800	380,800
STOCKHOLDERS' EQUITY				
Capital Stock	11	589,345,529	464,818,700	322,500,500
Additional Paid-in Capital	11	1,403,308,680	697,831,235	186,938,000
Retained Earnings (Deficit)		(863,571)	(518,571)	(340,000)
TOTAL STOCKHOLDERS' EQUITY		1,991,790,638	1,162,131,364	509,098,500
TOTAL LIABILITY AND STOCKHOLDERS' EQUITY		1,992,757,838	1,162,712,164	509,479,300

(See Notes to Separate Financial Statements)

FIGARO COFFEE GROUP, INC.
SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended June 30, 2023, 2022 and 2021

(In Philippine Peso)

	NOTE	2023	2022	2021
DIVIDEND INCOME		89,988,900	-	-
PROFESSIONAL FEES		345,000	178,571	100,000
PROFIT (LOSS)		89,643,900	(178,571)	(100,000)
BASIC PROFIT (LOSS) PER SHARE	13	-	-	-

(See Notes to Separate Financial Statements)

FIGARO COFFEE GROUP, INC.
SEPARATE STATEMENTS OF CHANGES IN EQUITY

For the Years Ended June 30, 2023, 2022 and 2021

(In Philippine Peso)

	Note	Capital Stock	Additional Paid-in Capital	Deficit	Total
Balance at July 1, 2020	11	9,375,500	-	(240,000)	9,135,500
Loss				(100,000)	(100,000)
Issuance of shares	11	313,125,000	186,938,000		500,063,000
Balance at June 30, 2021	11	322,500,500	186,938,000	(340,000)	509,098,500
Loss				(178,571)	(178,571)
Issuance of shares	11	142,318,200	510,893,235		653,211,435
Balance at June 30, 2022	11	464,818,700	697,831,235	(518,571)	1,162,131,364
Profit				89,643,900	89,643,900
Issuance of shares	11	124,526,829	705,477,445		830,004,274
Dividends declared and paid	11			(89,988,900)	(89,988,900)
Balance at June 30, 2023	11	589,345,529	1,403,308,680	(863,571)	1,991,790,638

(See Notes to Separate Financial Statements)

FIGARO COFFEE GROUP, INC.
SEPARATE STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2023, 2022 and 2021
(In Philippine Peso)

	NOTES	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit (Loss) before tax		89,643,900	(178,571)	(100,000)
Adjustments for:				
Dividend income		89,988,900	-	-
Operating cash flows before changes in working capital		179,632,800	(178,571)	(100,000)
Increase in operating asset:				
Increase in short-term investment		(895,000,000)	-	-
Increase in deferred input VAT		(41,400)	(21,429)	(12,000)
Increase in accrued professional fee		386,399	200,000	112,000
Net cash from operating activities		(715,022,201)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Advances collected from related parties	10	718,900,456	67,872,936	75,877,564
Payment for investment in a subsidiary	8	64,995,726	-	(441,565,564)
Advances given to related parties	10	(718,900,455)	(718,900,455)	(134,375,000)
Net cash used in investing activities		64,995,727	(651,027,519)	(500,063,000)
CASH FLOW FROM A FINANCING ACTIVITY				
Proceeds from issuance of capital stock	11	740,015,374	653,211,435	500,063,000
Dividends declared and paid		(89,988,900)	-	-
Net cash from financing activities		650,026,474	653,211,435	500,063,000
NET INCREASE IN CASH		-	2,183,916	-
CASH AT BEGINNING OF YEAR		2,183,916	-	-
CASH AT END OF YEAR		2,183,916	2,183,916	-

(See Notes to Separate Financial Statements)

FIGARO COFFEE GROUP, INC.
NOTES TO SEPARATE FINANCIAL STATEMENTS
June 30, 2023, 2022 and 2021

1. CORPORATE INFORMATION

Figaro Coffee Group, Inc. (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on July 6, 2018. The principal activities of the Company are to process, manufacture, and package all kinds of food products; to establish, invest, develop, operate and maintain restaurants, coffee shops, and refreshment parlors; to serve, arrange and cater foods, drinks, refreshments and other food or commodities; to partner and/or collaborate with other players in the food industry for the management and operation of food establishments; to acquire, invest, organize, develop, promote, or otherwise undertake the management and operation of commercial franchises in the food industry; to provide facilities and commissaries and perform all other activities and services incidental thereto, necessary or desirable in relation thereto, and offer and sell to public such products, franchises, services other operation thereof, and to own shares in companies which are in furtherance of its purposes, and to guarantee for and in behalf of the Corporation obligations of other corporations or entities in which it has lawful interest in.

On October 22, 2021, the SEC approved the Company's application for amendment of its articles of incorporation to reflect the following primary purpose: invest in, purchase, or otherwise acquire and own, hold, use, sell assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description, including shares of stock, bonds, debentures, notes, evidences of indebtedness, and other securities or obligations of any corporation or corporations, association or associations, domestic or foreign, for whatever lawful purpose or purposes the same may have been recognized and to pay thereof in money or by exchanging therefor stocks, bonds or other evidences of indebtedness or securities of this or any other corporation, and while the owner or holder of any such real or personal property, stocks, bonds, debentures, contracts, or obligations, to receive, collect and dispose of the interest, dividends, and income arising from such property; and to possess and exercise in respect thereof all the rights, powers, and privileges of ownership, including all voting powers of any stock so owned; to carry on, provide support and manage the general business of any corporation, company, association or joint venture; to exercise such powers, acts or functions as may be essential or necessary to carry out the purpose stated herein; and to guarantee for and in behalf of the Corporation obligations of other corporations or entities in which it has lawful interest in.

On March 31, 2021, the Company's Board of Directors and Stockholders approved the following:

- a. The Company's change in registered office address from No. 33 Mayon St., Brgy. Malamig, Mandaluyong City, Metro Manila, Philippines to 116 E. Main Avenue, Phase V, SEZ Laguna Technopark, Binan, Laguna.
- b. The Company's change in reporting period from calendar year to fiscal year which shall begin on the first day of July and end on the last day of June.

The change in registered office address and reporting period was approved by SEC on June 23, 2021.

On March 31, 2021, the Company's Board of Directors and Stockholders approved: (a) increase in authorized capital stock from ₱150,000,000 to ₱500,000,000; and (b) the stock split through the reduction of the par value of the shares of the Company from ₱100.00 per share to ₱0.10 per share. SEC approved the Company's application to increase authorized capital stock on June 23, 2021.

On September 16, 2021, the Securities and Exchange Commission approved the Company's increase in authorized capital stock to ₱660,000,000 divided into 6,600,000,000 shares with a par value of ₱0.10 per share.

At incorporation, Camertheus Holdings, Inc. (CHI) subscribed to ₱37,500,000 worth of shares in the Parent Company. Out of such subscription, ₱9,375,000 had been paid by CHI at incorporation of the Parent Company. During the period, CHI fully paid its subscription receivable amounting to ₱28,125,000.

Camerton, Inc. (CI) subscribed to the following shares of the Company:

- a. In support of the application for increase in authorized capital stock, Camerton, Inc. (CI), on March 31, 2021, subscribed to 1,250,000,000 shares of the Parent Company for a total subscription price of ₱125,000,000. The subscribed shares were fully paid and issued June 22, 2021.
- b. On June 20, 2021, the board of the Company approved the additional paid-in capital in the amount of ₱83,138,000 paid by CI into the Parent Company.
- c. 1,250,000,000 shares with par value of ₱0.10 per share for a total subscription price of ₱228,800,000, or ₱0.18304 price per share. The said subscription resulted to an additional capital stock of ₱125,000,000 and additional paid-in capital of ₱103,800,000 in the Parent Company; and
- d. 350,000,000 shares of the Parent Company with par value of ₱0.10 per share for a total subscription price of ₱35,000,000.

As of June 30, 2021, the outstanding capital of the Company is ₱322,500,500 (excluding the additional paid-in capital of ₱186,938,000 with 3,225,005,000 shares issued).

As of June 30, 2021, the Company is 88.37% owned by Camerton, Inc. and 11.63% owned by Carmetheus Holdings, Inc.

As of June 30, 2021, the Company is in the process of compiling with the requirements to file Registration Statement with SEC in accordance with the provisions of the Securities Regulation Code of the Philippines (Republic Act No. 8799, the "SRC") for the registration of all the issued and outstanding Shares of the Company and the Offer Shares.

On January 24, 2022, the Company completed its Initial Public Offering (IPO) and was listed in the Philippine Stock Exchange (PSE) under stock symbol "FCG." The Company issued 93,016,000 common shares for a total consideration of ₱69,762,000 or at ₱0.75 per share. This resulted to an additional issuance of capital stock of 1,423,182,003 with par value of ₱0.10 per share for a total of ₱142,318,200.

As of June 30, 2022, the outstanding capital of the Company is ₱464,818,700 (excluding the additional paid-in capital of ₱697,831,235 with 4,648,187,003 shares issued).

As of June 30, 2022, the Company is 69.94% owned by Camerton, Inc. and 8.07% owned by Carmetheus Holdings, Inc.

As of June 30, 2023, the outstanding capital of the Company is ₱5,893,455,293 (excluding the additional paid-in capital of ₱1,403,308,680 with 589,345,529 shares issued).

As of June 30, 2023, the Company is 53.05% owned by Camerton, Inc., 15% owned by Monde Nissin Corporation and 6.86% owned by Carmetheus Holdings, Inc.

2. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The Philippine Financial and Sustainability Reporting Standards Council (FSRSC) approved the issuance of new and revised Philippine Financial Reporting Standards (PFRS). The term "PFRS" in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and Interpretations issued by the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the FSRSC and adopted by SEC.

These new and revised PFRS prescribe new accounting recognition, measurement and disclosure requirements applicable to the Company. When applicable, the adoption of the new standards was made in accordance with their transitional provisions, otherwise the adoption is accounted for as change in accounting policy under PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

2.01 New and Revised PFRSs Applied with No Material Effect on the Separate Financial Statements

The following new and revised PFRSs have also been adopted in these separate financial statements. The application of these new and revised PFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to PFRS 16, *COVID-19-Related Rent Concessions beyond June 30, 2022*

The following are the amendments to PFRS 16:

- permit a lessee to apply the practical expedient regarding COVID-19-related rent concessions to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022 (rather than only payments originally due on or before June 30, 2021);
- require a lessee applying the amendment to do so for annual reporting periods beginning on or after April 1, 2021;
- require a lessee applying the amendment to do so retrospectively, recognising the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment; and
- specify that, in the reporting period in which a lessee first applies the amendment, a lessee is not required to disclose the information required by paragraph 28(f) of PAS 8.

The amendments are effective for annual reporting periods beginning on or after April 1, 2022.

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

The following are the amendments in reference to the conceptual framework:

- update PFRS 3 so that it refers to the 2018 Conceptual Framework instead of 1989 Framework;
- add to PFRS 3 a requirement that, for transactions and other events within the scope of PAS 37 or IFRIC 21, an acquirer applies PAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and
- add to PFRS 3 an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The amendments are effective for annual periods beginning on or after January 1, 2022.

- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds before Intended Use*

The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.

The amendments are effective for annual periods beginning on or after January 1, 2022. An entity applies the amendments retrospectively only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract*

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments are effective for annual periods beginning on or after January 1, 2022. Entities apply the amendments to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated.

- Annual Improvements to PFRS Standards 2018-2021 Cycle

Amendments to PFRS 1, *Subsidiary as a first-time adopter* - The amendment permits a subsidiary that applies paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to PFRSs.

Amendments to PFRS 9, Fees in the '10 per cent' test for derecognition of financial liabilities - The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of PFRS 9 in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

Amendments to PFRS 16, Lease Incentives - The amendment to Illustrative Example 13 accompanying PFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

Amendments to PAS 41, Taxation in fair value measurements - The amendment removes the requirement in paragraph 22 of PAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in PFRS 13.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022.

2.02 New and Revised PFRSs in Issue but Not Yet Effective

The Company will adopt the following standards and interpretations enumerated below when they become effective. Except as otherwise indicated, the Company does not expect the adoption of these new and amended PFRS, to have significant impact on the separate financial statements.

2.02.01 Standard Adopted by FRSC and Approved by the Board of Accountancy (BOA)

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

The amendments to PAS 1 are the following:

- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments defer the effective date of the January 2021 Classification of Liabilities as Current or Non-Current (Amendments to PAS 1) to annual reporting periods beginning on or after January 1, 2023. Earlier application of the January 2021 amendments continues to be permitted.

- Amendments to PAS 8, *Definition of Accounting Estimates*

The definition of accounting estimates has been amended as follows: accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”.

The amendment also clarifies the following:

- Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.
- A change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
- A change in an accounting estimate may affect only the current period’s profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period., with earlier application permitted.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure Initiative – Accounting Policies*

The amendments to PAS 1 are the following:

- an entity is now required to disclose its material accounting policy information instead of its significant accounting policies;
- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;

The amendments also clarify the following:

- accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- accounting policy information is material if users of an entity’s financial statements would need it to understand other material information in the financial statements; and
- if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

In addition, PFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information in order to support the amendments to PAS 1.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted.

- Amendment to PAS 12, *"Deferred tax related to assets and liabilities arising from a single transaction"*

The amendments introduce an exception to the initial recognition exemption (IRE) in PAS 12. Additional exclusions have been added to the IRE, detailed in paragraphs 15(b)(iii) and 24(c) for deferred tax liabilities and assets respectively. The effects of these amendments essentially mean that the IRE is not available for transactions which involve the recognition of both an asset and liability – which in turn leads to equal and opposite temporary differences – such that deferred taxes are calculated and booked for both temporary differences, both at initial recognition and subsequently. Applying this exception, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

The initial recognition exemption was initially included within PAS 12 to prevent a lack of reporting transparency for transactions which are not business combinations and, at the time of the transaction, do not affect either accounting or taxable profits. Under this exemption, deferred tax assets/liabilities would neither be recognized at initial recognition of the underlying asset/liability, nor subsequently.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, the amendments also apply to taxable and deductible temporary differences associated with right-of-use assets and lease liabilities, and decommissioning obligations and corresponding amounts recognized as assets at the beginning of the earliest comparative period presented.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early application of the amendments is permitted.

- PFRS 17, *Insurance Contracts*

PFRS 17 sets out the requirements that an entity should apply in reporting information about insurance contracts it issues and reinsurance contracts it holds. It requires an entity that issues insurance contracts to report them on the balance sheet as the total of the fulfilment cash flows and the contractual service margin. It requires an entity to provide information that distinguishes two ways insurers earn profits from insurance contracts: the insurance service result and the financial result. It requires an entity to report as insurance revenue the amount charged for insurance coverage when it is earned, rather than when the entity receives premium. It requires that insurance revenue to exclude the deposits that represent the investment of the policyholder, rather than an amount charged for services. Similarly, it requires the entity to present deposit repayments as settlements of liabilities rather than as insurance expense.

PFRS 17 is effective for annual periods beginning on or after January 1, 2025. Early application is permitted for entities that apply PFRS 9 *Financial Instruments* and PFRS 15 *Revenue from Contracts with Customers* on or before the date of initial application of PFRS 17.

An entity shall apply PFRS 17 retrospectively unless impracticable, except that an entity is not required to present the quantitative information required by paragraph 28(f) of PAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and an entity shall not apply the option in paragraph B115 for periods before the date of initial application of PFRS 17. If, and only if, it is impracticable, an entity shall apply either the modified retrospective approach or the fair value approach.

- Amendments to PFRS 17, *Insurance Contracts*

The amendments cover the following areas:

- Insurance acquisition cash flows for renewals outside the contract boundary;
- Reinsurance contracts held—onerous underlying insurance contracts;
- Reinsurance contracts held—underlying insurance contracts with direct participation features; and
- Recognition of the contractual service margin in profit or loss in the general model.

The amendments are effective to annual reporting periods beginning on or after January 1, 2025.

- Amendment to PFRS 17, *“Initial Application of PFRS 17 and PFRS 9—Comparative Information”*

The amendment is a transition option relating to comparative information about financial assets presented on initial application of PFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements.

PFRS 17 incorporating the amendment is effective for annual reporting periods beginning on or after January 1, 2025.

2.02.02 Deferred

- Amendments to PFRS 10 and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments clarify the treatment of the sale or contribution of assets between an investor and its associate and joint venture. This requires an investor in its financial statements to recognize in full the gains and losses arising from the sale or contribution of assets that constitute a business while recognize partial gains and losses if the assets do not constitute a business (i.e., up to the extent only of unrelated investor share).

On January 13, 2016, the FSRSC decided to postpone the original effective date of January 1, 2016 of the said amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

3. BASIS FOR THE PREPARATION AND PRESENTATION OF SEPARATE FINANCIAL STATEMENTS

3.01 Statement of Compliance

The separate financial statements have been prepared in conformity with PFRS and are under the historical cost convention, except for certain financial instruments that are carried at amortized cost.

3.02 Functional and Presentation Currency

Items included in the separate financial statements of the Company are measured using Philippine Peso (₱), the currency of the primary economic environment in which the Company operates (the “functional currency”).

The Company chose to present its separate financial statements using its functional currency.

3.03 Basis of Preparation

These separate financial statements were based on the Company’s own transactions, exclusive of transactions of its subsidiary, the latter transactions are being used in the preparation of the consolidated financial statements, which are also available for public use.

The accompanying separate financial statements of the Company have been prepared on a historical cost basis. The Company’s separate financial statements are presented in Philippine Peso, the Company’s functional and presentation currency, and all values are rounded to the nearest Peso except when otherwise stated.

3.04 Current and Non-current Presentation

The Company classifies an asset as current when:

- It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- It holds the asset primarily for the purpose of trading;
- It expects to realize the asset within twelve (12) months after the reporting period; or
- The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve (12) months after the reporting period.

The Company classifies all other assets as non-current.

The Company classifies a liability as current when:

- It expects to settle the liability in its normal operating cycle;
- It holds the liability primarily for the purpose of trading;

- The liability is due to be settled within twelve (12) months after the reporting period; or
- It does not have an unconditional right to defer settlement of the liability for at least twelve (12) months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

4. SIGNIFICANT ACCOUNTING POLICIES

Principal accounting and financial reporting policies applied by the Company in the preparation of its separate financial statements are enumerated below and are applied to the period presented, unless otherwise stated.

4.01 Fair Value Measurement

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.

When measuring fair value the Company takes into consideration the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement assumes that the transaction to sell the asset or liability is exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions. In addition, it assumes that the transaction takes place either: (a) in the principal market; or (b) in the absence of a principal market, in the most advantageous market.

The Company considers the fair value of an asset or a liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

A fair value measurement assumes that a financial or non-financial liability or an entity's own equity instruments (e.g. equity interests issued as consideration in a business combination) is transferred to a market participant at the measurement date. The transfer of a liability or an entity's own equity instrument assumes the following:

- A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date.
- An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on 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.

The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

4.02 Financial Assets

4.02.01 Initial Recognition and Measurement

The Company recognizes a financial asset in its separate statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

Except for trade receivables that do not have a significant financing component, at initial recognition, the Company measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset,

4.02.02 Classification

➤ Financial Asset at Amortized Cost

A financial asset shall be measured at amortized cost if both of the following conditions are met:

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

The Company's financial asset at amortized cost includes advances to related parties only.

Advances to related parties

Advances to related parties are measured at amortized cost using the effective interest method, less any impairment. Finance income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The Company has no financial assets measured at fair value either through profit or loss or other comprehensive income in both years.

4.02.03 Reclassification

When, and only when, the Company changes its business model for managing financial assets, it shall reclassify all affected financial assets in accordance with Note 4.02.02. If the Company reclassifies financial assets, it shall apply the reclassification prospectively from the reclassification date. The Company shall not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

4.02.04 Effective Interest Method

Finance income is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for: purchased or originated credit-impaired financial assets and financial assets that are not purchased or originated credit-impaired but subsequently have become credit-impaired.

4.02.05 Impairment

The Company measures expected credit losses of a financial instrument in a way that reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable assumption that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

The Company adopted the general approach in accounting for impairment.

➤ General Approach

The Company applies general approach to advances to related parties. At each reporting date, the Company measures the loss allowance for a financial asset at an amount equal to the lifetime expected credit losses if the credit risk on that financial asset has increased significantly since initial recognition.

However, if the credit risk has not increased significantly, the Company measures the loss allowance equal to 12-month expected credit losses.

The Company compares the risk of default occurring as at the reporting date with the risk of default occurring as at the date of initial recognition and consider the macro-economic factors such as GDP, interest, and inflation rates, the performance of the counterparties' industry, and the available financial information of each counterparty to determine whether there is a significant increase in credit risk or not since initial recognition.

The Company determines that there has been a significant increase in credit risk when there is a significant decline in the factors.

The Company did not apply the 30 days past due rebuttable presumption because the Company determines that there have been no significant increases in credit risk even if collections before contractual payments are more than 30 days past due.

If the Company has measured the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date, that the credit quality improves (i.e. there is no longer a significant increase in credit risk since initial recognition), then the Company shall measure the loss allowance at an amount equal to 12-month expected credit losses at the current reporting date.

The Company recognizes in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

The Company performs the assessment of significant increases in credit risk on an individual basis.

The Company did not apply the 90 days past due rebuttable presumption in determining whether a financial asset is credit-impaired or not. The Company determines that financial asset is credit-impaired if it became past due for more than one (1) year.

The Company determines that a financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the counterparty;
- A breach of contract, such as a default or past due event;
- The lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; and
- It is becoming probable that the counterparty will enter bankruptcy or other financial reorganization.

4.02.06 Derecognition

The Company derecognizes a financial asset when, and only when the contractual rights to the cash flows the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition. The difference between the carrying amount and the consideration received is recognized in profit or loss.

4.02.07 Write-off

The Company directly reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

4.03 Deferred Input VAT

Deferred input VAT arises from the purchase of goods or services. This is recognized as input VAT upon receipt of official receipts and applied against output VAT. The remaining balance is recoverable in future periods. This is carried at cost less allowance for impairment loss, if any. Impairment loss is recognized when input VAT can no longer be recovered.

4.04 Investment in a Subsidiary

A subsidiary is an entity, including an unincorporated entity such as a partnership, which is controlled by another entity known as parent. Control is the exposure or rights, to variable returns from the involvement with an investee and the ability to affect those returns through its power over an investee.

Investment in a subsidiary is accounted under the cost method. Under the cost method, the Company recognizes as income the dividends received that are distributed from net accumulated earnings of the investee since the date of acquisition by the investor. Dividends received that are in excess of the earnings subsequent to the date of acquisition are not income and therefore considered as return or reduction of investment.

If the Company loses control of a subsidiary, the Company recognizes any investment retained in the former subsidiary at its fair value at the date when control is lost or recognizes any resulting difference as a gain or loss in profit or loss attributable to the Company.

4.05 Impairment of Assets

At each reporting date, the Company assesses whether there is any indication that any assets other than financial assets that are within the scope of PFRS 9, *Financial Instruments* may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized as an expense.

4.06 Financial Liabilities

4.06.01 Initial Recognition and Measurement

The Company recognizes a financial liability in its separate statements of financial position when, and only when, the Company becomes party to the contractual provisions of the instrument.

At initial recognition, the Company measures a financial liability at its fair value minus, in the case of financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the liability.

4.06.02 Classification

The Company classifies all financial liabilities as subsequently measured at amortized, except for:

- financial liabilities at fair value through profit or loss;
- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies;
- financial guarantee contracts;
- commitments to provide a loan at a below-market interest rate; and
- contingent consideration recognized by an acquirer in a business combination.

The Company's financial liability measured at amortized cost includes accrued professional fees only.

The Company has no financial liabilities at fair value through profit or loss.

4.06.03 Derecognition

An entity shall remove a financial liability (or part of a financial liability) from its separate statements of financial position when, and only when, it is extinguished (i.e., when the obligation in the contract is discharged or cancelled or expired).

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognized in profit or loss.

4.07 Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

4.08 Offsetting of Financial Instruments

Financial assets and liabilities are offset, and the net amount is reported in the separate statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

4.09 Employee Benefits

4.09.01 Short-term Employee Benefits

The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. The Company has no employees as of the end of the reporting period. The Company shall provide salaries and other benefits and SSS, PHIC, HDMF and other contributions to its future employees.

4.10 Expense Recognition

Expense encompasses losses as well as those expenses that arise in the course of the ordinary activities of the Company.

The Company recognizes expenses in the separate statements of comprehensive income when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

4.11 Related Parties and Related Party Transactions

A related party is a person or entity that is related to the Company that is preparing its separate financial statements. A person or a close member of that person's family is related to Company if that person has control or joint control over the Company, has significant influence over the Company, or is a member of the key management personnel of the Company or of a parent of the Company

An entity is related to the Company if any of the following conditions applies:

- The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- Both entities are joint ventures of the same third party.
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
- The entity is controlled or jointly controlled by a person identified above.
- A person identified above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- Management entity providing key management personnel services to a reporting entity.

Close members of the family of a person are those family members, who may be expected to influence, or be influenced by, that person in their dealings with the Company and include that person's children and spouse or domestic partner; children of that person's spouse or domestic partner; and dependents of that person or that person's spouse or domestic partner.

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

4.12 Taxation

Income tax expense represent deferred tax.

4.12.02 Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, carry forward of unused tax credits from excess Minimum Corporate Income Tax (MCIT) over Regular Corporate Income Tax (RCIT) and unused Net Operating Loss Carry-over (NOLCO), to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and carry forward of unused MCIT and unused NOLCO can be utilized. Deferred income tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction that affects neither the accounting profit nor taxable profit or loss.

Deferred tax liabilities are recognized for taxable temporary differences. Deferred tax assets arising from deductible temporary differences are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

4.13 Provisions

Provisions are recognized when the Company has a present obligation, whether legal or constructive, as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4.14 Events after the Reporting Period

The Company identifies subsequent events as events that occurred after the reporting period but before the date when the separate financial statements were authorized for issue. Any subsequent events that provide additional information about the Company's position at the reporting period, adjusting events, are reflected in the separate financial statements, while subsequent events that do not require adjustments, non-adjusting events, are disclosed in the notes to separate financial statements when material.

4.15 Changes in Accounting Policies

The adoption of the new and revised standards and interpretations as disclosed in Note 2.01 was made in accordance with their transitional provisions, otherwise the adoption is accounted for as change in accounting policy under PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES

In the application of the Company's accounting policies, which are described in Note 4, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

5.01 Critical Judgment in Applying Accounting Policies

The following are the critical judgments, apart from those involving estimations that Management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in separate financial statements.

5.01.01 Assessment of Contractual Terms of a Financial Asset

The Company determines whether the contractual terms of a financial asset give rise on a specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding. In making its judgement, the Company considers whether the cash flows before and after the changes in timing or in the amount of payments represent only payments of principal and interest on the principal amount outstanding.

Management assessed that the contractual terms of its financial assets are solely payments of principal and interest and consistent with the basic lending arrangement. The Company's financial assets amounted to ₱718,900,455 for both years, as disclosed in Note 15.01.

5.01.02 Assessment of Control

The Company determines whether an entity qualifies as a subsidiary when it has control over an entity. The Company controls an entity when it has the three elements of control as disclosed in Note 4. In making its judgments, the Company considers all facts and circumstances when assessing control over an investee. A reassessment of control is conducted when there are changes to one or more of the three elements of control. Any changes from at least one of the elements would result to lose or gain of control over an entity.

The Company having 100% ownership and voting interest assessed that it has control over its subsidiary, Figaro Coffee Systems Inc., since it has power over the subsidiary, exposure or rights to variable returns from its involvement and ability to use its power to affect the component of its returns. The carrying amount of investment in a subsidiary amounted to ₱376,569,838 and ₱441,565,564 as of June 30, 2023 and 2022, as disclosed in Note 8.

5.02 Key Sources of Estimation Uncertainties

The following are the key assumptions concerning the future, and other key sources of estimation uncertainties at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5.02.01 Estimating Allowance for Expected Credit Losses of Financial Assets

The Company evaluates the expected credit losses related to its financial assets based on an individual assessment and current and forecast information.

The Company assessed that there is no expected credit losses on its advances to related parties by considering the following:

- No historical default experience.
- Macro-economic factors such as GDP, interest rate, inflation rates including the industry and financial information of the Company's creditors indicates no significant increase in the credit risk.

Therefore, the Management did not recognize provision on expected credit losses on its advances to related parties, as disclosed in Note 9. The carrying amount of the Company's financial asset amounted to ₱718,900,455 as of June 30, 2023 and 2022, as disclosed in Note 15.01.

5.02.02 Asset Impairment

The Company performs an impairment review when certain impairment indicators are present. Determining the fair value of deferred input VAT and investment in subsidiary, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets requires the Company to make estimates and assumptions that can materially affect the financial statements. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations.

The preparation of the estimated future cash flows involves significant judgment and estimations. While the Company believes that its assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges under PFRS.

Management determined that there was no indication of impairment that occurred on deferred input VAT and investment in a subsidiary. As of June 30, 2023 and 2022, the carrying amounts of aforementioned assets amounted to ₱376,673,467 and ₱441,627,793, as disclosed in Notes 7 and 8.

5.02.03 Deferred Tax Assets

The Company reviews the carrying amounts at each balance sheet date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Company will generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilized.

Management believed that the Company will not generate sufficient taxable profit to allow all or part of its deferred tax asset to be utilized. As such, the Company's unrecognized deferred tax asset amounted to ₱22,410,975 and ₱89,643 as of June 30, 2023 and 2022, respectively, as disclosed in Note 12.

6. CASH

For the purpose of the statements of cash flows, cash includes cash on hand only.

Cash at the end of each reporting period as shown in the statements of cash flows that can be reconciled to the related items in the statements of financial position amounted to ₱2,183,916 in both years.

7. DEFERRED INPUT VAT

The Company's deferred input VAT from professional fee amounted to ₱103,629 and ₱62,229, as of June 30, 2023 and 2022, respectively.

8. INVESTMENT IN A SUBSIDIARY

Details of the Company's subsidiary are as follows:

Subsidiary	Principal Activities	Country of Incorporation	Percentage of Voting and Ownership Interest	
			2023	2022
Figaro Coffee Systems Inc.	Food business including but not limited to operation of retail food stores and restaurants	Philippines	100%	100%

The carrying amount of the Company's investment in subsidiary amounted to ₱376,569,838 and ₱441,565,564 as of June 30, 2023 and 2022, respectively.

The voting interest on the investment is equal to its right to ownership.

In both years, no impairment loss was recognized on investment in a subsidiary.

The summarized financial information of the subsidiary as of and for the periods ended June 30, 2023 and 2022 is as follows:

	2023	2022
Total assets	₱ 2,454,806,490	₱ 1,445,451,784
Total liabilities	1,109,059,335	572,069,130
Net assets	1,345,747,155	873,382,654
Revenue	4,284,080,714	2,397,089,485
Direct costs	2,436,381,543	1,242,315,613
Operating expense	1,256,745,482	658,507,607
Finance cost	1,817,310	1,608,491
Profit before tax	628,616,089	123,739,626

On June 21, 2021, F Coffee Holdings Corporation, the ‘Seller’ agreed to sell and the Company, the ‘Buyer’ agreed to buy, all the seller’s rights, title and interests to a total of 2,500 common shares with a par value of ₱50.00 per share or an aggregate par value of ₱125,000 of Figaro Coffee Systems, Inc. (FCSI) for and in consideration of ₱1,851.0256 per share or total purchase price of ₱4,627,564.

On June 23, 2021, FCGI subscribed 7,500 shares of the Company at ₱27,751.73 per share resulting to issuance of shares amounting to ₱375,000 and additional paid-in capital of ₱207,763,000.

On June 27, 2021, the Company subscribed additional 4,576,000 shares of FCSI at ₱50.00 par value resulting to capital stock of ₱228,800,000.

As of June 30, 2021, FCSI became wholly-owned subsidiary of the Company.

9. ACCRUED PROFESSIONAL FEES

The Company’s accrued professional fees amounted to ₱967,200 and ₱580,800, as of June 30, 2023 and 2022, respectively.

10. RELATED PARTY TRANSACTIONS

Nature of relationship of the Company and its related party are disclosed below:

Related Parties	Nature of Relationship
Carmetheus Holdings, Inc. (CHI)	Ultimate Parent
Camerton, Inc. (CI)	Parent
Figaro Coffee Systems, Inc.	Subsidiary
Stockholders	Key Management Personnel

Balances and transactions between the Company and its related parties are disclosed below:

10.01 Advances to Related Parties

Balance of advances to related parties as shown in the separate statements of financial position are summarized per category as follows:

10.01.01 Ultimate Parent

The Company collected advances amounting to nil for both years.

The amounts outstanding are non-interest bearing, unsecured, will be settled in cash and collectible on demand. No guarantees have been received. No provisions have been made for expected credit loss in respect of the amounts owed by related parties.

10.01.02 Parent

Transactions with parent are as follows:

		June 30, 2023		June 30, 2022	
		Amount/ Volume	Outstanding Balance	Amount/ Volume	Outstanding Balance
CI					
Advances	P	-	P 718,900,455	P 718,900,455	P 718,900,455

The Company collected advances amounting to P718,900,455 and P67,872,346 in 2023 and 2022, respectively.

The amounts outstanding are unsecured, non-interest bearing, collectible on demand and will be settled in cash. No guarantees have been received in respect of the amounts owed by related party. No provisions have been made for expected credit losses in respect of the amounts owed by a related party.

10.01.03 Key Management Personnel

Transactions with key management personnel are as follows:

		June 30, 2023		June 30, 2022	
		Amount/ Volume	Outstanding Balance	Amount/ Volume	Outstanding Balance
Stockholders					
Advances	P	-	P -	P -	-

The Company collected advances amounting to nil in 2023 and 2022.

The amounts outstanding are unsecured, non-interest bearing, collectible on demand and will be settled in cash or through offsetting. No guarantees have been received in respect of the amounts owed by related party. No provisions have been made for expected credit losses in respect of the amounts owed by a related party.

10.02 Remuneration of Key Management Personnel

There was no remuneration given to the key management personnel in both periods.

10.03 Revenue Regulations No. 34 – 2020

The Company is not covered by the requirements and procedures for related party transactions provided in RR 34-2020.

11. CAPITAL STOCK

The issued capital of the Company are as follows:

	2023		2022	
Capital stock	P	589,345,529	P	464,818,700
Additional paid-in capital		1,403,308,680		697,831,235
	P	1,992,656,232	P	1,162,649,935

Shown below are the details on the movements of ordinary shares.

	2023		2022	
	Shares	Amount	Shares	Amount
Authorized				
P0.10 par value per share	6,600,000,000	P 660,000,000	6,600,000,000	P 660,000,000
Issued and fully paid				
Balance, beginning	4,648,187,003	464,818,700	3,225,005,000	322,500,500
Additional issuance	820,267,098	82,026,710	1,423,182,003	142,318,200
Balance, end	5,468,454,101	P 546,845,410	4,648,187,003	P 464,818,700

11.01 Increase in Authorized Capital Stocks

On March 31, 2021, the Parent Company's Board of Directors and Stockholders approved: (a) the increase in authorized capital stock from P150,000,000 to P500,000,000; and (b) the stock split through the reduction of par value of the shares of the Company from P100.00 per share to P0.10 per share. SEC approved the Company's application to increase authorized capital stock of June 23, 2021.

On September 16, 2021, the Securities and Exchange Commission approved the Company's increase in authorized capital stock to P660,000,000 divided into 6,600,000,000 shares with a par value of P0.10 per share.

11.02 Issuance of Shares

At incorporation, Camertheus Holdings, Inc. (CHI) subscribed to P37,500,000 worth of shares in the Company. Out of such subscription, P9,375,000 had been paid by CHI at incorporation of the Company. During the period, CHI fully paid its subscription receivable amounting to P28,125,000.

Camerton, Inc. (CI) subscribed to the following shares of the Company:

- In support of the application for increase in authorized capital stock, CI, on March 31, 2021, subscribed to 1,250,000,000 shares of the Company for a total subscription price of P125,000,000. The subscribed shares were fully paid and issued on June 22, 2021.
- On June 20, 2021, the board of the Company approved the additional paid-in capital in the amount of P83,138,0000 paid by CI into the Parent Company.
- 1,250,000,000 shares with par value of P0.10 per share for a total subscription price of P228,800,000, or P0.18304 price per share. The said subscription resulted to an additional capital stock of P125,000,000 and an additional paid-in capital of P103,800,000 in the Company; and

d. 350,000,000 shares of the Company with par value of ₱0.10 per share for a total subscription price of ₱35,000,000.

As of June 30, 2021, the outstanding capital of the Company is ₱322,500,500 (excluding the additional paid-in capital of ₱186,938,000 with 3,225,005,000 shares issued).

As of June 30, 2021, the Company is 88.37% owned by Camerton, Inc. and 11.63% owned by Carmetheus Holdings, Inc.

On January 24, 2022, the Company completed its IPO and was listed in the PSE under stock symbol "FCG." The Company issued 93,016,000 common shares for a total consideration of ₱69,762,000 or at ₱0.75 per share. This resulted to an additional issuance of capital stock of 1,423,182,003 with par value of ₱0.10 per share for a total of ₱142,318,200.

As of June 30, 2022, the outstanding capital of the Company is ₱464,818,700 (excluding the additional paid-in capital of ₱697,831,235 with 4,648,187,003 shares issued).

As of June 30, 2022, the Company is 69.94% owned by Camerton, Inc. and 8.07% owned by Carmetheus Holdings, Inc.

As of June 30, 2023, the outstanding capital of the Company is ₱5,893,455,293 (excluding the additional paid-in capital of ₱1,403,308,680 with 589,345,529 shares issued).

As of June 30, 2023, the Company is 53.05% owned by Camerton, Inc., 15% owned by Monde Nissin Corporation and 6.86% owned by Carmetheus Holdings, Inc.

On February 2, 2023, the Company issued 820,268,295 common shares to Monde Nissin Corporation.

11.03 Track record of registration of securities under the Securities Regulation Code

As of June 30, 2021, the Company is in the process of compiling with the requirements to file Registration Statement with SEC in accordance with the provisions of the Securities Regulation Code of the Philippines (Republic Act No. 8799, the "SRC") for the registration of all the issued and outstanding Shares of the Company and the Offer Shares.

The number of shares to be registered, issue/offer price and the approval or date when the registration statement covering such securities was rendered effective by the Commission, and the number of holders of such securities is to be determined.

On January 24, 2022, the Company completed its IPO and was listed in the PSE under stock symbol "FCG." The Company issued 93,016,000 common shares for a total consideration of ₱69,762,000 or at ₱0.75 per share.

12. INCOME TAXES

The Company's income tax expenses amounted to nil in both years.

A numerical reconciliation between tax benefit and the product of accounting loss multiplied by the tax rate in 2023, 2022 and 2021 is as follows:

	2023	2022	2021
Accounting profit (loss)	P 89,643,900	P (178,571)	P (100,000)
Tax benefit at 25%	22,410,975	(44,643)	(25,000)
Effect of non-recognition of deferred tax on net operating loss carry-over	(22,410,975)	44,643	25,000
	P -	P -	P -

Details of NOLCO are as follows:

Year Incurred	Amount	Applied Previous Year	Applied Current Year	Expired	Unapplied	Expiry Date
2020	P 80,000	P -	P -	P 80,000	P -	2023

Details of NOLCO covered by Revenue Regulations No. 25-2020 is as follows:

Year Incurred	Amount	Applied Previous Year	Applied Current Year	Expired	Unapplied	Expiry Date
2021	P 100,000	P -	P -	P -	P 100,000	2026
2022	178,571	-	-	-	178,571	2027
2023	89,643,900	-	-	-	89,643,900	
	P 89,922,471	P -	P -	P -	P 89,922,471	

The Bureau of Internal Revenue (BIR) has issued Revenue Regulations (RR) 25-2020 to inform all concerned on the longer period for claiming NOLCO from taxable years 2020 and 2021.

Pursuant to Section 4 (bbb) of Bayanihan II and as implemented under RR 25-2020, the net operating losses of a business or enterprise incurred for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five (5) consecutive taxable years following the year of such loss. Ordinarily, NOLCO can be carried over as deduction from gross income for the next three consecutive years only.

Management believes that the Company will not generate sufficient taxable profit to allow all or part of its deferred tax asset to be utilized. The Company's unrecognized deferred tax asset from NOLCO amounted to P22,410,975 and P89,643 as of June 30, 2023 and 2022, respectively.

13. BASIC LOSS PER SHARE

The Company's basic earnings (loss) per share is nil in 2023, 2022 and 2021.

	2023	2022	2021
a. Net loss from operations/ attributable to ordinary equity holders of the Company for earnings	P 89,643,900 P	(178,571) P	(100,000)
b. Weighted average number of ordinary shares for the purposes of earnings per share	5,058,321,151	3,936,596,600	1,659,380,000
c. Earnings per share (a/b)	(0.00)	(0.00)	(0.00)

The weighted average number of ordinary shares for the periods 2023, 2022 and 2021 used for the purposes of basic earnings per share were computed as follows:

	Number of Ordinary Shares	Proportion to Period	Weighted Average	Total
June 30, 2023				
Outstanding shares at the beginning of the period	4,648,188,200	6/12	2,324,094,100	2,324,094,100
Outstanding shares at the end of the period	5,468,454,101	6/12	2,734,227,051	2,734,227,051
				5,058,321,151
June 30, 2022				
Outstanding shares at the beginning of the period	3,225,005,000	6/12	1,612,502,500	1,612,502,500
Outstanding shares at the end of the period	4,648,188,200	6/12	2,324,094,100	2,324,094,100
				3,936,596,600
June 30, 2021				
Outstanding shares at the beginning of the period	93,755,000	6/12	46,877,500	46,877,500
Outstanding shares at the end of the period	3,225,005,000	6/12	1,612,502,500	1,612,502,500
				1,659,380,000

14. FAIR VALUE MEASUREMENT

14.01 Fair Value of Financial Assets and Liability

The carrying amounts and estimated fair values of the Company's financial assets and liability as of June 30, 2023 and 2022 are presented below:

	June 30, 2023		June 30, 2022	
	Carrying Amounts	Fair Values	Carrying Amounts	Fair Values
Financial assets:				
Cash	P 2,183,916	P 2,183,916	P 2,183,916	P 2,183,916
Advances to related parties	718,900,455	718,900,455	718,900,455	718,900,455
	P 721,084,371	P 721,084,371	P 721,084,371	P 721,084,371
Financial liability:				
Accrued professional fee	P 967,200	P 967,200	P 580,800	P 580,800

The fair values of other financial assets and financial liabilities are determined as follows:

- Due to short-term nature and demand features, Management believes that the carrying amounts of cash, advances to related parties and accrued professional fee approximate their fair values due to either the demand feature or relative short-term duration of these asset and liability.

15. FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk, including currency risk, fair value interest rate risk, credit risk and liquidity risk.

15.01 Credit Risk Management

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risks from advances to stockholders, all at amortized cost.

The Company considers the following policies to manage its credit risk:

- Advances to related parties

The Company transacts with creditworthy stockholders. The Company assesses the current and forecast information of the counterparty's industry and the macro-economic factors such as GDP rate, inflation rate and foreign exchange rate to determine the possible impact to the counterparty.

Financial asset measured at amortized cost pertaining to advances to related parties amounted to P718,900,455 in both years.

The calculation of allowance for expected credit losses are based on the following three (3) components:

- Probability of Default (PD)**

PD is the likelihood over a specified period, usually one year that a counterparty will not be able to make scheduled repayments. PD depends not only on the tenant's characteristics, but, also on the economic environment. PD may be estimated using historical data and statistical techniques.
- Loss Given Default (LGD)**

LGD is the amount of money a Company loses when a tenant defaults on a contract. The most frequently used method to calculate this loss is by comparing the actual total losses and the total amount of potential exposure sustained at the time that a contract goes into default. In most cases, LGD is determined after a review of a Company's entire portfolio, using cumulative losses and exposure for the calculation.
- Exposure at Default (EAD)**

EAD is the total value a Company is exposed to when a loan defaults. It refers to the gross carrying amount of financial asset.

Below is the summary of computation of allowance for expected credit losses in 2023 and 2022:

June 30, 2023				
	PD rate	LGD rate	EAD	ECL
	a	b	c	d=a*b*c
Advances to related parties	0.00%	100.00%	₱ 718,900,455	-

June 30, 2022				
	PD rate	LGD rate	EAD	ECL
	a	b	C	d=a*b*c
Advances to related parties	0.00%	100.00%	₱ 718,900,455	-

Advances to Related Parties

The Company determined the probability of default rate by considering the credit ratings, credit history and forecast of macro-economic factors affecting the food and restaurant industry. The probability of default rate is estimated to be nil.

Loss given default rate is 100% because the Company expects to lose the whole amount in case of default.

Exposure at default is equal to the gross carrying amount.

15.02 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

	Weighted Average Effective Interest Rate		Within One (1) Year
June 30, 2023			
Accrued professional fee	-	P	967,200
June 30, 2022			
Accrued professional fee	-	P	580,800

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Weighted Average Effective Interest Rate		On demand
June 30, 2023			
Cash	-	P	103,629
Advances to related parties	-		718,900,455
	-	P	719,004,084
June 30, 2022			
Cash		P	62,229
Advances to related parties	-		718,900,455
	-	P	718,962,684

16. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company manages its capital to ensure that the Company will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The Management reviews the capital structure of the Company on an annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The Company has a target gearing ratio of 1:1 determined as the proportion of debt to equity.

	2023		2022	
Debt	P	967,200	P	580,800
Cash		2,183,916		2,183,916
Net Debt		(1,216,716)		(1,603,116)
Equity		2,171,768,439		1,162,131,364
Debt to equity ratio	P	0.00:1	P	0.00:1

The Company's liabilities are composed of accrued professional fee as disclosed in Note 9. The Company's equity is composed of capital stock, additional paid-in capital and deficit.

17. APPROVAL OF SEPARATE FINANCIAL STATEMENTS

These separate financial statements were approved and authorized for issuance by the Board of Directors on _____.

18. SUPPLEMENTARY INFORMATION UNDER REVENUE REGULATIONS NO. 15-2010

The Bureau of Internal Revenue (BIR) released a revenue regulation dated November 25, 2010 amending Revenue Regulations No. 21-2002 setting forth additional disclosures on Notes to Financial Statements. Below are the disclosures required by the said Regulation:

18.01 Taxes and Licenses Paid or Accrued

The Company has not paid or accrued taxes and licenses during the taxable period.

18.01.01 Documentary Stamp Tax

The amount of documentary stamp tax paid relating to the initial public offering amounted to ₱7,763,865.

18.01.02 Deficiency Tax Assessments and Tax Cases

No deficiency tax assessments and tax cases during the period.

19. SUPPLEMENTARY INFORMATION UNDER REVENUE REGULATIONS NO. 19-2011

Pursuant to Section 244 in relation to Section 6(H) of the National Internal Revenue Code of 1997 (Tax Code), as amended, these Regulations are prescribed to revise BIR Form 1702 setting forth the following schedules. Below is the disclosure required by the said Regulation:

19.01 Itemized Deduction

The Company's itemized deduction which pertains to professional fees amounted to P345,000 during the taxable year.

FIGARO COFFEE GROUP, INC.
INDEX TO THE SHORT TERM FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES

June 30, 2023 and 2022

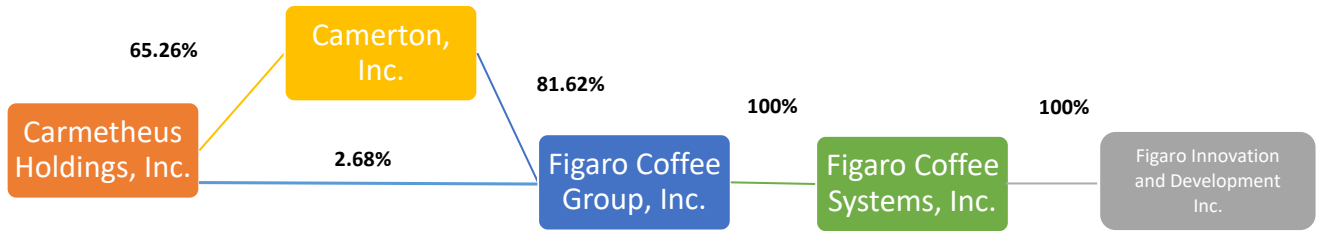
Schedule	Contents
	Index to the Short-term Audited Separate Financial Statements
I	Map Showing the Relationships Between and Among the Companies in the Group, its Ultimate Parent Company and Co-subsiidiaries
II	Reconciliation of Retained Earnings Available for Dividend Declaration
III	Financial Soundness Indicators
Supplementary Schedules	
A	Financial Assets
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related parties)
C	Amounts Receivable from Related Parties and Amounts Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements
D	Long-Term Debt
E	Indebtedness to Related Parties
F	Guarantees of Securities of Other Issuers
G	Capital Stock

FIGARO COFFEE GROUP, INC.

INDEX I

**Map Showing the Relationships Between and Among the Companies in the Group,
its Ultimate Parent Company and Co-subsiaries**

30-Jun-23



FIGARO COFFEE GROUP, INC.

INDEX II

Reconciliation of Retained Earnings Available for Dividend Declaration

June 30, 2023 and 2022

Unappropriated retained earnings (deficit), beginning	P	(518,571)
Add/(Deduct) net income/(loss) actually earned during the period		89,643,900
Less cash dividends declared		(89,988,900)
Retained earnings available for dividend declaration (deficit)	P	(863,571)

FIGARO COFFEE GROUP, INC.**INDEX III****Financial Soundness Indicators**

June 30, 2023 and 2022

Ratios	Formula		June 30, 2023		June 30, 2022
1 Current Ratio	Current Assets/Current Liabilities	P	1671.00	P	1241.64
2 Debt/Equity Ratio	Bank Debts/ Total Equity		0.00		0.00
3 Net Debt/Equity Ratio	Bank Debts-Cash & Equivalents/Total Equity		0.00		0.00
4 Asset to Equity Ratio	Total Assets/Total Equity		1.00		1.00
5 Interest Cover Ratio	EBITDA/Interest Expense		Not Applicable		Not Applicable
6 Profitability Ratios					
6.1 GP Margin	Gross Profit/Revenues		Not Applicable		Not Applicable
6.2 Net Profit Margin	Net Income/Revenues		Not Applicable		Not Applicable
6.3 EBITDA Margin	EBITDA/Revenues		Not Applicable		Not Applicable
6.4 Return on Assets	Net Income/Total Assets		-0.04		0.00
6.5 Return on Equity	Net Income/Total Equity		-0.05		0.00

FIGARO COFFEE GROUP, INC.**SCHEDULE A****SUPPLEMENTARY SCHEDULE OF FINANCIAL ASSETS**

June 30, 2023

Name of Issuing entity and association of each issue		Number of shares or Principal Amount of Bonds and Notes		Amount shown in the Statement of Financial Position *		Valued based on market quotations at end of reporting period		Income received or accrued
Amounts owed by related parties								
Camerton, Inc. Stockholders	P	nil	P	nil	P	nil	P	nil
		nil		nil		nil		nil
	P		- P		- P		- P	

*Outstanding balance is based on the amount received from the related parties less collections as of end of reporting period.

FIGARO COFFEE GROUP, INC.

SCHEDULE B

SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES, AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)

June 30, 2023

Name and designation of debtor *	Amounts owed by Related Parties										Balance at the end of the period	
	Balance at beginning of period	Additions		Amounts collected**	Amounts Written Off ***		Current		Not Current			
Ultimate parent												
Carmetheus Holdings, Inc.	₱ -	₱ -	₱ -	₱ -	₱ -	₱ -	₱ -	₱ -	₱ -	₱ -	₱ -	₱ -
Under common control												
Camerton, Inc.	718,900,455	-	-	(718,900,455)	-	-	-	-	-	-	-	-
Key management personnel												
Stockholders	-	-	-	-	-	-	-	-	-	-	-	-
	₱ 718,900,455	₱ -	₱ -	₱ (718,900,455)	₱ -	₱ -	₱ -	₱ -	₱ -	₱ -	₱ -	₱ -

* The amounts outstanding are non-interest bearing, unsecured, will be settled in cash and collectible on demand. No guarantees or collateral have been received.

** All amounts collected were in cash.

*** No amount written off during the period.

FIGARO COFFEE GROUP, INC.

SCHEDULE C

**SUPPLEMENTARY SCHEDULE OF AMOUNTS OF RECEIVABLE FROM
RELATED PARTIES WHICH ARE ELIMINATED DURING THE
CONSOLIDATION OF FINANCIAL STATEMENTS**

June 30, 2023

Receivables from related parties which are eliminated during the consolidation							
Name and designation of debtor	Balance at beginning of period	Additions	Amount collected	Amount written off	Current	Not current	Balance at end of period

----- Nothing to Report -----

FIGARO COFFEE GROUP, INC.

SCHEDULE D

SUPPLEMENTARY SCHEDULE OF LONG-TERM DEBT

June 30, 2023

Long-term Debt

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "current portion of long-term" in related Statement of Financial Position	Amount shown under caption "long-term debt" in related Statement of Financial Position
--	---------------------------------------	---	---

----- Nothing to Report -----

FIGARO COFFEE GROUP, INC.

SCHEDULE E

**SUPPLEMENTARY SCHEDULE OF INDEBTEDNESS TO RELATED
PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)**

June 30, 2023

Indebtedness to related parties (Long-term loans from related companies)		
Name of related party	Balance at beginning of period	Balance at end of period

----- Nothing to Report -----

FIGARO COFFEE GROUP, INC.

SCHEDULE F

**SUPPLEMENTARY SCHEDULE OF GUARANTEES OF SECURITIES OF
OTHER ISSUERS**

June 30, 2023

Guarantees of Securities of Other Issuers				
Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee

----- Nothing to Report -----

FIGARO COFFEE GROUP, INC.
SCHEDULE G
SUPPLEMENTARY SCHEDULE OF CAPITAL STOCK
June 30, 2023

Capital Stock						
Title of Issue	Number of shares authorized	Number of shares issued and outstanding as 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	Number of shares held by directors, officers and employees	Others
Common Stock	6,600,000,000	5,468,454,101	-	5,468,449,101	5,000	-

The following are the significant changes made since the date of the last Statements of Financial Position filed:

Increase in authorized capital stocks

On March 31, 2021, the Parent Company's Board of Directors and Stockholders approved: (a) the increase in authorized capital stock from ₱150,000,000 to ₱500,000,000; and (b) the stock split through the reduction of the par value of the shares of the Company from ₱100.00 per share to ₱0.10 per share. SEC approved the Company's application to increase authorized capital stock on June 23, 2021.

On September 16, 2021, the Securities and Exchange Commission approved the Company's increase in authorized capital stock to ₱660,000,000 divided into 6,600,000,000 shares with a par value of ₱0.10 per share.

Issuance of shares

At incorporation, Camertheus Holdings, Inc. (CHI) subscribed to ₱37,500,000 worth of shares in the Company. Out of such subscription, ₱9,375,000 had been paid by CHI at incorporation of the Company. During the period, CHI fully paid its subscription receivable amounting to ₱28,125,000.

Camerton, Inc. (CI) subscribed to the following shares of the Company:

In support of the application for increase in authorized capital stock, Camerton, Inc. (CI), on March 31, 2021, subscribed to 1,250,000,000 shares of the Company for a total subscription price of ₱125,000,000. The subscribed shares were fully paid and issued on June 22, 2021.

On June 20, 2021, the board of the Company approved the additional paid-in capital in the amount of ₱83,138,000 paid by CI into the Parent Company.

1,250,000,000 shares with par value of ₱0.10 per share for a total subscription price of ₱228,800,000, or ₱0.18304 price per share. The said subscription resulted to an additional capital stock of ₱125,000,000 and an additional paid-in capital of ₱103,800,000 in the Company; and 350,000,000 shares of the Company with par value of ₱0.10 per share for a total subscription price of ₱35,000,000.

As of June 30, 2021, the outstanding capital of the Company is ₱322,500,500 (excluding the additional paid-in capital of ₱196,938,000 with 3,225,005,000 shares issued).

As of June 30, 2021, the Company is 88.37% owned by Camerton, Inc. and 11.63% owned by Carmetheus Holdings, Inc.

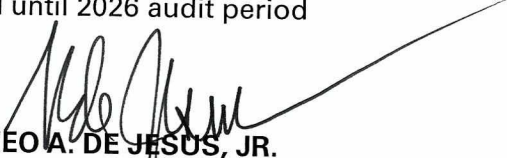
REPORT ON THE SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
FIGARO COFFEE GROUP, INC.
116 E. Main Avenue, Phase V, SEZ Laguna Technopark
Binan, Laguna

We have audited the separate financial statements of **FIGARO COFFEE GROUP, INC.** as of and for each of the three years in the period ended June 30, 2023. Our audit was conducted for the purpose of forming an opinion on the basic separate financial statements of **FIGARO COFFEE GROUP, INC.** taken as a whole. The information in the index to the separate financial statements for the period ended June 30, 2023 which is not a required part of the separate financial statements, is required to be filed with the Securities and Exchange Commission. Such information is the responsibility of the Management of **FIGARO COFFEE GROUP, INC.** The information has been subjected to the auditing procedures applied in our audit of the basic separate financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic separate financial statements taken as a whole.

R.S. BERNALDO & ASSOCIATES

BOA/PRC No. 0300
Valid until May 28, 2024
BSP Group B Accredited
Accreditation No. 0300-BSP
Valid until 2026 audit period
BIR Accreditation No. 08-007679-000-2023
Valid from January 31, 2023 until January 30, 2026
IC Group A Accredited
Accreditation No. 0300-IC
Valid until 2026 audit period



ROMEO A. DE JESUS, JR.
Managing Partner
CPA Certificate No. 86071
BIR Accreditation No. 08-004744-001-2021
Valid from January 25, 2021 until January 24, 2024
Tax Identification No. 109-227-897
IC Group A Accredited
Accreditation No. 86071-IC
Valid until 2026 audit period
PTR No. 9567815
Issued on January 4, 2023 at Makati City

October 12, 2023

BOA /PRC No. 0300 • BIR Accredited • SEC Group A Accredited • BSP Group B Accredited • IC Accredited
18/F Cityland Condominium 10 Tower 1, 156 H.V. dela Costa Street, Ayala North, Makati City, Philippines 1226
Tel: +632 8812-1718 to 22 **Email:** rsbassoc@pkfrsbernaldo.com **www.pkfrsbernaldo.com**

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SECURITIES AND EXCHANGE COMMISSION

THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph



The following document has been received:

Receiving: Mark Anthony Oseña

Receipt Date and Time: October 16, 2023 10:07:29 AM

Company Information

SEC Registration No.: CS201811119

Company Name: FIGARO COFFEE GROUP INC.

Industry Classification: I56101

Company Type: Stock Corporation

Document Information

Document ID: OST11016202381739760

Document Type: Financial Statement

Document Code: FS

Period Covered: June 30, 2023

Submission Type: Consolidated, Annual

Remarks: None

Acceptance of this document is subject to review of forms and contents

FIGARO COFFEE GROUP, INC (“FCG”)
&
FIGARO COFFEE SYSTEMS, INC. (“FCSI”)
(“Subsidiary”)
Consolidated Financial Statements
(ending period 30 June 2023)

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR CONSOLIDATED FINANCIAL STATEMENTS**

The Management of **FIGARO COFFEE GROUP INC. AND SUBSIDIARY** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, as at June 30, 2023 and 2022 and for the three years ended June 30, 2023, 2022 and 2021, in accordance with the Philippine Financial Reporting Standards (PFRS), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Group's consolidated financial reporting process.

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

R.S. BERNALDO & ASSOCIATES, the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.


JUSTIN T. LIU
Chairman of the Board


DIVINA GRACIA G. CABULOY
President/Chief Executive Officer


JOSE PETRONIO V. ESPANOL III
Treasurer/Chief Finance Officer

OCT 12 2023

SUBSCRIBED AND SWORN to before me this ___ day of ___ affiants exhibiting to me their respective Community Tax Certificates (CTCs), as follows:

<u>Name</u>	<u>Passport ID No.</u>	<u>Date of Issue</u>	<u>Place of Issue</u>
SIGNATORY'S NAME			
SIGNATORY'S NAME			
SIGNATORY'S NAME			

Doc. No. 309 ;
Page No. 7 ;
Book No. 6541 ;
Series of 20XX 11


ATTY. HENRY D. MASASA
NOTARY PUBLIC CITY OF MANILA
APPOINTMENT 097/12/31/2023 MANILA
IBP NO. 181139 / 01/03/2023
PTR NO. 0861145 / 01/03/2023
ROLL NO. 29679, TIN NO. 172-528-620
M. LE COMP. NO. VII-0000165 VALID UNTIL APRIL 14, 2024
14 TAYUMAN ST., STA. CRUZ, MANILA

COVERSHEET AUDITED FINANCIAL STATEMENTS

C S 2 0 1 8 1 1 1 1 9

SEC Registration Number

F I G A R O C O F F E E G R O U P , I N C .

(Company's Full Name)

1 1 6 E A S T M A I N A V E . P H A S E V - S E Z
L A G U N A T E C H N O P A R K , B I Ñ A N , L A G U N A
4 0 3 4

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

Sigrid Von D. De Jesus

(Contact Person)

0917-8832172

(Company Telephone Number)

0 6 3 0

Month Day
(Fiscal Year)

ACFS

(Form Type)

06 DEC

Month Day
(Annual Meeting)

N/A

(Secondary License Type, If Applicable)

CRMD

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Stockholders
FIGARO COFFEE GROUP, INC. AND SUBSIDIARY
116 E. Main Avenue, Phase V, SEZ Laguna Technopark
Binan, Laguna

Opinion

We have audited the consolidated financial statements of **FIGARO COFFEE GROUP, INC. AND SUBSIDIARY** (the "Group"), which comprise the consolidated statements of financial position as at June 30, 2023 and 2022, and the consolidated statements of comprehensive income, consolidated statement of changes in equity and consolidated statements of cash flows for the years ended June 30, 2023, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended June 30, 2023 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matter

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 period. 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 consolidated opinion on these matters, if any.

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

BOA /PRC No. 0300 • BIR Accredited • SEC Group A Accredited • BSP Group B Accredited • IC Accredited
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Tel: +632 8812-1718 to 22 **Email:** rsbassoc@pkfrsberaldo.com **www.pkfrsberaldo.com**

R.S. Bernaldo & Associates is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits 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 to 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 audits 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 **ROMEO A. DE JESUS, JR.**

R.S. BERNALDO & ASSOCIATES

BOA/PRC No. 0300

Valid until May 28, 2024

BSP Group B Accredited

Accreditation No. 0300-BSP

Valid until 2026 audit period

BIR Accreditation No. 08-007679-000-2023

Valid from January 31, 2023 until January 30, 2026

IC Group A Accredited

Accreditation No. 0300-IC

Valid until 2026 audit period



ROMEO A. DE JESUS, JR.

Managing Partner

CPA Certificate No. 86071

BIR Accreditation No. 08-004744-001-2021

Valid from January 25, 2021 until January 24, 2024

Tax Identification No. 109-227-897

IC Group A Accredited

Accreditation No. 86071-IC

Valid until 2026 audit period

PTR No. 9567815

Issued on January 4, 2023 at Makati City

October 12, 2023

FIGARO COFFEE GROUP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2023 and 2022

(In Philippine Peso)

	NOTES	2023	2022
A S S E T S			
Current Assets			
Cash	7	463,290,393	195,682,918
Short-term investments	8	895,000,000	411,900,455
Trade and other receivable	9	162,093,489	89,442,740
Inventories	10	178,390,239	95,681,440
Due from related parties	19	-	287,081,477
Prepayments and other current assets	11	154,098,363	149,366,161
		1,852,872,484	1,229,155,191
Non-current Assets			
Property and equipment – net	12	1,213,094,509	611,638,360
Intangible assets – net	13	92,638,839	3,803,060
Right-of-use assets – net	14	17,263,237	4,800,092
Other non-current assets	15	42,039,456	21,123,770
Deferred tax assets	29	5,734,920	5,153,929
		1,370,770,961	646,519,211
TOTAL ASSETS		3,223,643,445	1,875,674,402
LIABILITIES AND STOCKHOLDERS' EQUITY			
LIABILITIES			
Current Liabilities			
Trade and other payables	16	395,020,631	296,336,758
Loans payable	17	30,000,000	20,000,000
Lease liabilities	18	3,903,845	2,317,695
Income tax payable		65,815,803	66,063,272
		494,740,279	384,717,725
Non-current Liabilities			
Lease liabilities – net of current portion	18	3,394,850	2,877,394
Retirement benefits obligation	25	21,903,845	19,813,040
		25,298,695	22,690,434
TOTAL LIABILITIES		520,038,974	407,408,159
STOCKHOLDERS' EQUITY			
Capital Stock	20	589,345,649	464,818,820
Additional Paid-in Capital	20	1,403,308,680	665,068,300
Retained Earnings		713,439,544	340,868,525
Remeasurements – net	25	(2,489,402)	(2,489,402)
TOTAL STOCKHOLDERS' EQUITY		2,703,604,471	1,468,266,243
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		3,223,643,445	1,875,674,402

(See Notes to Consolidated Financial Statements)

FIGARO COFFEE GROUP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended June 30, 2023, 2022 and 2021

(In Philippine Peso)

	NOTES	2023	2022	2021
REVENUES	22	4,284,080,714	2,437,396,762	53,539,134
DIRECT COSTS	23	2,347,990,423	1,242,346,413	31,174,799
GROSS PROFIT		1,936,090,291	1,195,050,349	22,364,335
FINANCE INCOME	8	39,479,710	16,076,018	-
OPERATING EXPENSES	24	1,357,006,132	945,264,785	12,860,427
FINANCE COST	17,18	1,817,310	1,608,491	16,076,018
GAIN ON BARGAIN PURCHASE	21	-	-	33,656,761
PROFIT BEFORE TAX		616,746,559	264,253,090	43,160,669
INCOME TAXES	28	154,186,640	66,063,272	2,375,977
PROFIT		462,559,919	198,189,818	40,784,692
OTHER COMPREHENSIVE LOSS				
ITEM THAT WILL NOT BE RECLASSIFIED				
SUBSEQUENTLY TO PROFIT OR LOSS:				
REMEASUREMENT LOSS	25	-	(72,518)	-
INCOME TAX RELATING TO				
OTHER COMPREHENSIVE LOSS	25	-	18,130	-
			(54,388)	-
TOTAL COMPREHENSIVE INCOME		462,559,919	198,135,430	40,784,692
EARNINGS PER SHARE				
Basic Earnings per Share	30	0.09	0.06	0.02

(See Notes to Consolidated Financial Statements)

FIGARO COFFEE GROUP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Years Ended June 30, 2023, 2022 and 2021

(In Philippine Peso)

	Notes	Capital Stock	Additional Paid-in Capital	Retained Earnings	Remeasurement	Total
Balance at July 1, 2021		9,375,500	-	(240,000)	-	9,135,500
Loss				40,784,692	-	40,784,692
Issuance of shares	20	313,125,000	186,938,000			500,063,000
Balance at June 30, 2021	20	322,500,500	186,938,000	40,544,692	-	549,983,192
Profit				198,189,818		198,189,818
Remeasurement loss	25				(2,489,402)	(2,489,402)
Issuance of shares	20	142,318,320	478,130,300	102,134,015		722,582,635
Balance at June 30, 2022	20,25	464,818,820	665,068,300	340,868,525	(2,489,402)	1,468,266,243
Profit				372,571,019		372,571,019
Remeasurement loss	25				-	-
Issuance of shares	20	124,526,829	738,240,380	-		862,767,209
Balance at June 30, 2023	20,25	589,345,649	1,403,308,680	713,439,544	(2,489,402)	2,703,604,472

(See Notes to Consolidated Financial Statements)

FIGARO COFFEE GROUP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2023, 2022 and 2021

(In Philippine Peso)

	NOTES	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit (loss) before tax		616,746,559	264,253,090	43,160,669
Adjustments for:				
Depreciation	12,14,23,24	310,681,365	211,822,338	-
Amortization	12,24	5,839,409	5,669,824	-
Retirement benefits	25	2,683,409	3,069,461	-
Finance costs	17,18	1,817,310	1,715,823	-
Finance income	8	(39,479,710)	-	-
Gain on bargain purchase option	21	-	-	(33,656,761)
Net identifiable assets acquired	21	-	-	38,284,325
Operating cash flows before changes in working capital		898,288,342	486,530,536	47,788,233
Increase in operating assets:				
Short-term investment		(483,099,545)	(401,900,455)	-
Trade receivables		(72,650,749)	(16,714,963)	(53,539,134)
Inventories		(82,708,799)	(36,228,991)	-
Prepayments and other current assets		(4,732,202)	(117,384,486)	(12,000)
Other non-current assets		(20,915,686)	(11,689,943)	-
Increase in trade and other payables		98,683,873	135,256,966	53,481,031
Cash generated from operations		332,865,234	37,868,664	47,718,130
Income taxes paid		(137,486,278)	(32,688,283)	-
Net cash from operating activities		195,378,956	5,180,381	47,718,130
CASH FLOWS FROM INVESTING ACTIVITIES				
Finance income received	8	39,479,710	-	-
Advances collected from related parties	19	718,900,455	67,872,936	75,877,564
Additions to right-of-use assets	14	(27,127,944)	-	-
Additions to intangible assets	13	(94,675,188)	(9,093,146)	-
Additions to property and equipment	12	(912,137,514)	(333,677,393)	-
Advances granted to related parties	19	(718,900,455)	(727,200,330)	(134,375,000)
Net cash used in investing activities		(994,460,936)	(1,002,097,933)	(58,497,436)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of capital stock	20	862,767,089	653,211,435	500,063,000
Advances received from related parties	19	287,081,477	551,142,823	-
Availments of loan	17	10,000,000	-	-
Payments of lease liabilities	18	(1,352,901)	(2,383,659)	-
Finance costs paid	17,18	(1,817,310)	(1,715,823)	-
Dividend declared and paid	20	(89,988,900)	-	(208,138,000)
Payments of loans	17	-	(60,000,000)	-
Payment of advances to a related party	19	-	(228,800,000)	-
Net cash from financing activities		1,066,689,455	911,454,776	291,925,000
NET INCREASE (DECREASE) IN CASH		267,607,475	(85,462,776)	281,145,694
CASH AT BEGINNING OF YEAR		195,682,918	281,145,694	-
CASH AT END OF YEAR		463,290,393	195,682,918	281,145,694

(See Notes to Consolidated Financial Statements)

FIGARO COFFEE GROUP, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2023, 2022 and 2021

1. CORPORATE INFORMATION AND STATUS OF OPERATION

Figaro Coffee Group, Inc. and Subsidiary (the "Group") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on July 6, 2018. The principal activities of the Parent Company are to process, manufacture, and package all kinds of food products; to establish, invest, develop, operate and maintain restaurants, coffee shops, and refreshment parlors; to serve, arrange and cater foods, drinks, refreshments and other food or commodities; to partner and/or collaborate with other players in the food industry for the management and operation of food establishments; to acquire, invest, organize, develop, promote, or otherwise undertake the management and operation of commercial franchises in the food industry; to provide facilities and commissaries and perform all other activities and services incidental thereto, necessary or desirable in relation thereto, and offer and sell to public such products, franchises, services other operation thereof, and to own shares in companies which are in furtherance of its purposes, and to guarantee for and in behalf of the Corporation obligations of other corporations or entities in which it has lawful interest in.

On March 31, 2021, the Parent Company's Board of Directors and Stockholders approved the following:

- a. The Parent Company's change in registered office address from No. 33 Mayon St., Brgy. Malamig, Mandaluyong City, Metro Manila, Philippines to 116 E. Main Avenue, Phase V, SEZ Laguna Technopark, Binan, Laguna.
- b. The Parent Company's change in reporting period from calendar year to fiscal year which shall begin on the first day of July and end on the last day of June.

The change in registered office address and reporting period was approved by SEC on June 23, 2021.

On October 22, 2021, the SEC approved the Company's application for amendment of its articles of incorporation to reflect the following primary purpose: invest in, purchase, or otherwise acquire and own, hold, use, sell assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description, including shares of stock, bonds, debentures, notes, evidences of indebtedness, and other securities or obligations of any corporation or corporations, association or associations, domestic or foreign, for whatever lawful purpose or purposes the same may have been recognized and to pay thereof in money or by exchanging therefor stocks, bonds or other evidences of indebtedness or securities of this or any other corporation, and while the owner or holder of any such real or personal property, stocks, bonds, debentures, contracts, or obligations, to receive, collect and dispose of the interest, dividends, and income arising from such property; and to possess and exercise in respect thereof all the rights, powers, and privileges of ownership, including all voting powers of any stock so owned; to carry on, provide support and manage the general business of any corporation, company, association or joint venture; to exercise such powers, acts or functions as may be essential or necessary to carry out the purpose stated herein; and to guarantee for and in behalf of the Corporation obligations of other corporations or entities in which it has lawful interest in.

The Parent Company

On March 31, 2021, the Parent Company's Board of Directors and Stockholders approved: (a) the increase in authorized capital stock from ₱150,000,000 to ₱500,000,000; and (b) the stock split through the reduction of the par value of the shares of the Parent Company from ₱100.00 per share to ₱0.10 per share. SEC approved the Parent Company's application to increase authorized capital stock on June 23, 2021.

At incorporation, Camertheus Holdings, Inc. (CHI) subscribed to ₱37,500,000 worth of shares in the Parent Company. Out of such subscription, ₱9,375,000 had been paid by CHI at incorporation of the Parent Company. During the period, CHI fully paid its subscription receivable amounting to ₱28,125,000.

Camerton, Inc. (CI) subscribed to the following shares of the Parent Company:

- a. In support of the application for increase in authorized capital stock, Camerton, Inc. (CI), on March 31, 2021, subscribed to 1,250,000,000 shares of the Parent Company for a total subscription price of ₱125,000,000. The subscribed shares were fully paid and issued on June 22, 2021.
- b. On June 20, 2021, the board of the Parent Company approved the additional paid-in capital in the amount of ₱83,138,000 paid by CI into the Parent Company.
- c. 1,250,000,000 shares with par value of ₱0.10 per share for a total subscription price of ₱228,800,000, or ₱0.18304 price per share. The said subscription resulted to an additional capital stock of ₱125,000,000 and an additional paid-in capital of ₱103,800,000 in the Parent Company; and
- d. 350,000,000 shares of the Parent Company with par value of ₱0.10 per share for a total subscription price of ₱35,000,000.

As of June 30, 2021, the Parent Company is 88.37% owned by CI and 11.63% owned by CHI.

On September 16, 2021, the Securities and Exchange Commission approved the Group's increase in authorized capital stock to ₱660,000,000 divided into 6,600,000,000 shares with a par value of ₱0.10 per share.

As of June 30, 2021, the Group is in the process of compiling with the requirements to file Registration Statement with SEC in accordance with the provisions of the Securities Regulation Code of the Philippines (Republic Act No. 8799, the "SRC") for the registration of all the issued and outstanding Shares of the Group and the Offer Shares.

On January 24, 2022, the Group completed its Initial Public Offering (IPO) and was listed in the Philippine Stock Exchange (PSE) under stock symbol "FCG." The Group issued 93,016,000 common shares for a total consideration of ₱69,762,000 or at ₱0.75 per share. This resulted to an additional issuance of capital stock of 1,423,182,003 with par value of ₱0.10 per share for a total of ₱142,318,200.

As of June 30, 2022, the outstanding capital of the Group is ₱464,818,700 (excluding the additional paid-in capital of ₱697,831,235 with 4,648,187,003 shares issued).

As of June 30, 2022, the Group is 69.94% owned by Camerton, Inc. and 8.07% owned by Carmetheus Holdings, Inc.

As of June 30, 2023, the outstanding capital of the Group is P5,893,455,293 (excluding the additional paid-in capital of P1,403,308,680 with 589,345,529 shares issued).

As of June 30, 2023, the Group is 53.05% owned by Camerton, Inc., 15% owned by Monde Nissin Corporation and 6.86% owned by Carmetheus Holdings, Inc.

The Subsidiary

The Parent Company's subsidiary is as follows:

Subsidiary	Principal Activities	Country of Incorporation	Functional Currency	Effective Percentage of Ownership
Figaro Coffee Systems Inc.	Food business including but not limited to operation of retail food stores and restaurants	Philippines	Philippine Peso	100%

The summarized financial information of the subsidiary for the year ended June 30, 2023 is as follows:

Total assets	P 2,454,806,490
Total liabilities	1,109,059,335
Net assets	1,345,747,155
Revenue	4,284,080,714
Direct costs	2,436,381,543
Operating expense	1,256,745,482
Finance cost	1,817,310
Profit before tax	628,616,089

On June 21, 2021, F Coffee Holdings Corporation, the 'Seller' agreed to sell and the Parent Company, the 'Buyer' agreed to buy, all the seller's rights, title and interests in 2,500 common shares with a par value of P50.00 per share or an aggregate par value of P125,000 in Figaro Coffee Systems Inc. (FCSI) for and in consideration of P1,851.0256 per share or a total purchase price of P4,627,564

On June 23, 2021, the Parent Company subscribed to 7,500 shares of FCSI with P50.00 par value per share at the subscription price of P27,751.73 per share for a total subscription price of P208,138,000. The said subscription resulted to an additional capital stock of P375,000 and additional paid-in capital of P207,763,000 in FCSI.

On June 27, 2021, the Parent Company subscribed additional 4,576,000 shares of FCSI at P50.00 par value resulting to capital stock of P228,800,000.

2. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The Philippine Financial Reporting Standards Council (FRSC) approved the issuance of new and revised Philippine Financial Reporting Standards (PFRS). The term "PFRS" in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and Interpretations issued by the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the FRSC and adopted by SEC.

These new and revised PFRS prescribe new accounting recognition, measurement and disclosure requirements applicable to the Group. When applicable, the adoption of the new standards was made in accordance with their transitional provisions, otherwise the adoption is accounted for as change in accounting policy under PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

2.01 New and Revised PFRSs Applied with No Material Effect on the Consolidated Financial Statements

The following new and revised PFRSs have been adopted in these consolidated financial statements. The application of these new and revised PFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to PFRS 16, *COVID-19-Related Rent Concessions beyond June 30, 2021*

The following are the amendments to PFRS 16:

- permit a lessee to apply the practical expedient regarding COVID-19-related rent concessions to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022 (rather than only payments originally due on or before June 30, 2022);
- require a lessee applying the amendment to do so for annual reporting periods beginning on or after April 1, 2022;
- require a lessee applying the amendment to do so retrospectively, recognizing the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment; and
- specify that, in the reporting period in which a lessee first applies the amendment, a lessee is not required to disclose the information required by paragraph 28(f) of PAS 8.

The amendments are effective for annual reporting periods beginning on or after April 1, 2022.

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

The following are the amendments in reference to the conceptual framework:

- update PFRS 3 so that it refers to the 2018 Conceptual Framework instead of 1989 Framework;
- add to PFRS 3 a requirement that, for transactions and other events within the scope of PAS 37 or IFRIC 21, an acquirer applies PAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and
- add to PFRS 3 an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The amendments are effective for annual periods beginning on or after January 1, 2022, if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds before Intended Use*

The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.

The amendments are effective for annual periods beginning on or after January 1, 2022, with earlier application permitted. An entity applies the amendments retrospectively only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract*

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments are effective for annual periods beginning on or after January 1, 2022, with earlier application permitted. Entities apply the amendments to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated.

- Annual Improvements to PFRS Standards 2018-2021 Cycle

Amendments to PFRS 1, *Subsidiary as a first-time adopter* - The amendment permits a subsidiary that applies paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to PFRSs.

Amendments to PFRS 9, Fees in the '10 per cent' test for derecognition of financial liabilities - The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of PFRS 9 in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

Amendments to PFRS 16, Lease Incentives - The amendment to Illustrative Example 13 accompanying PFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

Amendments to PAS 41, Taxation in fair value measurements - The amendment removes the requirement in paragraph 22 of PAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in PFRS 13.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022.

2.02 New and Revised PFRSs in Issue but Not Yet Effective

The Group will adopt the following standards and interpretations enumerated below when they become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended PFRS, to have significant impact on the consolidated financial statements.

2.02.01 Standard Adopted by FRSC and Approved by the Board of Accountancy (BOA)

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

The amendments to PAS 1 are the following:

- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments defer the effective date of the January 2021 Classification of Liabilities as Current or Non-Current (Amendments to PAS 1) to annual reporting periods beginning on or after January 1, 2023.

- Amendments to PAS 8, *Definition of Accounting Estimates*

The definition of accounting estimates has been amended as follows: accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”.

The amendment also clarifies the following:

- Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.
- A change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
- A change in an accounting estimate may affect only the current period’s profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognized as income or expense in the current period. The effect, if any, on future periods is recognized as income or expense in those future periods.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure Initiative – Accounting Policies*

The amendments to PAS 1 are the following:

- an entity is now required to disclose its material accounting policy information instead of its significant accounting policies;
- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;

The amendments also clarify the following:

- accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- accounting policy information is material if users of an entity’s financial statements would need it to understand other material information in the financial statements; and
- if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

In addition, PFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ to accounting policy information in order to support the amendments to PAS 1.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023.

- Amendment to PAS 12, *Deferred tax related to assets and liabilities arising from a single transaction*

The amendments introduce an exception to the initial recognition exemption (IRE) in PAS 12. Additional exclusions have been added to the IRE, detailed in paragraphs 15(b)(iii) and 24(c) for deferred tax liabilities and assets respectively. The effects of these amendments essentially mean that the IRE is not available for transactions which involve the recognition of both an asset and liability – which in turn leads to equal and opposite temporary differences – such that deferred taxes are calculated and booked for both temporary differences, both at initial recognition and subsequently. Applying this exception, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

The initial recognition exemption was initially included within PAS 12 to prevent a lack of reporting transparency for transactions which are not business combinations and, at the time of the transaction, do not affect either accounting or taxable profits. Under this exemption, deferred tax assets/liabilities would neither be recognized at initial recognition of the underlying asset/liability, nor subsequently.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, the amendments also apply to taxable and deductible temporary differences associated with right-of-use assets and lease liabilities, and decommissioning obligations and corresponding amounts recognized as assets at the beginning of the earliest comparative period presented.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023.

- PFRS 17, *Insurance Contracts*

PFRS 17 sets out the requirements that an entity should apply in reporting information about insurance contracts it issues and reinsurance contracts it holds. It requires an entity that issues insurance contracts to report them on the balance sheet as the total of the fulfilment cash flows and the contractual service margin. It requires an entity to provide information that distinguishes two ways insurers earn profits from insurance contracts: the insurance service result and the financial result. It requires an entity to report as insurance revenue the amount charged for insurance coverage when it is earned, rather than when the entity receives premium. It requires that insurance revenue to exclude the deposits that represent the investment of the policyholder, rather than an amount charged for services. Similarly, it requires the entity to present deposit repayments as settlements of liabilities rather than as insurance expense.

PFRS 17 is effective for annual periods beginning on or after January 1, 2025. Early application is permitted for entities that apply PFRS 9 Financial Instruments and PFRS 15 Revenue from Contracts with Customers on or before the date of initial application of PFRS 17.

An entity shall apply PFRS 17 retrospectively unless impracticable, except that an entity is not required to present the quantitative information required by paragraph 28(f) of PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and an entity shall not apply the option in paragraph B115 for periods before the date of initial application of PFRS 17. If, and only if, it is impracticable, an entity shall apply either the modified retrospective approach or the fair value approach.

- Amendments to PFRS 17, *Insurance Contracts*

The amendments cover the following areas:

- Insurance acquisition cash flows for renewals outside the contract boundary;
- Reinsurance contracts held—onerous underlying insurance contracts;
- Reinsurance contracts held—underlying insurance contracts with direct participation features; and
- Recognition of the contractual service margin in profit or loss in the general model.

The amendments are effective to annual reporting periods beginning on or after January 1, 2025.

- Amendment to PFRS 17, *Initial Application of PFRS 17 and PFRS 9—Comparative Information*

The amendment is a transition option relating to comparative information about financial assets presented on initial application of PFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and Insurance contract liabilities, and therefore Improve the usefulness of comparative information for users of financial statements.

PFRS 17 incorporating the amendment is effective for annual reporting periods beginning on or after January 1, 2025.

2.02.02 Deferred

- Amendments to PFRS 10 and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments clarify the treatment of the sale or contribution of assets between an investor and its associate and joint venture. This requires an investor in its financial statements to recognize in full the gains and losses arising from the sale or contribution of assets that constitute a business while recognize partial gains and losses if the assets do not constitute a business (i.e. up to the extent only of unrelated investor share).

On January 13, 2016, the FRSC decided to postpone the original effective date of January 1, 2016 of the said amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

3. BASIS FOR THE PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

3.01 Statements of Compliance

The consolidated financial statements have been prepared in conformity with PFRS and are under the historical cost convention, except for certain financial instruments that are carried either at fair value or at amortized cost and inventories carried at lower of cost or net realizable value.

3.02 Functional and Presentation Currency

Items included in the consolidated financial statements of the Group are measured using Philippine Peso (₱), the currency of the primary economic environment in which the Group operates (the “functional currency”).

The Group chose to present its consolidated financial statements using its functional currency.

3.03 Basis of Consolidation

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

The consolidated financial statements incorporate the financial statements of the Parent Company and the entities controlled by the Parent Company (its subsidiary) up to June 30 each year. Control is achieved when the Parent Company has exposure or rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over an investee. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account.

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

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

The Group re-assess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date when control is transferred to the Parent Company and ceases to be consolidated from the date when control is transferred out of the Parent Company.

At acquisition, the assets and liabilities and the contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the assets acquired is recognized as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to the profit and loss in the period of acquisition.

Goodwill is initially measured at cost, being the excess of the aggregate of fair value of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this

consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Inter-group balances and transactions, including inter-group profits and unrealized profits and losses, are eliminated. When necessary, adjustments are made to the financial statements of the subsidiary to bring the accounting policies used in line with those used by the Group. All inter-group transactions, balances, income and expenses are eliminated during consolidation.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Parent Company and are presented in the consolidated statements of comprehensive income and within equity in the consolidated statements of financial position, separately from the Group's equity attributable to equity holders of the Parent Company.

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

Upon the loss of control, the Group derecognizes the assets and liabilities of the former subsidiary from the consolidated statements of financial position. The Group recognizes any investment retained in the former subsidiary at its fair value when control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant PFRSs. That fair value shall be regarded as the fair value on initial recognition of a financial asset in accordance with PFRS 9 or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture. The Group recognizes the gain or loss associated with the loss of control attributable to the former controlling interest.

3.04 Current and Non-current Presentation

The Group classifies an asset as current when:

- It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- It holds the asset primarily for the purpose of trading;
- It expects to realize the asset within twelve (12) months after the reporting period; or
- The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve (12) months after the reporting period.

The Group classifies all other assets as non-current.

The Group classifies a liability as current when:

- It expects to settle the liability in its normal operating cycle;
- It holds the liability primarily for the purpose of trading;
- The liability is due to be settled within twelve (12) months after the reporting period; or
- It does not have an unconditional right to defer settlement of the liability for at least twelve (12) months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

4. SIGNIFICANT ACCOUNTING POLICIES

Principal accounting and financial reporting policies applied by the Group in the preparation of its consolidated financial statements are enumerated below and are consistently applied to all the years presented, unless otherwise stated.

4.01 Fair Value Measurement

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

When measuring fair value, the Group takes into consideration the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement assumes that the transaction to sell the asset or liability is exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions. In addition, it assumes that the transaction takes place either: (a) in the principal market; or (b) in the absence of a principal market, in the most advantageous market.

The Group considers the fair value of an asset or a liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

A fair value measurement assumes that a financial or non-financial liability or an entity's own equity instruments (e.g. equity interests issued as consideration in a business combination) is transferred to a market participant at the measurement date. The transfer of a liability or an entity's own equity instrument assumes the following:

- A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date.
- An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

The Group 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.

The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

4.02 Segment Information

An operating segment is a component of the Group: (a) that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other components of the Group; (b) whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and (c) for which discrete financial information is available.

The Group reports separately, information about an operating segment that meets any of the following quantitative thresholds: (a) its reported revenue, including both sales to external customers and inter-segment sales or transfers, is ten percent (10%) or more of the combined revenue, internal and external, of all operating segments, provided that; (b) the absolute amount of its reported profit or loss is ten percent (10%) or more of the greater, in absolute amount, of the combined reported profit of all operating segments that did not report a loss and the combined reported loss of all operating segments that reported a loss; and (c) its assets are ten percent (10%) or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if Management believes that information about the segment would be useful to users of the consolidated financial statements.

The business of the Group is currently organized into two (2) geographical areas namely as National Capital Region and Provincial areas. These areas are the basis on which the Group reports its primary segment information.

4.03 Financial Assets

4.03.01 Initial Recognition and Measurement

The Group recognizes a financial asset in its consolidated statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

Except for trade receivables that do not have a significant financing component, at initial recognition, the Group measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset.

At initial recognition, the Group measures trade receivables that do not have a significant financing component at their transaction price.

4.03.02 Classification

➤ Financial Asset at Amortized Cost

A financial asset shall be measured at amortized cost if both of the following conditions are met:

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

The Group's financial assets measured at amortized cost include cash in banks, trade receivables, due from related parties and other non-current assets.

a) Cash in Banks

Cash in banks pertains to cash deposits held at call with bank that are subject to insignificant risk of change in value. This shall be measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

b) Trade Receivables and Due from related parties

Trade receivables and due from related parties are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for expected credit losses of trade receivables and due from related parties are established based on individual assessment and available facts and circumstance, including, but not limited to historical loss experience and economic factors. Finance income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

c) Other non-current assets

Other non-current assets pertain to refundable deposits, construction bond and others. Refundable deposits pertain to amount given to the lessor as security for future repairs needed on the leased area. These are initially recorded at the amount of cash paid. Subsequently, this is measured at cost using the effective interest method, less any impairment.

The Group does not have financial assets measured at fair value either through profit and loss or through other comprehensive income in both years.

4.03.03 Reclassification

When, and only when, the Group changes its business model for managing financial assets it shall reclassify all affected financial assets in accordance with Note 4.03.02. If the Group reclassifies financial assets, it shall apply the reclassification prospectively from the reclassification date. The Group shall not restate any previously recognized gains, losses (including impairment losses) or interest.

4.03.04 Effective Interest Method

Finance income is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for: purchased or originated credit-impaired financial assets and financial assets that are not purchased or originated credit-impaired but subsequently have become credit-impaired.

4.03.05 Impairment

The Group measures expected losses of a financial instrument in a way that reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable assumption that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

The Group adopted the following approaches in accounting for impairment.

➤ Simplified Approach

The Group always measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivables. The Group determines that a financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the counterparty;
- A breach of contract, such as a default or past due event;
- The lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider; and

- It is becoming probable that the counterparty will enter bankruptcy or other financial reorganization.

➤ General Approach

The Group applies general approach to cash in banks, due from related parties and other non-current assets. At each reporting date, the Group measures the loss allowance for a financial asset at an amount equal to the lifetime expected credit losses if the credit risk on that financial asset has increased significantly since initial recognition. However, if the credit risk has not increased significantly, the Group measures the loss allowance equal to 12-month expected credit losses.

The Group compares the risk of default occurring as at the reporting date with the risk of a default occurring as at the date of initial recognition and consider the macro-economic factors such as GDP, interest, and inflation rates, the performance of the counterparties' industry, that is available without undue cost or effort, to determine whether there is a significant increase in credit risk or not since initial recognition.

The Group determines that there has been a significant increase in credit risk when there is a significant decline in the factors. The Group assumes that the credit risk on cash in banks has not increased significantly since initial recognition because the financial instrument is determined to have low credit risk at the reporting date.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition because the financial instrument is determined to have low credit risk at the reporting date.

The Group did not apply the 30 days past due rebuttable presumption because the Group determines that there have been no significant increases in credit risk even if collections are more than 30 days past due.

If the Group has measured the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date, that the credit quality improves (i.e. there is no longer a significant increase in credit risk since initial recognition), then the Group shall measure the loss allowance at an amount equal to 12-month expected credit losses at the current reporting date.

The Group recognizes in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

The Group performs the assessment of significant increases in credit risk on an individual basis by considering information that is indicative of significant increases in credit risk.

The Group does not apply the 90 days past due rebuttable presumption in determining whether a financial asset is credit-impaired or not. Based on the Group's historical experience, customer is in default when it is already past due for 360 days and beyond.

The Group determines that a financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the counterparty;
- A breach of contract, such as a default or past due event;
- The lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; and
- It is becoming probable that the counterparty will enter bankruptcy or other financial reorganization.

4.03.06 Derecognition

The Group derecognizes a financial asset when, and only when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition. The difference between the carrying amount and the consideration received is recognized in profit or loss.

4.03.07 Write-off

The Group directly reduces the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

4.04 Prepayments and Other Current Assets

4.04.01 Prepayments

Prepayments represent expenses not yet incurred but already paid in cash. These are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as they are consumed in operations or expire through passage of time.

These are classified in the consolidated statements of financial position as current assets when the expenses are expected to be incurred within one (1) year or the group's normal operating cycle, whichever is longer. Otherwise, these are classified as other non-current assets.

4.04.02 Advances to Suppliers

Advances to suppliers represent payments for the goods to be delivered. These are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are reclassified to inventories upon transfer of ownership of the related goods.

4.04.03 Advances to Contractors

Advances to contractors represent payments for the services to be rendered. These are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to expenses upon the receipt of the services.

4.05 Business Combination

The Group applies the standard on business combination under PFRS 3 as amended and adopted in 2009. The standard outlines the accounting when an acquirer obtains control of a business (e.g. acquisition or merger). Such business combinations are accounted for using the 'acquisition method", which generally requires assets acquired and liabilities assumed to be measured at their fair values at date of acquisition.

PFRS 3 seeks to enhance the relevance, reliability and comparability of information provided about business combinations (e.g. acquisition and mergers) and their effects. It sets out the principles on the recognition and measurement of acquired assets and liabilities, the determination of goodwill and the necessary disclosures.

In determining whether a transaction is a business combination, PFRS 3 provides additional guidance on determining whether a transaction meets the definition of a business combination and accounted for in accordance with its requirements. This guidance includes:

- Business combinations can occur in various ways such as by transferring cash, including liabilities, issuing equity instrument (or any combination thereof), or by not issuing consideration at all (i.e. by contract alone); and
- Business combinations can be structured in various ways to satisfy legal, taxation or other objectives, including one entity becoming a subsidiary of another, the transfer of net assets from one entity to another or to new entity;

The business combination must involve the acquisition of a business, which generally has three elements:

- Inputs – an economic resource (e.g., non-current assets, intellectual property) that creates outputs when one or more processes are applied to it;
- Process – a system standard, protocol, convention or rule that when applied to an input or inputs, creates outputs (e.g., strategic management, operational processes, resource management); and
- Output – the result of inputs and processes applied to those input.

4.05.01 Acquisition Method

In every acquisition of business, the Group determines the acquisition date, recognize and measures all identifiable assets acquired, the liabilities assumed and non-controlling interest (NCI, formerly called minority interest) in the acquiree, and determines if there is goodwill or gain from a bargain purchase if applicable.

The Group recognizes the acquisition date as the date on which the Group obtains control over the acquiree. Generally, this is the date on which the Group legally transfer the consideration, acquires the assets and assumes the liabilities of the acquiree – the closing date. However, the Group as the acquirer may obtain control on a date that is either earlier or later than the closing date depending on what was agreed upon with the acquiree.

In recognizing and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree, the Group observes the definition of assets and liabilities in accordance with the Framework for the Preparation and Presentation of Financial Statements at the acquisition date. Identifiable assets acquired and liabilities assumed are measured at their acquisition-date fair values.

On income taxes, the Group recognizes and measures a deferred tax asset or liability arising from the assets acquired and liabilities assumed in accordance with PAS 12 while the standard under PAS 19 is relied on for employee benefits.

The Group recognizes and measures goodwill in accordance with PFRS 3, as the difference between:

- Aggregate of (1) the value of the consideration transferred (generally at fair value), (2) the amount of any non-controlling interest in the acquiree, and (3) in a business combination achieved in stages, the acquisition-date fair value of the acquirer’s previously held equity interest in the acquiree, and
- The net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed (measured in accordance with PFRS 3).

4.05.02 Common Control Business Combinations

A business combination is a “common control combination” if the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. This means that the same party or parties have the ultimate control over the combining entities or businesses both before and after the business combination.

Common control combinations are typically accounted for using the “pooling of interest method” and, in some cases where there is commercial substance to the transaction, using the “acquisition method” under PFRS 3.

PIC Q&A 2011-02 established the following consensus:

1. PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, requires that in the absence of specific guidance in PFRS, management shall use its judgement in developing and applying an accounting policy that is relevant and reliable (PAS 8.10). The most relevant and reliable accounting policies for common control business combination would either be the pooling of interest method and the acquisition method in accordance with PFRS 3.
2. Common control business combinations shall be accounted for using either the pooling of interests method or the acquisition method. However, where the acquisition method of accounting is selected, the transaction must have commercial substance from the perspective of the reporting entity.
3. The accounting policy for common control business combination shall be applied consistently for similar transactions.

4.05.03 Consolidation

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

The consolidated financial statements incorporate the financial statements of the Parent and the entity controlled by the Parent (its subsidiary) up to June 30 of each year. Control is achieved when the Parent has exposure or rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over an investee. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account.

Subsidiary is consolidated from the date when control is transferred to the Parent and ceases to be consolidated from the date when control is transferred out of the Parent.

4.05.04 Measurement

The assets and liabilities and the contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the assets acquired is recognized as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to the profit and loss in the period of acquisition.

4.05.05 Initial Measurement of Goodwill or Gain on a Bargain Purchase

Goodwill is initially measured at cost, being the excess of the aggregate of fair value of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss as gain on a bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

4.05.06 Inter-group Balances

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Inter-group balances and transactions, including inter-group profits and unrealized profits and losses, are eliminated. When necessary, adjustments are made to the financial statements of the subsidiary to bring the accounting policies used in line with those used by the Parent Company. All inter-group transactions, balances, income and expenses are eliminated during consolidation.

4.05.07 Loss of Control

Upon the loss of control, the Parent Company derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of controls is recognized in profit or loss. If the Parent Company retains any interest in the previous subsidiary, then such interest is measured at fair value at the date the

control is lost. Subsequently, it is accounted for as entity-accounted investee or as financial assets at FVTPL or FVOCI depending on the level of influence retained.

4.05.08 Measurement Period.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group reports in its consolidated financial statements provisional amounts for the items for which the accounting is incomplete. The measurement period ends as soon as the Group receives the information it was seeking about facts and circumstances that existed as at the acquisition date or learns that more information is not obtainable. The measurement period does not exceed one year from the acquisition date.

4.06 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method. The cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. At each reporting date, inventories are assessed for impairment.

If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the 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 selling price less costs to complete and sell because of changed economic circumstances, a reversal of the impairment is recognized so that the new carrying amount is the lower of the cost and the revised selling price less costs to complete and sell. Any impairment reversal is recognized in profit or loss but is limited to the amount of the original impairment loss recognized.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

4.07 Property and Equipment

Property and equipment are initially measured at cost. The cost of an asset consists of its purchase price and costs directly attributable to bringing the asset to its working condition for its intended use. Subsequent to initial recognition property and equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

Subsequent expenditures relating to an item of property and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditures are recognized as expenses in the period in which those are incurred.

Depreciation is computed on the straight-line method based on the estimated useful lives of the assets as follows:

Office and store equipment	5 to 10 years
Building and building improvements	5 to 20 years

The property and equipment's residual values, useful lives and depreciation method are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

An item of property and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

4.08 Computer Software

Computer software acquired separately is initially carried at cost. Subsequently, intangible asset with definite useful life is carried at cost less accumulated amortization and accumulated impairment losses. Amortization of computer software is recognized on a straight-line basis over its estimated useful life of two (2) years.

The estimated useful life, residual value and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognized on disposal or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss.

4.09 Impairment of Assets

At each reporting date, the Group assesses whether there is any indication that any assets other than inventories, deferred tax assets, and financial assets that are within the scope of PFRS 9, *Financial Instruments* may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized as an expense.

When an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income.

4.10 Borrowing Costs

Borrowing costs are recognized in profit or loss in the period in which they are incurred.

4.11 Financial Liabilities

4.11.01 Initial Recognition and Measurement

The Group shall recognize a financial liability in its consolidated statements of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument.

At initial recognition, the Group shall measure a financial liability at its fair value minus, in the case of financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the liability.

4.11.02 Classification

The Group shall classify all financial liabilities as subsequently measured at amortized, except for:

- financial liabilities at fair value through profit or loss;
- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies;
- financial guarantee contracts;
- commitments to provide a loan at a below-market interest rate;
- contingent consideration recognized by an acquirer in a business combination.

The Group's financial liabilities measured at amortized cost include trade and other payables (excluding customers' deposits and due to government agencies), due to a related party, loans payable and lease liabilities.

The Group does not have financial liabilities measured at fair value through profit or loss.

4.11.03 Derecognition

The Group removes a financial liability (or part of a financial liability) from its statement of financial position when, and only when, it is extinguished (i.e. when the obligation in the contract is discharged or cancelled or expires).

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4.12 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received.

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

4.13 Offsetting of Financial Instruments

Financial assets and liabilities are offset, and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

4.14 Customers' Deposits

Customers' deposits pertain to down payments made by customers on their purchase. These are recorded initially as liability equivalent to the amount of cash received. Subsequently, these are charged to profit or loss upon delivery of food products.

4.15 Employee Benefits

4.15.01 Short-term Benefits

The Group recognizes a liability, net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Group to its employees include salaries and wages, SSS, PhilHealth, and HDMF contributions and other employee benefits.

4.15.02 Post-employment Benefits

The Group has an unfunded and noncontributory defined benefit retirement plan. This benefit defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The cost of providing benefits is determined using the Projected Unit Credit Method (PUCM) which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries. Retirement benefits include current service cost and net interest on defined benefit obligation. Remeasurements which include change on demographic and financial assumption and experience adjustment are recognized directly in other comprehensive income and are also presented as remeasurements under 'equity' in the consolidated statement of financial position.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

The retirement benefit obligation recognized in the consolidated statements of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of interest rates of government securities that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

4.16 Provisions

Provisions are recognized when the Group has a present obligation, whether legal or constructive, as a result of a past event, it is probable that the Group will be required

to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions are reviewed at each reporting period and adjusted to reflect the current best estimate.

4.17 Revenue Recognition

The Group shall recognize revenue when (or as) the Group satisfies a performance obligation by transferring a promised good or service (i.e. asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

4.17.01 Performance Obligations Satisfied at a Point in Time

The Group recognizes revenue at point in time from its store sales and commissary sales, this is when there is a present right to payment for goods, transfer of physical possession of goods, acceptance of the same by its customers and transfer of significant risk and rewards of the goods.

4.17.02 Royalty

Revenue from royalty is recognized as the royalty accrues based on certain percentages of the franchisees' gross sales.

4.17.03 Finance Income

Finance income is recognized when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Finance income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

4.17.04 Principal versus Agent Considerations

The Group should determine whether it is a principal or an agent in a transaction through the nature of its promise in a performance obligation.

The Group determines whether the nature of its promise is a performance obligation to provide a specified service itself (i.e. the Group is a principal) or to arrange for the other party to provide those services (i.e. the Group is an agent).

The Group is a principal if it controls a promised service before it transfers the service to a customer. It recognizes revenue in the gross amount of consideration to which it expects to be entitled in exchange for those services transferred.

The Group is an agent if its performance obligation is to arrange for the provision of services by another party. It recognizes revenue in the amount of any fee or

commission to which it expects to be entitled in exchange for arranging for the other party to provide its services.

4.18 Expense Recognition

Expense encompasses losses as well as those expenses that arise in the course of the ordinary activities of the Group.

The Group recognizes expenses in the consolidated statements of comprehensive income when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

4.19 Leases

4.19.01 The Group as a Lessee

The Group considers whether a contract is, or contains a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for a consideration. To apply this definition the Group assesses whether the contract meets three (3) key evaluations, which are whether:

- a. The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group.
- b. The Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- c. The Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

The Group has elected to account for short-term leases and low-value assets using the practical expedients. Instead of recognizing an ROU asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

Right-of-Use (ROU) Asset

At the commencement date, the Group measures the ROU asset at cost, which comprises of:

- initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any incentives received;
- any initial direct costs incurred by the Group;
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

Subsequent to initial recognition, ROU assets are carried at cost less accumulated depreciation and accumulated impairment losses. The Group depreciates the ROU asset on a straight-line method from the lease commencement date to the earlier of

the end of the useful life of the ROU asset or the end of the lease term. The Group also assesses the ROU asset for impairment when such indicators exist.

On the consolidated statements of financial position, right-of-use assets have been presented as a separate line item.

Lease Liabilities

At the commencement date, the Group measures the lease liabilities at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or if not the Group uses the incremental borrowing rate.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- fixed payments (including in-substance fixed payments), less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under the residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect in-substance fixed lease payments.

The Group recognizes the amount of remeasurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is further reduction in the measurement of the lease liability, the Group recognizes any remaining amount of the remeasurement in profit or loss.

On the consolidated statements of financial position, lease liabilities have been presented as a separate line item.

4.20 Related Parties and Related Party Transactions

A related party is a person or entity that is related to the Group that is preparing its consolidated financial statements. A person or a close member of that person's family is related to Group if that person has control or joint control over the Group, has significant influence over the Group, or is a member of the key management personnel of the Group or of a parent of the Group.

An entity is related to the Group if any of the following conditions applies:

- The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- Both entities are joint ventures of the same third party.
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
- The entity is controlled or jointly controlled by a person identified above.
- A person identified above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- Management entity providing key management personnel services to a reporting entity.

Close members of the family of a person are those family members, who may be expected to influence, or be influenced by, that person in their dealings with the Group and include that person's children and spouse or domestic partner; children of that person's spouse or domestic partner; and dependents of that person or that person's spouse or domestic partner.

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

4.21 Taxation

Income tax expense represents the sum of current and deferred taxes.

4.21.01 Current Tax

The current tax is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

4.21.02 Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, carry forward of unused tax credits from excess Minimum Corporate Income Tax (MCIT) over Regular Corporate Income Tax (RCIT) and unused Net Operating Loss Carry-over (NOLCO), to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and carry forward of unused MCIT and unused NOLCO can be utilized. Deferred income tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction that affects neither the accounting profit nor taxable profit or loss.

Deferred tax liabilities are recognized for taxable temporary differences. Deferred tax assets arising from deductible temporary differences are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

4.21.03 Current and Deferred Taxes for the Period

Current and deferred taxes are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside profit or loss, whether in other comprehensive income or directly in equity, in which case the tax is also recognized outside profit or loss.

4.21.04 Impact of Change in Tax Regime

Components of tax expense include any adjustments recognized in the period for current tax of prior period and the amount of deferred tax expense (income) relating to changes in tax rates. The provision for current income tax during the year include the difference between income tax per prior year financial statements and prior year income tax return.

Deferred tax assets and liabilities as of reporting period is remeasured using the new tax rates. The impact of remeasurement is recognized in profit or loss (i.e., provision for/benefit from deferred income tax), unless it can be recognized in other comprehensive income or another equity account as provided for in PAS 12.61A.

Any movement in deferred taxes arising from the change in tax rates that will form part of the provision for/benefit from deferred taxes will be included as well in the effective tax rate reconciliation.

4.22 Earnings per Share

The Group computes its basic earnings per share by dividing net income or loss attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the period.

4.23 Changes in Accounting Policies

The adoption of the new and revised standards and interpretations disclosed in Notes 2.01 and 2.02, was made in accordance with their transitional provisions, otherwise the adoption is accounted for as change in accounting policy under PAS 8, *“Accounting Policies, Changes in Accounting Estimates and Errors”*.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES

In the application of the Group’s accounting policies, which are described in Note 4, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

5.01 Critical Judgments in Applying Accounting Policies

The following are critical judgments, apart from those involving estimations that Management has made in the process of applying the entity’s accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

5.01.01 Aggregation of Operating Segments

In accordance with the provisions of PFRS 8, *Operating Segments*, the Group’s reporting segment is based on the management approach with regard to the segment identification, under which information regularly provided to the chief operating decision maker for decision-making purposes is considered as decisive. The segments are also evaluated under the management approach.

The Group reports its segment based on the nature of the products and services provided and geographic areas. Management identifies its operating segments as generally based on nature of the products and services such as sale of foods and franchise revenue; and geographic areas such as domestic and international. The accounting policies of the reportable segments are the same as the Group’s accounting policies. Segment profit represents the profit earned by each segment without allocation of net trading gains (losses), other income, equity in net earnings, operating expenses and income tax.

5.01.02 Determining whether or not a Contract Contains a Lease

For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from PAS 17 and IFRIC 4 and has not applied PFRS 16 to arrangements that were previously not identified as lease under PAS 17 and IFRIC 4.

Management assessed the Group's agreements to use store spaces qualified as lease contracts since the contract contains an identified asset, the Group has the right to obtain substantially all of the economic benefits, and the Group has the right to direct the use of the identified asset throughout the period of use.

5.01.03 Assessment of Principal-Agency Arrangement

The Group determines whether the nature of its promise is a performance obligation to provide a specified service itself (i.e. the Group is a principal) or to arrange for the other party to provide those services (i.e. the Group is an agent).

In June 30, 2023, 2022 and 2021 the Group assessed that it is acting as a principal on its sales derived from third-party food delivery supports because the Group has the primary responsibility for fulfilling the promise to provide goods to customers, bears the risk on the goods and has the discretion in determining the selling price of the goods. The Group recognized commission expense on amount paid to third-party delivery supports amounting to P260,859,459, P180,836,659 and nil, in June 30, 2023, 2022 and 2021 respectively, as disclosed in Note 24.

5.01.04 Assessment of Timing of Satisfaction of Performance Obligations

An entity satisfies a performance obligation by transferring control of a promised good or service to the, which could occur over time or at a point in time.

Management assessed that performance obligation is satisfied at a point in time, this is when there is a present right to payment for goods, transfer of physical possession of goods, acceptance of the same by its customers and transfer of significant risk and rewards of the goods. In 2023, 2022 and 2021 revenues recognized amounted to P4,284,080,714, P2,437,396,762 and P53,539,134 as disclosed in Note 22.

5.01.05 Assessment of Contractual Terms of a Financial Asset

The Group determines whether the contractual terms of a financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. In making its judgments, the Group considers whether the cash flows before and after the changes in timing or in the amount of payments represent only payments of principal and interest on the principal amount outstanding.

Management assessed that the contractual terms of its financial assets are solely payments of principal and interest and consistent with basic lending arrangement. As of June 30, 2023 and 2022, the carrying amounts of financial assets measured at amortized cost amounted to P656,307,822 and P670,128,046 respectively, as disclosed in Note 32.02.

5.01.06 Assessment of the Allocation of Transaction Price to Performance Obligations

A performance obligation is a vendor's promise to transfer a good or service that is 'distinct' from other goods and services identified in the contract.

Management assessed that allocation of transaction price to performance obligation is not applicable since the only obligation identified is to deliver and served the foods and drinks ordered by its customers.

5.01.07 Assessment of 30 days Rebuttable Presumption

The Group determines when a significant increase in credit risk occurs on its financial assets based on the credit management practice of the Group.

Management believes that the 30 days rebuttable presumption on determining whether financial assets are past due is not applicable since based on Group's historical experience credit risk has not increased significantly even if collections are more than 30 days past due.

5.01.08 Assessment of 90 days rebuttable presumption

An entity determines when a past due occurs on its financial assets based on the credit management practice of the entity.

Management believes that the 90 days rebuttable presumption on determining whether there is a significant increase in credit risk in financial assets is not applicable based on the Group's historical experience the Group determines that the customer is in default when it is already past due for 360 days and beyond.

5.01.09 Determining whether or not it is Reasonably Certain that an Extension Option will be Exercised

Lease term is the non-cancellable period for which the Group has the right to use an underlying asset including optional periods when the Group is reasonably certain to exercise an option to extend (or not to terminate) a lease. The Group considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option when determining the lease term and the enforceability of the option. The option to extend the lease term should be included in the lease term if it is reasonably certain that the lessee will exercise the option and the option is enforceable. The Group is required to reassess the option when significant events or changes in circumstances occur that are within the control of the lessee.

Management assessed that it is reasonably certain that it will exercise the extension option but the extension option is not enforceable because it requires mutual agreement of both parties.

5.02 Key Sources of Estimation Uncertainties

The following are the key assumptions concerning the future, and other key sources of estimation uncertainties at the end of the reporting periods that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5.02.01 Estimating Allowance for Expected Credit Losses of Financial Assets

The Group evaluates the expected credit losses related to its financial assets based on an individual assessment and available facts and circumstances, including, but not limited to historical loss experience and economic factors.

The Group uses credit ratings, performance of banking industry, macro-economic and bank's financial information to assess the expected credit losses on its cash in banks. In view of the foregoing factors, Management believes that the expected credit loss is nil in 2023 and 2022.

The Group uses performance of customers' industry, macro-economic factors and economy's outlook to assess the expected credit losses on its trade receivables. In view of the foregoing factors, Management believes that the expected credit loss on trade receivables is nil in 2023 and 2022.

The Group uses the available financial information about the lessors, macro-economic factors and economy's outlook to assess the expected credit losses on its refundable deposits. In view of the foregoing factors, Management believes that the expected credit loss on refundable deposits is nil in both years.

In 2023, 2022 and 2021, no provision for expected credit loss was recognized on Group's financial assets.

As of June 30, 2023 and 2022, the carrying amounts of financial assets measured at amortized cost amounted to P656,307,822 and P670,128,046 as disclosed in Note 32.02.

5.02.02 Estimating Inventories at Net Realizable Values

Net realizable values of inventories are assessed regularly based on the prevailing selling prices of inventories less estimated costs to sell. The Group recognizes expense and provides allowance for decline in value of inventories whenever net realizable value of inventories becomes lower than cost due to damage, physical deterioration, obsolescence, changes on price levels or other causes. Inventory items identified to be obsolete and unusable is written off and charged against allowance account. Increase in the net realizable values will increase the carrying amount through reduction of allowance for decline but only to the extent of original acquisition cost.

In 2023 and 2022, Management believes the net realizable value of inventories approximate their costs, thus, no allowance for decline in value was recognized. As of June 30, 2023 and 2022, inventories amounted to P162,093,489 and P73,366,722 as disclosed in Note 9.

5.02.03 Reviewing Residual Values, Useful Lives and Depreciation Method of Property and Equipment

The residual values, useful lives and depreciation method of the Group's property and equipment are reviewed at least annually, and adjusted prospectively if appropriate, if there is an indication of a significant change in, how an asset is used; significant unexpected wear and tear; technological advancement; and changes in market prices since the most recent annual reporting date. The useful lives of the Group's property and equipment are estimated based on the period over which the assets are expected to be available for use. In determining the useful life of property and equipment, the Group considers the expected usage, expected physical wear and tear, technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output

and legal or other limits on the use of the Group's assets. In addition, the estimation of the useful lives is based on Group's collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

A reduction in the estimated useful lives of property and equipment would increase the recognized expenses and decrease non-current assets. The Group uses a depreciation method that reflects the pattern in which it expects to consume the property and equipment's future economic benefits. If there is an indication that there has been a significant change in the pattern used by which the Group expects to consume the property and equipment's future economic benefits, the entity shall review its present depreciation method and, if current expectations differ, change the depreciation method to reflect the new pattern.

In both years, Management assessed that there are no indications that there has been any change in pattern used by in consuming Group's property and equipment's future economic benefits. As of June 30, 2023 and 2022 the carrying amounts of the Group's property and equipment are ₱1,213,094,509 and ₱611,638,360 as disclosed in Note 12.

5.02.04 Reviewing Residual Value, Useful Life and Amortization Method of Intangible Assets

The residual value, useful life and amortization method of the Group's computer software are reviewed at least annually, and adjusted prospectively if appropriate, if there is an indication of a significant change in, how an asset is used; technological advancement; and changes in market prices since the most recent annual reporting date. Amortization begins when the computer software is available for use, i.e. when it is in the location and condition necessary for it to be usable in the manner intended by Management. Amortization ceases when the intangible asset is derecognized. The Group uses a straight-line method of amortization since it cannot determine reliably the pattern in which it expects to consume the intangible asset's future economic benefits.

In both years, Management assessed that there are no indications that there has been any change in pattern used by the Group in consuming its intangible assets' future economic benefits. As of June 30, 2023 and 2022, the carrying amounts of the amounted ₱92,638,839 and ₱3,803,060, as disclosed in Note 13.

5.02.05 Asset Impairment

The Group performs an impairment review when certain impairment indicators are present. Determining the fair value of prepayment and other current assets, property and equipment, intangible assets and right-of-use assets, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Group to conclude that aforementioned assets are impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations.

The preparation of the estimated future cash flows involves significant judgment and estimations. While the Group believes that its assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges under PFRS.

In both years, Management assessed that no indicators of impairment had existed on prepayment and other current assets, property and equipment, right-of-use assets and intangible assets. As of June 30, 2023 and 2022, the aggregate carrying amounts of the aforementioned assets amounted to ₱1,477,094,949 and ₱769,607,674, respectively, as disclosed in Notes 11, 12, 13, and 14.

5.02.06 Estimating Recoverability of Deferred Tax Assets

The Group reviews the carrying amounts at each balance sheet date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Group will generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilized.

Management believes that the Group will generate future taxable profit to use all or part of its deferred tax asset amounting to ₱5,734,920 and ₱5,498,773, in 2023 and 2022, as disclosed in Note 29.

5.02.07 Post-employment and Other Employee Benefits

The determination of the retirement obligation and cost and other retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include among others, discount rates, and rates of compensation increase. In accordance with the PFRS, actual results that differ from the assumptions are recognized as remeasurements in other comprehensive income and therefore, generally affect recorded obligation. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the pension and other retirement obligations.

The Group's retirement benefit amounted to ₱2,683,409 ,₱1,866,673 and nil in June 30, 2023, 2022 and 2021, respectively, as disclosed in Note 24. The Group's retirement benefit obligation as of June 30, 2023 and 2022, amounted to ₱21,903,845 and ₱21,128,122, respectively, as disclosed in Note 25. Remeasurement recognized as other comprehensive gain and loss, net of related tax, amounted to nil and ₱81,829 in June 30, 2023 and 2022, respectively, as disclosed in Note 24.

5.02.08 Estimating the Appropriate Discount Rate to Use

The Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or if not, the Group uses the incremental borrowing rate.

Management used its incremental borrowing rate of 2.3% to 3.02% per annum to measure the present value of its lease liabilities since the implicit rate was not readily available.

6. SEGMENT INFORMATION

6.01 Revenue from Major Products

Listed below are the revenues earned from each major product:

	2023	2022
Angel's Pizza	P 2,871,594,714	P 1,631,578,807
Figaro Coffee Group	1,176,617,871	743,002,890
Tien Ma's Taiwanese Cuisine	94,667,950	62,815,065
	P 4,142,880,535	P 2,437,396,762

6.02 Geographical Information

The Group operates in two (2) principal geographical areas. The Group's revenue from continuing operations from external customers by geographical location are detailed below:

	2023	2022
National Capital Region	P 3,120,339,428	P 1,788,734,534
Provincial Areas	1,022,541,107	648,662,228
	P 4,142,880,535	P 2,437,396,762

7. CASH

For the purpose of the consolidated statements of cash flows, cash includes cash on hand and in banks.

Cash at the end of the reporting periods as shown in the consolidated statements of cash flows can be reconciled to the related item in the consolidated statements of financial position as follows:

	2023	2022
Cash on hand	P 11,115,516	P 4,202,116
Cash in banks	452,174,877	191,480,802
	P 463,290,393	P 195,682,918

Cash on hand pertains to revolving and change fund kept in the different branches.

Finance income from banks amounted to nil in 2023 and 2022 since bank accounts maintained are current accounts which do not earn interest.

8. SHORT-TERM INVESTMENT

Short-term investments consist of money market placements made for six (6) months and earn interest of 8%. As of June 30, 2023 and 2022, short-term investments amounted to P895,000,000 and P401,900,455 , respectively. Accrued interest income amounted to P12,671,418, P16,076,018 and nil as of June 30, 2023, 2022 and 2021.

9. TRADE AND OTHER RECEIVABLE

The details of the Group's trade and other receivable are shown below:

	2023		2022	
Trade	P 149,422,072	P	73,366,722	
Accrued interest receivable (Note 8)	12,671,418		16,076,018	
	P 162,093,490	P	89,442,740	

Trade receivables which pertain to supplies billed to franchisees, commissary sales to certain institutions and receivable from credit card companies and food delivery services have an average credit period of sixty (60) days from the sale of goods. No interest is charged on trade receivables. The Group determines that a customer is in default when it is already past due for 360 days and beyond. Trade receivables disclosed above include amounts which are past due at the end of the reporting period but against which the Group has not recognized an allowance for expected credit losses because there has been no significant amount on past due accounts which are 360 days and beyond. The Group does not hold any collateral or other credit enhancements over these balances, nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

Aging of outstanding accounts that are past due but not impaired is as follows:

	2023		2022	
1 to 30 days	P 68,538,410	P	29,363,769	
31 to 60 days	15,672,481		5,715,081	
Over 60 days	65,211,181		22,981,284	
	P 149,422,072	P	58,060,134	

In determining the recoverability of trade receivable, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

In 2023, 2022 and 2021, no expected credit loss was recognized for the Group's trade receivables because the Group believes that there is only an insignificant amount of expected credit loss therefrom.

10. INVENTORIES

The Group's inventories pertaining to foods, beverages, store and kitchen supplies amounted to P178,390,239 and P95,681,440 , as of June 30, 2023 and 2022, as disclosed in Note 23.

The cost of inventories recognized as an expense amounted to P1,613,512,610 and P852,213,448 , in 2023, 2022 and 2021, as disclosed in Note 23.

Inventories are expected to be recovered within twelve (12) months after the reporting period.

There are no unusual purchase commitments and accrued net losses on such commitments. There are no losses which are expected to arise from firm and noncancellable commitments for the future purchase of inventory items.

11. PREPAYMENTS AND OTHER CURRENT ASSETS

The details of the Group's prepayments and other current assets are shown below:

	2023	2022
Prepaid expenses	P 547,289	P 62,229
Prepaid rent (Note 17)	23,255,118	6,986,338
Advances to contractors	118,426,845	130,920,470
Advances to suppliers	8,956,478	8,498,676
Advances to officers and employees	2,912,634	2,898,450
	P 154,098,363	P 149,366,162

Advances to suppliers pertain to inventories that are already paid. The average shipment and delivery is sixty (60) days from initial payment of goods.

Advances to contractors pertain to materials and services paid in advance.

12. PROPERTY AND EQUIPMENT – net

The carrying amounts of the Group's property and equipment as of June 30, 2023 and 2022, are as follows:

	Office and Store Equipment	Building and Building Improvements	Total
June 30, 2021			
Cost	P 247,777,510	P 496,151,616	P 743,929,126
Accumulated depreciation	(68,429,335)	(188,285,719)	(256,715,054)
Carrying Amount	179,348,175	307,865,897	487,214,072
Movements during 2022			
Balance, July 1, 2021	179,348,175	307,865,897	487,214,072
Additions	253,703,630	79,973,765	333,677,395
Depreciation	(10,120,690)	(199,132,417)	(209,253,107)
Balance, June 30, 2022	422,931,115	188,707,245	611,638,360
June 30, 2022			
Cost	501,481,140	576,125,381	1,077,606,521
Accumulated depreciation	(78,550,025)	(387,418,136)	(465,968,161)
Carrying Amount	422,931,115	188,707,245	611,638,360
Movements during 2023			
Balance, July 1, 2022	422,931,115	188,707,245	611,638,360
Additions	726,371,588	185,765,926	912,137,514
Depreciation	(247,407,998)	(63,273,367)	(310,681,365)
Balance, June 30, 2023	901,894,705	311,199,804	1,213,094,509
June 30, 2023			
Cost	1,227,852,728	761,891,307	1,989,744,035
Accumulated depreciation	(325,958,023)	(450,691,503)	(776,649,526)
Carrying Amount	P 901,894,705	P 311,199,804	P 1,213,094,509

In 2023, 2022 and 2021, all additions were paid in cash.

Depreciation is allocated as follows:

	2023	2022	2021
Direct cost	P 6,394,035	P 89,463,451	-
Operating expenses	304,287,330	119,789,656	-
	P 310,681,365	P 209,253,107	-

In 2023, 2022 and 2021, Management assessed that there were no indications of impairment existing in property and equipment.

13. INTANGIBLE ASSETS – net

The carrying amounts of the Group's intangible assets as of June 30, 2023 and 2022 are as follows:

	2023	2022
Balance, July 1		
Cost	P 10,424,331	P 1,331,195
Accumulated amortization	(6,621,271)	(951,447)
Carrying Amount	3,803,060	379,748
Movements during the year		
Balance, July 1	3,803,060	379,748
Additions	94,675,188	9,093,146
Amortization	(5,839,409)	(5,669,824)
Balance, June 30	92,638,839	3,803,060
June 30		
Cost	105,099,519	10,424,331
Accumulated amortization	(12,460,680)	(6,621,271)
Carrying Amount	P 92,638,839	P 3,803,060

In 2023, 2022 and 2021, all additions were paid in cash.

The remaining useful life of computer software is two (2) years.

The Group has determined that there is no indication that an impairment loss has occurred on its intangible assets in both years.

14. RIGHT-OF-USE ASSETS – net

The carrying amounts of the Group's right-of-use assets as of June 30, 2023 and 2022, are as follows:

	2023	2022
Balance, July 1		
Cost	P 12,228,382	P 12,228,382
Accumulated depreciation	(7,428,290)	(4,859,059)
Carrying Amount	4,800,092	7,369,323
Movements during the year		
Balance, July 1	4,800,092	7,369,323
Additions	27,127,944	-
Depreciation	(14,664,799)	(2,569,231)
Balance, June 30	17,263,237	4,800,092
June 30		
Cost	27,127,944	12,228,382
Accumulated depreciation	(5,754,412)	(7,428,290)
Carrying Amount	P 17,263,237	P 4,800,092

The details of the lease contracts are disclosed in Note 26.

15. OTHER NON-CURRENT ASSETS

The details of other non-current assets are shown below:

	2023	2022
Refundable deposits	P 30,323,844	P 18,038,829
Construction bond	11,115,612	2,484,941
Others	600,000	600,000
	P 42,039,456	P 21,123,770

Refundable deposits include those related to lease amounting to P30,323,844 and P16,682,622 as of June 30, 2023 and 2022, respectively, as disclosed in Note 27. Other refundable deposits are receivable from franchise stores.

16. TRADE AND OTHER PAYABLES

The components of trade and other payables account are as follows:

	2023	2022
Trade	P 352,163,147	P 185,899,180
Customers' deposits	35,619,080	29,422,778
Due to government agencies	6,814,754	79,722,817
Gift certificate payable	423,650	711,183
Accrued expenses	-	580,800
	P 395,020,631	P 296,336,758

The average credit period on purchases of certain goods from suppliers is thirty (30) days. No interest is charged on the trade payables from the date of the invoice.

Customer's deposits pertain to down payments made by customers on their purchases.

Due to government agencies include expanded and compensation withholding taxes and other statutory payables.

Accrued expenses pertains to accrual of professional fee and other services.

17. LOANS PAYABLE

Details of Group's loans payable are as follows:

	2023	2022
Balance, July 1	P 20,000,000	P 80,000,000
Assumed from business combination	10,000,000	-
Payments	-	(60,000,000)
Balance, June 30	P 30,000,000	P 20,000,000

The loans availed is used for additional working capital of the Group. The loans bear an interest rate of 5.5% to 8% with a term of 180 days to one (1) year. In 2020, the loan was renewed for another one (1) year. The loans are secured by corporate guaranty of Camerton, Inc, a related party under common key management.

In 2023, 2022 and 2021, finance costs incurred and paid amounted to P1,817,310, P1,519,647 and nil, respectively.

The Group is not required to maintain any ratios or thresholds. In 2023 and 2022, the Group is compliant with the terms and conditions of the loan contract.

18. LEASE LIABILITIES

The Group, as lessee, entered into various leasing arrangements as disclosed in Note 27. The following are the amounts of lease liabilities:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2023	2022	2023	2022
Not later than one (1) year	P 4,067,044	P 2,438,159	P 3,833,905	P 2,317,695
Later than one (1) year but not later than five (5) years	3,442,947	2,967,710	3,394,850	2,877,394
	7,509,992	5,405,869	7,228,755	5,195,089
Discount	(281,237)	(210,780)	-	-
Present value of minimum lease payments	7,228,755	5,195,089	7,228,755	5,195,089
Current portion	3,833,905	2,317,695	3,833,905	2,317,695
Non-current portion	P 3,394,850	P 2,877,394	P 3,394,850	P 2,877,394

Movement in lease liabilities are as follows:

	2023	2022
Balance, beginning	P 5,195,089	P 7,578,748
Additions	3,298,643	-
Finance cost (Note 27)	157,864	196,176
Payments	(1,352,901)	(2,579,835)
Balance, ending	P 7,298,695	P 5,195,089

The payment above includes finance cost incurred amounting to P157,864 and P196,176 and lease liability payment amounting to P1,352,901 and P2,383,659 in June 30, 2023 and 2022, respectively.

The interest rate inherent in the leases is fixed at the contract date for all of the lease term. The average effective interest rate contracted approximates 2.3% to 3.02% per annum.

19. RELATED PARTY TRANSACTIONS

Nature of relationship of the Group and its related parties are disclosed below:

Related Party	Nature of Relationship
Carmetheus Holdings, Inc.	Ultimate parent
Camerton, Inc.	Immediate Parent
F Coffee Holdings, Inc.	Under common control
F Coffee Holdings Corporation	Under common control
Stockholders	Key management personnel

19.01 Due from related parties

Balances of due from related parties presented in the pro-forma consolidated statement of financial position are summarized per category as follows:

	2023		2022	
Under common control	P	-	P	-
Immediate parent		-		-
Key Management Personnel		-		287,081,477
	P	-	P	287,081,477

Balances and transactions between the Group and its related parties are disclosed below:

19.01.01 Ultimate Parent

The Group collected nil for both years.

The amounts outstanding are unsecured, non-interest bearing, collectible on demand and will be settled in cash. No guarantees have been received in respect of the amounts owed by related party. No provisions have been made for expected credit losses in respect of the amounts owed by a related party.

The Group has an approval requirement and limits on the amount and extent of related party transactions.

19.01.02 Immediate Parent

Transactions with immediate parent are as follows:

	June 30, 2023				June 30, 2022			
	Amount/ Volume		Outstanding Balances		Amount/ Volume		Outstanding Balances	
CI								
Advances	P	-	P	-	P	-	P	-

The Group collected P718,900,456 and P67,872,436 in 2023 and 2022, respectively.

The amounts outstanding are unsecured, non-interest bearing, collectible on demand and will be settled in cash. No guarantees have been received in respect of the amounts owed by related party. No provisions have been made for expected credit losses in respect of the amounts owed by a related party.

The Group has an approval requirement and limits on the amount and extent of related party transactions.

19.01.03 Key Management Personnel

Transactions with key management personnel are as follows:

		June 30, 2023		June 30, 2022	
		Amount/ Volume	Outstandin g Balances	Amount/ Volume	Outstanding Balances
Stockholders					
Advances	P	-	P	-	P 287,081,477
					P 287,081,477

Advances pertain cash given to stockholders for their personal use.

The amounts outstanding are unsecured, non-interest bearing, collectible on demand and will be settled in cash. No guarantees have been received in respect of the amounts owed by related party. No provisions have been made for expected credit losses in respect of the amounts owed by a related party.

The Group has an approval requirement and limits on the amount and extent of related party transactions.

19.02 Due to a related party

Advances from stockholders, as shown in the consolidated statement of financial position, is summarized as follows:

19.02.01 Immediate Parent

Advances from immediate parent represent amounts payable to officers arising from fund transfers and other transactions to finance the working capital requirements of the Group.

The amounts outstanding are non-interest bearing, unsecured, payable on demand and will be settled in cash. No guarantees have been given in respect of the amounts owed to related party.

The Group has an approval requirement and limits on the amount and extent of related party transactions.

19.02.02 Key Management Personnel

Transactions with key management personnel are as follows:

	June 30, 2023			June 30, 2022		
	Amount/ Volume	Outstandin g Balances		Amount/ Volume	Outstanding Balances	
Stockholders						
Advances	P -	P -	P -	P -	P -	P -

Advances paid to stockholders amounted to nil and P47,986,809 in 2023 and 2022, respectively.

Advances from stockholders represent amounts payable to officers arising from fund transfers and other transactions to finance the working capital requirements of the Group.

The amounts outstanding are non-interest bearing, unsecured, payable on demand and will be settled in cash. No guarantees have been given in respect of the amounts owed to related party.

The Group has an approval requirement and limits on the amount and extent of related party transactions.

19.03 Remuneration of Key Management Personnel

In both years, no remuneration was given to the directors and members of key management personnel.

20. CAPITAL STOCK

The issued capital of the Group are as follows:

	2023		2022	
Capital stock	P 589,345,649	P 464,818,820		
Additional paid-in capital	1,403,308,680	665,068,300		
	P 1,992,654,329	P 1,129,887,120		

Shown below are the details on the movements of ordinary shares.

	2023		2022	
	Shares	Amount	Shares	Amount
Authorized				
₱0.10 par value per share	6,600,000,000	₱ 660,000,000	6,600,000,000	₱ 660,000,000
Issued and fully paid				
Balance, beginning	4,648,188,200	464,818,820	3,225,005,000	322,500,500
Additional issuance	820,267,098	82,026,710	1,423,183,200	142,318,320
Balance, end	5,468,455,298	₱ 546,845,530	4,648,188,200	₱ 464,818,820

20.01 Dividend Declaration

On June 16, 2021, Figaro Coffee Systems Inc., the Parent Company's subsidiary, declared cash dividend at ₱83,255.20 per share or ₱208,138,000 to stockholders of record as of March 31, 2021. The record date of the declaration of dividend is May 31, 2021.

On October 12, 2022, Figaro Coffee Group, Inc., the Parent Company declared cash dividend at ₱0.01936 per share or ₱4,648,187,003 to stockholders of record as of November 21, 2022. The payment date of the declaration of dividend is December 9, 2022.

20.02 Increase in Authorized Capital Stock

On March 31, 2021, the Parent Company's Board of Directors and Stockholders approved: (a) the increase in authorized capital stock from ₱150,000,000 to ₱500,000,000; and (b) the stock split through the reduction of the par value of the shares of the Group from ₱100.00 per share to ₱0.10 per share. SEC approved the Group's application to increase authorized capital stock on June 23, 2021.

On September 16, 2021, the Securities and Exchange Commission approved the Company's increase in authorized capital stock to ₱660,000,000 divided into 6,600,000,000 shares with a par value of ₱0.10 per share.

20.03 Issuances of Shares

At incorporation, Camertheus Holdings, Inc. (CHI) subscribed to ₱37,500,000 worth of shares in the Parent Company. Out of such subscription, ₱9,375,000 had been paid by CHI at incorporation of the Parent Company. During the period, CHI fully paid its subscription receivable amounting to ₱28,125,000.

Camerton, Inc. (CI) subscribed to the following shares of the Parent Company:

- In support of the application for increase in authorized capital stock, Camerton, Inc. (CI), on March 31, 2021, subscribed to 1,250,000,000 shares of the Parent Company for a total subscription price of ₱125,000,000. The subscribed shares were fully paid and issued on June 22, 2021.

- b. On June 20, 2021, the Board of Directors of the Parent Company approved the additional paid-in capital in the amount of P83,138,000 paid by CI into the Parent Company.
- c. 1,250,000,000 shares with par value of P0.10 per share for a total subscription price of P228,800,000, or P0.18304 price per share. The said subscription resulted to an additional capital stock of P125,000,000 and an additional paid-in capital of P103,800,000 in the Parent Company; and
- d. 350,000,000 shares of the Parent Company with par value of P0.10 per share for a total subscription price of P35,000,000.

As of June 30, 2021, the outstanding capital of the Parent Company is P322,500,500 (excluding the additional paid-in capital of P186,938,000 with 3,225,005,000 shares issued).

As of June 30, 2021, the Parent Company is 88.37% owned by Camerton, Inc. and 11.63% owned by Carmetheus Holdings, Inc.

On January 24, 2022, the Company completed its IPO and was listed in the PSE under stock symbol "FCG." The Company issued 93,016,000 common shares for a total consideration of P69,762,000 or at P0.75 per share. This resulted to an additional issuance of capital stock of 1,423,183,200 with par value of P0.10 per share for a total of P142,318,200.

As of June 30, 2022, the outstanding capital of the Company is P464,818,700 (excluding the additional paid-in capital of P697,831,235 with 4,648,187,003 shares issued).

As of June 30, 2022, the Company is 69.94% owned by Camerton, Inc. and 8.07% owned by Carmetheus Holdings, Inc.

As of June 30, 2023, the outstanding capital of the Group is P5,893,455,293 (excluding the additional paid-in capital of P1,403,308,680 with 589,345,529 shares issued).

As of June 30, 2023, the Group is 53.05% owned by Camerton, Inc., 15% owned by Monde Nissin Corporation and 6.86% owned by Carmetheus Holdings, Inc.

On February 2, 2023, the Company issued 820,268,295 common shares to Monde Nissin Corporation.

20.04 Track record of registration of securities under the Securities Regulation Code

As of June 30, 2021, the Company is in the process of compiling with the requirements to file Registration Statement with SEC in accordance with the provisions of the Securities Regulation Code of the Philippines (Republic Act No. 8799, the "SRC") for the registration of all the issued and outstanding Shares of the Company and the Offer Shares.

The number of shares to be registered, issue/ offer price and the approval or date when the registration statement covering such securities was rendered effective by the Commission, and the number of holders of such securities is to be determined.

On January 24, 2022, the Company completed its IPO and was listed in the PSE under stock symbol "FCG." The Company issued 93,016,000 common shares for a total consideration of P69,762,000 or at P0.75 per share.

21. BUSINESS COMBINATION

The Group accounted the common control business combination using the “acquisition method” under PFRS 3 because there is commercial substance to the transaction. Factors that indicate commercial substance are as follows:

1. The business combination is undertaken as an integral part of an Initial Public Offering (IPO).
2. The extent to which the acquiring entity’s future cash flows are expected to change as a result of the business combination in which the entity-specific value of the portion of the entity’s operations affected by the transaction changes as a result of the combination and the exchange is significant relative to the fair value of the assets exchanged.

Cash consideration	P	4,627,564
Less fair value of net identifiable assets acquired		38,284,325
Gain on bargain purchase	P	33,656,761

The subsidiary and the Parent Company are under common control. The Management believes that the acquisition will result to more financing resources to improve further the results of operation and financial position of the subsidiary.

The Group included FCSI in its financial consolidation starting June 21, 2021 (the “acquisition date”). The net cash inflow from the acquisition is as follows:

Cash paid on acquisition	P	4,627,564
Less cash acquired from subsidiary		281,145,694
	P	276,518,130

From the acquisition date, FCSI contributed P53,539,134 of revenues and P9,603,908 net profit to Group. If the business combination had taken place beginning July 1, 2020, contribution to consolidated revenues and net loss for the year ended June 30, 2021 would have been P1,354,700,778 and P197,365,890, respectively.

The fair value of the identifiable assets acquired and liabilities assumed as at the date of the acquisition were as follows:

Cash	281,145,694
Trade receivables	3,112,625
Inventories	59,452,449
Due from related parties	570,499
Prepayments and other current assets	31,940,875
Property and equipment – net	487,214,074
Intangible assets – net	379,748
Right-of-use assets – net	7,369,323
Other non-current assets	9,425,037
Deferred tax assets	4,579,163
Total identifiable assets acquired	885,189,487
Less:	
Dividend payable	208,138,000
Due to related party	228,800,000
Trade and other payables	116,763,768
Due to a related party	154,986,809
Loans payable	80,000,000
Lease liabilities	2,540,057
Income tax payable	32,688,283
Retirement benefits obligation	17,949,554
Lease liabilities–net of current portion	5,038,691
Total identifiable liabilities assumed	846,905,162
Net identifiable assets acquired	38,284,325

22. REVENUE

The Group's revenue from store sales is as follows:

	2023	2022	2021
Angel's Pizza	P 2,871,594,714	P 1,631,578,807	P 49,194,358
Figaro Coffee Group	1,176,617,871	743,002,890	3,112,884
Tien Ma's Taiwanese Cuisine	94,667,950	62,815,065	1,231,892
	P 4,142,880,535	P 2,437,396,762	P 53,539,134

23. DIRECT COSTS

The following is an analysis of the Group's direct costs:

	2023	2022	2021
Inventories, July 1 (Note 10)	P 95,681,440	P 59,452,449	P -
Purchases	1,696,221,409	887,784,666	-
Inventories acquired from business combination	-	-	75,358,116
Inventories, June 30 (Note 10)	(178,390,239)	(95,681,440)	(59,452,449)
Cost of materials used	1,613,512,610	851,555,675	15,905,667
Direct labor (Note 24)	441,584,160	251,207,924	3,458,782
Overhead	292,893,653	138,925,041	11,810,350
	P 2,347,990,423	P 1,242,346,413	P 31,174,799

Details of the overhead is as follows:

	2023	2022	2021
Store and kitchen supplies	P 84,268,309	P 39,594,371	P 11,810,350
Communication, light and water	57,349,965	27,315,059	-
Security services	21,845,053	10,279,257	-
Taxes and licenses	21,665,900	10,094,784	-
Repairs and maintenance	19,555,884	9,571,488	-
Wastages and spoilage	12,930,495	6,819,588	-
Professional fees	12,334,827	5,541,575	-
Depreciation (Notes 12 and 13)	6,394,035	1,942,387	-
Representation and entertainment	493,049	300,727	-
Association Dues	200,323	86,799	-
Rentals (Note 27)	53,43,409	24,325,480	-
Others	2,417,404	3,053,526	-
	P 292,893,653	P 138,925,041	P 11,810,350

24. OPERATING EXPENSES

This account is composed of the following expenses:

	2023	2022	2021
Advertisement and promotion	P 610,161,298	P 355,041,339	P 12,760,427
Depreciation (Note 12)	304,287,330	211,366,157	-
Commission	260,859,459	180,836,659	-
Short-term employee benefits (Note 25)	52,234,098	36,209,315	-
Transportation and travel	46,934,894	32,087,345	-
Communication, light and water	16,985,069	11,159,238	-
Taxes and licenses	14,342,967	9,803,636	-
Rentals (Note 27)	13,095,742	8,370,000	-
Representation and entertainment	10,428,955	7,159,097	-
Professional fees	7,048,094	34,838,767	100,000
Amortization (Note 13)	5,839,409	3,975,558	-
Management fees	5,000,000	5,000,000	-
Security services	3,349,209	2,357,121	-
Retirement benefits (Note 25)	2,683,409	1,866,673	-
Supplies	1,739,403	1,169,118	-
Repairs and maintenance	1,509,349	1,045,286	-
Insurance	432,095	238,321	-
Others	54,126,760	42,741,155	-
	P 1,357,006,132	P 945,264,785	P 12,860,427

25. EMPLOYEE BENEFITS

Aggregate employee benefits expense, as disclosed in Notes 23 and 24, is comprised of:

	2023	2022	2021
Short-term employee benefits (Note 25.01)	P 493,818,258	P 287,417,239	P 3,458,782
Retirement Benefits (Note 25.02)	2,683,409	1,866,673	-
	P 496,501,667	P 289,283,912	P 3,458,782

25.02 Short-term Employee Benefits

An analysis of the Company's short-term employee benefits as disclosed in Notes 23 and 24 is as follows:

		2023		2022		2021
Salaries and wages	P	409,007,166	P	236,276,682	P	3,458,782
SSS, PhilHealth and HDMF contributions		63,722,329		23,790,785		-
Other employee benefits		21,088,763		27,349,772		-
	P	493,818,258	P	287,417,239	P	3,458,782

Allocation of short-term employee benefits is as follows:

		2022		2021		2020
Cost of sales (Note 23)	P	441,584,160	P	251,207,924	P	3,458,782
Operating expenses (Note 24)		52,234,098		36,209,315		-
	P	493,818,258	P	287,417,239	P	3,458,782

25.01 Post-employment Benefits

25.01.01 Defined Benefit Plan

The Group has a single retirement plan under the regulatory framework of the Philippines. Under R.A. No. 7641, the Group is legally obliged to provide a minimum retirement pay for qualified employees upon retirement. The framework, however, does not have a minimum funding requirement. The Group's benefit plan is aligned with this framework.

Under the unfunded plan, the employees are entitled to retirement benefits equivalent to 22.5 days per year of credited service in accordance with R.A. No. 7641 on attainment of a retirement age of sixty (60) years with at least five (5) years of service. The payments for the funded benefits are borne by the Group as it falls due.

The most recent actuarial valuation of the present value of the defined benefit obligation was carried out on April 26, 2021 by Miravite Consulting Group, Inc. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The principal assumptions used for the purposes of the actuarial valuations are as follows:

	2023	2022
Discount rate	7.22%	5.18%
Expected rate of salary increase	5.00%	5.00%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a pensioner retiring at age sixty (60).

	2023	2022
Retiring after the reporting period Male and Female	14	14

The sensitivity analysis of the defined benefit obligation on changes in the weighted principal assumption is as follows:

	Impact on Defined Benefit Obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
June 30, 2023			
Discount rate	+/-1.00%	3.60%	4.34%
Salary increase rate	+/-1.00%	8.41%	7.79%
June 30, 2022			
Discount rate	+/-1.00%	5.60%	6.37%
Salary increase rate	+/-1.00%	8.41%	7.79%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the Projected Unit Credit Method at the end of the reporting period) has been applied as when calculating the retirement benefit obligation recognized within the statements of financial position.

Assumed life expectancy is not applicable because under the Group's retirement plan, benefits are paid in full in a lump sum upon retirement or separation of an employee.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

Amounts recognized in consolidated profit or loss in respect of these defined benefit plans are as follows:

	2023	2022	2021
Current service cost	P 1,716,489	P 1,472,489	P 2,106,276
Interest on the retirement benefit obligation	1,098,921	394,184	755,814
	P 2,815,410	P 1,866,673	P 2,862,090

Reconciliation of remeasurements recognized in consolidated other comprehensive income is as follows:

	Change on financial assumption		Experience adjustment		Total	Income tax		Net		
Gain (loss) Balance at June 30, 2021	P	4,361,503	P	(858,957)	P	3,502,546	P	(875,636)	P	2,626,910
Assumed during the business combination		(86,078)		-		(86,078)		21,520		(64,559)
Effect of change in tax rates		-		-		-		(72,950)		(72,950)
Gain (loss) Balance at June 30, 2022		4,275,425		(858,957)		3,416,468		(927,066)		2,489,402
Amount recognized during the year		-		-		-		-		-
Gain (loss) Balance at June 30, 2023	P	4,275,425	P	(858,957)	P	3,416,468	P	(927,066)		2,489,402

Movements in the present value of the defined benefit obligation in the current period are as follows:

	2023		2022	
Balance, July 1	P	19,813,040	P	17,949,555
Current service cost		1,716,489		1,472,489
Interest expense		1,098,921		394,184
Actuarial loss (gain)		-		(3,188)
	P	22,628,450	P	19,813,040

The Group operates an unfunded defined benefit plan wherein benefit payments are borne by the Group. Thus, the Group maintains appropriate level of liquidity to meet currently maturing defined benefit obligations and has established a level of solvency ratio aimed to pay for long term defined benefit obligations.

26. FRANCHISE AGREEMENTS

26.01 The Group as a Franchisor

The Group has granted its franchisees the right to use the information and materials pertaining to the restaurant system being franchised under the terms and conditions specified in the franchise agreements. The agreements provide for an initial franchise fee payable upon the execution of the agreement and monthly royalty fees based on gross sales.

Deposits paid by the franchisees amounted to P35,619,080 and P29,422,778 as of June 30, 2023 and 2022, respectively, which are to be refunded upon termination of the franchise agreement.

Royalty received from franchisees amounted to P54,646,352 and P44,886,825 in 2022 and 2021, respectively.

27. LEASE AGREEMENT

27.01 The Group as a Lessee

The Group has leases for the use of store spaces with lease terms of three (3) to five (5) years. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability.

27.01.01 Angels Imus Branch

The Group leased out store space located in Imus City, Cavite for its Angels Imus Branch for a period of five (5) years ending on April 4, 2023 for a monthly rent of ₱76,000 with 3% escalation rate. The Group paid security deposit amounting to ₱228,000.

27.01.02 Angels Kalayaan Branch

The Group leased out store space located in Diliman, Quezon City for its Angels Kalayaan Branch for a period of three (3) years ending on January 1, 2023 for a monthly rent of ₱25,000 with 5 to 10% escalation rate. The Group paid security deposit amounting to ₱78,750.

27.01.03 Angels Pasig Branch

The Group leased out store space located in Maybunga, Pasig City for its Angels Pasig Branch for a period of five (5) years ending on October 6, 2025 for a monthly rent of ₱53,928. The Group paid security deposit amounting to ₱151,200.

27.01.04 Angels Antipolo Branch

The Group leased out store space located in Dalig, Antipolo City for its Angels Pasig Branch for a period of five (5) years ending on February 15, 2025 for a monthly rent of ₱61,790. The Group paid security deposit amounting to ₱185,371.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognized on balance sheet:

Right-of-Use Asset	No. of Right-of-Use Assets Leased	Range of Remaining Term	Average Remaining Lease Term	No. of Leases with Extension Options	No. of Leases with Options to Purchase	No. of Leases with Variable Payments linked to an Index	No. of Leases with Termination Options
<i>Angels Imus</i>	1	5	2	1	None	None	None
<i>Angels Kalayaan</i>	1	3	2	1	None	None	None
<i>Angels Pasig</i>	1	5	4	1	None	None	None
<i>Angels Antipolo</i>	1	5	4	1	None	None	None

All leases have extension option but are not enforceable because it requires mutual agreement of both parties as disclosed in Note 5.01.08.

Summary of right-of-use assets:

	2023		2022	
Angels Imus	P	436,566	P	672,185
Angels Kalayaan		694,383		2,066,049
Angels Pasig		117,365		180,184
Angels Antipolo		1,225,650		1,881,674
	P	2,473,964	P	4,800,092

Summary of lease liabilities:

	2023		2022	
Angels Imus	P	521,146	P	760,263
Angels Kalayaan		1,500,662		2,189,209
Angels Pasig		137,480		200,560
Angels Antipolo		1,401,848		2,045,057
	P	3,561,136	P	5,195,089

Summary of finance cost:

	2023		2022		2021
Angels Imus	P	31,273	P	38,863	48,295
Angels Kalayaan		60,696		75,427	93,734
Angels Pasig		7,106		8,831	10,974
Angels Antipolo		58,789		73,055	90,786
	P	157,864	P	196,176	243,789

Summary of depreciation:

	2023		2022		2021
Angels Imus	P	224,062	P	448,124	896,247
Angels Kalayaan		327,082		317,854	308,886
Angels Pasig		50,029		154,443	476,780
Angels Antipolo		182,096		364,194	728,390
	P	783,269	P	1,284,615	2,410,303

27.01.05 Lease payments not recognized as a liability

Short-term lease relates to lease contracts for stores spaces with a term of one (1) year and renewable upon mutual agreement of both parties.

The Group has elected not to recognize a lease liability for short term leases (leases of expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognized as lease liabilities and are expensed as incurred.

Prepaid rent, pertaining lease payments not recognized as lease liability, as of June 30, 2023 and 2022 amounted to P23,255,118 and P6,986,338, as disclosed in Note 11. Refundable deposits paid by the Group amounted to P30,323,844 and P18,038,829 as of June 30, 2023 and 2022, as disclosed in Note 15.

At reporting dates, the Group had outstanding commitments for future minimum lease payments amounting to P2,412,303.

28. INCOME TAXES

28.01 Income Tax Recognized in Profit or Loss

Components of income tax expense are as follows:

	2023		2022		2021	
Current tax expense	P	154,422,787	P	66,955,606		2,375,977
Deferred tax benefit		(236,147)		(892,334)		-
	P	154,186,640	P	66,063,272		2,375,977

A numerical reconciliation between tax expense and the product of accounting profit multiplied by the tax rate in June 30, 2023, 2022 and 2021 are as follows:

	2023		2022		2021	
Accounting profit (loss)	P	616,746,559	P	264,253,090		43,160,669
Tax expense at 25%		154,186,640		66,063,272		10,790,167
Tax effects of:						
Effect of non-recognition of tax on gain on bargain purchase option		-		-		(8,414,190)
	P	154,186,640	P	66,063,272		2,375,977

29. DEFERRED TAX ASSETS

The Group's deferred tax assets and the respective movement is as follows:

		Retirement benefit obligation		Right-of-use asset and Lease liabilities		Total
Balance, July 1, 2021	P	4,487,388	P	91,775	P	4,579,163
Recognized in profit or loss		786,292		106,042		892,334
Recognized in other comprehensive income		27,276		-		27,276
Balance, June 30 2022	P	5,300,956	P	197,817	P	5,498,773
Recognized in profit or loss		175,005		61,142		236,147
Recognized in other comprehensive income		-		-		-
Balance, June 30 2023	P	5,475,961	P	258,959	P	5,734,920

30. BASIC EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

		2023		2022		2021
a. Net income (loss) from operations/ attributable to ordinary equity holders of the Group for earnings	P	462,559,919	P	221,867,605	P	40,784,692
b. Weighted average number of ordinary shares for the purposes of earnings per share		5,270,822,345		3,936,596,600		1,659,380,000
c. Earnings per share (a/b)		0.09		0.06		0.02

The weighted average number of ordinary shares for the years 2023, 2022 and 2021 used for the purposes of basic earnings per share were computed as follows:

	Number of Ordinary Shares	Proportion to Period	Weighted Average	Total
June 30, 2023				
Outstanding shares at the beginning of the period	4,648,188,200	6/12	2,324,094,100	2,324,094,100
Outstanding shares at the end of the period	5,893,456,490	6/12	2,946,728,245	2,946,728,245
				5,270,822,345
June 30, 2022				
Outstanding shares at the beginning of the period	3,225,005,000	6/12	1,612,502,500	1,612,502,500
Outstanding shares at the end of the period	4,648,188,200	6/12	2,324,094,100	2,324,094,100
				3,936,596,600
June 30, 2021				
Outstanding shares at the beginning of the period	93,755,000	6/12	46,877,500	46,877,500
Outstanding shares at the end of the period	3,225,005,000	6/12	1,612,502,500	1,612,502,500
				1,659,380,000

31. FAIR VALUE MEASUREMENTS

31.01 Fair Value of Financial Assets and Liabilities

The carrying amounts and estimated fair values of the Group's financial assets and financial liabilities as of June 30, 2023 and 2022 are presented below:

	2023		2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets:				
Cash	₱ 463,290,393	₱ 463,290,393	₱ 195,682,918	₱ 195,682,918
Trade receivables	162,093,489	162,093,489	89,442,740	89,442,740
Due from related parties	-	-	384,156,752	384,156,752
Other non-current assets	42,039,456	42,039,456	21,123,770	21,123,770
	₱ 667,423,338	₱ 667,423,338	₱ 1,049,662,679	₱ 1,049,662,679
Financial Liabilities:				
Trade and other payables	₱ 423,650	₱ 423,650	₱ 191,210,169	₱ 191,210,169
Due to related parties	-	-	107,000,000	107,000,000
Loans payable	30,000,000	30,000,000	20,000,000	20,000,000
Lease liabilities	7,298,695	7,298,695	5,195,089	5,195,089
	₱ 37,722,345	₱ 37,722,345	₱ 922,534,890	₱ 922,534,890

The fair values of financial assets and financial liabilities are determined as follows:

- Due to the short-term nature of cash, trade receivable, due from related parties, and trade and other payables (except customer deposits and due to government agencies) and due to related parties, their carrying amounts approximate their fair values.
- Other non-current assets having a long-term nature are carried at amortized cost. Management believes that fair value approximates amortized cost.
- Loans payable and lease liabilities bear market interest rates; hence, Management believes that carrying amounts approximate their fair values.
- Lease liabilities bear incremental borrowing rate; hence, Management believes that carrying amounts approximate their fair values.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk, including interest rate risk, credit risk and liquidity risk.

32.01 Market Risk Management

32.01.01 Interest Rate Risk Management

The Group's exposure to interest rate risk arises from its cash deposits in banks and loans payable which are subject to variable interest rates.

The interest rate risks arising from deposits with banks and loans payable are managed by means of effective investment planning and analysis and maximizing investment opportunities in various local banks and financial institutions.

Profits for the nine (9) day ended would have been unaffected since the Group has no borrowings at variable rates and interest rate risk exposure for its cash in banks, which is subject to variable rate, is very immaterial.

32.02 Credit Risk Management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from cash in banks, trade receivables, advances to stockholders and refundable deposits, all measured at amortized cost.

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of risk management. The Group uses other publicly available financial information and its own records to rate its counterparties. Credit ratings of counterparties are continuously monitored by the Management.

The Group considers the following policies to manage its credit risk:

➤ *Banks*

The Group transacts only to banks with investment grade credit rating. This information is supplied by independent rating agencies. The Group uses other publicly available information such as annual report to monitor the financial status of the banks. The Group assesses the current and forecast information of the banking industry and the macro-economic factors such as GDP, interest, and inflation rates to determine the possible impact to banks.

➤ *Trade receivables*

On the credit exposures to customers, Management assesses the credit quality of the customers, taking into account its financial position, past experience and other factors.

Financial assets measured at amortized cost are as follows:

	2023	2022
Cash in banks	P 452,174,877	P 191,480,802
Trade receivables	162,093,489	73,366,722
Due from related parties	-	384,156,752
Other non-current assets	42,039,456	21,123,770
	P 656,307,822	P 670,128,046

The calculation of allowance for expected credit losses are based on the following three (3) components:

➤ Probability of Default (PD)

PD is the likelihood over a specified period, usually 360 days for customers and one year for service providers that they will not be able to make scheduled repayments. PD depends not only on the counterpart's characteristics, but, also on the economic environment. PD may be estimated using historical data and statistical techniques.

➤ Loss Given Default (LGD)

LGD is the amount of money a Group loses when a customer defaults on a contract. The most frequently used method to calculate this loss is by comparing the actual total losses and the total amount of potential exposure sustained at the time that a contract goes into default.

➤ Exposure at default (EAD)

EAD is the total value a Group is exposed to when a loan defaults. It refers to the carrying amount of financial asset.

Below is the summary of computation of allowance for expected credit losses:

June 30, 2023					
	PD rate	LGD rate	EAD		ECL
	a	b	c		d=a*b*c
		0.00% to			
Cash in banks	0.00%	99.89%	P	452,174,877	P
Trade receivables	0.00%	100.00%		162,093,489	-
Due from related parties	0.00%	100.00%		-	-
Other non-current assets	0.00%	100.00%		42,039,456	-
			P	656,307,822	P
					-
June 30, 2022					
	PD rate	LGD rate	EAD		ECL
	a	b	c		d=a*b*c
		0.00% to			
Cash in banks	0.00%	99.35%	P	191,480,802	P
Trade receivables	0.00%	100.00%		73,366,722	-
Due from related parties	0.00%	100.00%		384,156,752	-
Other non-current assets	0.00%	100.00%		21,123,770	-
			P	670,128,046	P
					-

Cash in banks

The Group determined the probability of default rate by considering the following: the credit ratings; the past, current, and forecast performance of Banking Industry; the past, current, and forecast macro-economic factors that may affect the banks; and the current and projected financial information. The Group estimated the probability of default to be nil.

Loss given default rate is calculated by taking into consideration the amount of insured deposit and estimated it to be 0.00% to 99.89% and 0.00% to 99.35% as of June 30, 2023 and 2022, respectively.

Exposure at default is equal to the gross carrying amount of cash in banks.

Trade receivables

The Group determined the probability of default rate by considering the credit ratings, credit history or payment profiles of customers and forecast of macro-economic factors affecting the industry. Historically, no significant amount of receivables from customers remains uncollected after 360 days past due and with the projected demands of the Group's products by consumers, the impact of forecast, macro-economic factors is very insignificant, hence, the probability of default was estimated to be 0.00% in both years.

In both years, loss given default rate is 100% because the Group expects to lose the whole amount in case of default. There are no collateral or credit enhancements attached to the receivables.

Exposure at default is equal to the gross carrying amount of trade receivables.

Due from related parties

The Group determined the probability of default rate by considering the credit ratings, credit history and forecast of macro-economic factors affecting the stockholders. The PD rate is estimated to be nil.

In 2022 and 2021, loss given default rate is 100% because the Group expects to lose the whole amount in case of default.

Exposure at default is equal to the gross carrying amount of due from related parties.

Other non-current assets

This financial asset represents less than 6.41% and 3.13% of the total financial assets. Hence, Management believes that the effect of provision for expected credit loss is immaterial to the financial statements as a whole.

In both years, the amount of expected credit loss for other non-current assets is nil.

32.03 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who has established an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay.

	Weighted Average Interest Rate	On Demand	Within one (1) Year	One (1) – Five (5) Years	Total
June 30, 2023					
Trade payables Due to related parties	-	-	423,650	-	423,650
Loans payable	5.5% 2.3% to 3.02%	-	30,000,000	-	30,000,000
Lease liabilities		-	3,903,845	3,394,850	7,298,695
		P	P	P	P
		-	34,327,495	3,394,850	37,722,345
June 30, 2022					
Trade payables Due to related parties	-	-	191,210,169	-	191,210,169
Loans payable	5.5% 2.3% to 3.02%	107,000,000	20,000,000	-	127,000,000
Lease liabilities		-	2,317,695	2,877,394	5,195,089
		P	P	P	P
		107,000,000	213,527,864	2,877,394	323,405,258

The following table details the Group's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Weighted Average Effective Interest Rate	On Demand	Within One (1) Year	Over Five (5) Years	Total
June 30, 2023					
Cash on hand	-	11,115,516	-	-	11,115,516
Cash in banks	Floating rate	452,174,877	-	-	452,174,877
Trade receivables	-	-	162,093,489	-	162,093,489
Other non-current assets	-	-	-	42,039,456	42,039,456
		P	P	P	P
		463,290,393	162,093,489	42,039,456	667,423,338
June 30, 2022					
Cash on hand	-	4,202,116	-	-	4,202,116
Cash in banks	Floating rate	191,480,802	-	-	191,480,802
Trade receivables	-	-	89,442,740	-	162,093,489
Due from related parties	-	384,156,752	-	-	384,156,752
Other non-current assets	-	-	-	21,123,770	21,123,770
		P	P	P	P
		579,839,670	89,442,740	21,123,770	690,406,180

33. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group manages its capital to ensure that the Group will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (trade and other payables, advances from stockholders, loans payable, income tax payable and retirement benefit obligation) and equity of the Group (comprising capital stock, remeasurements, and retained earnings).

Pursuant to Section 42 of Revised Corporation Code of the Philippines, stock corporations are prohibited from retaining surplus profits in excess of one hundred (100%) percent of their paid-in capital stock, except: (1) when justified by definite corporate expansion projects or programs approved by the Board of Directors; or (2) when the corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its/his consent, and such consent has not yet been secured; or (3) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation, such as when there is need for special reserve for probable contingencies.

Consistently with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by equity. Net debt is calculated as total borrowings less cash and bank balances. Total capital is calculated as 'equity' as shown in the statement of financial position. The Group has a target gearing ratio of 1:1 determined as the proportion of net debt to equity.

The gearing ratio at end of the reporting period is as follows:

	2023	2022
Debt	P 520,038,974	P 407,408,159
Cash	463,290,393	195,682,918
Net debt	56,748,581	211,725,241
Equity	2,703,604,471	1,468,266,243
Net debt to equity ratio	0.02:1	0.14:1

Debt is defined as all liabilities while equity includes capital stock, remeasurements and retained earnings.

34. RECONCILIATION OF LIABILITIES FROM FINANCING ACTIVITIES

	2023		2022	
Beginning balance, July 1	P	690,706,760	P	752,004,057
Changes from financing cash flows				
Availments of loan		10,000,000		
Finance cost incurred		1,817,310		88,844
Payment of lease liabilities		(1,352,901)		(1,297,297)
Finance cost paid		(1,817,310)		(88,844)
Dividend declared and paid		(89,988,900)		-
Payment of loan		-		(60,000,000)
Ending balance, June 30	P	609,364,959	P	690,706,760

35. APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on October 12, 2023.

FIGARO COFFEE GROUP, INC. AND SUBSIDIARY
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES

June 30, 2023

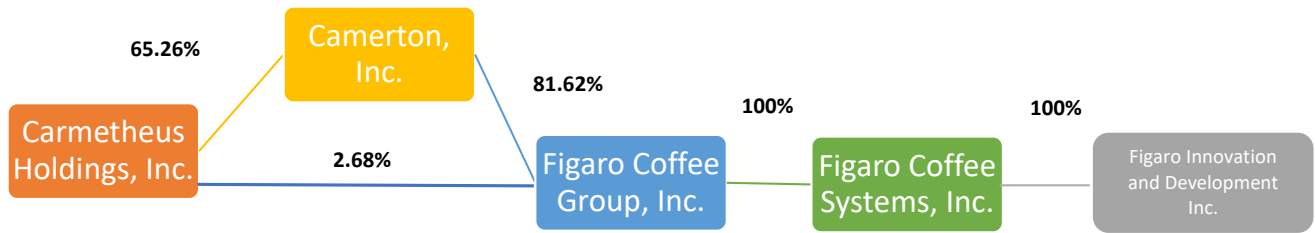
Schedule	Contents
Index to the Consolidated Financial Statements	
I	Map Showing the Relationships Between and Among the Companies in the Group, its Ultimate Parent Company and Co-subsiaries
II	Reconciliation of Retained Earnings Available for Dividend Declaration
III	Financial Soundness Indicators
Supplementary Schedules	
A	Financial Assets
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related parties)
C	Amounts Receivable from Related Parties and Amounts Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements
D	Long-Term Debt
E	Indebtedness to Related Parties
F	Guarantees of Securities of Other Issuers
G	Capital Stock

FIGARO COFFEE GROUP, INC.

INDEX I

**Map Showing the Relationships Between and Among the Companies in the Group,
its Ultimate Parent Company and Co-subsiaries**

June 30, 2023



FIGARO COFFEE GROUP, INC. AND SUBSIDIARY

INDEX II

Reconciliation of Retained Earnings Available for Dividend Declaration

June 30, 2023

Unappropriated retained earnings (deficit), beginning	P	340,868,525
Add/(Deduct) net income/(loss) actually earned during the period		372,571,019
Retained earnings available for dividend declaration	P	713,439,544

FIGARO COFFEE GROUP, INC. AND SUBSIDIARY
INDEX III

Financial Soundness Indicators

June 30, 2023

	Formula	Amount	Ratio
1 Current Ratio	Current Assets/Current Liabilities		P 3.75
	<u>Current Assets</u>	<u>1,852,872,484.00</u>	
	Current Liabilities	494,740,279.00	
2 Debt/Equity Ratio	Bank Debts/ Total Equity		0.01
	<u>Bank Debts</u>	<u>30,000,000.00</u>	
	Total Equity	2,703,604,471.00	
3 Net Debt/Equity Ratio	Bank Debts-Cash & Equivalents		-0.16
	<u>Bank Debts-Cash</u>	<u>(433,290,393.00)</u>	
	Total Equity	2,703,604,471.00	
4 Asset to Equity Ratio	Total Assets/Total Equity		1.19
	<u>Total Assets</u>	<u>3,223,643,445.00</u>	
	Total Equity	2,703,604,471.00	
5 Interest Cover Ratio	EBITDA/Interest Expense		339.37
	<u>EBITDA</u>	<u>616,746,558.92</u>	
	Interest Expense	1,817,310.00	
6 Profitability Ratios			
6.1 GP Margin	Gross Profit/Revenues		0.45
	<u>Gross Profit</u>	<u>1,936,090,291.00</u>	
	Revenues	4,284,080,714.00	
6.2 Net Profit Margin	Net Income/Revenues		0.11
	<u>Net Income</u>	<u>462,559,919.19</u>	
	Revenues	4,284,080,714.00	
6.3 EBITDA Margin	EBITDA/Revenues		0.14
	<u>EBITDA</u>	<u>616,746,558.92</u>	
	Revenues	4,284,080,714.00	
6.4 Return on Assets	Net Income/Total Assets		0.14
	<u>Net Income</u>	<u>462,559,919.19</u>	
	Total Assets	3,223,643,445.00	
6.5 Return on Equity	Net Income/Total Equity		0.17

FIGARO COFFEE GROUP, INC. AND SUBSIDIARY
SCHEDULE A
SUPPLEMENTARY SCHEDULE OF FINANCIAL ASSETS
June 30, 2023

Name of Issuing entity and association of each issue	Number of shares or Principal Amount of Bonds and Notes	Amount shown in the Statement of Financial Position *	Valued based on market quotations at end of reporting period	Income received or accrued
Amounts owed by related parties				
Camerton, Inc.	P	-	P	-
Stockholders		-		-
Cash				
Banks	Not applicable	452,174,877	452,174,877	nil
Trade receivables				
Customers	Not applicable	149,422,072	149,422,072	nil
Other non-current assets				
Lessors	Not applicable	30,323,844	30,323,844	nil
Contractors	Not applicable	11,115,612	11,115,612	nil
Others	Not applicable	600,000	600,000	nil
	P	-	P	643,636,405
			P	643,636,405

Amounts owed by related parties

Outstanding balance is based on the amount received from the related parties less collections as of end of reporting period.

Cash

Gross carrying amount of cash in banks.

Trade receivables

Gross carrying amount of receivables from customers

Other non-current assets

Gross carrying amount of other non-current assets

FIGARO COFFEE GROUP, INC. AND SUBSIDIARY
SCHEDULE B
SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM
DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES, AND
PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
June 30, 2023

Name and designation of debtor *	Amounts owed by Related Parties										Balance at the end of the period			
	Balance at beginning of period	Additions	Amounts collected**	Amounts Written Off ***	Current	Not Current	Current	Not Current	Current	Not Current				
Ultimate parent														
Carmetheus Holdings, Inc.	F	-	I	-	P	-	P	-	P	-	P	-	F	-
Under common control														
Camerton, Inc.		-		0		-		-		-		-		-
Key management personnel														
Stockholders		287,081,477		-		(287,081,477)		-		-		-		-
	F	287,081,477	I	-	P	(287,081,477)	P	-	P	-	P	-	F	-

* The amounts outstanding are non-interest bearing, unsecured, will be settled in cash and collectible on demand. No guarantees or collateral have been received.

** All amounts collected were in cash.

*** No amount written off during the period.

FIGARO COFFEE GROUP, INC. AND SUBSIDIARY

SCHEDULE C

**SUPPLEMENTARY SCHEDULE OF AMOUNTS OF RECEIVABLE FROM
RELATED PARTIES WHICH ARE ELIMINATED DURING THE
CONSOLIDATION OF FINANCIAL STATEMENTS**

June 30, 2023

Receivables from related parties which are eliminated during the consolidation							
Name and designation of debtor	Balance at beginning of period	Additions	Amount collected	Amount written off	Current	Not current	Balance at end of period

----- Nothing to Report -----

FIGARO COFFEE GROUP, INC. AND SUBSIDIARY
SCHEDULE D
SUPPLEMENTARY SCHEDULE OF LONG-TERM DEBT

June 30, 2023

Long-term Debt

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "current portion of long-term" in related Statement of Financial Position	Amount shown under caption "long-term debt" in related Statement of Financial Position
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----- Nothing to Report -----

FIGARO COFFEE GROUP, INC. AND SUBSIDIARY
SCHEDULE E
SUPPLEMENTARY SCHEDULE OF INDEBTEDNESS TO RELATED
PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)

June 30, 2023

Indebtedness to related parties (Long-term loans from related companies)		
Name of related party	Balance at beginning of period	Balance at end of period

----- Nothing to Report -----

FIGARO COFFEE GROUP, INC. AND SUBSIDIARY
SCHEDULE F
SUPPLEMENTARY SCHEDULE OF GUARANTEES OF SECURITIES OF
OTHER ISSUERS

June 30, 2023

Guarantees of Securities of Other Issuers				
Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee

----- Nothing to Report -----

FIGARO COFFEE GROUP, INC. AND SUBSIDIARY
SCHEDULE G
SUPPLEMENTARY SCHEDULE OF CAPITAL STOCK
June 30, 2023

Capital Stock						
Title of Issue	Number of shares authorized	Number of shares issued and outstanding as 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	Number of shares held by directors, officers and employees	Others
Common Stock	6,600,000,000	5,468,455,298	-	5,468,450,298	5,000	-

The following are the significant changes made since the date of the last Statements of Financial Position filed:

Increase in authorized capital stocks

On March 31, 2021, the Parent Company's Board of Directors and Stockholders approved: (a) the increase in authorized capital stock from ₱150,000,000 to ₱500,000,000; and (b) the stock split through the reduction of the par value of the shares of the Company from ₱100.00 per share to ₱0.10 per share. SEC approved the Company's application to increase authorized capital stock on June 23, 2021.

Issuance of shares

At incorporation, Carmetheus Holdings, Inc. (CHI) subscribed to ₱37,500,000 worth of shares in the Company. Out of such subscription, ₱9,375,000 had been paid by CHI at incorporation of the Company. During the period, CHI fully paid its subscription receivable amounting to ₱28,125,000.

Camerton, Inc. (CI) subscribed to the following shares of the Company:

In support of the application for increase in authorized capital stock, Camerton, Inc. (CI), on March 31, 2021, subscribed to 1,250,000,000 shares of the Company for a total subscription price of ₱125,000,000. The subscribed shares were fully paid and issued on June 22, 2021.

On June 20, 2021, the board of the Company approved the additional paid-in capital in the amount of ₱83,138,000 paid by CI into the Parent Company.

1,250,000,000 shares with par value of ₱0.10 per share for a total subscription price of ₱228,800,000, or ₱0.18304 price per share. The said subscription resulted to an additional capital stock of ₱125,000,000 and an additional paid-in capital of ₱103,800,000 in the Company; and 350,000,000 shares of the Company with par value of ₱0.10 per share for a total subscription price of ₱35,000,000.

As of June 30, 2021, the outstanding capital of the Company is ₱322,500,500 (excluding the additional paid-in capital of ₱196,938,000 with 3,225,005,000 shares issued).

As of June 30, 2021, the Company is 88.37% owned by Camerton, Inc. and 11.63% owned by Carmetheus Holdings, Inc.

As of June 30, 2022, the outstanding capital of the Company is ₱464,818,700 (excluding the additional paid-in capital of ₱697,831,235 with 4,648,187,003 shares issued).

As of June 30, 2022, the Company is 69.94% owned by Camerton, Inc. and 8.07% owned by Carmetheus Holdings, Inc.

As of June 30, 2023, the outstanding capital of the Group is ₱5,893,455,293 (excluding the additional paid-in capital of ₱1,403,308,680 with 589,345,529 shares issued).

As of June 30, 2023, the Group is 53.05% owned by Camerton, Inc., 15% owned by Monde Nissin Corporation and 6.86% owned by Carmetheus Holdings, Inc.

On February 2, 2023, the Company issued 820,268,295 common shares to Monde Nissin Corporation.

REPORT ON THE INDEX AND SUPPLEMENTARY SCHEDULES

The Board of Directors and the Stockholders
FIGARO COFFEE GROUP, INC. AND SUBSIDIARY
116 E. Main Avenue, Phase V, SEZ Laguna Technopark
Binan Laguna

We have issued our report dated October 12, 2023 on the basic consolidated financial statements of **FIGARO COFFEE GROUP, INC. AND SUBSIDIARY** as of and for the year June 30, 2023. Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements of **FIGARO COFFEE GROUP, INC. AND SUBSIDIARY** taken as a whole. The information in the index to the consolidated financial statements and the supplementary schedules as of and for the year June 30, 2023, which are not required parts of the consolidated financial statements, are required to be filed with the Securities and Exchange Commission. Such information is the responsibility of the Management of **FIGARO COFFEE GROUP, INC. AND SUBSIDIARY**. The information has been subjected to the auditing procedures applied in our audit of the basic separate financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic separate financial statements taken as a whole.

R.S. BERNALDO & ASSOCIATES

BOA/PRC No. 0300
Valid until May 28, 2024
BSP Group B Accredited
Accreditation No. 0300-BSP
Valid until 2026 audit period
BIR Accreditation No. 08-007679-000-2023
Valid from January 31, 2023 until January 30, 2026
IC Group A Accredited
Accreditation No. 0300-IC
Valid until 2026 audit period



ROMEO A. DE JESUS, JR.

Managing Partner
CPA Certificate No. 86071
BIR Accreditation No. 08-004744-001-2021
Valid from January 25, 2021 until January 24, 2024
Tax Identification No. 109-227-897
IC Group A Accredited
Accreditation No. 86071-IC
Valid until 2026 audit period
PTR No. 9567815
Issued on January 4, 2023 at Makati City

October 12, 2023

BOA /PRC No. 0300 • BIR Accredited • SEC Group A Accredited • BSP Group B Accredited • IC Accredited
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