SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20 OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [✓] Preliminary Information Statement

   [ ] Definitive Information Statement

2. Name of Registrant as specified in its charter	:	**FIGARO COFFEE GROUP INC. ("FCGI" or the "Company")**
3. Province, country or other jurisdiction of incorporation or organization	:	**Philippines**
4. SEC Identification Number	:	**CS2018-11119**
5. BIR Tax Identification Number	:	**010-061-026-000**
6. Address of Principal Office	:	**116 East Main Avenue, Phase V, SEZ, Laguna Technopark, Binan, Laguna**
Postal Code	:	**4034**
7. Registrant's telephone number, including area code	:	**+(632) 8812-17-18**
8. Date, time and place of the meeting of security holders	:	**<u>6 December 2023, Wednesday, [2:00 PM],</u> to be conducted online.** **https://us02web.zoom.us/j/81863891820?pwd=aDh2R3NJZXhFY3FIYldodjUzQXlmZz09** **The Chairman will conduct the online meeting from the principal place of business of the Company at 116 East Main Avenue, Phase V, SEZ, Laguna Technopark, Binan, Laguna.**
9. Approximate date on which the Information Statement is first to be sent or given to security holders	:	**7 November 2023**
10. *<u>In case of Proxy Solicitations:</u>* *Name of Person Filing the Statement/Solicitor:*	:	**Not applicable**
Address and Telephone No.	:	**Not applicable**

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of each class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding (<u>As of 30 September 2023</u>)
Common Shares	**5,468,455,298**

12. Are any or all of registrant's securities listed on a Stock Exchange?

Yes [✓] No [ ]

If yes, disclose the name of such Stock Exchange and the class of securities listed therein.

The Common Shares of Figaro Coffee Group, Inc. are listed on the Philippine Stock Exchange.

WE ARE NOT ASKING YOU FOR A PROXY.
YOU ARE NOT BEING REQUESTED TO SEND US A PROXY.

A copy of this Information Statement may be accessed through the Corporation's website: http://www.figaro.ph

Figaro Coffee Group, Inc.
116 East Main Avenue, Phase V, SEZ, Laguna Technopark, Binan, Laguna

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

Please be advised that the Annual Meeting of the stockholders of **Figaro Coffee Group, Inc.** (the "**Company**") for the year 2023 will be conducted **online** on **6 December 2023, Friday,** at **2:00 PM** Stockholders who wish to participate in the proceedings may do so by signing on at the following URL address: **https://us02web.zoom.us/j/81863891820?pwd=aDh2R3NJZXhFY3FlYldodjUzQXlmZz09**

The Chairman will conduct the online meeting from the principal place of business of the Company at 116 East Main Avenue, Phase V, SEZ, Laguna Technopark, Binan, Laguna.

The following shall be the agenda of the meeting:

1. Call to Order
2. Proof of Service of Notice
3. Certification of Presence of Quorum
4. Approval of the Minutes of the Special Stockholders' Meeting held on 6 June 2023
5. Ratification of all acts of the Board of Directors and Officers since the 2023 Special Stockholders' Meeting adopted in the ordinary course of business
6. Approval of the Annual Report and Audited Financial Statements of the Company for the year ended 30 June 2023
7. Report of Management
8. Approval of the Proposed Investments of Third-Party Investors and/or Various Investors
9. Approval of Proposed Conduct of a Follow-On/Public Offering
10. Election of the Members of the Board of Directors including the Independent Directors for the Ensuing Year
11. Appointment of the Company's External Auditors for Fiscal Year 2023
12. Other Matters

The Board of Directors has set the **17th of November 2023**, as the record date for the determination of stockholders entitled to notice of and to vote at the Annual Stockholders' Meeting.

Given the current circumstances and in order to ensure the safety and welfare of our stockholders in light of the COVID-19 situation, the Company will dispense with the physical attendance of stockholders at the meeting. Consequently, attendance will only be by remote communication, with voting being accomplished in absentia through the Company's online voting system at URL address: **https://www.figaro.ph/investors/** or through the Chairman of the meeting, as proxy.

Stockholders intending to participate by remote communication should pre-register with the Company via FCGI's Online Registration and Voting System (ORV System) at URL address: **https://www.figaro.ph/investors/** during the given registration period and in any case, no later than **4 December 2023.**

Following such pre-registration and subject to validation procedures, stockholders may vote either electronically via the O-RV System, no later than **4 December 2023** or submit duly accomplished proxies on or before **27 November 2023** to the Office of the Corporate Secretary c/o Picazo Buyco Tan Fider & Santos Law Office, Penthouse, Liberty Center, 104 H.V. Dela Costa Street, Salcedo Village, Makati City and/or by email to mggo@picazolaw.com or kgpimentel@picazolaw.com. Validation of proxies is set on **1 December 2023** at 2:00 pm.

The detailed rules and procedures for participating in the meeting through remote communication and for casting their votes in absentia are set forth in the Information Statement.

The Company is not soliciting proxies.

LOWELA CONCHA
Corporate Secretary

AGENDA DETAILS AND RATIONALE[1]

1. Call to Order

The Chairman of the Board of Directors, Mr. Justin T. Liu, will call the meeting to order.

2. Certification of Notice and Quorum

The Corporate Secretary, Atty. Lowela Concha will certify that copies of the Notice of Meeting were duly published in the business section of two (2) newspapers of general circulation, and will certify the number of shares represented in the meeting, for the purpose of determining the existence of quorum to validly transact business.

Pursuant to Sections 23 and 57 of the Revised Corporation Code and SEC Memorandum Circular No. 6, Series of 2020, the Corporation has set up a designated web address which may be accessed by the stockholders to participate and vote in absentia on the agenda items presented for resolution at the meeting. A stockholder who votes in absentia or who participates by remote communication shall be deemed present for purposes of quorum.

The following are the rules and procedures for the conduct of the meeting:

(i) Stockholders may attend the meeting remotely through FCGI's Online Registration and Voting (ORV) System (the "ORV System"). Stockholders may send their questions or comments prior to the meeting by e-mail at **info@figaro.ph**. The ORV System shall include a mechanism by which questions may be posted live during the meeting. The Company will endeavor to answer all questions submitted prior to and in the course of the meeting, or separately through the Company's Investor Relations Office.

(ii) Each of the Agenda items which will be presented for resolution will be shown on the screen during the live streaming as the same is taken up at the meeting.

(iii) Stockholders must register through the Company's ORV System to personally participate in the meeting by remote communication and to be included in determining quorum, together with the stockholders who voted by proxy.

(iv) Voting shall only be allowed for stockholders registered in the ORV System at **https://www.figaro.ph/investors** or through the Chairman of the meeting as proxy.

(v) All the items in the Agenda for the approval by the stockholders will need the affirmative vote of stockholders representing at least a majority of the issued and outstanding voting stock represented at the meeting.

(vi) Election of directors will be by plurality of votes and every stockholder will be entitled to cumulate his votes.

(vii) The Company's stock transfer agent and Corporate Secretary will tabulate and validate all votes received.

[1] Annex to Notice of Meeting for 2023 Annual Stockholder's Meeting.

3. Approval of the minutes of the last stockholders' meeting held on 6 June 2023

The minutes of the Special Meeting of Stockholders held on 6 June 2023 will be presented for approval by the stockholders, in keeping with Section 49 (a) of the Revised Corporation Code.

4. Presentation and Adoption of the President's Report and Annual Report and Approval of the Audited Financial Statements for the year 2022-2023

The President's Report and the Annual Report of the Company for the year 2022-2023 and the audited financial statements of the Company for the year ended 30 June 2023 will be presented for the information, understanding, and approval of the stockholders. The President's Report and Annual Report for 2022-2023 will provide context and details on the financial performance and results of operations of the Company for 2022-2023. This report and presentation are in line with the Company's thrust to observe and abide by the best corporate governance practices. It will allow stockholders to understand the financial condition of the Company and they will be given the opportunity to propound questions to management on matters relating to the performance of the Company.

The comments and feedback from the stockholders and their approval or disapproval of these reports and the financial statements will provide guidance to the Board of Directors in the management of the business of the Company.

5. Ratification of all acts of the Board of Directors and Management since the last stockholders' meeting held on 6 June 2023

The ratification of all acts and resolutions of the Board of Directors and all the acts of management taken or adopted since 6 June 2023 will be sought from the stockholders during the meeting.

The ratification of the acts and resolutions of the Board and management will also serve as an avenue for the stockholders to better understand how the Board manages the business and operations of the Company. The ratification will also serve as confirmation by the stockholders that they approve of the manner by which the Board and management of the Company have been running its business and affairs.

6. Election of the Directors (including the Independent Directors) of the Company for the ensuing fiscal year

The Corporate Secretary will present the names of the persons who have qualified and have been duly nominated for election as directors and independent directors of the Company consistent with the Company's By-Laws and Manual on Corporate Governance and other applicable laws and regulations.

The election of the members of the Board of Directors allows the stockholders to directly participate in the selection of the individuals who will serve in the Board which exercises the corporate powers of the Company.

The procedure for voting by remote communication, in absentia or by proxy, including cumulative voting, is provided in this Information Statement.

7. Appointment of the external auditor of the Company for 2023

The approval of the stockholders of the company is being sought for the appointment of R.S. Bernaldo and Associates as the external auditor of the Company.

8. Approval of the Proposed Investments of Third-Party Investors and/or Various Investors

The potential Third-Party Investors and/or Various Investors will subscribe to up to 20% of the Corporation's outstanding common shares through the issuance of primary common shares out of the existing authorized capital stock of the Company. The proposed investments are intended to fund the store opening and expansion beyond 2024. The common shares that will be subscribed by the Third-Party Investors and/or Various Investors will be listed with the Philippine Stock Exchange (PSE). The determination of the terms and details of the proposed investments will be delegated to the board of directors.

The Board of Directors approved the proposed investments during the regular meeting held last 12 October 2023.

9. Approval of the Conduct of a Follow-On/Public Offering

The proposed follow-on/public offering of either common shares or preferred shares is intended to raise capital to fund store expansion beyond 2024. The proposed follow-on/public offering is intended to be conducted within the next three years. If the subject of the offering are common shares, the shares will be listed with the PSE. If the subject of the offering are preferred shares, the shares may be listed in the PSE. The approval of the stockholders of the Corporation is being sought as well to authorize and delegate to the board the power to determine the details and terms of the proposed follow-on/public offering depending on business needs and prevailing market conditions.

The Board of Directors approved the conduct of a follow-on/public offering during the regular meeting held last 12 October 2023.

10. Other business that may properly be brought before the meeting.

Stockholders may be requested to consider such other issues/matters as may be raised throughout the course of the meeting.

11. Adjournment.

After all business has been considered and resolved, the Chairman shall declare the meeting adjourned.

Stockholders who will not, are unable or do not expect to attend the meeting in person but would like to be represented thereat may choose to execute and send a duly accomplished proxy to the Office of the Corporate Secretary c/o Picazo Buyco Tan Fider & Santos Law Office, Penthouse, Liberty Center, 104 H.V. Dela Costa Street, Salcedo Village, Makati City, on or before 27 November 2023. A sample proxy form is provided below. Stockholders may likewise email a copy of the accomplished proxy form to **mggo@picazolaw.com** and **kgpimentel@picazolaw.com**.

PROXY

The undersigned stockholder of **Figaro Coffee Group, Inc.** (the "Company") hereby appoints the Chairman of the meeting, as attorney-in-fact or proxy, with power of substitution, to represent and vote _______________ shares registered in his/her/its name as proxy of the undersigned stockholder, at the Annual Stockholders' Meeting of the Company to be held on **6 December 2023, Wednesday**, **2:00 PM,** to be conducted online, and at any of the adjournments thereof for the purpose of acting on the following matters:

1. Approval of the Minutes of the Special Stockholders' Meeting held on 06 June 2023
   ❑ For ❑ Against ❑ Abstain

2. Notation of the President's Report and Approval of the 2022-2023 Audited Financial Statements
   ❑ For ❑ Against ❑ Abstain

3. Ratification of all acts of the Board of Directors and Management since the last Special Stockholders' Meeting held on 06 June 2023
   ❑ For ❑ Against ❑ Abstain

4. Election of Directors for the ensuing year (Please indicate number of votes)

NAME	FOR	AGAINST	ABSTAIN
Justin T. Liu			
Michael Stephen T. Liu			
Brian Gregory T. Liu			
Divina Gracia Cabuloy			
Sigrid Von De Jesus			
Michael T. Barret			
Senen L. Matoto (independent director)			
Corazon P. Guidote (independent director)			
Hector R. Villanueva (independent director)			

5. Appointment of R.S. Bernaldo and Associates as External Auditors
   ❑ For ❑ Against ❑ Abstain

6. Approval of the Proposed Investments of Third-Party Investors and/or Various Investors
   ❑ For ❑ Against ❑ Abstain

7. Approval of the Conduct of a Follow-On/Public Offering
   ❑ For ❑ Against ❑ Abstain

8. Other Matters
   ❑ For ❑ Against ❑ Abstain

Printed Name of the Stockholder	**Signature of Stockholder/ Authorized Signatory**	**Date**

Instructions

This proxy should be received by the Corporate Secretary on or before **27 November 2023**, the deadline for submission of proxies.

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

A stockholder giving a proxy has the power to revoke it at any time before the right granted is exercised. A proxy will also be considered revoked if the stockholder attends the meeting in person and expresses his intention to vote in person.

Notarization of this proxy is not required.

WE ARE NOT ASKING YOU FOR A PROXY.
YOU ARE NOT BEING REQUESTED TO SEND US A PROXY.

INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, Time, and Place of Meeting of Security Holders

The Annual Meeting of the stockholders of Figaro Coffee Group, Inc. (the "**Company**") will be held on **6 December 2023, Wednesday, 2:00 P.M. to be conducted via remote communication.**

The Chairman will conduct the online meeting from the principal place of business of the Company at the 116 East Main Avenue, Phase V, SEZ, Laguna Technopark, Binan, Laguna.

However, considering the COVID 19 pandemic and to conform with the government's mandate to exercise social distancing and to avoid mass gatherings, attendance and voting in the AGM by the stockholders shall be done only via remote communication by signing in through **https://www.figaro.ph/investors**. Stockholders may attend the meeting remotely through the *Zoom* application, with links to be posted FCFGI's website.

The mailing address of the Company is at 116 East Main Avenue, Phase V, SEZ, Laguna Technopark, Binan, Laguna.

This Information Statement will be first sent or given to security holders (by posting on PSE Edge and the Company's website) on or around **7 November 2023.**

The requirements and procedure for registration, participating and voting are set forth in **Annex "A"** to the Information Statement.

Item 2. Dissenters' Right of Appraisal

Under Sections 41 and 80 of the Revised Corporation Code, the following are the instances when a stockholder may exercise his appraisal right:

1. In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;

2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets of the Company; and

3. In case of merger or consolidation.

4. In case of investment of corporate funds for any purpose other than the primary purpose of the corporation

In order that a dissenting stockholder may exercise his appraisal right, such dissenting stockholder must have voted against the proposed corporate action at the annual meeting. Within thirty (30) days after the date of the annual meeting at which meeting such stockholder voted against the corporate action, the dissenting stockholder shall make a written demand on the Company for the fair value of his shares held. If the proposed corporate action is implemented, the Company shall pay the dissenting stockholder upon surrendering the certificates of stock representing his shares, the fair value of said shares on the day prior to the date on which the vote was taken. If the dissenting stockholder and the Company cannot agree on the fair value of the shares within sixty (60) days from the date of stockholders' approval of the corporate action, then the determination of the fair value of the shares shall be determined by three (3) disinterested persons, one (1) of whom shall be named by the dissenting stockholder, one (1) by the Company and a third to be named by the two (2) already chosen. The findings of the majority of the appraisers shall be final and their award shall be paid by the Company within thirty (30) days after such award is made. The procedure to be followed in exercising the appraisal right shall be in accordance with Sections 80 to 85 of the Revised Corporation Code.

There are no matters or proposed actions as specified in the Notice of Annual Stockholders' Meeting that will give rise to a possible exercise by shareholders of their appraisal rights as provided in the Corporation Code of the Philippines and summarized above.

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

Other than the election to office to include the nomination and election of directors and independent directors, there are no matters to be acted upon in which any director or executive officer is involved or had a direct, indirect, or substantial interest. Furthermore, no director has informed the registrant, in writing or otherwise, that he/she intends to oppose any action to be taken by the registrant at the Meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

As of 30 September 2023, the number of shares outstanding of Figaro Coffee Group Holdings, Inc. ("FCGI" or the "Company") consisting of 5,468,455,298 common shares with par value of Ten Centavos (Php0.10) per share and 8,500,000,000 Preferred Shares Series 2023-1 with par value of Two Centavos (Php0.02) per share. The Preferred Shares Series 2023-1 are not listed in the PSE.

All stockholders of record at the close of business hours on 17 November 2023 (the "Record Date") are entitled to notice and to vote at the Annual Stockholders' Meeting.

A common stockholder entitled to vote at the Meeting shall have the right to vote in person or by proxy the number of shares registered in his name in the stock and transfer book of the Company as of the Record Date. With respect to the election of directors, said stockholder may vote such number of shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided, that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected.

For this year's meeting, the Board of Directors had adopted a resolution to allow stockholders entitled to notice of, and to attend the meeting, to exercise their right to vote *in absentia*.

The following are the list of the top twenty (20) stockholders of the Company as of **30 September 2023**:

RANK	NAME OF STOCKHOLDER	NATURE OF SHARES	NUMBER OF SHARES	PERCENTAGE
1	Camerton Inc.	Common	2,901,148,995	20.7692900404%
		Preferred	8,500,000,000	60.8513956530%
2	PCD Nominee Corporation Filipino	Common	1,297,813,830	9.2910332769%
3	Monde Nissin Corporation	Common	820,268,295	5.8722906542%
4	Carmetheus Holdings, Inc.	Common	375,000,000	2.6846203965%
5	PCD Nominee Corporation Non-Filipino	Common	74,179,175	0.5310478032%
6	Joselito C. Herrera	Common	10,000	0.0000715899%
7	Nadezhda Iskra F. Herrera	Common	10,000	0.0000715899%
8	Gabriella Claudia F. Herrera	Common	10,000	0.0000715899%
9	Juan Trinidad Lim	Common	10,000	0.0000715899%
10	Jennifer T. Ramos	Common	5,000	0.0000357949%
11	Corazon P. Guidote	Common	1	0.0000000072%
12	Senen L. Matoto	Common	1	0.0000000072%
13	Hector R. Villanueva	Common	1	0.0000000072%
	Subtotal for Top 20 Stockholders			
	TOTAL ISSUED AND OUTSTANDING		**13,968,455,298**	**100.00000000%**

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

<u>Security Ownership of Certain Record and Beneficial Owners as of 30 September 2023.</u>

The Company has no knowledge of any person who, as of **30 September 2023**, was directly or indirectly the beneficial owner of more than five percent (5%) of the Company's outstanding shares of common and preferred stock, or who has voting power of investment with respect to shares comprising more than five percent (5%) of the Company's outstanding shares of common and preferred stock except as stated below:

TITLE OF CLASS	NAME	ADDRESS	NO. OF SHARES HELD	NAME OF BENEFICIAL OWNER	CITIZENSHIP	%
Common Shares	Carmetheus Holdings, Inc.	116 East Main Avenue, Phase V, SEZ, Laguna Technopark, Binan, Laguna	375,000,000	Carmetheus Holdings, Inc.		2.68
Common Shares	Camerton Inc	116 East Main Avenue, Phase V, SEZ, Laguna Technopark, Binan, Laguna	2,901,148,995	Camerton Inc		81.6
Preferred Shares			8,500,000,00			
Common Shares	Monde Nissin Corporation	Felix Reyes St., Bgy. Balibago, Santa Rosa Laguna 4026	820,268,295	Monde Nissin Corporation		5.87
		TOTAL				**90.15**

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

For purposes of this annual stockholders' meeting, the person who will vote on behalf of Carmetheus Holdings, Inc. and Camerton, Inc. is Mr. Justin T. Liu, while the person who will vote on behalf of the Monde Nissin Corporation is Mr. Henry Soesanto.

<u>Security Ownership of Directors and Management as of 30 September 2023</u>

The following table shows the shareholdings beneficially held by the directors and executive officers of the Company as of **30 September 2023.**

TITLE OF CLASS	NAME OF BENEFICIAL OWNER	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP		CITIZENSHIP	% OF TOTAL OUTSTANDING SHARES
		DIRECT	INDIRECT		
Common	Justin T. Liu	0	1		0.00%
Common	Michael Stephen T. Liu	0	1		0.00%
Common	Brian Gregory T. Liu	0	1		0.00%
Common	Divina Gracia G. Cabuloy	0	1		0.00%
Common	Sigrid Von D. De Jesus	0	1		0.00%
Common	Michael T. Barret	0	1		0.00%
Common	Senen L. Matoto	0	1		0.00%
Common	Corazon P. Guidote	0	1		0.00%
Common	Hector R. Villanueva	0	1		0.00%

N/A	Jose Petronio D. Espanol III	0	0		0.00%
N/A	Lowela L. Concha	0	0		0.00%
N/A	Marilou R. Roca	0	0		0.00%
TOTAL		**3**	**6**		0.00%

Voting Trust Holders of 5% or More

As of **30 September 2023**, the Company is not aware of any voting trust or similar agreements involving the securities of the Company or of any person who holds more than five percent (5%) of a class of securities under a voting trust or similar agreements.

Change in Control

Since the beginning of its last fiscal year, no change in control in the Company has occurred.

Item 5. Directors and Executive Officers

The following served as Directors of the Company for the year 2023:

NAME	AGE	NATIONALITY	POSITION	CURRENT TERM
Jerry S. Liu	74		Chairman Emeritus	2022 - 2023
Justin T. Liu	41		Chairman	2022 - 2023
Michael Stephen T. Liu	39		Director	2022 - 2023
Brian Gregory T. Liu	36		Director	2022 - 2023
Divina Gracia G. Cabuloy	45		President & CEO	2022 - 2023
Sigrid Von D. De Jesus	48		Chief Compliance Officer, Asst. Corporate Secretary	2022 - 2023
Michael T. Barret	43		Chief Operations Officer, Corporate Information Officer, Chief Investor Relations Officer	2022 - 2023
Senen L. Matoto	75		Independent Director	2022 - 2023
Corazon P. Guidote	62		Independent Director	2022 - 2023
Hector R. Villanueva	87		Independent Director	2022 - 2023

The business experience of each of the directors is set forth below.

Justin T. Liu

Mr. Justin T. 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 Corp., 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 Assistant Corporate Secretary and a Director of Figaro Coffee Group, Inc., and the HRAD and Training Director and Financial Comptroller of Figaro Coffee Systems, Inc. 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.

The Board has established committees to assist in exercising its authority in monitoring the performance of the business of the Company. The committees, as detailed below, provide specific and focused means for the Board to address relevant issues including those related to corporate governance.

The committees and their respective membership are set forth below:

BOARD COMMITTEES	MEMBERS
Audit Committee (Chair, Independent Director)	Chair: Senen L. Matoto Members (2): Justin T. Liu Corazon P. Guidote
Corporate Governance and Nominations Committee (Chair, Independent Director)	Chair: Corazon P. Guidote Members (2): Justin T. Liu Divina Gracia G. Cabuloy
Board Risk Oversight Committee (at least 1 Independent Director)	Chair: Hector R. Villanueva Members (2): Senen L. Matoto Michael T. Barret
Related Party Transactions Committee (Chair, Independent Director)	Chair: Hector R. Villanueva Members (2): Corazon P. Guidote Sigrid Von D. De Jesus

<u>Information Required of Directors and Executive Officers</u>

Directors and Executive Officers

As of the date of this Information Statement, the following persons have been nominated to the Board for election at the Annual Stockholders' Meeting and have accepted their nomination:

Justin T. Liu
Michael Stephen T. Liu
Brian Gregory T. Liu
Divina Gracia G. Cabuloy
Sigrid Von D. De Jesus
Michael T. Barret
Senen L. Matoto (independent director)
Corazon P. Guidote (independent director)
Hector R. Villanueva (independent director)

Except for those nominated as independent directors, the nominees to the Board of Directors were formally nominated to the Corporate Governance and Nominations Committee of the Board by shareholders of the Company, Camerton Inc. and Carmetheus Holdings, Inc. Mr. Senen L. Matoto, Mr.

Hector R. Villanueva, and Ms. Corazon P. Guidote are being nominated as independent directors. The nominated independent directors, having possessed the qualifications and none of the disqualifications of an independent director, were nominated in accordance with the guidelines for the nomination and election of independent directors pursuant to Rule 38 of the Securities Regulation Code (SRC). The nominating shareholder is not related to any of the nominees including the nominees for independent directors.

The qualifications of all nominated directors, including the nominated independent directors, have been pre-screened in accordance with the Corporate Governance Manual and By-Laws of the Company. Only the nominees whose names shall appear on the final list of candidates are eligible for election as directors (independent or otherwise), in accordance with the procedure set forth in the By-Laws of the Company. No other nominations will be entertained after the preparation of the final list of candidates and no further nominations shall be entertained or allowed during the Annual Stockholders' Meeting.

The Certifications of Independent Directors are attached hereto as **Annex "B".**

The Secretary's Certificate attesting to the fact that none of the directors and officers of the Corporation holds any position in any capacity in any government agency or instrumentality is hereto attached as **Annex "C"**.

Significant Employees

None. While the Company values its workforce, the business of the Company is not highly dependent on the services of personnel outside of Senior Management.

Family Relationships

There are no family relationships between Directors and members of the Company's senior management known to the Company other than Justin T. Liu, Brian Gregory T. Liu and Michael Stephen T. Liu and brothers and Mr. Jerry S. Liu is their father.

Involvement in Certain Legal Proceedings

The Company believes that, except as discussed below, none of the Company's directors, nominees for election as director, or executive officers have in the five-year period prior to the date of this Prospectus: (1) had any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within a two-year period of that time; (2) have been convicted by final judgment in a criminal proceeding, domestic or foreign, or have been subjected to a pending judicial proceeding of a criminal nature, domestic or foreign, excluding traffic violations and other minor offenses; (3) have been the subject of any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities; or (4) have been found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, such judgment having not been reversed, suspended, or vacated.

There are no known legal proceedings against any director, officer, and controlling person as of date of the Information Statement.

Certain Relationships and Related Transactions

[Note: The below is subject to updating based on the results of the 2023 AFS.]

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 2022-2023 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 Cirtek Land Corporation for the period commencing on January 16, 2017 and ending on January 16, 2021. 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.

Resignation of Directors

No director has resigned from, or declined to stand for re-election to the Board since the date of the 2021 Annual Stockholders' Meeting due to any disagreement with the Company relative to its operations, policies and practices.

Item 6. Compensation of Directors and Executive Officers

Compensation

The Company's president and its next highest-ranking officers are as follows:

Name	Position
Justin Liu	Chairman
Divina Gracia Cabuloy	President & CEO
Michael Barret	COO
Sigrid Von de Jesus	CCO

The following table identifies and summarizes the aggregate compensation of the Company's President and the four most highly compensated executive officers of the Company in fiscal years 2021, 2022 and 2023 (projected):

	Year	Salary (in thousands)	Bonus (in thousands)	TOTAL (in thousands)
	2018	**3,893.53**	**921.16**	**4,814.69**
President and the four most highly compensated executive officers named above	2019	**3,893.53**	**1,156.56**	**5,050.09**
	2020	**4,025.53**	**477.91**	**4,503.44**
	2021	**2,850.01**	**136.94 (Incentive)**	**2,986.95**
	2022	**3,834.30**	**2,000.00**	**5,834.30**
	2023	**15,292.58**	**2,102.03**	**17,394.62**
Aggregate compensation paid to all other directors and all other officers as a group	2018	-	-	-
	2019	-	-	-
	2020	-	-	-
	2021	**4,756.21**	**3,986.00**	**8,742.21**
	2022	**3,834.30**	**2,000.00**	**5,834.30**
	2023	**15,292.58**	**2,102.03**	**17,394.62**

<u>EMPLOYMENT CONTRACTS</u>

Standard Arrangement

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

Other Arrangements

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

Warrants and Options Outstanding

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

<u>Item 7. Independent Public Accountants</u>

The external auditor of the Company is the accounting firm of R.S. Bernaldo and Associates (“RSBA”). The Board, upon the recommendation of the Company’s Audit Committee, approved the reappointment of RSBA as the Company’s independent auditor for 2023 based on their performance and qualifications.

The reappointment of RSBA will be presented to the stockholders for their approval at the Annual Stockholders’ Meeting.

Representatives of RSBA for the current year and for the most recently completed fiscal year are expected to be present at the Annual Stockholders’ Meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The consolidated financial statements of the Company as of and for the year ended 30 June 2023, 2022, and 2021 were audited by RSBA.

RSBA has acted as the Company’s independent auditor since fiscal year 2018. Romeo A. De Jesus is the current audit partner for the Company and has served as such since fiscal year 2018. The

Company has not had any material disagreements on accounting and financial disclosures with its current independent auditor for the same periods or any subsequent interim period. RSBA has neither shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities 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.

Audit and Audit-related Fees

The following table sets forth the aggregate fees billed for each of the last two years for professional services rendered by RSBA:

	For the year ended	
	June 30, 2023	**June 30, 2022**
Audit and Audit-Related Services	**824,500.00**	**265,865.60**
All Other Fees	0.00	**0.00**
Total	**824,500.00**	**265,865.60**

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 Company's internal control system, engage and provide oversight of the Company's internal and external auditors.

The Audit Committee will carry out, among other things, the following functions: (i) assist the Board in the performance of its oversight responsibility for: our financial reporting process; our system of internal control; our audit process and the monitoring of compliance with applicable laws, rules and regulations; (ii) supervise the effectiveness of our internal control procedures and corporate risk management systems; (iii) perform oversight functions over our internal and external auditors, ensuring that the internal and external auditors act independently from each other, and that each are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions; (iv) review the annual internal audit plan to ensure its conformity with our objectives; (v) organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal; (vi) monitor and evaluate the adequacy and effectiveness of our internal control system, including financial reporting control and information technology security; (vii) review the reports submitted by the internal and external auditors; (viii) review the quarterly, half-year and annual financial statements before their submission to the Board; (ix) coordinate, monitor and facilitate compliance with laws, rules and regulations; (x) evaluate and determine non-audit work, if any, required of the external auditor, and periodically review the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to our overall consultancy expenses; and (xi) establish and identify the reporting line of the internal auditor to enable them to properly fulfill their duties and responsibilities.

The Audit Committee must be comprised of at least three directors, including one independent director, preferably with an accounting and financial background. The Audit Committee has been constituted and has adopted the Audit Committee Charter.

Item 8. Compensation Plans

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.

C. ISSUANCE AND EXCHANGE OF SECURITIES

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

There are no actions or matters to be discussed in the Annual Stockholders' Meeting with respect to the authorization or issuance of any securities.

Item 10. Modification or Exchange of Securities

There are no actions or matters to be discussed in the Annual Stockholders' Meeting with respect to the modification of any class of securities of the Company, or the issuance or authorization for issuance of one (1) class of securities of the Company in exchange for outstanding securities of another class.

Item 11. Financial and Other Information

(i) Management's Discussion and Analysis of Financial Condition and Results of Operations are attached hereto as **Annex "D"**.

(ii) The Annual Report for the year ended 30 June 2023 are attached hereto as **Annex "E"**.

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

There are no actions or matters to be discussed in the Annual Stockholders' Meeting with respect to mergers, consolidations, acquisitions, sales, or other transfers of all or any substantial part of the assets of the Company, liquidation or dissolution of the Company, and similar matters.

Description of the business of the registrant and its significant subsidiaries

As of 30 September 2023, Figaro Coffee Systems, Inc. ("FCSI") is the only subsidiary of the Company. FCSI was incorporated in the Philippines and it is engaged in restaurant operations.

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.

Patents, Trademarks, Licenses, Franchises, Concessions, Royalty, Agreement or Labor contracts including duration

The Company owns several intellectual property rights over our trademarks in the Philippines, including that of Figaro Coffee, Angel's Pizza, and Tien Ma's. The Company retains full control and independent management over its stores in the Philippines without having to pay royalties or other fees for the use of our trademarks and brand names.

Governmental approval of principal products and services

The Consumer Act

The Consumer Act (R.A. No. 7394) establishes quality and safety standards with respect to the composition, contents, packaging and advertisement of food products. Furthermore, it regulates the following: (1) consumer product quality and safety; (2) the production, sale, distribution and advertisement of food, drugs, cosmetics and devices as well as substances hazardous to the consumer's health and safety; (3) fair, honest consumer transactions and consumer protection against deceptive, unfair and unconscionable sales acts or practices; (4) practices relative to the use of weights and measures; (5) consumer product and safety warranties; (6) compulsory labeling and fair packaging; (7) liabilities for defective products and services; (8) consumer protection against misleading advertisements and fraudulent promotion practices; and (9) consumer credit transactions. Under the Consumer Act, it is prohibited to manufacture, import, export, sell, offer to sell, distribute and transfer food products that do not conform to applicable consumer product quality or safety standards.

The implementing agencies tasked to enforce the Act are the Department of Health, the Department of Agriculture, and the Department of Trade and Industry. The Department of Health, in particular, regulates the production, sale, distribution, and advertisement of food to protect the health of consumers.

Violation of the Consumer Act shall warrant administrative penalties and/or imprisonment of not less than one year but not more than five years, or a fine of not less than P5,000.00 but not more than P10,000.00 or both, at the discretion of the court. Should the offense be committed by a juridical person, the chairman of the board of directors, the president, general manager, or the partners and/or the persons directly responsible therefor shall be penalized.

The Food Safety Act

The Food Safety Act (R.A. No. 10611) seeks to strengthen the food safety regulatory system in the country by principally delineating the mandates and responsibilities of the government agencies. The National Dairy Authority, National Meat Inspection Service, and Bureau of Fisheries and Aquatic Resources under the Department of Agriculture ("DA") are the government agencies responsible for the development and enforcement of food safety standards and regulations in the primary production and post-harvest stages for milk, meats, and fish, respectively, while the FDA under the DOH is responsible for the safety of processed and pre-packaged foods. The Food Safety Act created the Food Safety Regulation Coordinating Board to monitor and coordinate the performance and implementation of the mandates of the government agencies under the law.

Under the Food Safety Act, food business operators or those who undertake to carry out any of the stages of the food supply chain are held principally responsible in ensuring that their products satisfy the requirements of the law and that control systems are in place to prevent, eliminate, or reduce risks to consumers.

For the enforcement of the Food Safety Act, the food safety regulatory agencies are authorized to perform regular inspection of food business operators taking into consideration the compliance with mandatory safety standards; implementation of the Hazard Analysis at Critical Control Points or the science-based system that identifies, evaluates, and controls hazards for food safety at critical points; good manufacturing practices; and other requirements of regulations. It is prohibited to refuse access to pertinent records or entry of inspection officers of the food safety regulatory agencies. It is likewise prohibited, among others, to produce, handle, or manufacture for sale, offer for sale, distribute in commerce, or import any food or food product, which is banned or is not in conformity with applicable quality or safety standard is also prohibited. The commission of any of the prohibited acts under the Food Safety Act can result in imprisonment and/or a fine.

FDA Rules and Regulations

Consistent with the mandate to adopt and establish mechanisms and initiatives that are aimed to protect and promote the right to health of every Filipino, the FDA issued the Rules and Regulations on the Licensing of Food Establishments and Registration of Processed Food, which require all food establishments to obtain a License to Operate ("LTO") from the FDA before they can validly engage in the manufacture, importation, exportation, sale, offer for sale, distribution, and transfer of food products in the Philippine market. An initial LTO is valid for a period of two years, while a renewed license is valid for five years.

In addition to an LTO, the FDA also requires a Certificate of Product Registration ("CPR") for processed food products before said products are distributed, supplied, sold or offered for sale or use in the market. A CPR covering a particular health product constitutes *prima facie* evidence of the registrant's marketing authority for said health product in connection with the activities permitted pursuant to the registrant's LTO. In case of initial registration, a CPR shall be valid for a minimum period of two years to a maximum period of five years. Any renewal thereafter shall be valid for five years.

The operation of a food business without the proper authorization from the FDA is prohibited and punishable with a fine. The closure of the establishment may also be imposed as a penalty upon a finding of a commission of a prohibited act.

Philippine Environmental Impact Statement System

The Philippine Environmental Impact Statement System has been established in furtherance of the State policy to attain and maintain a rational and orderly balance between socio-economic growth and environmental protection. Development projects that are classified by law as environmentally critical or projects within statutorily defined environmentally critical areas are required to obtain an Environmental Compliance Certificate ("ECC") prior to their commencement. As a prerequisite for the issuance of an ECC, an environmentally critical project is required to submit an Environmental Impact Statement ("EIS") to the EMB while a project in an environmentally critical area is generally required to submit an Initial Environmental Examination ("IEE") to the proper DENR regional office, without prejudice to the power of the DENR to require a more detailed EIS. The EIS refers to both the document and the environmental impact assessment of a project, including a discussion of direct and indirect consequences to human welfare and ecology as well as environmental integrity. The IEE refers to the document and the study describing the environmental impact, including mitigation and enhancement measures, for projects in environmentally critical areas.

While the terms and conditions of an EIS or an IEE may vary from project to project, at a minimum, they contain all relevant information regarding the environmental effects of a project. The entire process of organization, administration and assessment of the effects of any project on the quality of the physical, biological and socio-economic environment as well as the design of appropriate preventive, mitigating and enhancement measures is known as the EIS system. The EIS system successfully culminates in the issuance of an ECC. The ECC is a government certification that (i) the proposed project or undertaking will not cause a significant negative environmental impact; (ii) that the proponent has complied with all the requirements of the EIS system and; (iii) that the proponent is committed to implement its approved environmental management plan in the EIS or, if an IEE was required, that it will comply with the mitigation measures suggested therein. The ECC contains specific measures and conditions that the project proponent must undertake before and during the operation of a project, and in some cases, during the abandonment phase of the project to mitigate identified environmental impact.

Project proponents that prepare an EIS are required to establish an Environmental Guarantee Fund ("EGF") when the ECC is issued to projects determined by the DENR to pose significant public risks to life, health, property and the environment. The EGF is intended to answer for damages caused by such projects as well as any rehabilitation and restoration measures. Project proponents that prepare an EIS are mandated to include a commitment to establish an Environmental Monitoring Fund ("EMF") when an ECC is eventually issued. The EMF shall be used to support activities of a multi-partite monitoring team that will be organized to monitor compliance with the ECC and applicable laws, rules and regulations.

In certain instances, the EMB may determine and issue a certification that a certain project is not covered by the EIS System and an ECC is not required. Consequently, a Certificate of Non-Coverage ("CNC") may be issued in lieu of an ECC.

The Ecological Solid Waste Management Act of 2000

The Ecological Solid Waste Management Act of 2000 (Republic Act No. 9003) provides for the proper management of solid waste which includes discarded commercial waste and non-hazardous institutional and industrial waste. The said law prohibits, among others, the transporting and dumping of collected solid wastes in areas other than prescribed centers and facilities. The National Solid Waste Management Commission, together with other government agencies and the different local government units, are responsible for the implementation and enforcement of the said law.

Any violation of this law may be punishable by fine or imprisonment, or both, depending on the prohibited act committed. If the offense is committed by a corporation, the chief executive officer, president, general manager, managing partner or such other officer-in-charge shall be liable for the commission of the offense.

The Code on Sanitation of the Philippines

The Sanitation Code (Presidential Decree No. 856) provides for sanitary and structural requirements in connection with the operation of certain establishments such as food establishments which include such places where food or drinks are manufactured, processed, stored, sold or served. Under P.D. 856, which is implemented by the DOH, food establishments are required to secure sanitary permits prior to operation which shall be renewable on a yearly basis.

Further, the Code on Sanitation provides that no person shall be employed in any food establishment without a health certificate issued by the local health authority. This certificate will be issued only after the required physical and medical examinations are performed and immunizations are administered at prescribed intervals. The health certificate must be renewed every year or as often as required by local ordinance.

Non-compliance with the provisions of the Code on Sanitation may result in the revocation of the sanitary permit, which is a requisite for the operation of a food establishment. Moreover, a food establishment that employs a person without the appropriate health certificate may be punished by fine or imprisonment, or both.

DENR Rules on Disposition of Hazardous Waste

A waste generator or a person who generates or produces hazardous wastes through any institutional, commercial, industrial or trade activities must register online and pay the registration fee to the EMB Regional Office having jurisdiction over the location of the waste generator. Upon registration, the EMB shall issue a DENR identification number, which is generally a one-time permit unless there is a change in the hazardous wastes produced.

Under DENR Administrative Order No. 2013-22, a duly registered waste generator must, among others: (a) designate a full-time Pollution Control Officer; (b) disclose to the DENR the type and quantity of waste generated; (c) implement proper waste management from the time the wastes are generated until they are rendered non-hazardous; (d) continue to own and be responsible for the wastes generated in the premises until the wastes have been certified by an accredited waste treater as adequately treated, recycled, reprocessed, or disposed of; (e) adhere to the hazardous waste transport manifest system when transporting hazardous wastes for offsite treatment, storage, and/or disposal; (f) prepare and submit to the DENR comprehensive emergency preparedness and response program to mitigate spills and accidents involving chemicals and hazardous wastes; (g) communicate to its employees the hazards posed by the improper handling, storage, transport, use and disposal of hazardous wastes and their containers; and (h) develop capability to implement the emergency preparedness and response programs and continually train core personnel on the effective implementation of such programs.

Failure to comply with DENR Administrative Order No. 2013-22 shall make the violator liable for a fine of ₱ 50,000.00. In addition to such penalty, a violation of any of its Governing Rules or rules covering the Contingency Program shall result in the immediate suspension of the permit.

DENR Rules against Air Pollution

DENR Administrative Order No. 2000-81, as amended by DENR Administrative Order No. 2004-26, requires a Permit to Operate for each source emitting regulated air pollutants, which shall be issued by the EMB. The permittee shall display the permit upon the installation itself in such manner as to be clearly visible and accessible at all times. In the event that the permit cannot be so placed, it shall be mounted in an accessible and visible place near the installation covered by the permit.

The Permit to Operate is valid for five years from the date of issuance, unless sooner suspended or revoked. It may be renewed by filing an application for renewal at least 30 days before its expiration date and upon payment of the required fees and compliance with requirements.

Moreover, under DENR Administrative Order No. 2014-02, the managing heads of establishments required to have pollution control officers must apply for accreditation of their appointed/designated Pollution Control Officer at the concerned EMB Regional Office within 15 days from the date of appointment/designation.

Laguna Lake Development Authority Clearance

R.A. No. 4850, as amended, created the Laguna Lake Development Authority ("LLDA") in order to promote and accelerate the balanced growth of the Laguna de Bay Region, with due regard for environmental management and control, preservation and preservation of the quality of human life and ecological systems, and the prevention of undue ecological disturbances, deterioration and pollution.

As an attached agency of the DENR, the LLDA is mandated to manage and protect the environmentally critical Laguna de Bay Region. It is empowered to pass upon and approve or disapprove all plans, programs, and projects proposed by local government offices or agencies within the region, public corporations, and private persons or enterprises where such plans, programs, and projects are related to the development of the region.

At present, the jurisdiction and scope of authority of the LLDA comprises the towns of Rizal and Laguna Provinces, towns of Silang, General Mariano Alvarez, Carmona, Tagaytay City in Cavite, Lucban, Quezon, City of Tanauan, towns of Sto. Tomas and Malvar in Batangas, Cities of Marikina, Pasig, Taguig, Muntinlupa, Pasay, Caloocan, Quezon and town of Pateros in Metro Manila. Accordingly, any person, natural and juridical, with existing and/or new development projects and activities within these areas are required to secure an LLDA Clearance, which is issued upon submission of an application and the supporting financial documents.

An administrative fine is imposed on establishments operating, developing, or constructing within the Laguna de Bay Region without the necessary LLDA Clearance. Any proposed, ongoing, or completed expansion inconsistent with a previously issued LLDA Clearance must be covered by a new LLDA Clearance.

Wastewater Discharge Permit

The Philippine Clean Water Act of 2004 (Republic Act No. 9275) prohibits the discharge of material of any kind into water bodies, which shall cause pollution or impede natural flow of water, discharge of substance into soil or sub-soil which would pollute groundwater, operating facilities that discharge regulated water pollutants without valid permits, and other related acts. The Clean Water Act also regulates the discharge of effluents on land.

Pursuant to this law, all industries that discharge in any manner wastewater into Philippine waters and/or land are required to secure a wastewater discharge permit from the EMB. This permit is valid for five years and renewable for five-year periods.

The Labor Code and Social Welfare Legislations

The Philippine Labor Code and other statutory enactments provide the minimum benefits that employers must grant to their employees, which include certain social security benefits, such as benefits mandated by the Social Security Act of 1997 (R.A. No. 8282), the National Health Insurance Act of 1995 (R.A. No. 7875), as amended, and the Home Development Fund Law of 2009 (R.A. No. 9679).

Social Security Act

Under the Social Security Act of 1997, social security coverage is compulsory for all employees under 60 years of age. An employer has the duty to report to the Social Security System ("SSS") the names, ages, civil status, occupations, salaries and dependents of its employees who are subject to compulsory coverage, and to pay and remit their monthly contributions. This enables the employees or their dependents to claim their pension, death benefits, permanent disability benefits, funeral benefits, sickness benefits and maternity-leave benefits. The failure of the employer to comply with any of its obligations may lead to sanctions, including the impositions of a fine of not less than ₱5,000.00 nor more than ₱20,000.00, or imprisonment for not less than six years and one day nor more than 12 years, or both, at the discretion of the court. The erring employer will also be liable to the SSS for damages equivalent to the benefits to which the employee would have been entitled had his name been reported on time to the SSS and for the corresponding contributions and penalties thereon.

National Health Insurance Act

The National Health Insurance Act, created the National Health Insurance Program ("NHIP") to provide health insurance coverage and ensure affordable and accessible health care services to all Filipino citizens. Under the law, all members of the SSS are automatically members of the NHIP. An employer is required to deduct and withhold the contributions from its employee's salary, wage or earnings, make a counterpart contribution for the employee, and remit both amounts to the Philippine Health Insurance Corporation ("PhilHealth"), the agency which administers the NHIP. The NHIP will then subsidize personal health services required by the employee subject to certain terms and conditions under the law. An employer who fails or refuses to register its employees, regardless of their employment status, or to deduct contributions from its employees' compensation or remit the same to the Corporation shall be punished with a fine of not less than ₱5,000.00 multiplied by the total number of employees of the firm.

Home Development Fund Law

The Home Development Fund Law (R.A. No. 9679) or the Pag-IBIG Fund Law, created the Home Development Mutual Fund ("HDMF"), a national savings program as well as a fund to provide for affordable shelter financing to Filipino workers. Coverage under the HDMF is compulsory for all SSS members and their employers. Under the law, an employer must deduct and withhold 2% of the employee's monthly compensation, up to a maximum of ₱5,000.00, and likewise make a counterpart contribution of 2% of the employee's monthly compensation, and remit the contributions to the HDMF. Refusal of an employer to comply, without any lawful cause or with fraudulent intent, particularly with respect to registration of employees as well as collection and remittance of contributions, is punishable by a fine of not less but not more than twice the amount involved, or imprisonment of not more than six years, or both such fine and imprisonment. When the offender is a corporation, the penalty will be imposed upon the members of the governing board and the president or general manager, without prejudice to the prosecution of related offenses under the Revised Penal Code and other laws, revocation and denial of operating rights and privileges in the Philippines and deportation when the offender is a foreigner.

The Labor Code

The Philippine Labor Code provides that, in the absence of a retirement plan provided by their employers, private-sector employees who have reached 60 years of age or more, but not beyond 65 years of age, the compulsory retirement age for private-sector employees without a retirement plan, and who have rendered at least five years of service in an establishment, may retire and receive a minimum retirement pay equivalent to one-half month's salary for every year of service, with a fraction of at least six months being considered as one whole year. For the purpose of computing the retirement pay, "one-half month's salary" shall include all of the following: fifteen days salary based on the latest salary rate; in addition, one-twelfth of the thirteenth month pay and the cash equivalent of five days of service incentive leave pay. Other benefits may be included in the computation of the retirement pay upon agreement of the employer and the employee or if provided in a collective bargaining agreement.

Other Labor-Related Laws and Regulations

Under the Comprehensive Dangerous Drugs Act, a national drug abuse prevention program implemented by the Department of Labor and Employment ("DOLE") must be adopted by private companies with 10 or more employees. For this purpose, employers must adopt and establish company policies and programs against drug use in the workplace in close consultation and coordination with the DOLE, labor and employer organizations, human resource development managers and other such private sector organizations. DOLE Department Order No. 053-03 sets out the guidelines for the implementation of Drug-Free Workplace policies and programs for the private sector.

The employer or the head of the work-related, educational or training environment or institution, also has the duty to prevent or deter the commission of acts of sexual harassment and to provide the procedures for the resolution, settlement or prosecution of such cases. Under the Anti-Sexual Harrassment Act, the employer will be solidarily liable for damages arising from the acts of sexual harassment committed in the workplace if the employer is informed of such acts by the offended party and no immediate action is taken. Notwithstanding, the victim of sexual harassment is not precluded from instituting a separate and independent action for damages and other affirmative relief. Any person who violates the provisions of this law shall, upon conviction, be penalized by imprisonment of not less than one month nor more than six months, or a fine of not less than ₱10,000.00 nor more than ₱20,000.00, or both such fine and imprisonment, at the discretion of the court. Any action arising from the violation of the provisions of this law shall prescribe in three years.

Moreover, Department Order No. 102-10 requires all private workplaces to have a policy on HIV and AIDS and to implement a workplace program in accordance with the Philippines AIDS Prevention and Control Act. The workplace policies aim to manage sensitive issues, such as confidentiality of medical information and continuation of employment for HIV-positive staff, and to avoid the discrimination of any employee due to HIV/AIDS. Any HIV/AIDS-related information of workers should be kept strictly confidential and kept only on medical files, whereby access to it are strictly limited to medical personnel.

All private workplaces are also required to establish policies and programs on solo parenting, Hepatitis B, and tuberculosis prevention and control.

Effect of existing or probable government regulations on the business

The Food and Drug Administration under the Department of Health is the main regulatory body for the consumer foodservice industry

The Department of Health (DOH) is the ministry responsible for ensuring access to basic public health services. Other than healthcare services, the DOH also regulates the provision of health-related goods and services via the multiple agencies under it.

The lead agency for food-related matters is the Food and Drug Administration (FDA), an agency focused on protecting public health by ensuring the safety, efficacy and security of human drugs and biological products. It also ensures the safety of the country's food supply. The FDA not only acts as an administrative office to approve and issue food establishment operating licences to regulate the consumer foodservice industry but also works with other agencies and the private sector to ensure food safety in the country and to establish the food security of the Philippines' population.

As food safety is of paramount importance throughout the entire food supply chain, the Food Safety Regulation Coordinating Board (FSRCB) coordinates the implementation of the mandates of the various government bodies, such as the DOH (via the FDA), the Department of Agriculture (DA) and the Department of Interior and Local Government (DILG) and various local government units (LGUs), ensuring food safety through a performance-based food safety control management system at various stages from production, to processing, to distribution and consumption by consumers in foodservice establishments. Other than compliance with the food laws and regulations, the FSRCB also focuses on traceability along the food supply chain. Players in the consumer foodservice industry importing food from suppliers overseas must ensure the necessary food safety tests are passed under the FDA.

On a broader level, the FDA also oversees the food security of the country over the long term by working together with industry players to ensure diversification of food supply sources with a focus on the development of local food sources. The FDA also works with businesses in the consumer foodservice industry to strengthen capabilities and raise productivity, as well as develop new lines and models of businesses for industry transformation.

Stringent regulation of consumer foodservice is reflected by the multiple permits, approvals and licences to operate a business in the industry

In the Philippines, there are several permits, approvals and licences required to run a business in any industry, such as a Business Permit, tax account registration with the Bureau of Internal Revenue (BIR), Barangay Clearance, and Business Name registration with the Department of Trade and Industry (DTI).

Specific to consumer foodservice, businesses looking to enter the industry must obtain approval for several licences before they can operate a foodservice establishment. To obtain the License to Operate Food Establishments issued by the FDA, foodservice establishments must submit a Fire Safety

Inspection Certificate (FSIC) issued by the local police department once the fire safety checks are completed.

Upon full compliance with licensing requirements and submission of required documents, including the details of the location, business name registration, business permit, proof of income to verify capitalisation, the FDA will review and issue the License to Operate Foodservice Establishments. In the case of consumer foodservice players which might also be involved in food manufacturing, the FDA may also request additional documents such as the Risk Management Plan (RMP) or Site Master Files (SMF).

Depending on the nature or business model of the foodservice establishment, the business may also require other related licences. For example, restaurants, bars and bistros, or cafés wishing to sell alcoholic beverages on their premises will need to obtain a Liquor License from the Liquor Licensing and Regulatory Board. In addition, if the food establishment needs to import food supplies or products from overseas, it must also obtain the import licence from the Custom Authorities.

Throughout the period of licensed operation, all players must also ensure compliance with food safety laws under The Food Safety Act of 2013.

Labour laws pose costly implications on the labour-intensive consumer foodservice industry

Foodservice establishments are encouraged to employ locals which can be challenging due to a high turnover rate. Hiring foreign workers incurs a higher cost due to additional taxes and it often involves a lengthy and tedious administrative process as the foodservice establishment must prove that the job requires skills that are not available locally and apply for an Alien Employment Permit (AEP).

In addition, the Philippine government dictates a minimum wage, which varies from region to region, to reduce poverty rates in the country. The minimum wage amount is set by the Regional Tripartite Wages and Productivity Boards. In the National Capital Region (Metropolitan Manila), the minimum daily wage stands at ₱466 (approximately USD10) but employers are also required to provide a living allowance of ₱15 (approximately USD0.50) per day. Employers are also required by law to convert employees to permanent employment after six months of probationary employment and provide them with medical insurance, paid leave and security of tenure. Such requirements potentially add to the costs of foodservice establishments, especially for smaller local independent businesses, and cut into the profitability of the business.

In compliance with food safety laws, employees who are handling food must be checked and vaccinated for contagious diseases such as Typhoid or Hepatitis A. This could pose a challenge for new businesses as it may be difficult to employ vaccinated and certified food handlers and add to their costs and impact operations for newly employed staff to complete the food safety training, complete the necessary medical checks and be vaccinated.

Major risks involved in each of the business of the company and subsidiary.

We list below the major risks in the business of the Company and its subsidiary, FCSI (collectively referred in this section as the "Group").

- The Group operates in highly competitive markets and if it does not compete effectively, its results of operations will be harmed.
- The Group's growth is highly dependent on its ability to open new stores, maintain its existing store network and select strategically located sites for our stores.
- Strong competition could negatively affect prices and demand for the Group's products and services and could decrease its market share.
- The Group relies on key suppliers for certain of its raw materials and the failure of those suppliers to adhere to and perform contractual obligations may adversely affect its business.
- The Group relies on key third-party service providers for certain services and the failure of these services providers to adhere to and perform contractual obligations may affect its business.
- Labor disputes or changes in employment laws may disrupt the Group's operations and affect its profitability.
- Changes in food and supply costs and availability could adversely affect the Group's results of operations.
- Damage to the Group's reputation and its brands, and negative publicity to its stores, could negatively impact its business.
- There may be food safety and foodborne illness concerns.
- Opening new stores in existing markets may negatively affect sales at the Group's existing stores.
- The Group results of operations and growth strategy depend in part on the success of its franchisees and the Group is subject to various additional risks associated with its franchise owners.
- The Group is subject to safety, health and environmental laws and regulations.
- The Group relies on information technology systems to manage and effectively operate its business.
- Changes in customer preferences and perceptions may lessen the demand for the Group's products, which could reduce sales and harm its business.
- The Group's advertising and marketing campaigns may not be successful.
- If the Group fails to identify, recruit and contract with a sufficient number of qualified franchise owners, its ability to open new franchised stores and increase its revenues could be materially adversely affected.
- The Group's growth depends in part on its ability to develop and introduce new menu offerings, which is subject to customer preferences and other market factors at the time of introduction.
- The Group's intellectual property rights could be infringed or it could infringe the intellectual property rights of others.
- The major shareholders could affect matters concerning the Company.
- The Group depends on key members of its management team.
- Natural disasters or other catastrophes, such as weather disturbances in the Philippines, or climate change may adversely affect the Group's business, materially disrupt the Group's operations and result in losses not covered by its insurance.
- The Group results of operations may fluctuate due to seasonality.
- The Group expects to need capital in the future, and it may not be able to generate sufficient cash flow, raise capital or obtain financing on acceptable terms to meet its needs.
- The Group's current insurance coverage may not be adequate, insurance premiums for such coverage may increase and it may not be able to obtain insurance at acceptable rates, or at all.
- The Group may be unable to renew its Halal certification and HACCP-compliance certification.
- The Group is dependent on third-party food delivery services.

Legal Proceedings

As of date, 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 Cabreira, 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 Cabreira 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.

   The case was instituted on February 17, 2020.

   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 thru 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 13. Acquisition or Disposition of Property

There are no actions or matters to be discussed in the Annual Stockholders' Meeting with respect to the acquisition or disposition of any significant Company property.

Item 14. Restatement of Accounts

There are no actions or matters to be discussed in the Annual Stockholders' Meeting with respect to the restatement of any asset, capital, or surplus account of the Company.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

The following are to be submitted for approval during the Annual Stockholders' Meeting:

(i) Minutes of the Special Stockholders' Meeting held on 6 June 2023;

(ii) President's Report based on the Annual Report and 2022 Audited Consolidated Financial Statements of the Company;

(iii) Approval of the Annual Report and Audited Financial Statements for the fiscal year ended 30 June 2023;

Item 16. Matters Not Required to be Submitted

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

Item 18. Other Proposed Actions

(i) Election of the members of the Board of Directors, including independent directors, for the ensuing calendar year;

(ii) Reappointment of external auditors;

(iii) General ratification of all the acts and proceedings of the incumbent Board of Directors and Management from the date following the last annual stockholders' meeting which are covered by resolutions duly adopted in the normal course of trade or business such as:

a. Approval of the minutes of previous meetings;
b. Approval of the audited financial statements;
c. Approval of the schedule, venue, and agenda of the Annual Stockholders' Meeting.

Item 19. Voting Procedures

Manner of Voting

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

For the purpose of electing directors, a stockholder may vote such number of his shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them in the same principle among as many candidates as he shall see fit.

Considering the COVID 19 pandemic and to conform with the government's mandate to exercise social distancing and to avoid mass gatherings, voting may only be done *in absentia* or through the submission of a duly executed proxy in favor of the Chairman.

Stockholders as of Record Date who have successfully registered their intention to participate in the annual meeting via remote communication and to vote in absentia, duly verified and validated by the Company shall be provided with unique log-in credentials to securely access the voting portal and participate and watch the online meeting of the stockholders of the Company. A stockholder voting electronically in absentia shall be deemed present for purposes of quorum.

The Corporate Secretary will be responsible for counting votes based on the number of shares entitled to vote owned by the stockholders who are present or represented by proxies.

Vote Required

With respect to the election of directors, candidates who received the highest number of votes shall be declared elected.

With respect to the adoption of the Audited Financial Statements for the year ended 30 June 2023, approval of minutes of the special stockholders' meeting held on 06 June 2023, the approval of the President's Report, election of the members of the Board of Directors, including independent directors, for the ensuing calendar year, and reappointment of external auditors, approval of proposed investments by third party investors and/or various investors, and listing with the PSE of the said shares, with delegation to the board the determination of the terms and details of the investment, and the approval for the follow-on/public offering with authority to list the common shares or preferred shares with the PSE, and with delegation to the board the determination of the terms and details of the offering, and the approval or ratification of the other actions set forth above, the vote of majority of the outstanding capital stock entitled to vote and represented in the meeting is required to approve such matters.

Method of counting votes

The Corporate Secretary will be responsible for counting votes based on the number of shares entitled to vote owned by the stockholders who are present or represented by proxies at the Annual Meeting of the stockholders.

Considering the COVID 19 pandemic and to conform with the government's mandate to exercise social distancing and to avoid mass gatherings, voting may only be done by remote communication, in absentia or by proxy.

All votes received shall be tabulated by the Office of the Corporate Secretary with the assistance of the Company's stock transfer agent. The Corporate Secretary shall report the partial results of voting during the meeting. The actual voting results shall be reflected in the minutes of the meeting.

The requirements and procedure for registration, participating and voting are set forth in **Annex "A"** to the Information Statement

UNDERTAKING

UPON WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY WILL PROVIDE, WITHOUT CHARGE, A COPY OF THE COMPANY'S ANNUAL REPORT ON SEC FORM 17-A DULY FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. SUCH WRITTEN REQUEST SHOULD BE ADDRESSED TO:

THE OFFICE OF THE CORPORATE SECRETARY
Penthouse, Liberty Center,
104 H.V. dela Costa Street,
Salcedo Village, Makati City

ANNEX A

**VIRTUAL ANNUAL STOCKHOLDERS' MEETING
AND REQUIREMENTS AND PROCEDURES
FOR ELECTRONIC VOTING IN ABSENTIA**

The Annual Meeting of the stockholders of FIGARO COFFEE GROUP, INC. ("FCGI" or the "Company") will be held on Monday, **6th day of December 2023 at 2:00 p.m**.

In order to ensure the safety and welfare of our stockholders in light of the COVID-19 situation, the Company will dispense with the physical attendance of stockholders at the meeting and will allow attendance only by remote communication and by voting in absentia, or voting through the Chairman of the meeting as proxy.

Pursuant to Sections 23 and 57 of the Revised Corporation Code and SEC Memorandum Circular No. 6, Series of 2020, the Corporation has set up a designated web address which may be accessed by the stockholders to participate and vote in absentia on the agenda items presented for resolution at the meeting. A stockholder who votes in absentia or who participates by remote communication shall be deemed present for purposes of quorum.

The following are the rules and procedures for the conduct of the meeting:

(i) Stockholders may attend the meeting remotely through Zoom with links to be posted in FCGI's website (the "Website") pursuant to FCGI's Online Registration and Voting (ORV) System (the "ORV System"). Stockholders may send their questions or comments prior to the meeting by e-mail at **info@figaro.ph**. The Company's ORV System shall include a mechanism by which questions may be posted live during the meeting. The Company will endeavor to answer all questions submitted prior to and in the course of the meeting, or separately through the Company's Investor Relations Office.

(ii) Each of the Agenda items which will be presented for resolution will be shown on the screen during the live streaming as the same is taken up at the meeting.

(iii) Stockholders must register through the Company's ORV System to personally participate in the meeting by remote communication and to be included in determining quorum, together with the stockholders who voted by proxy.

(iv) Voting shall only be allowed for stockholders registered in the ORV System at **https://www.figaro.ph/investors/** or through the Chairman of the meeting as proxy.

(v) All the items in the Agenda for the approval by the stockholders will need the affirmative vote of stockholders representing at least a majority of the issued and outstanding voting stock represented at the meeting.

(vi) Election of directors will be by plurality of votes and every stockholder will be entitled to cumulate his votes.

(vii) The Company's stock transfer agent and Corporate Secretary will tabulate and validate all votes received.

ANNEX A

Registration Period

Registration to vote in absentia or via an absentee ballot may be made through ORV System at **https://www.figaro.ph/investors/** from 9:00 a.m. of 9 November 2023 until 5:00 p.m. of 27 November 2023. Beyond this time and date, a stockholder may no longer be allowed to personally participate in the Annual Meeting of the stockholders but may still vote through the Chairman of the meeting as proxy, by submitting a duly accomplished proxy form, on or before 27 November 2023.

Registration Requirements

The following are needed for the online registration:

A. *For Individual Stockholders*

1. The unique Stockholder ID which the Stockholder should request from Philippine National Bank acting through its Trust Banking Group, the stock transfer agent (STA) of FCGI, before commencing with the online registration. Stockholders may reach the STA within the Registration Period, Monday to Friday from 9:00 a.m. to 5:00 p.m.
2. Full name of the Stockholder;
3. Valid and current email address;
4. Valid and current contact number, including the area code (landline or mobile number);
5. Citizenship/Nationality; and
6. Digital copy of the Stockholder's valid and unexpired government-issued ID (in JPG format).

B. *For Corporate Stockholders*

1. Secretary's certificate or equivalent document (in case of a non-resident stockholder) attesting to the authority of the representative to vote for and on behalf of the corporation;
2. The unique Stockholder ID which the Stockholder should request from the STA before commencing with the online registration. Stockholders may reach the STA within the Registration Period, Monday to Friday from 9:00 a.m. to 5:00 p.m.
3. Full name of the Stockholder's Representative;
4. Valid and current email address of the Stockholder's Representative;
5. Valid and current contact number (landline or mobile number) of the Stockholder's Representative;
6. Citizenship/Nationality of the Stockholder's Representative; and
7. Digital copy of the valid and unexpired government-issued ID of the Stockholder's Representative (in JPG format).

C. *For Stockholders with shares under Broker Accounts (PCD Nominees)*

In addition to the requirements specified in Item A or B above:

1. A certification from the stockholder's broker on the Stockholder's shareholdings in the Company as of the Record Date (in JPG format); and
2. The unique Broker's ID assigned to stockholder's broker by the PCD, together with sub-ID number assigned by such broker to the stockholder, which the stockholder should request from such broker before commencing with the online registration.

In all cases, incomplete or inconsistent information may result in an unsuccessful registration. As a result, stockholders will not be allowed access to vote electronically *in absentia* but may still vote through the Chairman of the meeting as proxy, by submitting a duly accomplished proxy form, on or before 27 November 2023.

ANNEX A

Online Registration Procedure

1. Prior to online registration:

    (a) For shareholders holding share certificates, contact the STA via email to secure your unique Stockholder ID. Stockholders are encouraged to secure said unique Stockholder ID via email at [insert email] as this has been set up as the primary manner for securing such ID. When contacting the STA, please be prepared to indicate your stock certificate number/s and corresponding number of shares.

    (b) For stockholders whose shares are lodged under broker accounts, in addition to Item 1 (a) above, please contact your respective brokers to secure the necessary requirements under Item C (Registration Requirements).

2. Log-in into the ORV System using your unique individual Stockholder ID/Broker's ID. Please ensure that you have prepared the necessary information and requirements.
3. Read the Data Privacy Notice in the ORV System. If you agree to its terms, please check the box signifying your consent to the processing of your personal information which shall be used solely for purposes of Annual Stockholders' Meeting of FCGI.
4. Enter the information required in the respective fields and upload the digital copies of your valid government-issued photo ID. When all information and digital copies have been uploaded, please click the "Submit" button.

Reminders:

- Please take note of your Stockholder ID/Broker ID and Authentication Code (as described below) and keep them in a safe place. While the Company shall endeavor to take all reasonable steps to generate replacements, the Company cannot in any way guarantee that it will be able to do so in a timely manner.
- A Stockholder's online registration cannot be completed if any of the mandatory requirements are not submitted.
- Only Stockholders who submitted the complete requirements thru the ORV System by 27 November 2023, 5:00 P.M., are entitled to personally participate in the Annual Stockholders' Meeting of FCGI.
- In any event, stockholders whose registration cannot be completed may still vote through the Chairman of the meeting as proxy, by submitting a duly accomplished proxy form, on or before 27 November 2023.
- In case of any issues relating to your registration in the ORV System, or in case you lose your Stockholder ID or Authentication Code, please send an email to **info@figaro.ph**.

Verification of Stockholder Registrations

The Company or the STA shall verify the information and details submitted through the Electronic Voting in Absentia System, starting on 9 November 2023.

After verification of complete submission of the required information and documents, the stockholder shall receive an e-mail confirming registration in the ORV System through the stockholder's e-mail address provided in such registration. Such e-mail confirmation shall include the stockholder's unique Authentication Code (for use during the online AGM) and detailed instructions on how to participate and cast votes in the Annual Meeting of the stockholders of the Company.

In the event that you have not received such e-mail notification by 4 December 2023, please call or contact the Company or the STA.

ANNEX A

Annual Meeting of the Stockholders

The Annual Meeting of the stockholders of FCGI shall be broadcasted online. The procedure for online voting, as well as the manner by which stockholders may bring up questions or concerns to the Board of Directors, shall be emailed to stockholders who successfully registered before the lapse of the Registration Period and whose registration has been verified.

Data Privacy

Each individual stockholder's (or that of the corporate stockholder's Authorized representative) data will be collected, stored, processed and used exclusively for the purposes of electronic registration in the ORV System of FCGI for Annual Meeting of the stockholders. Personal information will be processed and retained in accordance with the Data Privacy Act of 2012 and applicable regulations. The detailed data privacy policy of the Company may be accessed through the Company's website.

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **CORAZON P. GUIDOTE,** Filipino, of legal age, and a resident of Lot 12 Block 12 Milestone Street, Maries Village, Brgy. Pasong Tamo, Quezon City, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am an Independent Director of Figaro Coffee Group, Inc. (the "Corporation") and have been its independent director since 2021.

2. I am and was affiliated with the following companies or organizations:

COMPANY / ORGANIZATION	POSITION / RELATIONSHIP	PERIOD OF SERVICE
Figaro Coffee Group	Independent Director	2021 to present
College of the Holy Spirit Alumnae	Member, Board of Trustees	2020 to Present
Universidad de Manila	Member, Board of Regents	2019 to Present
Cirtek Holdings Philippines	Independent Director	2019 to Present
Institute of Corporate Directors	Teaching Fellow	2019 to 2021
SM Investment Corporation	Senior Vice President for Investor Relations and Corporate Communication	2006 to 2017
Office of the President	Presidential Consultant for Investor Relations	2004 to 2005
Bangko Sentral ng Pilipinas	Executive Director	2001 to 2004
ABN AMRO Asia Securities Philippines	Chief Operations Officer	2000 to 2001
Metro Pacific Corporation	Group Vice President	1998 to 2000
UBS Securities (East Asia) Ltd.	Managing Director and Head of Philippine Equities	1995 to 1998
Citibank N.A.	Vice-President and Managing Director	1991 to 1995
Peregrine Securities Philippines Inc.	Research Director	1989 to 1991
Vickers da Costa Securities, Philippines	Research Manager	1987 to 1989
Barclays de Zoete Wedd	Research Analyst	1985 to 1987
University of Asia and the Pacific	Research Assistant	1983 to 1985

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

4. To the best of my knowledge, I am not subject of any pending criminal or administrative investigation or proceeding.

5. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

6. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five (5) days from its occurrence.

Done this OCT 19 2023 in Makati City.

CORAZON P. GUIDOTE
Affiant

SUBSCRIBED AND SWORN to before me this OCT 19 2023 in MANILA affiant exhibiting to me her LTO Drivers' License issued on September 2018 at Quezon City and expiring on 21 October 2023.

Doc. No. 430;
Page No. 87;
Book No. LVII;
Series of 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
MCLE COMP. NO. VII-0000165 VALID UNTIL APRIL 14, 2025
(14) 1411 TAYUMAN ST., STA. CRUZ, MANILA

ANNEX B-2

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **HECTOR R. VILLANUEVA,** Filipino, of legal age, and a resident of 4419 Bluebell Road Sunvalley Subdivision, Parañaque, Metro Manila, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for Independent Director of Figaro Coffee Group, Inc. (the "Corporation") and have been its independent director since 2021.

2. I am affiliated with the following companies or organizations:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
First Metro Philippine Equity Exchange Traded Fund, Inc.	Chairman	January 2013-2015
Philippine Postal Corporation	Postmaster General and CEO	October 2006-2011
Philippine Postal Corporation	Chairman	2004-2006
Polytechnic University of the Philippines	Member, Board of Regents	2002-2006
Philippine Deposit Insurance Co.	Representative to Export & Industry Bank	2002-2006
Philippine Pacific Management Consultancy, Inc.	Chairman and President	2002-2006
First Metro Investment Corporation	Member of the Advisory Board	1998-2004
Sun Star Manila	Publisher and Editor-In-Chief	1998-2001
Government of the Philippines	Press Secretary	1995-1998
Lakas – NUCD-UMDP	National Spokesman	1994-1995
Polytechnic University of the Philippines	Ninoy Aquino Professional Chair in Political Economy	1989
Philippine Electronics Exporter Association	Treasurer	1982
House of Representatives	Director General Congressional Economic Planning Service	1987-1989
Government Service and Insurance System	Office of the President and General Manager	1966-1987
Silicon Technology, Inc.	Vice President	1976-1981
Business Day Corporation	Chairman and Treasurer	1967-1972
Department of Commerce and Industry	Senior Economist	1963-1965
Petroleum Economist	Filoil Refinery Corporation	1962-1963
The Chartered Bank, Manila	Department Manager	1960-1962

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

4. To the best of my knowledge, I am not subject of any pending criminal or administrative investigation or proceeding.

5. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

6. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five (5) days from its occurrence.

Done this __________________ in Makati City.

HECTOR R. VILLANUEVA
Affiant

SUBSCRIBED AND SWORN to before me this OCT 19 2023 in MANILA, affiant exhibiting to me his Passport #P2513043 issued on 11 July 2019 at DFA NCR South and expiring on 10 July 2029.

Doc. No. 431;
Page No. 88;
Book No. LXII;
Series of 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
MCLE COMP. NO. VII-0000165 VALID UNTIL APRIL 14, 2025
14 1411 TAYUMAN ST., STA. CRUZ, MANILA

ANNEX B-3

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **SENEN L. MATOTO,** Filipino, of legal age, and a resident of 168 Saranggani Street corner Madrigal Extension, Ayala Alabang Village, Muntinlupa City, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for Independent Director of Figaro Coffee Group, Inc. (the "Corporation") and have been its independent director since 2021.

2. I am affiliated with the following companies or organizations:

COMPANY /ORGANIZATION	POSITION /RELATIONSHIP	PERIOD OF SERVICE
Rotary of Makati	President	Present
The Daily Tribune	Columnist	Present
International Coach Federation Philippines Chapter	Executive Coach	
Institute of Corporate Directors	Trustee	2021
Finex Academy	Director	2021-2022
Center of Excellence in Governance	Director	2021
PhilGuarantee Corporation	Director	2021
Figaro Coffee Group, Inc. (PSE Listed)	Independent Director and Audit Committee Chairman	2021
AIB Asia Asset Management Inc.	Director	2020
Yuanta Savings Bank Philippines, Inc.	Director	2019
Scholars' Dormitory Inc.	Director	2018
AgriNurture Inc. [PSE Listed]	Director	2018
Holcim Mining and Development Corporation and Subsidiaries	Director	2016-2017
Philippine Dealing and Exchange Corp	Director	2014-2017
Philippine Depositary and Trust Corporation (PDTC)	Director	2014-2017
Philippine Securities Settlement	Director	2014-2017
Makati Rotary Club Foundation Inc.	Treasurer	2012
Alabang Country Club, Inc. (ACCI)	Chairman/ Treasurer	2012
AB Capital and Investment Corporation	Director (Concurrent)	2010-2017
Viscal (SPV-AMC), Inc.	Director	2009-2017
Vicsal Investment, Inc.	President and Director	2007-2017
VSec. Com	President and Director	2007-2017
Vicsal Investment	President and Director	2007-2017
Unibank Asset Recovery and Management Group	SVP, Head	2003-2007
Investment House Association of the Philippines	Director	2002

Philippine Association of Securities Brokers and Dealers, Inc.	President	2002
Tosoh Polyvinyl Corporation	Director	2001-2003
Prudential Bank	President (Concurrent)	2000-2006
BPI Securities Corporation	President and Chairman of the Board	1999-2003
Cebu Holdings Industry Association	Director	1998-2004
Cebu Property Ventures	Director	1998-2004
Mabuhay Vinyl Corporation	Director	1998-2003
BPI Capital Corporation	Vice Chairman and Director	1995-2003
Batangas Asset Corporation	Director	1995-2004
BPI Relationship Management Division	SVP Corporate Banking	1992-1995
BPI Merchant Banking Division	Vice President	1986-1992
P.T Indo Ayala Leasing Corporation (Jakarta)	Executive Director	1984-1986
BPI Trade Banking Unit	Vice President	1983-1984
Corporate Planning and Development, Ayala International	Executive Director	1982
Ayala Properties	Executive Director	1982
Ayala International	Executive Director	1982
BPI International Finance Ltd	Executive Director	1977-1986
Ayala Investment Development	AVP	1977-1978
Filcapital Development Corporation	SVP	1975-2017

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

4. To the best of my knowledge, I am not subject of any pending criminal or administrative investigation or proceeding.

5. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

6. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five (5) days from its occurrence.

Done this ___________________ in Makati City.

SENEN L. MATOTO
Affiant

SUBSCRIBED AND SWORN to before me this OCT 19 2023 in MANILA, affiant exhibiting to me his Passport ID No. P5805502B issued on 19 November 2020 at DFA NCR South and expiring on 18 November 2030.

Doc. No. 432;
Page No. 88;
Book No. LXII;
Series of 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
MCLE COMP. NO. VII-0000165 VALID UNTIL APRIL 14, 2025
(14) 1411 TAYUMAN ST., STA. CRUZ, MANILA

ANNEX C

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY MANILA) S.S

SECRETARY'S CERTIFICATE

I, **LOWELA L. CONCHA,** Filipino, of legal age, with office address at No. 33 Mayon Street, Brgy. Malamig, Mandaluyong City, after being duly sworn in accordance with law, hereby depose and state that:

1. I am the Corporate Secretary of **FIGARO COFFEE GROUP, INC.** (hereinafter the "Corporation"), a corporation organized and existing under and by virtue of the laws of the Republic of the Philippines, with office located at 116 East Main Avenue, Phase V, SEZ, Laguna Technopark, Biñan, Laguna.

2. Based on the respective representations and certifications of the directors and officers of the Corporation, as well as the records of the Corporation presently in my custody, none of the directors or officers of the Corporation holds any positon in any capacity in any government agency or instrumentality.

IN WITNESS WHEREOF, I have hereunto set my hand this OCT 19 2023 in Makati City, Metro Manila.

LOWELA L. CONCHA
Corporate Secretary

SUBSCRIBED AND SWORN to before me this OCT 19 2023 in Makati City, affiant exhibiting to me her Driver's License No. N02-08-012581 which will expire on March 7, 2028.

Doc. No. 429;
Page No. 87;
Book No. VIII;
Series of 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
MCLE COMP. NO. VII-0000165 VALID UNTIL APRIL 14, 2025
(14) 1411 TAYUMAN ST., STA. CRUZ, MANILA

MANILA

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 in2022 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	0.01x	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 inthe 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 approvedby the Professional Regulation Commission.

The following table sets out the aggregate fees billed for each of the years ended June 30, 2021 and June 30, 2022 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.

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 PETRONIO D. ESPAÑOL III
Treasurer/ Chief Finance Officer

DOC NO. 360
BOOK N XXVI
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
MCLE 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 PETRONIO D. ESPAÑOL III
Treasurer/ Chief Finance Officer

DOC 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
MCLE COMP. NO. VII-0000165 VALID UNTIL APRIL 14, 2025
(14) 1411 TAYUMAN ST., STA. CRUZ MANILA

Gmail

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

PKF R.S. Bernaldo & Associates

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	0917-8832172
(Contact Person)	(Company Telephone Number)

0 6 3 0	ACFS	06 DEC
Month *Day* (Fiscal Year)	(Form Type)	*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.
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.

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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**

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
ASSETS				
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 date 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	**₱ -**	**₱ 718,900,455**	₱ 718,900,455	₱ 718,900,455

The Company collected advances amounting to ₱718,900,455 and ₱67,872,346 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	**₱ -**	**₱ -**	₱ -	₱ -

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	₱	**589,345,529**	₱	464,818,700
Additional paid-in capital		**1,403,308,680**		697,831,235
	₱	**1,992,656,232**	₱	1,162,649,935

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	**4,648,187,003**		**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**	₱	**546,845,410**	4,648,187,003	₱	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 ₱150,000,000 to ₱500,000,000; and (b) the stock split through the reduction of 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 of 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.

11.02 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:

a. 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 ₱125,000,000. The subscribed shares were fully paid and issued on June 22, 2021.

b. On June 20, 2021, the board of the Company approved the additional paid-in capital in the amount of ₱83,138,0000 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 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)	₱	**89,643,900**	₱	(178,571)	₱	(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
	₱	-	₱	-	₱	-

Details of NOLCO are as follows:

Year Incurred		**Amount**		**Applied Previous Year**		**Applied Current Year**		**Expired**		**Unapplied**	**Expiry Date**
2020	₱	80,000	₱	-	₱	-	₱	80,000	₱	-	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	₱	100,000	₱	-	₱	-	₱	-	₱	100,000	2026
2022		178,571		-		-		-		178,571	2027
2023		89,643,900		-		-		-		89,643,900	
	₱	**89,922,471**	**₱**	-	**₱**	-	**₱**	-	**₱**	**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 ₱22,410,975 and ₱89,643 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	₱	**89,643,900**	₱	(178,571)	₱	(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	**₱ 2,183,916**	**₱ 2,183,916**	₱ 2,183,916	₱ 2,183,916
Advances to related parties	**718,900,455**	**718,900,455**	718,900,455	718,900,455
	₱ 721,084,371	**₱ 721,084,371**	₱ 721,084,371	₱ 721,084,371
Financial liability:				
Accrued professional fee	**₱ 967,200**	**₱ 967,200**	₱ 580,800	₱ 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 ₱718,900,455 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	**-**	**₱**	**967,200**
June 30, 2022			
Accrued professional fee	-	₱	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	-	**₱**	**103,629**
Advances to related parties	-		**718,900,455**
	-	**₱**	**719,004,084**
June 30, 2022			
Cash		₱	62,229
Advances to related parties	-		718,900,455
	-	₱	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	₱	**967,200**	₱	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	₱	**0.00:1**	₱	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

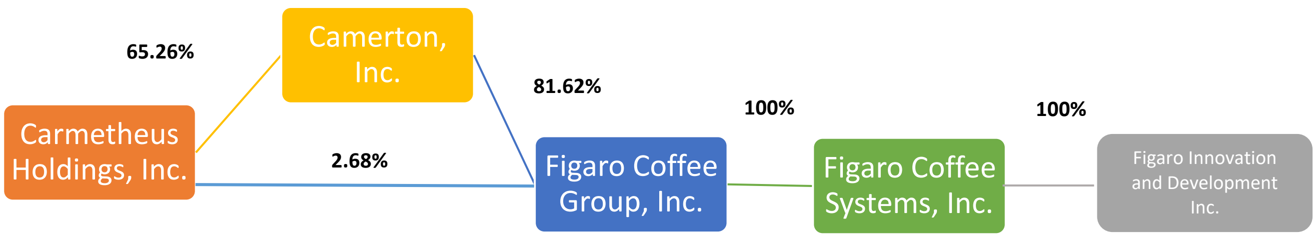
Pursuant to Section 244 in relation to Section 6(H) of the National Internal Revenue Code of 1997 (Tax Code), as amended, these Regulations are prescribed to revise BIR Form 1702 setting forth the following schedules. Below is the disclosure required by the said Regulation:

19.01 Itemized Deduction

The Company's itemized deduction which pertains to professional fees amounted to ₱345,000 during the taxable year.

FIGARO COFFEE GROUP, INC.
INDEX TO THE SHORT TERM FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
June 30, 2023 and 2022

FIGARO COFFEE GROUP, INC.
INDEX I
Map Showing the Relationships Between and Among the Companies in the Group, its Ultimate Parent Company and Co-subsidiaries
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	₱	(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)	**₱**	**(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	₱ **1671.00**	₱ 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.	₱ nil	₱ nil	₱ nil	₱ nil
Stockholders	nil	nil	nil	nil
	₱ -	**₱ -**	**₱ -**	**₱**

*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

	Amounts owed by Related Parties						
Name and designation of debtor *	**Balance at beginning of period**	**Additions**	**Amounts collected****	**Amounts Written Off *****	**Current**	**Not Current**	**Balance at the end of the period**
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 Sttaement 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

FIGARO COFFEE GROUP, INC (“FCG”)

&

FIGARO COFFEE SYSTEMS, INC. (“FCSI”)

(“Subsidiary”)

Interim Financial Statements - Q3

(ending period 31 March 2023)

12 May 2023

SECURITIES AND EXCHANGE COMMISSION
Secretariat Building, PICC Complex
Roxas Boulevard, 1307 Pasay City

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

THE PHILIPPINE STOCK EXCHANGE, INC.
6F PSE Tower
5th Avenue corner 28th Street
Bonifacio Global City, Taguig City

Attention: **Ms. Alexandra D. Tom Wong**
OIC – Disclosure Department

Gentlemen:

The Board of Directors of Figaro Coffee Group, Inc. ("FCG") or (the "Company") during its Regular Board Meeting held on 11 May 2023, has approved the release of the Company's Quarterly Report (SEC Form 17-Q) for the quarter ending of 31 March 2023.

Sincerely Yours,

JOSE PETRONIO VICENTE D. ESPAÑOL III
Treasurer, Chief Finance Officer and Chief Risk Officer

CS201811119

SEC Registration Number

FIGARO COFFEE GROUP, INC.

(Company's Full Name)

116 EAST MAIN AVE. PHASE V-SEZ

LAGUNA TECHNOPARK, BINAN, LAGUNA

4034

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

Sigrid Von D. De Jesus	0917-8832172
(Contact Person)	(Company Telephone Number)

06 30	SEC FORM 17-Q	N/A
Month *Day* (Fiscal Year)	(Form Type)	*Month* *Day* (Annual Meeting)

N/A

(Secondary License Type, If Applicable)

SEC-MSRD

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

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FORM SEC 17-Q
FCG – Quarterly Report (Q3)
Ending period 31 March 2023

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2) (b) THEREUNDER

1. For the quarterly period ended **31 MARCH 2023**
2. Commission 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. Province, country or other jurisdiction of incorporation or organization **LAGUNA, PHILIPPINES**
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office **116 EAST MAIN AVE., PHASE V, SEZ, LAGUNA TECHNOPARK, BINAN, LAGUNA**

   Postal Code **4034**
8. Issuer's telephone number, including area code **(632)-8812-17-18**
9. Former name, former address and former fiscal year, if changed since last report **NO. 33 MAYON ST., BRGY. MALAMIG, MANDALUYONG CITY**
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
COMMON SHARES	**5,468,455,298**

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

    Yes [X] No [ ]

    If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

    PHILIPPINE STOCK EXCHANGE **COMMON SHARES**

12. Indicate by check mark whether the registrant:

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

Yes [X] No [ ]

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

Yes [X] No [ ]

(Signature Page follows)

FINANCIAL INFORMATION

Item 1: Quarterly Financial Statements for the Quarter ending 31 March 2023 attached.

FIGARO COFFEE GROUP, INC.

JOSE PETRONIO VICENTE D. ESPAÑOL III
Treasurer / Chief Finance Officer / Chief Risk Officer

MARILOU R. ROCA
Comptroller and Chief Accounting Officer

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

As of March 31, 2023, June 30, 2022 and June 30, 2021

(In Philippine Peso)

	NOTES	March 31, 2023	December 31, 2022	June 30, 2022
A S S E T S				
Current Assets				
Cash	7	458,441,714	259,096,869	195,682,918
Short-term investments	8	870,000,000	415,112,249	411,900,455
Trade and other receivable	9	158,398,788	117,496,069	89,442,740
Inventories	10	177,416,990	134,498,031	95,681,440
Due from related parties	19		73,089,745	287,081,477
Prepayments and other current assets	11	155,276,930	154,394,941	149,366,161
		1,819,534,422	**1,153,687,904**	**1,229,155,191**
Non-current Assets				
Property and equipment – net	12	1,076,661,973	818,905,493	611,638,360
Intangible assets – net	13	35,287,098	21,223,998	3,803,060
Right-of-use assets – net	14	15,097,652	9,870,726	4,800,092
Other non-current assets	15	40,896,238	33,187,260	21,123,770
Deferred tax assets	29	5,632,890	5,204,916	5,153,929
		1,173,575,851	**888,392,393**	**646,519,211**
TOTAL ASSETS		**2,993,110,272**	**2,042,080,297**	**1,875,674,402**
LIABILITIES AND STOCKHOLDERS' EQUITY				
L I A B I L I T I E S				
Current Liabilities				
Trade and other payables	16	340,038,669	252,999,650	296,336,758
Loans payable	17	30,000,000	30,000,000	20,000,000
Lease liabilities	18	2,783,294	2,453,280	2,317,695
Income tax payable		33,121,881	88,370,837	66,063,272
		405,943,844	**373,823,767**	**384,717,725**
Non-current Liabilities				
Lease liabilities – net of current portion	18	3,287,903	3,198,062	2,877,394
Retirement benefits obligation	25	20,867,039	21,679,713	19,813,040
		24,154,942	**24,877,775**	**22,690,434**
TOTAL LIABILITIES		**430,098,786**	**398,701,542**	**407,408,159**
S T O C K H O L D E R S' E Q U I T Y				
Capital Stock	20	546,845,529	464,818,820	464,818,820
Additional Paid-in Capital	20	1,403,308,680	665,068,300	665,068,300
Retained Earnings		615,346,679	515,981,037	340,868,525
Remeasurements – net	25	- 2,489,402	- 2,489,402	- 2,489,402
TOTAL STOCKHOLDERS' EQUITY		**2,563,011,486**	**1,643,378,755**	**1,468,266,243**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**2,993,110,272**	**2,042,080,297**	**1,875,674,402**
				-

(See Notes to Consolidated Financial Statements)

FIGARO COFFEE GROUP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Period Ended July 1 to March 31, 2023 and 2022
(In Philippine Peso)

	NOTES	Jul-Mar 31, 2023	Jul-Mar 31, 2022
REVENUES	22	**3,070,728,250**	**1,774,129,965**
DIRECT COSTS	23	**1,718,284,862**	**1,062,019,834**
GROSS PROFIT		**1,352,443,388**	**712,110,131**
FINANCE INCOME	8	**36,479,710**	**-**
OPERATING EXPENSES	24	**893,646,626**	**396,500,952**
FINANCE COST	17,18	**1,061,455**	
PROFIT (LOSS) BEFORE TAX		**494,215,017**	**315,609,179**
INCOME TAXES	28	**123,553,754**	**78,902,295**
PROFIT (LOSS)		**370,661,263**	**236,706,884**
TOTAL COMPREHENSIVE INCOME (LOSS)		**370,661,263**	**236,706,884**
EARNINGS PER SHARE			
Basic Earnings per Share	30	**0.07**	**0.05**

(See Notes to Consolidated Financial Statements)

FIGARO COFFEE GROUP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Period Ended Jan 1 to Mar 31, 2023 and 2022

(In Philippine Peso)

	NOTES	Jan to Mar 31, 2023	Jan to Mar 31, 2022
REVENUES	22	**1,030,445,273**	**528,041,284**
DIRECT COSTS	23	**542,568,866**	**250,090,940**
GROSS PROFIT		**487,876,407**	**277,950,344**
FINANCE INCOME	8	**9,000,000**	
OPERATING EXPENSES	24	**363,633,029**	**190,831,942**
FINANCE COST	17,18	**755,855**	
PROFIT (LOSS) BEFORE TAX		**132,487,523**	**87,118,402**
INCOME TAXES	28	**33,121,881**	**21,779,601**
PROFIT (LOSS)		**99,365,643**	**65,338,802**
TOTAL COMPREHENSIVE INCOME (LOSS)		**99,365,643**	**65,338,802**
EARNINGS PER SHARE			
Basic Earnings per Share	30	**0.02**	**0.01**

(See Notes to Consolidated Financial Statements)

FIGARO COFFEE GROUP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Periods Ended July1 to March 31, 2023 and 2022
(In Philippine Peso)

	Notes	**Capital Stock**	**Additional Paid-in Capital**	**Retained Earnings**	**Remeasurement**	**Total**
Balance at July 1, 2019		9,375,500	-	(160,000)	-	**9,215,500**
Loss				(80,000)	-	**(80,000)**
Balance at June 30, 2020	20,25	9,375,500	-	(240,000)	-	9,135,500
Profit				40,784,692		40,784,692
Issuance of shares	20	313,125,000	186,938,000			500,063,000
Balance at June 30, 2021	20,25	**322,500,500**	**186,938,000**	**40,544,692**	**-**	**549,983,192**
Profit				**236,706,884**		**236,706,884**
Issuance of shares		**40,000,000**				**40,000,000**
Balance at December 30, 2021		**362,500,500**	**186,938,000**	**277,251,576**		**826,690,076**
Profit				(38,517,066)		(38,517,066)
Issuance of shares	20	102,318,320	478,130,300	102,134,015		682,582,655
Remeasurement loss	25				(2,489,402)	(2,489,402)
Balance at June 30, 2022	20,25	464,818,820	665,068,300	340,868,525	(2,489,402)	1,468,266,243
Profit				265,112,512		**265,112,512**
Dividends				(90,000,000)		**(90,000,000)**
Balance at December 31, 2022	20,25	**464,818,820**	**665,068,300**	**515,981,037**	**(2,489,402)**	**1,643,378,755**
Profit				99,365,643		99,365,643
Issuance of shares	20	82,026,709	738,240,380			820,267,109
Remeasurement loss	25					(2,489,402)
Balance at March 31, 2023	**20,25**	**546,845,529**	**1,403,308,680**	**615,346,679**	**(2,489,402)**	**2,563,011,486**

(See Notes to Consolidated Financial Statements)

FIGARO COFFEE GROUP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Periods Ended July1 to March 31, 2023 and 2022
(In Philippine Peso)

	Notes	Capital Stock	Additional Paid-in Capital	Retained Earnings	Remeasurement	Total
Balance at March 31, 2022	**20,25**	**464,818,700**	**811,693,319**	**285,167,003**		**1,561,679,022**
Profit				55,701,522		55,701,522
Issuance of shares	20		(146,625,019)			(146,624,999)
Remeasurement loss	25				(2,489,402)	(2,489,402)
Balance at June 30, 2022	**20,25**	**464,818,820**	**665,068,300**	**340,868,525**	**(2,489,402)**	**1,468,266,243**
Profit				265,112,512		**265,112,512**
Dividends				(90,000,000)		**(90,000,000)**
Balance at December 31, 2022	20,25	**464,818,820**	**665,068,300**	**515,981,037**	**(2,489,402)**	**1,643,378,755**
Profit				99,365,643		99,365,643
Issuance of shares	20	82,026,709	738,240,380			820,267,109
Remeasurement loss	25					(2,489,402)
Balance at March 31, 2023	**20,25**	**546,845,529**	**1,403,308,680**	**615,346,679**	**(2,489,402)**	**2,563,011,486**

(See Notes to Consolidated Financial Statements)

FIGARO COFFEE GROUP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Period Ended March 31, 2023 and March 31, 2022

(In Philippine Peso)

	NOTES		**March 31, 2023**		March 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit (loss) before tax			**132,487,523**		357,617,860
Adjustments for:					
Depreciation	12,14,23,24		**46,388,221**		
Operating cash flows before changes in working capital			**178,875,745**		357,617,860
Increase in operating assets:					
Trade receivables		**-**	**40,902,719**		225,649
Inventories		**-**	**42,918,959**	-	21,809,538
Prepayments and other current assets		**-**	**881,989**	-	33,513,841
Other non-current assets		**-**	**13,363,878**	-	7,416,740
Increase/(Decrease) in trade and other payables			**87,039,019**		3,983,504
Cash generated from operations			**167,847,219**		299,086,894
Income taxes paid		**-**	**88,370,837**	-	35,064,263
Net cash from operating activities			**79,476,382**		264,022,631
CASH FLOWS FROM INVESTING ACTIVITIES					
Advances collected from related parties	19		**73,089,745**		
Additions to Intangible Assets	13	**-**	**14,063,100**		
Additions to property and equipment	12	**-**	**304,144,701**	-	73,561,715
Short-Term Placements		**-**	**454,887,751**		
Advances granted to related parties	19			-	224,943,029
Net cash used in investing activities		**-**	**700,005,808**	-	298,504,744
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issuance of capital stock	20		**820,267,089**		674,695,702
Payments of lease liabilities	18	**-**	**392,819**		
Availment of loans	17		**-**	-	60,000,000
Payment of advances to a related party	19			-	154,986,809
Net cash from financing activities			**819,874,270**		459,708,893
NET INCREASE (DECREASE) IN CASH			**199,344,845**		425,226,780
CASH AT BEGINNING OF YEAR			**259,096,869**		281,145,694
CASH AT END OF YEAR			**458,441,714**		706,372,474

(See Notes to Consolidated Financial Statements)

FIGARO COFFEE GROUP, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2023 and December 31, 2022

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 December 31, 2022, the outstanding capital of the Group is ₱464,818,700 (excluding the additional paid-in capital of ₱665,068,300 with 4,648,187,003 shares issued).

As of December 31, 2022, the Group is 69.94% owned by Camerton, Inc. and 8.07% owned by Carmetheus Holdings, Inc.

On February 2, 2023, additional subscription to 820,268,300 shares of stock amounting to ₱820,268,300 was received. Investment was approved by the Board of Directors on January 25, 2023 and will be ratified through the Special Stockholder's Meeting on June 6, 2023.

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 2nd Quarter ended December 31, 2022 is as follows:

Total assets	**₱ 2,042,080,297**
Total liabilities	**398,701,542**
Net assets	**1,643,378,755**
Revenue	**2,040,282,977**
Direct costs	**1,051,777,202**
Operating expense	**654,640,808**
Finance Income	**19,923,982**
Interest Expense	**305,601**
Profit before tax	**353,483,349**

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 ₱50.00 per share or an aggregate par value of ₱125,000 in Figaro Coffee Systems Inc. (FCSI) for and in consideration of ₱1,851.0256 per share or a total purchase price of ₱4,627,564

On June 23, 2021, the Parent Company subscribed to 7,500 shares of FCSI with ₱50.00 par value per share at the subscription price of ₱27,751.73 per share for a total subscription price of ₱208,138,000. The said subscription resulted to an additional capital stock of ₱375,000 and additional paid-in capital of ₱207,763,000 in FCSI.

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

Effect of Corona Virus Disease (COVID-19)

The COVID-19 Pandemic is both a wake-up call and a blessing in disguise for the Group and for the nation as a whole. A blessing in disguise in the sense that, though 2020 was the first drop in Sales and in Net Income for the past 5 consecutive years, the last twelve (12) months performance, July 2020 to June 30, 2021, was the Group's best performing 12 months, all time, in terms of Revenue and Income. It was also 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 was accelerated to right size operations and streamline 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 biweekly 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 needed to act fast in adjusting to the requirements of customers and maintaining safety and security of employees while looking out for the Group's profitability and viability. The Group did not wait for the new normal. As of this date, the Group have 100% inoculations for all employees as to the first dose and inoculated 50% of the employees for the second dose. Delivery business significantly increased over the past twelve (12) months and has been breaking historical sales records. The Group's brand became one of the top food delivery brands identified by Grab. The Group's top selling Pizza variant, Creamy Spinach, is gaining some traction in the social media.

This COVID-19 Pandemic is a positive wake up call to be more vigilant in growing the Group's market, improving service to clients and being more resilient in addressing the challenges of tomorrow and converting these challenges into opportunities on what will make the Group better and stronger brand for the new normal.

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, with earlier application permitted.

- 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, with earlier application permitted 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

<u>Amendments to PFRS 1, *Subsidiary as a first-time adopter*</u> - 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.

<u>Amendments to PFRS 9, *Fees in the '10 per cent' test for derecognition of financial liabilities*</u> - 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.

<u>Amendments to PFRS 16, *Lease Incentives*</u> - 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.

<u>Amendments to PAS 41, *Taxation in fair value measurements*</u> - 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.

<u>*2.02.01 Standard Adopted by FRSC and Approved by the Board of Accountancy (BOA)*</u>

- 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 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, 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 affective 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	3 to 5 years
Building and building improvements	5 to 8 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 March 31, 2023, December 31, 2022 and June 30, 2022, 2021 and 2020 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 ₱61,753,106 P141,342,562, P194,187,614 and 103,154,139 in March 31, 2023, December 31, 2022 and June 30, 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. For the periods **July 1 to March 31, 2023**, July 1 to June 30, 2022, 2021 and 2020 revenues recognized amounted to ₱2,437,396,761, ₱1,243,771,359 and ₱595,559,445as 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 March 31, 2023, December 31 2022 and June 30, 2022 and 2021, the carrying amounts of financial assets measured at amortized cost amounted to **₱1,527,236,740, ₱ 897,982,192, ₱1,001,029,244 and ₱406,590,733** 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 2022 and 2021.

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 2022 and 2021.

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 2022, 2021 and 2020, no provision for expected credit loss was recognized on Group's financial assets.

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 March 31, 2023, December 31, 2022 and 2021, Management believes the net realizable value of inventories approximate their costs, thus, no allowance for decline in value was recognized. As of March 31, 2023, December 31 and June 30, 2022 and 2021, inventories amounted to **₱177,416,990, ₱134,498,031 ₱95,681,440 and ₱59,452,449 a**s disclosed in Note 10.

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 **March 31, 2022**, December 31, 2022 and June 30, 2022 and 2021 the carrying amounts of the Group's property and equipment are **₱1,076,661,973, ₱818,905,493, ₱611,638,360 and ₱487,214,072** 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 **March 31, 2023**, December 31, 2022, June 30, 2022 and 2021, the carrying amounts of the amounted **₱35,287,098,** ₱21,223,998, ₱3,803,060 and ₱379,748, 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.

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 **₱5,632,890, ₱5,204,916, ₱5,153,928 and ₱4,579,163**, in March 31, 2023, December 31, 2022, June 30, 2022 and 2021, 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 **₱1,472,489, ₱1,866,673, ₱1,866,673 and nil** in **March 31, 2023, December 31, 2022**, June 30, 2022 and 2021, respectively, as disclosed in Note 24. The Group's retirement benefit obligation as of March 31, 2023, December 31, 2022, June 30, 2022 and 2021, amounted to **₱20,867,039, ₱21,679,713, ₱19,813,040 and ₱17,949,555**, respectively, as disclosed in Note 25.

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:

	July to March 2023	July2021 to June 2022	July2020 to June 2021 (Pro-forma)
Angel's Pizza	₱ **2,091,498,949**	₱ 1,631,578,807	₱ 877,766,833
Figaro Coffee Group	**136,158,218**	94,340,662	47,283,787
Tien Ma's Taiwanese Cuisine	**82,113,119**	62,815,064	17,179,356
Corporate Store Sales	**2,309,770,286**	**1,788,734,533**	**942,229,976**
Warehouse and Commissary Sales	**650,829,278**	**560,128,181**	**267,831,019**
Royalty, Franchisee and Institutional Sales	**110,128,686**	**88,534,047**	**33,710,364**
	₱ **3,070,728,250**	₱ **2,437,396,761**	₱ **1,243,771,359**

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:

	March 31, 2023	December 31, 2022	June 30, 2022
Cash on hand	₱ 10,215,640	₱ 8,375,640	₱ 4,202,116
Cash in banks	448,226,074	250,721,229	191,480,802
	₱ 458,441,714	₱ 259,096,869	₱ 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 2022 and 2021 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 nine (9) months and earn interest of 8%. As of March 31, 2023, December 30, 2022 and June 30, 2022, short-term investments amounted to ₱870,000,000 ₱415,112,249 and ₱411,900,455 and nil, respectively.

9. TRADE AND OTHER RECEIVABLE

The details of the Group's trade and other receivable are shown below:

	March 31, 2023	December 31, 2022	2022
Trade	₱ 158,398,788	₱ 117,496,069	₱ 89,442,741

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 counter party.

Aging of outstanding accounts that are past due but not impaired is as follows:

	March 31, 2023	December 31, 2022	2022
1 to 30 days	₱ 116,077,939	₱ 73,149,991	₱ 29,363,769

31 to 60 days	**24,839,470**	**13,087,876**	5,715,081
Over 60 days	**17,481,379**	**31,258,202**	22,981,284
	₱ 158,398,788	**₱ 117,496,069**	₱ 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 2022, 2021 and 2020, 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 food, beverages, store and kitchen supplies amounted to **₱177,416,990, ₱134,498,031** and ₱95,681,440 and ₱59,452,449, as of March 31, 2023, December 31, 2022 and June 30, 2022 and 2021, as disclosed in Note 23.

The cost of inventories recognized as an expense amounted to **₱ 431,818,043**, **₱706,224,287,** ₱851,555,675 and ₱15,905,667, in January to March 31, 2023, July to December 2022 and FY 2022, 2021 and 2020, 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:

	March 31, 2023	December 31, 2022	2022
Prepaid expenses	**₱ 67,289**	**₱ 58,730**	**₱ 62,228**
Prepaid rent (Note 18)	**23,083,219**	**22,888,500**	**6,986,338**
Advances to contractors	**120,329,453**	**119,911,921**	**130,920,470**
Advances to suppliers	**9,729,842**	**8,955,600**	**8,498,676**
Advances to officers and employees	**2,067,127**	**2,580,190**	**2,898,450**
	₱ 155,276,930	**₱ 154,394,941**	**₱ 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, 2022 and 2021, are as follows:

	Office and Store Equipment	Building and Building Improvements	Total
Movements during 2021			
Balance, July 1, 2020	-	-	-
Acquired from business combination	179,348,175	**307,865,897**	**487,214,072**
Balance, June 30, 2021	**179,348,175**	**307,865,897**	**487,214,072**
June 30, 2021			
Cost	247,777,510	496,151,616	**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**
Balance, July 1, 2022	**422,931,115**	**188,707,245**	**611,638,360**
Additions	**99,211,433**	**8,245,639**	**107,457,072**
Depreciation	(1,800,827)	(2,201,015)	**(4,001,842)**
Balance, September 30, 2022	**520,341,721**	**194,751,869**	**₱ 715,093,590**
September 30, 2022			
Cost	**600,692,573**	**584,371,020**	**1,185,063,593**
Accumulated depreciation	**(80,350,852)**	**(389,619,151)**	**(469,970,003)**
Carrying Amount	**520,341,721**	**194,751,869**	**₱ 715,093,590**
Balance, September 30, 2022	520,341,721	194,751,869	₱ 715,093,590
Additions	**162,603,218**	**44,563,915**	**207,167,133**
Depreciation	**(82,073,392)**	**(21,281,838)**	**(103,355,230)**
Balance, December 31, 2022	**600,871,547**	**218,033,946**	**P 818,905,493**
December 31, 2022			
Cost	**763,295,791**	**628,934,935**	**1,392,230,726**
Accumulated depreciation	**(162,424,244)**	**(410,900,989)**	**(573,325,233)**
Carrying Amount	**600,871,547**	**218,033,946**	**P 818,905,493**
Additions	**238,468,215**	**65,676,486**	**304,144,701**

Depreciation	**(37,363,418)**	**(9,024,803)**	**(46,388,221)**
Balance, March 31, 2023	**801,976,344**	**274,685,629**	**P1,076,661,973**
March 31, 2023			
Cost	**1,001,764,006**	**694,611,421**	**1,696,375,427**
Accumulated depreciation	**(199,787,662)**	**(419,925,792)**	**(619,713,454)**
Carrying Amount	**801,976,344**	**274,685,629**	**P 1,076,661,973**

In 2023, 2022, and 2021, all additions were paid in cash.

13. INTANGIBLE ASSETS – net

The carrying amounts of the Group's intangible assets as of December 31, 2022 and June 30, 2022 and 2021 are as follows:

		2022		2021
Balance, July 1				
Cost	₱	**1,331,195**	₱	-
Accumulated amortization		**(951,447)**		-
Carrying Amount		**379,748**		-
Movements during the year				
Balance, July 1		**379,748**		-
Acquired from business combination		**-**		379,748
Additions		**9,093,146**		-
Amortization		**(5,669,824)**		-
Balance, June 30		**3,803,070**		379,748
June 30				
Cost		**10,424,331**		1,331,195
Accumulated amortization		**(6,621,271)**		(951,447)
Carrying Amount	₱	**3,803,060**	₱	379,748
Movements during the year				
Balance, July 1				
Additions				
Amortization				
Balance, September 30		3,803,060		379,748
September 30, 2022		3,803,060		
Cost		10,424,331		
Accumulated Amortization		(6,621,271)		
Carrying Amount		**₱ 3,803,060**		
Balance Oct 1, 2022		**₱ 3,803,060**		
Recognition		17,420,938		
Depreciation				
December 31, 2022		**21,223,998**		
Cost		**₱ 27,845,269**		
Accumulated Depreciation		(6,621,271)		
Carrying Amount		**₱ 21,223,998**		
Cost		**₱ 41,908,369**		
Accumulated Depreciation		(6,621,271)		
Carrying Amount March 31, 2023		**₱ 35,287,098**		

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 December 31, 2022 and 2021, are as follows:

		2022		2021
Movements during the year				
Balance, July 1		**7,369,323**		-
Recognition		**-**		9,779,627
Depreciation		**(2,569,231)**		(2,410,304)
Balance, June 30		**4,800,092**		7,369,323
June 30				
Cost		**12,228,382**		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, 2022		**4,800,092**		
Recognition		**3,638,581**		
Depreciation		**(2,988,000)**		
September 30, 2022		**5,450,673**		
Cost		**15,866,963**		
Accumulated depreciation		**(10,416,290)**		
Carrying Amount	₱	**5,450,673**		
Balance, Oct 1, 2022		**₱ 5,450,673**		
Recognition		11,408,094		
Depreciation		(6,988,041)		
December 31, 2022		**₱ 9,870,726**		
Cost		₱ 27,275,057		
Accumulated Depreciation		(17,404,331)		
Carrying Amount		**₱ 9,870,726**		
Recognition		**5,226,926** 1,246,094		
March 31, 2023		**₱ 15,097,652**		
Cost		**₱ 32,501,983**		
Accumulated Depreciation		(17,404,331)		
Carrying Amount		**₱ 15,097,652**		

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:

	March 31, 2023	December 31, 2022		2022
Refundable deposits	**₱ 29,880,549**	**₱ 26,370,801**	**₱**	**18,038,829**

Construction bond	**10,415,689**	**6,216,459**	**2,484,941**
Others	**600,000**	**600,000**	**600,000**
	₱ 40,896,238	**₱ 33,187,260**	**₱ 21,123,770**

Refundable deposits include those related to lease amounting to ₱20,878,898 and ₱8,541,131 as of June 30, 2022 and 2021,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:

	March 31, 2023	December 31, 2022		2022
Trade	₱278,834,274	₱ 209,661,747	₱	185,899,180
Due to government agencies	4,928,579	4,732,030		79,722,817
Customers' deposits	54,080,432	36,731,801		29,422,778
Gift certificate payable	309,209	195,606		711,183
Accrued expenses	1,886,175	1,678,466		580,800
	₱340,038,669	₱ 252,999,650	₱	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:

	March 31, 2023	December 31, 2022		2022
Balance	₱ 30,000,000	₱ 20,000,000	₱	80,000,000
Availments		30,000,000		-
Payments		(20,000,000)		(60,000,000)
Balance	₱ 30,000,000	₱ 30,000,000 -	₱	20,000,000

In September 2022, the group were able to liquidate all its bank loans. 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 2022, 2021 and 2020, finance costs incurred and paid amounted to ₱1,519,647, nil and nil, respectively.

In December, 2022, the Group availed P30,000,000 Short-term Bank loan.

The Group is not required to maintain any ratios or thresholds. In 2022 and 2021, the Group is compliant with the terms and conditions of the loan contract.

Same bank loan balances were maintained as of March 31, 2023 with the December 31, 2022 Bank loan balances.

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	
	2022	2021	**2022**	2021
Not later than one (1) year	₱ **2,453,280**	₱ 2,736,233	₱ **2,317,695**	₱ 2,540,057
Later than one (1) year but not later than five (5) years	**3,408,841**	5,405,869	**2,877,394**	5,038,691
	5,862,121	8,142,102	**5,195,089**	7,578,748
Discount	**(210,780)**	(563,354)	-	-
Present value of minimum lease payments	**5,651,341**	7,578,748	**5,195,089**	7,578,748
Current portion	**2,453,280**	2,540,057	**2,317,695**	2,540,057
Non-current portion	₱ **3,198,062**	₱ 5,038,691	₱ **2,877,394**	₱ 5,038,691

Movement in lease liabilities are as follows:

	March 31, 2023	December 31 2022	2022
Balance, beginning	₱ 5,651,342	₱ 5,195,089	₱ 7,578,748
Finance cost (Note 27)	419,855	456,253	196,176
Payments			(2,579,835)
Balance, ending	P 6,071,197	₱ 5,651,342	₱ 5,195,089

The payment above includes finance cost incurred amounting to ₱196,176 and ₱243,789 and lease liability payment amounting to ₱2,383,659 and ₱2,264,090 in June 30, 2022 and 2021, 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:

	March 31, 2023	December 31, 2022	2022
Under common control	₱	₱	-
Immediate parent			-
Key Management Personnel		73,089,745	287,081,477
	₱	₱ 73,089,745	₱ 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 and ₱9,375,000 in 2022 and 2021,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.

19.01.02 Immediate Parent

Transactions with immediate parent are as follows:

	March 31, 2023	December 31, 2022	
		Amount/ Volume	Outstanding Balances
CI			
Advances	₱	₱ -	₱ -

The Group collected ₱67,872,436 and ₱66,502,564 in 2022 and 201, 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:

	March 31, 2023		December 31, 2022		June 30, 2022	
	Amount Volume	Outstanding Balances	Amount Volume	Outstanding Balances	Amount/ Volume	Outstandi ng Balances
Stockholders						
Advances	₱		₱ 73,089,745	₱ 73,089,745	₱ 287,081,477	₱ 287,081,477

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:

	December 31, 2022		June 30, 2022	
	Amount/ Volume	Outstanding Balances	Amount/ Volume	Outstanding Balances
Stockholders				
Advances	₱ -	₱ -	₱ -	₱ -

Advances paid to stockholders amounted to ₱47,986,809 in 2022 and 2021, 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:

		March 31, 2023	December 31, 2022		2022
Capital stock	₱	**546,845,529**	**P 464,818,820**	₱	**464,818,820**
Additional paid-in capital		**1,403,308,680**	**665,068,300**		**665,068,300**
	₱	**1,950,154,209**	**₱ 1,129,887,120**	₱	**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	**820,267,090**	**82,026,709**	**1,423,183,200**		**142,318,320**
Balance, end	**5,468,455,290**	**546,845,529**	**4,648,188,200**	₱	**464,818,820**

19.01 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, the Company's Board of Directors declared cash dividends in the amount of P0.01936 per share, or in the total amount of P89,988,900, inclusive of final tax, which shall be payable on December 9, 2022 to its stockholders of record at the close of business on November 21, 2022.

19.02 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.

19.03 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:

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 Directors 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 outstanding capital of the Parent 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 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 ₱69,762,000 or at ₱0.75 per share. This resulted to an additional issuance of capital stock of 1,423,183,200 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.

On February 2, 2023, additional subscription to 820,267,089 shares of stock amounting to P82,026,709 was received. Investment was approved by Board of Directors on January 26, 2023 and will be ratified by the Stockholder's on June 6, 2023.

19.04 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 ₱69,762,000 or at ₱0.75 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.

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 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. The difference between the consideration paid and the fair value of the interest acquired in FCSI was recognized as gain on bargain purchase amounting to ₱33,656,761, determined as follows:

Cash consideration	₱	**4,627,564**
Less fair value of net identifiable assets acquired		**38,284,325**
Gain on bargain purchase	₱	**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	₱	**4,627,564**
Less cash acquired from subsidiary		**281,145,694**
	₱	**276,518,130**

From the acquisition date, FCSI contributed ₱53,539,134 of revenues and ₱9,603,908 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 ₱1,354,700,778 and ₱197,365,890, 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:

	July to March 2023	July2021 to June 2022	July2020 to June 2021 (Pro-forma)
Angel's Pizza	₱ **2,091,498,949**	₱ 1,631,578,807	₱ 877,766,833
Figaro Coffee Group	**136,158,218**	94,340,662	47,283,787
Tien Ma's Taiwanese Cuisine	**82,113,119**	62,815,064	17,179,356
Corporate Store Sales	**2,309,770,286**	**1,788,734,533**	**942,229,976**
Warehouse and Commissary Sales	**650,829,278**	**560,128,181**	**267,831,019**
Royalty, Franchisee and Institutional Sales	**110,128,686**	**88,534,047**	**33,710,364**
	₱ **3,070,728,250**	₱ **2,437,396,761**	₱ **1,243,771,359**

23. DIRECT COSTS

The following is an analysis of the Group's direct costs:

	March 31, 2023	December 31, 2022	June 30, 2022
Inventories, Beg (Note 10)	**₱ 134,498,031**	**₱95,681,440**	₱ 59,452,449
Purchases	**431,818,043**	**745,040,878**	888,442,439
Inventories acquired from business combination			-
Inventories, End (Note 10)	**(177,416,990)**	**(134,498,031)**	(95,681,440)
Cost of materials used	**388,899,085**	**706,224,287**	852,213,448
Direct labor (Note 24)	**103,323,909**	**221,278,355**	251,207,924
Overhead	**50,345,872**	**124,274,560**	138,925,041
	₱ 542,568,866	**₱ 1,051,777,202**	₱ 1,242,346,413

Details of the overhead is as follows:

	March 31, 2023	December 31, 2022	2022
Store and kitchen supplies	**₱ 13,089,723**	**₱ 37,418,589**	**₱ 39,594,371**
Communication, light and water	**9,898,642**	**25,438,069**	**27,315,059**
Rentals	**11,984,038**	**22,782,936**	**24,325,480**
Security services	**4,098,939**	**8,638,677**	**10,279,257**
Taxes and licenses	**2,409,380**	**8,029,529**	**10,094,784**
Repairs and maintenance	**3,184,038**	**8,176,530**	**9,571,488**
Wastages and spoilage	**2,309,480**	**6,058,934**	**6,819,588**
Professional fees	**2,093,409**	**4,273,543**	**5,541,575**
Depreciation (Notes 10 and 12)	**750,398**	**1,425,747**	**1,942,387**
Representation and entertainment	**159,308**	**235,523**	**300,727**
Association Dues	**27,639**	**56,723**	**86,799**
Others	**340,878**	**1,739,760**	**3,053,526**
	₱ 50,345,872	**₱ 124,274,560**	**₱ 138,925,041**

24. OPERATING EXPENSES

This account is composed of the following expenses:

	March 31, 2023	December 31, 2022	June 30, 2022
Advertisement and promotion	**P 169,271,962**	**P281,496,303**	₱ 355,041,339
Depreciation (Note 10)	**72,782,102**	**127,500,618**	211,366,157
Commission	**61,753,106**	**141,342,562**	180,836,659
Short-term employee benefits (Note 22)	**11,093,857**	**21,197,508**	36,209,315
Professional fees	**10,947,934**	**21,673,418**	34,838,767
Transportation and travel	**15,097,634**	**25,549,342**	32,087,345
Communication, light and water	**3,639,234**	**3,866,588**	11,159,238
Taxes and licenses	**3,709,535**	**4,811,486**	9,803,636
Rentals (Note 24)	**3,928,756**	**6,988,041**	8,370,000
Management fees	**3,034,094**	**4,630,320**	5,000,000
Representation and entertainment	**3,284,535**	**5,536,582**	7,159,097
Amortization (Note 11)	**1,549,530**	**2,955,481**	3,975,558
Security services	**640,592**	**1,196,326**	2,357,121
Retirement benefits (Note 22)	**904,285**	**1,866,673**	1,866,673
Supplies	**283,248**	**587,733**	1,169,118
Repairs and maintenance	**184,044**	**357,295**	1,045,286
Insurance	**169,340**	**320,756**	238,321
Others	**1,359,240**	**2,763,776**	42,741,155
	P363,033,028	**P654,640,808**	₱ 945,264,785

25. EMPLOYEE BENEFITS

Aggregate employee benefits expense, as disclosed in Notes 23 and 24, is comprised of:

	March 31, 2023	December 31, 2022	2022
Short-term employee benefits (Note 25.01)	**₱ 114,417,766**	**₱ 242,475,863**	**₱ 287,417,239**
Retirement Benefits (Note 25.02)	**1,472,489**	**1,866,673**	**1,866,673**
	₱ 115,890,255	**₱ 244,342,536**	**₱ 289,283,912**

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:

	March 31, 2023	December 31, 2022		2022
Salaries and wages	**₱ 95,612,834**	**₱ 202,594,964**	**₱**	**236,276,682**
SSS, PhilHealth and HDMF contributions	**9,639,988**	**19,356,624**		**23,790,785**
Other employee benefits	**9,164,944**	**20,524,275**		**27,349,772**
	₱ 114,417,766	**₱ 242,475,863**	**₱**	**287,417,239**

Allocation of short-term employee benefits is as follows:

	March 31, 2023	December 31, 2022		2022
Cost of sales (Note 23)	**₱ 103,323,909**	**₱ 221,278,355**	₱	251,207,924
Operating expenses (Note 24)	**11,093,857**	**21,197,508**		36,209,315
	₱ 114,417,766	**₱ 242,475,863**	₱	287,417,239

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:

	2022	2021
Discount rate	**5.18%**	5.0%
Expected rate of salary increase	**5.00%**	5.0%

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).

	2022	2021
Retiring after the reporting period	**5.18%**	5.0%
Male and Female	**5.00%**	5.0%

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, 2022			
Discount rate	**+/-1.00%**	**5.60%**	**6.37%**
Salary increase rate	**+/-1.00%**	**8.41%**	**7.79%**
June 30, 2021			
Discount rate	+/-1.00%	5.97%	3.97%
Salary increase rate	+/-1.00%	6.00%	4.00%

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:

		March 31, 2023		December 31, 2022	2022
Current service cost	₱	**1,472,489**	₱	**1,472,489**	**1,472,489**
Interest on the retirement benefit obligation				**394,184**	**394,184**
	₱	**1,472,489**	₱	**1,866,673**	**1,866,673**

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, 2020	₱	-	₱	-	₱	-	₱	-	₱	-
Assumed during the business combination		4,361,503		(858,957)		3,502,546		(875,636)		2,626,910
Gain (loss) Balance at June 30, 2021		**4,361,503**		**(858,957)**		**3,502,546**		**(875,636)**		**2,626,910**
Amount recognized during the year		(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**

Movements in the present value of the defined benefit obligation in the current period are as follows:

	March 31, 2023	December 31, 2022	2022
Balance, July 1	₱ 19,813,040	₱ 19,813,040	17,949,555
Current service cost	1,472,489	1,472,489	1,472,489
Interest expense		394,184	394,184
Assumed during business combination			-
Actuarial loss (gain)	(418,490)		(3,188)
	₱ 20,867,039	₱ 21,679,713	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.

Franchisee fees receive amounted to ₱14,376,000 and ₱3,317,000 from July 1 to March 31, 2023 and 2022, respectively. Royalty received from franchisees amounted to ₱30,976,826 and 27,743,810 in 2023 and 2022, 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
Angels Imus	1	5	2	1	None	None	None
Angels Kalayaan	1	3	2	1	None	None	None
Angels Pasig	1	5	4	1	None	None	None
Angels Antipolo	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:

	March 31, 2023	**December 31, 2022**	**2022**
Angels Imus	**₱ 403,311**	**P 403,311**	**₱ 672,185**
Angels Kalayaan	**1,239,629**	**1,239,629**	**2,066,049**
Angels Pasig	**664,612**	**664,612**	**180,184**
Angels Antipolo	**1,505,339**	**1,505,339**	**1,881,674**
Angels Taytay	**1,332,000**	**1,332,000**	
Angels Dasma	**1,720,000**	**1,720,000**	
Angels San Pedro	**1,901,208**	**1,901,208**	
Angels Sta Maria	**1,104,627**	**1,104,627**	
Angels SM Dasma	**2,450,329**		
Angels Gen Trias	**1,839,485**		
Angels Tanza	**937,112**		
	₱ 15,097,652	**₱ 9,870,726**	**₱ 4,800,092**

Summary of lease liabilities:

		March 31, 2023		December 31, 2022		2022
Angels Imus		₱ 403,311		₱ 403,311	₱	760,263
Angels Kalayaan		239,629		1,239,629		2,189,209
Angels Pasig		664,612		664,612		200,560
Angels Antipolo		505,339		1,505,339		2,045,057
Angels Taytay		338,451		338,451		
Angels Dasma		455,000		455,000		
Angels San Pedro		555,200		555,200		
Angels Sta Maria		489,800		489,800		
Angels SM Dasma		832,054				
Angels Gen Trias		793,024				
Angels Tanza		794,777				
	₱	6,071,197	₱	5,651,342	₱	5,195,089

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, 2021, amounted to ₱6,986,338, as disclosed in Note 10. Refundable deposits paid by the Group amounted to ₱16,682,622, as of June 30, 2021, as disclosed in Note 15.

At reporting dates, the Group had outstanding commitments for future minimum lease payments amounting to ₱2,412,303.

28. INCOME TAXES

28.01 Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

On March 26, 2021, the Republic Act (RA) 11534, known as "The Corporate Recovery and Tax incentives for Enterprises Act" (CREATE Act), was passed into law. The salient provisions of the CREATE Act applicable to the Company are as follow:

- Effective July 1, 2020, the corporate income tax rate is reduced from 30% to 20% for domestic corporations with net taxable income not exceeding ₱5,000,000 and with total assets not exceeding ₱100,000,000, excluding land on which the particular business entity's office, plant, and equipment are situated during the taxable year for which the tax is imposed at 20%. All other domestic corporations and resident foreign corporations will be subject to 25% income tax;
- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% effective July 1, 2020 to June 20, 2023;
- Percentage tax reduced from 3% to 1% effective July 1, 2020 to June 30, 2023; and
- The imposition of improperly accumulated earnings is repealed effective July 1, 2020 to June 30, 2023.

28.02 Income Tax Recognized in Profit or Loss

Components of income tax expense are as follows:

	March 31, 2023	December 2022	2022
Current tax expense	₱ 33,121,881	₱ 88,370,837	₱ 66,955,606
Deferred tax benefit			(892,334)
	₱ 33,121,881	₱ 88,370,837	₱ 66,063,272

A numerical reconciliation between tax expense and the product of accounting profit multiplied by the tax rate in December 31, 2022, June 30, 2022 and 2021 are as follows:

	March 31, 2023	December 2022	2022
Accounting profit (loss)	₱ 494,215,017	₱ 353,483,349	₱ 264,253,090
Tax expense at 25%	123,553,754	88,370,837	66,063,272
Tax effects of:			
Effect of non-recognition of tax on net operating loss carry over			-
Effect of non-recognition of tax on gain on bargain purchase option			-
	₱ 123,553,754	₱ 88,370,837	₱ 66,063,272

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, June 30 2021	**₱**	**4,487,388**	**₱**	**91,775**	**₱**	**4,579,163**
Recognized in profit or loss		441,448		106,042		**547,490**
Recognized in other comprehensive income		27,276		-		**27,276**
Balance, June 30 2022	**₱**	**4,956,112**	**₱**	**197,817**	**₱**	**5,153,929**
Recognized in profit or loss				1,957		**1,957**
Recognized in other comprehensive income		49,030				**49,030**
Balance, December 31, 2022		**5,005,142**		**199,774**		**5,204,916**
Recognized in profit or loss				378,757		**378,757**
Recognized in other comprehensive income		49,217				**49,217**
Balance, March 31, 2023		**5,054,359**		**578,531**		**5,632,890**

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:

	March 31, 2023 (Unaudited)		December 31, 2022 (Unaudited)		June 30, 2022 (Audited)
a. Net income (loss) from operations/ attributable to ordinary equity holders of the Group for earnings	**₱ 370,661,263**	**₱**	**265,112,512**	**₱**	221,867,605
b. Weighted average number of ordinary shares for the purposes of earnings per share	**4,830,469,775**		**4,648,188,200**		3,936,596,600
c. Earnings per share (a/b)	**0.08**		**0.06**		0.06

The weighted average number of ordinary shares for the years 2022, 2021 and 2020 used for the purposes of basic earnings per share were computed as follows:

	Number of Ordinary Shares	Proportion to Period	Weighted Average	Total
March 31, 2023				

Outstanding Shares at the beginning of the period	**5,468,455,289**	**2/9**	**1,215,212,286**	**1,215,212,286**
Outstanding shares at the end of the period	**4,648,188,200**	**7/9**	**3,615,257,489**	**3,615,257,489**
				4,830,469,775
December 31, 2022				
Outstanding Shares at the beginning of the period	**4,648,188,200**	**3/6**	**2,324,094,100**	**2,324,094,100**
Outstanding shares at the end of the period	**4,648,188,200**	**3/6**	**2,324,094,100**	**2,324,094,100**
				4,648,188,200
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

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 December 31, 2022 and 2021 are presented below:

	March 31, 2023		**December 31, 2022**	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial Assets:				
Cash	₱ **458,441,714**	₱ **458,441,714**	₱ **259,096,869**	₱ **259,096,869**
Trade receivables	**158,398,788**	**158,398,788**	**117,496,069**	**117,496,069**
Short-term Investments	**870,000,000**	**870,000,000**	**415,112,249**	**415,112,249**
Due from related parties	**-**	**-**	**73,089,745**	**73,089,745**
Other non-current assets	40,896,238	40,896,238	**33,187,260**	**33,187,260**
	₱ **1,527,736,740**	**1,527,736,740**	₱ **897,982,192**	₱ **897,982,192**
Financial Liabilities:				
Trade and other payables	₱ **340,038,669**	**340,038,669**	₱ **252,999,650**	₱ **252,999,650**
Due to related parties	**-**	**-**		
Loans payable	**30,000,000**	**30,000,000**	**30,000,000**	**30,000,000**
Lease liabilities	**6,071,197**	**6,071,197**	**7,891,988**	**7,891,988**
	₱ **376,109,867**	**376,109,867**	₱ **290,891,638**	₱ **290,891,638**

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:

	March 31, 2023	December 31, 2022	June 30, 2022
Cash in banks	₱ 458,441,714	₱ 259,096,869	₱ 191,480,802
Short-term Investments	870,000,000	415,112,249	411,900,455
Trade receivables	158,398,788	117,496,069	89,442,740
Due from related parties	-	73,089,745	287,081,477
Other non-current assets	40,896,238	33,187,260	21,123,770
	₱ 1,527,736,740	₱ 897,982,192	₱ 1,001,029,244

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:

March 31, 2023						
	PD rate	**LGD rate**		**EAD**		**ECL**
	a	**b**		**c**		**d=a*b*c**
Cash in banks	**0.00%**	**0.00% to 99.35%**	**₱**	**458,441,714**	**₱**	**-**
Short-term Investments	**0.00%**	**100.00%**		**870,000,000**		
Trade receivables	**0.00%**	**100.00%**		**158,398,788**		**-**
Due from related parties	**0.00%**	**100.00%**		**-**		**-**
Other non-current assets	**0.00%**	**100.00%**		**40,896,238**		**-**
			₱	**1,527,736,740**	**₱**	**-**

December 31, 2022						
	PD rate	**LGD rate**		**EAD**		**ECL**
	a	**b**		**c**		**d=a*b*c**
Cash in banks	**0.00%**	**0.00% to 99.35%**	**₱**	**259,096,869**	**₱**	**-**
Short-term Investments	**0.00%**	**100.00%**		**415,112,249**		
Trade receivables	**0.00%**	**100.00%**		**117,496,069**		**-**
Due from related parties	**0.00%**	**100.00%**		**73,089,745**		**-**
Other non-current assets	**0.00%**	**100.00%**		**33,187,260**		**-**
			₱	**897,892,192**	**₱**	**-**

December 31, 2021						
	PD rate	LGD rate		EAD		ECL
	a	b		c		d=a*b*c
Cash in banks	0.00%	0.00% to 99.10%	₱	147,735,642	₱	-
Trade receivables	0.00%	100.00%		72,845,927		-
Due from related parties	0.00%	100.00%		142,256,626		-
Other non-current assets	0.00%	100.00%		8,546,577		-
			₱	371,384,772	₱	-

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 99.35% and 0.00% to 99.10% as of March 31, 2023, December 31, 2022 and 2021, 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 March 31, 2023, December 31, 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 3.13% and 4.23% 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
March 31, 2023					
Trade payables	-	₱ -	₱ 340,038,669	₱ -	₱ 340,038,669
Due to related parties	-		-	-	
Loans payable	5.5%	-	30,000,000	-	30,000,000
Lease liabilities	2.3% to 3.02%	-	2,783,294	6,071,197	8,854,492
		₱	₱ 372,821,964	₱ 5,438,708	₱ 378,893,161

	Weighted Average Interest Rate	On Demand	Within one (1) Year	One (1) – Five (5) Years	Total
December 31, 2022					
Trade payables	-	₱ -	₱ 252,999,650	₱ -	₱ 252,999,650
Due to related parties	-		-	-	

Loans payable	**5.5%**	**-**	**30,000,000**	**-**	**30,000,000**
Lease liabilities	**2.3% to 3.02%**	**-**	**2,453,380**	**5,438,708**	**7,892,088**
		₱	**₱ 285,453,030**	**₱ 5,438,708**	**₱ 290,891,738**
December 31, 2021					
Trade payables	**-**	**₱ -**	**₱ 129,992,656**	**₱ -**	**₱ 140,613,480**
Due to related parties	**-**		**-**	**-**	
Loans payable	**5.5%**	**-**	**80,000,000**	**-**	**80,000,000**
Lease liabilities	**2.3% to 3.02%**	**-**	**2,601,040**	**8,247,144**	**10,848,184**
		₱	**₱ 223,214,520**	**₱ 8,247,144**	**₱ 231,461,664**

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**
March 31, 2023					
Cash on hand	**-**	**₱ 10,215,640**	**₱ -**	**₱ -**	**₱ 10,215,640**
Cash in banks	**Floating rate**	**448,226,074**	**-**	**-**	**448,226,074**
Trade receivables	-	**-**	**158,398,788**	**-**	**158,398,788**
Due from related parties	-		**-**	**-**	**73,089,745**
Other non-current assets	-	**-**	**-**	**40,896,238**	**33,187,260**
		₱ 458,441,714	**₱ 158,398,788**	**₱ 40,896,238**	**₱ 657,736,740**

	Weighted Average Effective Interest Rate	**On Demand**	**Within One (1) Year**	**Over Five (5) Years**	**Total**
December 31, 2022					
Cash on hand	**-**	**₱ 8,375,640**	**₱ -**	**₱ -**	**₱ 8,375,640**
Cash in banks	**Floating rate**	**250,721,229**	**-**	**-**	**250,721,229**
Trade receivables	-	**-**	**117,496,069**	**-**	**117,496,069**
Due from related parties	-	**73,089,745**	**-**	**-**	**73,089,745**
Other non-current assets	-	**-**	**-**	**33,187,260**	**33,187,260**
		₱ 332,186,614	**₱ 117,496,069**	**₱ 33,187,260**	**₱ 482,869,943**
December 31, 2021					
Cash on hand	-	₱ 10,110,681	₱ -	₱ -	₱ 10,110,681
Cash in banks	Floating rate	147,735,642	-	-	147,735,642
Trade receivables	-	-	72,845,927	-	72,845,927
Due from related parties	-	142,256,626	-	-	142,256,626
Other non-current assets	-	-	-	8,546,577	8,546,577

	₱ 300,102,949	₱ 72,845,927	₱ 8,546,577	₱ 381,495,453

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:

	March 31, 2023	**December 31, 2022**	**2022**
Debt	**₱ 430,098,786**	**₱ 398,701,542**	**₱ 407,408,159**
Cash	**458,441,714**	**259,096,869**	**195,682,918**
Net debt	**-28,342,928**	**139,604,673**	**211,725,241**
Equity	**2,563,011,486**	**1,643,378,755**	**1,468,266,243**
Net debt to equity ratio	**-0.01:1**	**0.08:1**	**0.14:1**

Debt is defined as all liabilities while equity includes capital stock, remeasurements and retained earnings.

34. APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on May 11, 2023.

Management's Discussion and Analysis of Financial Condition and Results of Operations.

Key Performance Indicators (KPIs)

	Unaudited Nine Months Ended March 31, 2023	**Audited Twelve Months Ended June 30, 2022**
Debt to Equity ratio	0.01:1	0.014:1
Net Debt to Equity ratio	-0.16:1	-0.12:1
Asset to Equity ratio	1.17:1	1.28:1
Return on Equity	14%	13.5%
Current Ratio	4.48:1	3.19:1

Notes:

1 Debt to Equity ratio = Bank Debts / Total Equity
2 Net Debt to Equity ratio = Bank Debts less Cash and Cash Equivalents / Total Equity
3 Asset to Equity ratio = Total Assets / Total Equity
4 Return on Equity = Net Income / Total Equity
5 Current Ratio = Total Current Assets / Total Current Liabilities

Results of Operations

In Million Php	**Nine Months Ending March 31, 2023**	**Nine Months Ending March 31, 2022**	**Change%**
System-wide Sales	3,102.8	1,827.6	70%
Net Revenues	3,070.7	1,774.1	73%
Cost of Sales	1,718.3	1,062.0	62%
Gross Profit	1,352.4	712.1	90%
Operating Expense	883.6	396.5	123%
NIBT	494.2	315.6	57%
Income Tax	123.5	78.9	57%
NIAT	370.7	236.7	57%

Profitability

System-wide Sales for the 9 month period, from July 1 to March 31, 2023, grew by 70% from same periods of last year of P1.838B to P3.1B System-wide Store Sales. This was brought about by the opening of stores which brought the total number of stores to 153 by end of March 2023. This resulted however to 73% increase in revenues versus same periods last year.

Likewise, gross profit improved by 90% primarily due to volume improvement primarily because of the price increase of 5% during the year, while profit margin were maintained at 12% NIAT to Revenues. Operating costs also increased by 123% as a result of the massive store opening activities during the year resulting to increasing overhead costs.

Thus, Net Income before tax improved by 57% as a result of the improvement in volume resulting from store opening and expansions.

Financial Conditions and Liquidity

Cash and Cash Equivalents as of March 31, 2023, stood at P458M 77% up versus the Cash balance as of December 31, 2022 audited FS. Cashflow from operations during the period provided an inflow of P79.5M, while the investing and financing activities during the period provided a net outflow of P700.6M for placements of temporary Investments and P820M Inflow from Financing resulting from infusions of Monde Nissin respectively.

Current ratio improved to 4.49 times is to 1 from 3.19 times to 1 as of March 31 versus the June 30, 2022 cutoff.

Likewise, Debt-to-equity ratio, improved to 0.01 as of March 31, 2022 from 0.014 is to 1 in June 30 2022.

Total Asset to Equity ratio, however, were maintained at 1.17 times as of March 31 2023, versus 1.28 times as of June 30, 2022.

Aging of Receivables March 31, 2023

	0-7 days	8-15 days	16-30 Days	31-60 days	61-90 days	91-120 days	over 120 days	TOTAL
Franchise And ISD Accts	28,682,435	49,627,988	21,437,652	19,407,497	4,159,739	1,742,883	7,464,849	132,523,043
Others	3,383,733	5,973,804	6,972,327	5,431,973	4,113,908			25,875,745
TOTAL	32,066,168	55,601,792	28,409,979	24,839,470	8,273,647	1,742,883	7,464,849	158,398,788

FIGARO COFFEE GROUP, INC (“FCG”)

LIST OF STOCKHOLDERS

TRUST BANKING GROUP
Fiduciary Services Division
3F Trust Banking Group
PNB Financial Center Pres. D. Macapagal Boulevard
Pasay City, Philippines
Trunk Lines: (632) 8891-6040 to 70 local 4649
Direct Line: (632) 8573-4649
Fax: (632) 8526-3379

CONFIDENTIAL

October 02, 2023

FIGARO COFFEE GROUP INC.
116 E. Main Avenue, Phase V,
SEZ Laguna Technopark, Binan
Laguna

Attention : **MS. DIVINA GRACIA G. CABULOY**
President and CEO

Subject : **LIST OF STOCKHOLDERS**

Gentlemen:

As Transfer Agent for Figaro Coffee Group Inc. we submit herewith the report on the list of stockholders with corresponding name, nationality, number of shares and percentage of the company as of September 30, 2023, as follows:

	Name	Nationality	No. of Shares	Percentage
1	CAMERTON INC.**		11,401,148,995	81.6206856934
2	PCD NOMINEE CORPORATION FILIPINO		2,118,082,125	15.1633239311
3	CARMETHEUS HOLDINGS, INC		375,000,000	2.6846203965
4	PCD NOMINEE CORPORATION NON FILIPINO		74,179,175	0.5310478032
5	JOSELITO C. HERRERA		10,000	0.0000715899
6	NADEZHDA ISKRA F. HERRERA		10,000	0.0000715899
7	GABRIELLE CLAUDIA F. HERRERA		10,000	0.0000715899
8	JUAN TRINIDAD LIM		10,000	0.0000715899
9	JENNIFER T. RAMOS		5,000	0.0000357949
10	CORAZON P. GUIDOTE		1	0.0000000072
11	SENEN L. MATOTO		1	0.0000000072
12	HECTOR VILLANUEVA		1	0.0000000072
	Total		**13,968,455,298**	**100.0000000000**

***includes 8,500,000,000 preferred shares, partially paid, not for listing*

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

MARIA VICTORIA C. MENDOZA
Senior Assistant Vice President

EMYLYN P. AUDEMARD
Manager

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**

MINUTES OF THE SPECIAL STOCKHOLDERS' MEETING OF

FIGARO COFFEE GROUP, INC.

Held on 6 June 2023
by remote communication
https://us02web.zoom.us/j/84122565322?pwd=TUxFK2xhbk5VbEtxamJKZG5ZY3JDUT09

Total Number of Issued and Outstanding Shares	**5,468,455,298**
Total Number of Shares represented at the meeting	**4,096,433,299**
Percentage of Shares represented	**74.91%**

PRESENT:

Justin T. Liu	-	Chairman/Director
Michael Stephen T. Liu	-	Director
Brian Gregory T. Liu	-	Director
Senen L. Matoto	-	Independent Director
Corazon P. Guidote	-	Independent Director
Hector R. Villanueva	-	Independent Director
Divina Gracia G. Cabuloy	-	President/CEO/Director
Sigrid Von D. De Jesus	-	Director
Michael T. Barret	-	Director

ALSO PRESENT:

Jerry S. Liu	-	Chairman Emeritus
Lowela L. Concha	-	Corporate Secretary
Jose Petronio D. Espanol III	-	Chief Finance Officer
Marilou R. Roca	-	Chief Accounting Officer
Henry Soesanto	-	from the Monde Nissin Corporation
Jesse C. Teo	-	from the Monde Nissin Corporation
Gabriel A. Dee	-	from Picazo Buyco Tan Fider and Santos
Representatives from R.S. Bernaldo & Associates		

PROCEEDINGS OF THE MEETING

I. CALL TO ORDER

The Chairman, Justin T. Liu, called the meeting to order and presided over the same. The Corporate Secretary, Lowela L. Concha, recorded the minutes of the meeting.

II. CERTIFICATION OF NOTICE AND QUORUM

The Corporate Secretary conducted certain procedural matters. The stockholders confirmed and stated for the record that (i) they are participating in the meeting through the use of mobile phone with videoconferencing capabilities, (ii) they can completely and clearly hear all other participants in the meeting, and (iii) they have received the agenda and all materials for the meeting.

Thereafter, the Corporate Secretary certified that notices of the meeting were sent to all the directors of the Corporation and that there was a quorum to transact business.

III. APPROVAL OF MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING HELD ON 9 DECEMBER 2022

Mr. Justin T. Liu stated that the first item on the agenda is the approval of the minutes of the annual meeting of the stockholders held on 9 December 2022. He further stated that a copy of the minutes was made available to all stockholders of record, together with the Definitive Information Statement and has been uploaded on the Company's website.

The stockholders thereafter cast their votes. With stockholders owning or representing 4,096,433,299 shares equivalent to approximately 74.91%, or more than a majority of the entire outstanding voting stock of the Corporation, voting in favor of approval, as confirmed by the Corporate Secretary, the stockholders approved the minutes of the Annual Stockholders' Meeting held on 9 December 2022.

IV. RATIFICATION/APPROVAL OF THE ACTS OF THE BOARD OF DIRECTORS, BOARD COMMITTEES, AND MANAGEMENT FROM 9 DECEMBER 2022 TO DATE OF THE SPECIAL STOCKHOLDERS' MEETING

The next agenda item, as explained by Mr. Justin T. Liu, is the ratification of the acts of the Board of Directors, Board Committees, and Management of the Company from 09 December 2022 to date including those set forth in the minutes of the meetings of the Board of Directors held during the same period and in the disclosures that have been duly filed with the Securities and Exchange Commission ("SEC") and the Philippine Stock Exchange ("PSE").

Among the acts of the Board of Directors, Board Committees, and Management which are for ratification in addition to those disclosed in the Company's audited financial statements, are the following: (i) All material resolutions adopted by the Board and duly reported by the Company to the SEC and PSE through the filing of SEC Form 17-C, as well as those covered by minutes of board meetings which are available for inspection at the offices of the Company; (ii) All other resolutions adopted by the Board in the ordinary course of business; (iii) All resolutions adopted by the Board Committees; and (iv) All other acts executed by the Management in the exercise of their functions in the regular and ordinary course of business of the Company.

The stockholders owning or representing stockholders owning or representing 4,096,433,299 shares equivalent to approximately 74.91%, or more than a majority of the entire outstanding voting stock of the Corporation, approved the ratification of the acts of the Board of Directors, Board Committees, and Management of the Company from 09 December 2022 to date including those set forth in the minutes of the meetings of the Board of Directors held during the same period and in the disclosures that have been duly filed with the SEC and PSE.

V. APPROVAL OF THE SUBSCRIPTION AND ISSUANCE OF, AND LISTING WITH THE PHILIPPINE STOCK EXCHANGE 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

Mr. Justin T. Liu explained that the next agenda item is the approval of the subscription and issuance of, and listing with the Philippine Stock Exchange of the 820,268,295 common shares issued to the Monde Nissin Corporation, and delegation to the Company's management, the power and authority to execute, submit, and file the Listing Application with the PSE and secure approval.

The issuance of the 820,268,295 common shares will come from the existing authorized and unissued capital stock of the Corporation, at a subscription price of PHP 1.00 per share, or a total subscription price of PHP 820,268,295.00 to Monde Nissin Corporation.

Mr. Liu noted that the Corporation's Board of Directors approved the following resolutions in its 25 January 2023 board meeting:

> "**RESOLVED, AS IT IS HEREBY RESOLVED**, that the Corporation hereby approves: (a) the issuance of 820,268,295 common shares (the "**Subscription Shares**") from the existing authorized and unissued capital stock of the Corporation, at a subscription price of One Peso (P 1.00) per share, or a total subscription price of Eight Hundred Twenty Million Two Hundred Sixty Eight Thousand Two Hundred and Ninety Five Philippine Pesos (P 820,268,295.00) to Monde Nissin Corporation (the "**Subscriber**");
>
> "(b) the execution of the Subscription Agreement with the Subscriber under the terms and conditions which management deems beneficial to the Corporation; and (c) the listing of shares with the Philippine Stock Exchange ("**PSE**");
>
> "**RESOLVED, FURTHER**, that the officers of the Corporation listed in Annex "A" hereof, be hereby designated as authorized representatives of the Corporation such that any of the foregoing authorized representatives, acting singly, be authorized to: (a) sign, execute and deliver the Subscription Agreement for the issuance of Subscription Shares to the Subscriber; (b) receive the subscription price for the subscription to the Subscription Shares and issue acknowledgment receipt therefor; (c) file tax returns with the Bureau of Internal Revenue for the issuance of the Subscription Shares; (d) apply for the listing of the Subscription Shares with the PSE and execute and submit such documents (including listing agreement) to the PSE in support of such listing application; and (e) do such acts and deeds as shall be necessary to implement the foregoing resolution;

"**RESOLVED**, **FINALLY**, that the Corporate Secretary be hereby authorized to record the issuance of, and to issue the stock certificates covering, the Subscription Shares subject to the terms of the Subscription Agreement."

ANNEX A
DESIGNATED AUTHORIZED REPRESENTATIVES OF THE CORPORATION

Justin T. Liu	Chairman
Divina Gracia G. Cabuloy	President and Chief Executive Officer
Sigrid Von D. De Jesus	Chief Compliance Officer / Assistant Corporate Secretary

Mr. Justin T. Liu noted that there is a proposal to have the foregoing resolutions adopted and approved by the stockholders.

Thereafter, considering that stockholders owning or representing 4,096,433,299 shares equivalent to approximately 74.91%, more than a majority of the entire outstanding voting stock of the Corporation voted in favor of this matter, the approval of the subscription and issuance of, and listing with the PSE of the 820,268,295 common shares issued to the Monde Nissin Corporation, and delegation to the Company's management, the power and authority to execute, submit, to file the Listing Application with the PSE and secure approval, and to adopt and approve the resolutions of the board of directors of the Corporation in its 25 January 2023 meeting were confirmed and approved by the stockholders.

VI. APPROVAL OF 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, AND THE ISSUANCE TO CAMERTON, INC. OF PREFERRED SHARES TO SUPPORT THE INCREASE IN AUTHORIZED CAPITAL STOCK

Mr. Justin T. Liu stated that the next item on the agenda is the approval of the amendment to the Seventh Article of the Articles of Incorporation of Figaro Coffee Group, Inc., to read as follows:

"**SEVENTH**: That the authorized capital stock of the corporation is **ONE BILLION THREE HUNDRED FORTY MILLION PESOS (Php1,340,000,000.00)** Philippine currency, and said capital stock is divided into **(a) Php1,155,000,000.00 worth of common shares consisting of 11,550,000,000 common shares with par value of Php0.10 per share; and (b) Php185,000,000.00 worth of preferred shares consisting of 9,250,000,000 preferred shares with par value of Php0.02 per share**.

"The Board of Directors of the Corporation shall determine: (a) the features of the preferred shares (whether voting or non- voting) at each issuance of preferred shares, (b) the frequency of issuance of preferred shares (which may be issued in one or more series), (c) the preference as to redemption, dividends and other preferences for each issuance of preferred shares. The preferred shares shall not have any pre-emptive rights over other issuances or re-issuance of preferred or common shares."

In the 11 May 2023 meeting of the Board of Directors, Mr. Liu noted that the following resolutions were approved by the Board of Directors:

"**RESOLVED, AS IT IS HEREBY RESOLVED**, that to support the increase in the authorized capital stock of the Corporation, the Corporation hereby approves the issuance of the first series of the preferred shares to be designated as Preferred Shares Series 2023-1;

"**RESOLVED FURTHER**, that the Corporation hereby approves that the Preferred Shares Series 2023-1 shall have the following features:

1. Holders of Preferred Shares Series 2023-1 shall have voting rights;
2. Preferred Shares Series 2023-1 shall earn cumulative dividends at a rate of 1% per annum of the subscription price;
3. Preferred Shares Series 2023-1 shall have no pre-emptive rights;
4. Preferred Shares Series 2023-1 shall be non-participating; and
5. Preferred Shares Series 2023-1 shall be redeemed at the discretion of the Issuer, through its Board of Directors.

"**RESOLVED, FURTHER**, that the Corporation hereby approves the subscription of and issuance to, **Camerton, Inc.** of Eight Billion Five Hundred Million (**8,500,000,000**) Preferred Shares Series 2023-1 of the Corporation at the **subscription price** of **Two Centavos (PHP 0.02)** per share or for a total subscription price of One Hundred Seventy Million Pesos **(PHP170,000,000.00)**, with an **initial paid-up amount** of Forty Two Million Five Hundred Thousand Pesos **(PHP42,500,000.00)** in cash;

"**RESOLVED FINALLY**, that the Corporation's authorized representative/s, Justin T. Liu, Divina Gracia G. Cabuloy, and Sigrid Von D. De Jesus, acting singly be hereby authorized to:
(a) sign and deliver the subscription agreement with Camerton, Inc.;
(b) determine other terms of the share issuance to Camerton, Inc.;
(c) instruct the recording and issuance of shares upon full payment of the subscription price; and
(d) perform such acts and deeds as may be necessary to implement the foregoing resolution."

Subsequently, there was a proposal, as noted by Mr. Liu, to have the foregoing matters approved and adopted by the stockholders.

Stockholders stockholders owning or representing 4,096,433,299 shares equivalent to approximately 74.91%, or at least two-thirds of the entire outstanding voting stock of the Corporation voted in favor of, and approved the amendment to the Articles of Incorporation of the Corporation.

VII. OTHER MATTERS

The Chairman noted that there were no other matters which the stockholders seek to be addressed. Mr. Liu stated that, if there are questions on the part of any stockholder, an email may be sent to fcgasm_info@figaro.ph and the Company will endeavor to answer the questions via email.

VIII. ADJOURNMENT

There being no other matters to be discussed, the meeting was, upon motion made and duly seconded, adjourned.

Certified Correct:

LOWELA L. CONCHA
Corporate Secretary

Attested by:

JUSTIN T. LIU
Chairman

Minutes Read and Approved:

MICHAEL STEPHEN T. LIU	**BRIAN GREGORY T. LIU**
DIVINA GRACIA G. CABULOY	**SIGRID VON D. DE JESUS**
MICHAEL T. BARRET	**SENEN L. MATOTO**
CORAZON P. GUIDOTE	**HECTOR R. VILLANUEVA**
JOSE PETRONIO VICENTE D. ESPAÑOL III	**MARILOU R. ROCA**

ANNEX A
LIST OF AUTHORIZED SIGNATORIES

Justin T. Liu *Chairman*	
Divina Gracia G. Cabuloy *President and Chief Executive Officer*	
Sigrid Von D. De Jesus *Chief Compliance Officer / Assistant Corporate Secretary*	