



SEC eFast Initial Acceptance

1 message

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

Fri, Apr 10, 2026 at 1:33 PM

Dear **METRO RETAIL STORES GROUP, INC.** Doing business under the name and style of the following business names: 1. The Metro Gaisano 2. Metro Gaisano Pharmacy 3. Metro Gaisano Cafe 4. Super Metro Gaisano 5. Metro Ayala Center 6. Metro Plaza Store - Toledo 7. Metro Gaisano Express Mart 8. Tita Gwapa Supertinda 9. Metro Gourmet Dining 10. Metro Fresh 'n Easy 11. Metro Wholesalemart 12. Metro Market Market Department Store & Supermarket 13. Metro Alabang Department Store & Supermarket 14. Metro Hi-Per 15. Metro Gaisano Market 16. Metro Legazpi Dept. Store & Supermarket 17. Metro Lucena Department Store & Supermarket 18. Metro Angeles City Department Store & Supermarket 19. Metro Angeles City Pharmacy,

Greetings!

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

SEC Registration No: CS200315877**Company Name:** METRO RETAIL STORES GROUP, INC. Doing business under the name and style of the following business names: 1. The Metro Gaisano 2. Metro Gaisano Pharmacy 3. Metro Gaisano Cafe 4. Super Metro Gaisano 5. Metro Ayala Center 6. Metro Plaza Store - Toledo 7. Metro Gaisano Express Mart 8. Tita Gwapa Supertinda 9. Metro Gourmet Dining 10. Metro Fresh 'n Easy 11. Metro Wholesalemart 12. Metro Market Market Department Store & Supermarket 13. Metro Alabang Department Store & Supermarket 14. Metro Hi-Per 15. Metro Gaisano Market 16. Metro Legazpi Dept. Store & Supermarket 17. Metro Lucena Department Store & Supermarket 18. Metro Angeles City Department Store & Supermarket 19. Metro Angeles City Pharmacy**Document Code:** SEC_Form_17-A

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

Thank you.

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

REMINDER:

TO ALL FILERS OF REPORTS IN THE e-FAST

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

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

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COVER SHEET

SEC Registration Number

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COMPANY NAME

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I	N	C	.			A	N	D		S	U	B	S	I	D	I	A	R	Y											

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

V	I	C	S	A	L		B	U	I	L	D	I	N	G	,		C	O	R	N	E	R		O	F		C	.	D	
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Form Type

1	7	-	A
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Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

N	/	A
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COMPANY INFORMATION

Company's Email Address <div style="border: 1px solid black; padding: 5px; text-align: center;"> vicsal.sec @metroretail.ph </div>	Company's Telephone Number <div style="border: 1px solid black; padding: 5px; text-align: center;"> (032) 236-8390 </div>	Mobile Number <div style="border: 1px solid black; padding: 5px; text-align: center;"> N/A </div>
No. of Stockholders <div style="border: 1px solid black; padding: 5px; text-align: center;"> 25 </div>	Annual Meeting (Month / Day) <div style="border: 1px solid black; padding: 5px; text-align: center;"> First Friday of May </div>	Fiscal Year (Month / Day) <div style="border: 1px solid black; padding: 5px; text-align: center;"> December 31 </div>

CONTACT PERSON INFORMATION

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

Name of Contact Person <div style="border: 1px solid black; padding: 5px; text-align: center;"> Lucille S. Malazarte </div>	Email Address <div style="border: 1px solid black; padding: 5px; text-align: center;"> Lucille.malazarte @metroretail.ph </div>	Telephone Number/s <div style="border: 1px solid black; padding: 5px; text-align: center;"> (032) 236-7793 </div>	Mobile Number <div style="border: 1px solid black; padding: 5px; text-align: center;"> N/A </div>
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CONTACT PERSON'S ADDRESS

Vicsal Bldg., corner of C.D.Seno & W.O. Seno Streets, Guizo, North Reclamation Area, Mandaue City, Cebu
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NOTE 1 : In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

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

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A, AS AMENDED**

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

1. For the fiscal year ended

Dec 31, 2025

2. SEC Identification Number

CS200315877

3. BIR Tax Identification No.

226527915000

4. Exact name of issuer as specified in its charter

METRO RETAIL STORES GROUP, INC.

5. Province, country or other jurisdiction of incorporation or organization

CEBU, PHILIPPINES

6. Industry Classification Code (SEC Use Only)

7. Address of principal office

VICSAL BLDG. CORNER C.D. SENO AND W.O. SENO STS. GUIZO, NORTH RECLAMATION AREA, MANDAUE CITY Postal Code6014

8. Issuer's telephone number, including area code

(032) 236 8390

9. Former name or former address, and former fiscal year, if changed since last report

N/A

10. Securities registered pursuant to Sections 8 and 12 of the SRC 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	3,235,091,000

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



Yes



No

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

PHILIPPINE STOCK EXCHANGE, INC. - COMMON SHARES

12. Check whether the issuer:

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

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

Yes

No

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

Yes

No

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

651,875,965

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

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

Yes

No

DOCUMENTS INCORPORATED BY REFERENCE

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

(a) Any annual report to security holders

N/A

(b) Any information statement filed pursuant to SRC Rule 20

N/A

(c) Any prospectus filed pursuant to SRC Rule 8.1

N/A

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PART I BUSINESS AND GENERAL INFORMATION

Item 1 Business

(A) Business Development

We are one of the leading retail companies in the Philippines and in the Visayas - one of the fastest-growing geographic regions in the country. We opened our first store in Cebu City in 1982 and have steadily grown to become a market leader in the Visayas. After focusing on stability and growth during the first two decades of our operations, we started to open stores outside of the Visayas, beginning with the opening of our department store and supermarket in Legazpi City in 2001, followed by the opening of our department store and supermarket in Lucena City in 2003 and by the opening of our department store and supermarket at Metro Market! Market! at the Bonifacio Global City in Taguig in Metro Manila in 2004.

As of end of 2025, we had a total of eleven (11) stores in Metro Manila and fifteen (15) stores in other parts of Luzon with a total net selling space of approximately 115,000 sqm.

In addition, we have a total of fifty-four (55) stores in the Visayas, with a total net selling space of approximately 163,000 sqm. This brings our total store count in the Philippines to eighty-one (81), with a total net selling space of 278,000 sqm.

(B) Business of Issuer

1. Description of registrant

a. Principal products and Services

The Company operates through the following retail formats and are located in strategic locations in densely populated cities or municipalities:

Supermarket

Our supermarket business is operated under multiple brand names “Metro Supermarket”, “Metro Market”, “Metro Fresh N Easy”, and “Metro Value Mart” which we refer to collectively herein as “Metro Supermarket.” The Metro Fresh N Easy and Metro Value Mart brand names are used for our smaller scale supermarkets serving as neighbourhood stores.

Metro Supermarket opened its first supermarket, Gaisano Metro Department Store and Supermarket, in Cebu City in 1982 and currently operates 51 supermarkets in the Visayas, Metro Manila, and the rest of Luzon. As of end of 2025, Metro Supermarket had a total net selling space of approximately 71,414 sqm and an average net selling space of 1,428 sqm.

Department store

We started our retail business with the opening of Gaisano Metro Department Store and Supermarket in Colon, Cebu City in 1982. Our department stores are now operated under the “Metro Department Store” brand name.

As of 2025, we had 18 department stores in strategic locations throughout the country, with a total net selling space of approximately 163,943 sqm and an average net selling space per store of 9,107 sqm.

Hypermarket

Our hypermarket retail format is operated under the name “Super Metro.” Our hypermarkets are a hybrid between our supermarkets and department stores, providing a broad assortment of basic everyday products at value prices. We opened our first hypermarket in 2011 and we currently operate 12 hypermarkets in key cities throughout the country with a total net selling space of approximately 42,374 sqm and an average net selling space of 3,531 sqm. Our hypermarkets are supported by the same distribution centers as our supermarkets and department stores.

Target Market

Metro Supermarket primarily targets low to middle-income consumers and offers suitable car parking facilities to accommodate customers who travel to stores by car and also locates its stores in areas close to main transportation hubs. Its customers include individuals, institutional customers and resellers. We are not dependent on any single customer in our supermarket business.

Metro Department Store primarily targets low to middle-income consumers and strategically adjusts its product mix within different stores to account for variances in local income levels and customer demographics. Metro Department Store offers suitable car parking facilities to accommodate customers who travel to stores by car and also locates its stores in areas close to main transportation hubs. We are not dependent on any single customer in our department store business.

Super Metro hypermarkets target end consumers, including retail customers and wholesalers, in locations beyond the reach of typical modern supermarkets and department stores. Super Metro targets primarily low to middle-income retail customers. Super Metro hypermarkets also sell to resellers, including small to medium sari-sari stores, restaurants, bakeries, convenience and drug stores. We are not dependent on any single customer in our hypermarket business.

Metro Rewards Card – In 2006, the Company launched the Metro Rewards Card (MRC), a loyalty card allowing its members to redeem accrued points across all stores and all formats. The MRC is a powerful tool in knowing and increasing loyalty among our customers. As of end 2025, the Company has over a million MRC members on record.

Foreign Sales

The Company has no record of foreign sales as it is not exporting any of its merchandise abroad.

b. Distribution methods

We have a total of 14 warehouses nationwide (3 in Luzon and 11 in Visayas) which serve as a storage and cross docking facility for department store and supermarket items. All the warehouses are currently managed in-house. Each warehouse is equipped with racking, material handling equipment, and enabled by ORACLE warehouse management system. Our processes are compliant with Good Warehouse and Distribution Practices. Our people are professionals certified to run the facility. We also provide other services such as piece picking, kitting and assembly as requested by merchandising and store operations. Our operations are safe and compliant with the best practices on warehousing and distribution.

We use major shipping lines to transport products from one warehouse to another between Luzon and Visayas.

Our key strategic initiatives are as follows in order to:

1. Support our network expansion, we have put in place one Distribution Center (“DC”) in Laguna to accommodate all the demand for warehousing and logistics requirements in Luzon stores which went live in the first quarter of 2024. The DC will cover both storage and cross docking operations for dry, chilled, cold and fresh operations;
2. Support our campaign on End to End Supply Chain Food Safety promise to our consumers we will continue to implement a food safety program to suppliers (Good Agricultural and Manufacturing Practices), to warehouses & transport (Good Warehouse and Distribution Practices) unto our stores (Good Retail Practices) consistent with the internal standards of Codex Alimentarius. MRS GI has received Good Manufacturing Practice (GMP) and Hazard Analysis and Critical Control Points (HACCP) certification for four (4) of our supermarkets – Metro Alabang Town Center, Metro Ayala Center Cebu, Metro Market! Market! and Metro Mandaue. We will continue to obtain and renew aforementioned certifications to uphold health and food safety for our customers.
3. Support our sales target through product availability, we will further demonstrate breakthrough performance with regards to our ability to service store orders on time, in full, right quality and no documentation errors. We will support our institutional customers with the fit-for-purpose distribution model that they will require, and will implement omni-channel strategy to keep up with the fast rising preference of our customers for online shopping;
4. Support our profit targets through putting in place productivity programs to be able to handle more products with lesser resources required, and drive cost saving initiatives in controllable operating expenses of the operations. Furthermore, we will ensure inventory record accuracy and minimize shrinkages in our operations.

c. New products and services

Adapting to the more digitally transformed retail space, MRS GI accelerated its e-commerce initiatives and further developed its digital assets. The Company launched shopmetro.ph, which serves as the online platform for both its Supermarket and Department Store and allows shoppers to have their orders delivered at their doorstep. In terms of mobile commerce, MRS GI offers Call-Text-Viber (CTV) service that enables its customers to easily reach out their preferred Metro store and order groceries and other essentials all at the safety of their homes. These digital offerings complement the Company's existing core business of department store, hypermarket, supermarket and ancillary businesses (pharmacy, bakery, food avenue, and leasing).

d. Competition

The Philippine food retail market has become increasingly competitive in recent years. We compete with both traditional stores and modern retail operators, including hypermarkets, supermarkets, convenience stores and local grocery stores, on the basis of location, shopping experience, presentation, price, supply chain and additional benefits such as loyalty programs. SM Retail; Robinsons Retail Holdings, Inc.; and Puregold Price Club, Inc. are among the top supermarket competitors in terms of retail sales value. Each of these retail chains has an established presence in the Philippines and continues to open supermarkets in the same cities, and often in the same neighborhood, where we have opened or intend to open our supermarkets. International brands such as Landers, with local partners operating stores in larger metro areas have recently begun to present a new source of competition.

We believe that Metro Supermarket’s differentiators are our prices and our product assortment. We believe that we are able to provide all of the basic goods that our consumers expect while continuing to be competitive in pricing in every region that we operate in. Additionally, our strength in product assortment, particularly in non-food products with higher margins, help us compete with other retailers

of food products. We believe that our prices and assortment, coupled with a best-in-class customer shopping experience, set us apart from our competitors.

The Philippine department store industry is dominated by a few top operators. SM Retail, Robinsons Retail Holdings, Inc., Landmark, and Gaisano Grand are among the top competitors in terms of retail sales value. Metro Department Store competes with major department store operators on the basis of location, product assortment, brand recognition, store image, presentation, price, understanding of market demand and value-added customer services. Each of the competing department store chains has an established presence in the Philippines and is continuing to open department stores in the same cities, and often the same neighborhood, where Metro Department Store has opened or intends to open its department stores.

Super Metro competes primarily with traditional stores and other modern retail operators, including other hypermarkets, supermarkets, convenience stores and local grocery stores. Puregold Price Club, Inc., SM Retail, Super8, and Prince Warehouse Club, Inc. are among the top hypermarket competitors in terms of retail sales value. These competitors, like Super Metro, are associated with larger brands that have an established presence in the Philippines.

We believe that Super Metro's key competitive strength is its ability to rely on our group's deep experience in providing retail services to the lower- to middle-income consumers. Cost-saving measures implemented in our existing operations are easily transplanted to the Super Metro platform, enabling us to maintain our status as a price leader in the hypermarket market. Additionally, our focus on basic everyday necessities further reduces our costs by allowing us to source more products from fewer suppliers.

e. Suppliers

With over 1,600 regular suppliers in 2025, Metro Supermarket's supplier base is diversified between local suppliers such as Monde Nissin Corporation and Universal Robina Corporation, and multinational corporations such as Nestle Philippines Inc., Unilever Philippines, Inc., and Procter & Gamble Philippines, Inc. Metro Supermarket's top five suppliers together accounted for approximately 22% of its net sales in 2025. For smaller local suppliers, Metro Supermarket seeks to partner with the best suppliers in each region in which it operates. We believe that our supermarket business as a whole is not dependent on any single supplier.

Metro Department Store maintains close relationships with its concessionaires and suppliers for its outright sales to ensure that it is able to continuously offer a broad range of merchandise. The concessionaires that carry competitive brands with a complete assortment of merchandise are generally placed in areas visually supported by graphics and unique fixtures, while suppliers of direct-sale merchandise are used to complete our product assortment and provide product differentiation.

With over 1,200 regular suppliers in 2025, Metro Department Store's supplier base includes suppliers such as Finden Technologies Inc., Skies Merchandise Sales Corporation, Elite Sales Force International Inc., Atlas Home Products, Inc., and TCL Sun Inc. Metro Department Store's top five suppliers together accounted for approximately 13% of its net sales in 2025. We believe that our department store business as a whole is not dependent on any single supplier.

Super Metro's supplier base is the same as that of our supermarkets and department stores. Nestle Philippines, Inc., Monde Nissin Corporation, Unilever Philippines, Inc., Universal Robina Corporation, and Procter & Gamble Philippines Inc. are among the biggest suppliers of our hypermarket retail format. Super Metro's top five suppliers together accounted for approximately 20% of its net sales in 2025. We believe that our hypermarket business as a whole is not dependent on any single supplier.

f. Dependence upon single/few supplier/customer

MRSGL is not dependent on any single supplier. The Company's top five (5) suppliers accounted for approximately 16% of its net sales in 2025. The Company does not rely on a single or a few customers for its retail business.

g. Transaction with related parties

In the ordinary course of our business, we engage in transactions with related parties and affiliates. On March 16, 2016, MRSGL adopted its Policy on Related-Party Transactions to ensure that these transactions are entered into at arm's length on terms no less favorable than terms available to any unconnected third party under the same or similar circumstances.

On September 5, 2019, MRSGL further adopted its Amended Policy on Related Party Transactions in Compliance to SEC Memorandum Circular 10 series of 2019.

We have the following major transactions with related parties:

- We entered into lease agreements with Vicsal Development Corporation ("VDC") for the Company's store space and warehouses. As part of the spin-off of the retail business to Metro Retail Stores Group, the land and structures which used to be owned by VDC remained with the parent company. Rent expenses followed benchmarks based on market guidance from an independent party adviser.
- We have short-term non-interest bearing payables/receivables from VDC in the normal course of business pertaining to intercompany recovery of expenses and trade-related transactions.
- In 2016, we entered into a service agreement with VDC for VDC to provide legal and operations strategy services to the Company.
- In the normal course of business, we ordinarily purchase goods and services from our related parties with the following nature of transactions:
 - Purchases of imported goods and store and office equipment from Cornerstone Diversified Goods Trading, Inc.
 - Concession purchases from Beneluxe Trading Corporation, which engages in the watch and jewelry business.
 - The use of logistical services provided by Cargo Bayan Inc. and Bayan Movers Logistics, Inc.
 - Travel ticketing and booking services from Grand Holidays, Inc.
 - Supply of goods and services to malls operated by Pacific Mall Corporation.
- We have entered into lease arrangements for store space with our related parties, including Beneluxe Trading Corporation and Wealth Development Bank Corporation
- We are parties to perpetual trademark licensing agreements with our affiliates, Metro Value Ventures, Inc. (formerly: "Taft Property Group, Inc.") and VDC, for a nominal fee.
- We have cash placements and bank accounts with Wealth Development Bank Corporation which earn interest based on prevailing market interest rates.

h. Trademarks/Tradenames

Effective August 1, 2014, we had perpetually licensed from Metro Value Ventures, Inc., a related party, the use of the following registered trade names or trademarks and devices used to identify our stores, including "Metro and Device", "Metro Gaisano", "Metro Ayala", "Metro Market Market", "Super Metro Gaisano", "Metro Fresh 'n Easy", "Metro Pharmacy", "Metro Legazpi", "Metro

Lucena”, “Express Mart by Metro”, “Metro Wholesale Mart”, “Metro Gourmet”, “Metro Tropical Delights”, “Metro Market”, “Tita Gwapa Metro Supertinda” and “Metro Hi-Per.” Effective August 1, 2014, we also perpetually licensed from Metro Value Ventures, Inc. the use of the following trade names or trademarks and devices, which are registered or covered by pending applications for registration, for: “Blue Camp”, “Red Bears”, “Nicole”, “Junior Shop”, “Young Teens”, “Kiddies”, “Blue Camp & Device”, “Young Teens Collection & Device”, “Cozy”, “McKenzie & Jones”, “Soft Impressions”, “Firenze”, “Metro Living”, “Regal Comfort”, “Main Course”, “Metropolitan”, “Ms’tique”, “Swiss Precision”, “Stylized Casadei”, “MA.CO”, “Follie”, “Mei Wei”, “South Sea”, “Pure Soft”, “Pure Max”, “Pure Joy”, “Lakas”, “West Coast”, “Best Harvest”, “Q Premium Cebu’s Best Lechon & Device”, “Q Premium”, “Q Premium Carcar’s Best Chicharon”, “West Coast Ice”, “Savers Select”, “M Copies”, “Chum Girls”, “Mirabella”, “Cover Girl”, “Natural Clothing”, “Le Chateau”, “Eddy & Emmy”, “Metro Café”, “Nautilus”, “Christian Ferre”, “Nina Botticelli”, “Marquise”, “Vicenza Silver Collection” and “Metro Ware.” We pay Taft Property Group, Inc (formerly Metro Value Ventures, Inc.) an annual fee of P10,000.00 per trade name or trademark per year or a total of P770,000.00 as consideration for the full and complete use of the foregoing trade names and trademarks, which fee may be adjusted upon the mutual consent of both parties.

As of August 1, 2014, we had also perpetually licensed the use of the registered trade names or trademarks and their devices for “Suisse Cottage”, “Karen Kay”, “Street Code”, “Roaster Chef Grill” and “Fiesta sa Sugbo Restaurant” from Vicsal Development Corporation. We pay Vicsal Development Corporation an annual fee of ₱10,000.00 per trade name or trademark per year or a total of ₱50,000.00 as consideration for the full and complete use of the foregoing trade names and trademarks, which fee may be adjusted upon the mutual consent of both parties.

i. Government approvals

The Company has obtained, applied for, or is in the process of applying or renewing all material permits and licenses from national and local government units and other government units required to conduct its business. The Company expects to obtain these permits and licenses in the ordinary course.

j. Effect of existing governmental regulations

In the conduct of its operations, the Company is subject to the following laws and regulations: a) The Retail Trade Liberalization Act; b) The Philippine Competition Act; c) The Food, Drug and Cosmetics Act; d) The Consumer Act; e) The Meat Inspection Code; f) The Price Act; g) The Food Safety Act; h) The Comprehensive Dangerous Drugs Act; i) The Pharmacy Law; j) The Generics Act; and k) Philippine Labor Laws; (l) Expanded Senior Citizen Act of 2010; (m) Intellectual Property Code of the Philippines; (n) Articles on Quasi-Delicts of the Civil Code; and (o) Other pertinent laws.

k. Cost and effect of compliance and environmental laws

The Company is subject to various laws relating to environmental matters. In particular, the Company is required to obtain an Environmental Compliance Certificate (ECC) and/or Certificate of No Coverage (CNC) during the construction and development of commercial establishments such as malls, supermarkets and public markets, fast food and restaurants. The ECC is required when the total store area (including parking) exceeds 10,000 sqm. Where the total store area is equal to or less than 10,000 sqm, the operators of commercial establishments may obtain a CNC pursuant to Presidential Decree No. 1586.

For company-built store buildings, the Company has obtained CNCs for Metro Canduman and Metro Sum-ag, while ECCs were obtained for Metro Tacloban and Metro Baybay.

For stores on lease arrangement, the Company secured CNCs for Metro Maasin, Super Metro Naga and Metro Fresh ‘N Easy Banilad in compliance with additional requirements mandated by the Department of Environment and Natural Resources or Local Government Units.

For other existing stores, ECCs and CNCs were obtained by the respective Lessors.

In addition to the foregoing, the Company is also subject to Ecological Solid Waste Management Act of 2000 (Republic Act No. 9003), The Clean Air Act of 1999 (Republic Act No. 8749), and the Philippine Clean Water Act of 2004 (Republic Act No. 9275).

The following table sets out the number of our employees as of December 31, 2025.

Store Operation	5,551
Warehouse Operation	443
Corporate	772
Total	6,766

We believe that we have a good relationship with our employees. We have always placed a high value on retention, as demonstrated by the fact that approximately 19% of our regular employees have been with the Company for at least 10 years.

I. Risks Related to Our Business

We may face increased competition from other retail companies in the Philippines.

The retail industry in the Philippines is highly competitive. The intensity of the competition in the Philippine retail industry varies from region to region, but Metro Manila is generally considered to be the most competitive market in the Philippines. The Province of Cebu and Metro Manila are two of our largest markets in terms of net sales. We compete principally with national and international retail chains in the Philippines, such as Robinsons Retail, SM Retail, Puregold, AllDay, AllHome, Wilcon, and Mercury Drug, among others. We also compete with retail stores operated by members of the broader Gaisano family. Each of these competitors competes with us on the basis of product selection, product quality, acquisition or development of new brands, customer service, price, store location or a combination of these factors. We anticipate competition from new market entrants and joint partnerships between national and international operators.

In addition, some of our competitors are also aggressively expanding their number of stores or their product offerings. Some of these competitors may have been in business longer or may have greater financial, distribution or marketing resources than us and may be able to devote greater resources to sourcing, promoting and selling their products. There can be no assurance that we will be able to compete successfully against current competitors or new entrants. Additionally, while we have a location advantage in certain underpenetrated regions of the Philippines, this advantage may decrease as our competitors expand or new entrants enter such regions. As competition in certain areas intensifies or competitors open stores within close proximity to our stores, our results of operations may be negatively impacted through a loss of sales, reductions in margins from competitive price changes or greater operating costs.

Competitive pressures, including those arising in connection with our expansion strategy, may have an adverse effect on our business, financial condition and results of operations.

Our future store openings may not be successful, and our existing stores may not be able to continue to benefit from the current favorable retail environment.

A significant part of our expansion strategy entails the opening of new stores in suitable locations in various areas of the Philippines, including in areas where we do not currently have a presence. There can be no assurance that we will be able to identify and procure suitable sites for our new stores. As of end of 2025, we had fifteen (15) stores in third-party malls. There can be no assurance that these companies will continue to grow at a rate that is consistent with our planned rate of growth. In addition, there can be no assurance that we will continue to be able to obtain “anchor tenant” status or spaces in new malls or township projects, on terms acceptable to us or at all. Generally, because of its ability to draw more customers to a particular shopping center, an anchor tenant has more flexibility in negotiating the terms of its lease contract. Due to the increased competition for desirable store sites, we may not be able to lease appropriate real estate for our new store locations, on terms and conditions acceptable to us or at all.

There is also no assurance that our new stores will be successful or profitable. While we initially focused our business in the Visayas, we have gradually expanded into other regions. Expansion into new geographical areas will also expose us to additional operational, logistical and other risks. We may find it difficult to obtain regulatory or local government approvals for our new stores in these areas due to differences in local requirements and processes. We may also experience difficulty in building our “Metro Supermarket” and other brand names in these new areas. Our proposed expansion will also place increased demands on our managerial, operational, financial and administrative resources. We may, for example, experience supply, distribution, transportation or inventory management difficulties due to our lack of familiarity with the suppliers, distribution network, third-party vendors and transportation systems in these new geographical areas. Any difficulties we experience with respect to developing our business operations in new geographical areas may materially and adversely affect our business, financial condition and results of operations.

In addition, there can be no assurance that our existing stores will be able to operate on a profitable basis if the current retail environment becomes less favorable to us. The surrounding environment of our existing stores may also change in terms of consumer demographics, or in terms of store mix, as different businesses move in or out of the surrounding areas. There can be no assurance that we will have the flexibility to move our existing store locations or to modify our existing stores in response to changes in the surrounding environment and to changes in market and consumer preferences. If we fail to predict and respond to changes in the retail environment, our business, financial condition and results of operation may be materially and adversely affected.

We are exposed to inventory risks.

Outright sales accounts for approximately 74% and 75% of our net sales for the year ended December 31, 2025 and 2024, respectively. Our focus on outright sales exposes us to increased inventory risk, which includes inventory losses due to obsolescence, theft, pilferage, spoilage, and other damage. For products sourced for outright sales, we bear all risks and costs of inventory management, including shrinkage losses due to a discrepancy between our inventory based on a physical count and the amounts generated by our inventory system. If we fail to properly manage our inventory in relation to outright sales, we may suffer lower inventory turnover, which could have an adverse effect on our business, financial condition and results of operations.

The success of our business depends in part on our ability to develop and maintain good relationships with our current and future outright sales suppliers and concessionaires.

We derive approximately 99% of our revenue in 2025 from outright sales and sales of concession products, and our success depends on our ability to retain existing suppliers and concessionaires, and attract new suppliers and concessionaires on terms and conditions favorable to us. The sourcing of our products is dependent, in part, on our relationships with our suppliers. We have long-standing working relationships with a broad range of national and multinational suppliers across all of our retail formats. If we are unable to maintain these relationships, or if we lose suppliers for any reason, we may not be

able to continue to source products at competitive prices that both meet our standards and appeal to customers. Our five largest suppliers accounted for approximately 16% of our net sales for 2025. The loss of any one of these major suppliers would have an adverse effect on our sales.

We obtain deals, discounts, and rebates from suppliers, which allow us to maintain our competitive pricing. Should changes occur in market conditions or our competitive position, we may not be able to maintain or negotiate adequate support, which could have an adverse effect on our business, financial condition and results of operations.

If we are unable to maintain good relationships with our existing suppliers and concessionaires, or if we are unable to develop and maintain new supplier and concessionaire relationships, we will be unable to carry merchandise and products that are in demand and can generate profit for us. Furthermore, if any of our outright sales suppliers or concessionaires changes its distribution methods, we may experience a disruption in our product supply. As a result, our market positioning, image and reputation may be adversely affected, and our revenue and profitability may be impaired.

We rely significantly on distributors, service providers and the distribution networks of our multinational suppliers for our logistics requirements.

We rely significantly on distributors, third-party service providers and the distribution networks of our multinational suppliers for transportation, warehousing and delivery of products to our stores. The majority of our merchandise is delivered to our distribution centers from our suppliers by third-party service providers. Any deterioration in the relationships between distributors and third-party service providers or other changes relating to these parties, including changes in supply and distribution chains, could have an adverse effect on our business, financial condition and results of operations.

In addition, there can be no assurance that we will be able to effectively coordinate our logistics strategy to the degree necessary for the realization of our growth plans. As we continue to expand, we will need to ensure that we are able to secure efficient distributors and service providers for our stores to be opened in new locations.

We may experience difficulty in implementing our growth strategy.

Our growth depends on the execution of our strategy to continue establishing and successfully operating stores in new locations in the Philippines. There are a number of factors affecting our ability to implement our growth strategy, including, among others:

- favorable economic conditions and regulatory environment;
- our ability to identify suitable sites for store locations;
- our ability to lease appropriate real estate for store locations;
- our ability to bear the increase in logistics costs when regional expansion occurs;
- our ability to open new stores in a timely manner;
- our ability to introduce new brands to the market;
- our ability to continue to attract customers to our stores;
- our ability to maintain the scale and stability of our information technology systems to support our current operations and continuous business growth;
- the hiring, training and retention of skilled store personnel;
- the identification and relocation of experienced store management personnel;
- the effective management of inventory to meet the needs of our stores on a timely basis;
- the availability of sufficient levels of cash flow or necessary financing to support our expansion; and

- our ability to successfully address competitive merchandising, distribution and other challenges encountered in connection with expansion into new geographic areas and markets.

If we fail to successfully implement our growth strategy due to the absence of, or our inability to carry out, any of the above mentioned factors, or otherwise, our business, financial condition and results of operations may be materially and adversely affected.

In addition, if we are unable to successfully manage the potential difficulties associated with store growth, we may not be able to capture the scale efficiencies that we expect from expansion. If we are unable to continue to capture scale efficiencies, improve our systems, continue our cost discipline and enhance our merchandise offerings, we may not be able to achieve our goals with respect to operating margins. Furthermore, if we do not adequately refine and improve our various ordering, tracking and allocation systems, we may not be able to increase sales or reduce inventory shrinkage, which may also cause our operating margins to stagnate or decline.

We lease all of our store premises and we may not be able to continue to renew these leases or to enter into new leases in favorable locations on acceptable terms and conditions.

As of 2025, we leased all of our net selling space and all of our distribution centers. Approximately 11% of our sites are leased from related parties and 89% are leased from third parties. There is no assurance that we will be able to renew our leases on acceptable terms and conditions or at all upon their expiry. Leases of store premises in large shopping centers may not be available for extension because landlords may decide to change tenants for better commercial arrangements. There is no assurance that we will be able to enter into such new agreements with third parties on terms and conditions that are acceptable to us or at all, and our failure to do so may materially and adversely affect our business, financial condition and results of operations.

Moreover, if rent prices increase significantly throughout the Philippines, or in a particular region, it may cease to be economical to lease stores and we may have to discontinue operations at some of our stores. Any inability to renew leases as they expire or acquire new leases in other favorable locations and sites on acceptable terms and conditions, termination of the existing leases, or revision of the terms and conditions of leases to our detriment may have an adverse effect on our business, financial condition and results of operations. Further, a number of our landlords are normally granted the right to terminate the leases for cause prior to their expiration. In the event that any of our leases are terminated for any reason prior to their expiration, we will need to either close our operations at such locations or relocate to alternative premises. Relocation of any of our operations may cause disruptions to our business and may require significant expenditure, and we cannot assure that we will be able to find suitable premises on acceptable terms and conditions or at all in a timely manner.

Product liability claims in respect of defective goods sold in our stores and food safety and food-borne illness concerns could adversely affect our reputation and our financial prospects.

Our business involves an inherent risk of product liability, product recall, adverse publicity and exposure to public liability claims. We do not currently have any product liability insurance and will therefore be subject to the full amount of any product liability we may incur. Although each of our concessionaires and suppliers provides us with a written indemnity covering the full extent of any third-party liability we incur through their operations and sales in our stores, there is no assurance that we will be successful in obtaining such indemnity payments or that the indemnity payments will fully cover all of our costs associated with the original liability. Furthermore, under the Consumer Act, we, as a seller, distributor or importer, may be subject to sanctions for goods not in conformity with applicable consumer product quality or safety standards. If we are found responsible for damage caused by defective goods sold in our stores, the reputation of our stores may be adversely affected. This could lead to erosion of consumer confidence in our brands and a subsequent reduction in sales.

Such an event would be likely to have an adverse effect upon our business, financial condition, results of operations and prospects.

Preparation, packaging, transportation, storage and sale of fresh and freshly prepared food products and non-food products entail the inherent risk of product contamination, deterioration or defect, which could potentially lead to product recalls, liability claims and adverse publicity. Food and non-food products may contain contaminants that could, in certain cases, cause illness, injury or death. Any shipment or sale of contaminated, deteriorated or defective products may be grounds for a product liability claim or product recall. The risks of product liability claims or product recall obligations are particularly relevant in the context of our sales of freshly prepared food products. Although our suppliers bear the risk of product liability claims, we could incur adverse publicity through our association with such claims, which could have an adverse effect on our business, financial condition and results of operations.

As a means of fulfilling some of our labor requirements, a significant portion of our workforce is outsourced through third-party manpower agencies. Outsourcing carries with it certain inherent risks including potential litigation from the employees of our third-party manpower service providers who may claim an employer-employee relationship with us; and the risk that the current arrangements we currently have in place are later on found by the Department of Labor and Employment to be “labor-only contracting” which would have the consequence of effectively making us the employer of the relevant employees and thus, obliging us to extend to the relevant employees the same salaries and benefits we extend to our regular employees, which could have a significant impact on our labor costs. As the principal in the outsourcing arrangement, we can also be held jointly and severally liable with our third-party manpower service providers to the latter’s employees for unpaid wages for work performed under their respective contracts, or for any violation by our manpower service providers of the provisions of the Labor Code.

We are party to a number of related party transactions.

Certain companies controlled by the VICSAL Group have significant commercial transactions with us, including leases for store spaces and purchases of goods, services and concession activities.

Such interdependence may mean that any material adverse changes in the operations or financial condition of the companies which are controlled by or under common control of the Metro Gaisano Family could adversely affect our results of operations.

We expect that we will continue to enter into transactions with companies directly or indirectly controlled by or associated with the Metro Gaisano Family. These transactions may involve potential conflicts of interest which could be detrimental to us or our shareholders. Conflicts of interest may also arise between the Metro Gaisano Family and us in a number of other areas relating to our businesses, including:

- major business combinations involving us;
- plans to develop our respective businesses; and
- business opportunities that may be attractive to both the Metro Gaisano Family and us.

The Company has a number of related party transactions that have been entered into on an arm’s length basis. However, we have no assurance if the BIR will view these transactions as arm’s length on the basis of its Transfer Pricing Regulations.

We can provide no assurance that our level of related party transactions will not have an adverse effect on our business or results of operations.

Our business and operations are dependent upon key executives.

Our key executives and members of management have greatly contributed to our success with their experience, knowledge, business relationships and expertise. If we are unable to fill any vacant key executive or management positions with qualified candidates, our business, operating efficiency and financial performance may be adversely affected.

Item 2 Legal Proceedings

As of December 31, 2025, neither the Company nor any of its properties is engaged in or a subject of any material litigation, claims or arbitration, including bankruptcy, receivership or similar proceedings, either as plaintiff or defendant, which could be expected to have a material effect on our financial position and we are not aware of any facts likely to give rise to any proceedings which would materially and adversely affect our business or operations.

Item 3 Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders during the year covered by this report.

PART II OPERATIONAL AND FINANCIAL INFORMATION

Item 4 Market for Issuer's Common Equity and Related Stockholder Matters

(A) Principal Market or Markets Where the Registrant's Common Equity is Traded

The Company's common stock is listed in the Philippine Stock Exchange.

The following table shows the high and low prices (in ₱) of the Company's shares in the Philippine Stock Exchange:

		Low	High
January – March (Q1)	2023	1.35	1.44
April – June (Q2)	2023	1.34	1.60
July – September (Q3)	2023	1.14	1.41
October – December (Q4)	2023	1.15	1.27
January – March (Q1)	2024	1.20	1.35
April – June (Q2)	2024	1.18	1.52
July – September (Q3)	2024	1.15	1.29
October – December (Q4)	2024	1.15	1.22
January – March (Q1)	2025	1.16	1.34
April – June (Q2)	2025	1.10	1.34
July – September (Q3)	2025	1.11	1.21
October – December (Q4)	2025	1.10	1.20
January – March (Q1)	2026	1.08	1.24

On March 31, 2026, the Company's shares closed at ₱1.16 per share.

(B) Holders

The number of shareholders of record as of March 31, 2026 was twenty-four (24). As of March 31, 2026, common shares issued were 3,429,375,000. Of these, 3,234,896,000 were outstanding, while 194,479,000 common shares were repurchased by the Company from the market.

List of Stockholders of Record as of March 31, 2026

Rank	Name	Holdings	Rank
1	VICSAL DEVELOPMENT CORPORATION	2,627,427,299	76.62%
2	PCD NOMINEE CORPORATION (FILIPINO)	733,695,294	21.39%
3	PCD NOMINEE CORPORATION (NON-FILIPINO)	43,308,528	1.26%
4	VALUESHOP STORES INC.	24,801,489	0.72%
5	FRANCISCO C. TIU	75,000	0.00%
6	CARLOS CATANGUE CHUA	24,000	0.00%
7	DEWEY CHAN CHOACHUY JR. ITF KATRINA DAWN DIGAMON CHOACHUY	20,000	0.00%
8	PABLO CEBALLOS DIZON	6,000	0.00%
9	MARIO FRITZ B PALILEO	6,000	0.00%
10	VICTOR JAYO ASUNCION	5,000	0.00%
11	JAY C. CORTIÑAS	3,000	0.00%
12	VIRGILIO C. LEGASPI	1,000	0.00%

Rank	Name	Holdings	Rank
13	ARVIN C. LAMPA	1,000	0.00%
14	ELPIDIO S. DU?GO	1,000	0.00%
15	JESUS SAN LUIS VALENCIA	300	0.00%
16	OWEN NATHANIEL S. AU ITF: LI MARCUS AU	78	0.00%
17	FRANK S. GAISANO	2	0.00%
18	EDWARD S. GAISANO	2	0.00%
19	JACK S. GAISANO	2	0.00%
20	MARGARET G. ANG	2	0.00%
21	SHERISA P. NUESA	1	0.00%
22	MEDEL T. NERA	1	0.00%
23	DANIEL RAFAEL RAMON Z. GOMEZ III	1	0.00%
24	JOSELITO G. ORENSE	1	0.00%
	Total Issued Shares	3,429,375,000	100.00%

(C) Dividends

Dividend Policy

Under Section 3 Article VIII of the Company’s Fifth Amended By-Laws, dividends shall be declared and paid out of the unrestricted retained earnings, which shall be payable in cash, property or stock to all stockholders on the basis of outstanding stock held by them, as often and at such times as the Board of Directors may determine and in accordance with law.

On April 13, 2015, our Board of Directors approved and adopted an annual dividend payment ratio of approximately 20% of our net income after tax for the preceding fiscal year, payable in cash, property or shares, subject to the requirements of applicable laws and regulations, and circumstances which restrict the payment of dividends, including but not limited to undertaking major projects and developments which require substantial cash expenditures, or restrictions due to loan covenants.

The Board may, at any time, modify such dividend payout ratio taking into consideration various factors including: the level of our cash earnings, return on equity and retained earnings; our results for, and our financial condition at the end of, the year in respect of which the dividend is to be paid and its expected financial performance; the projected levels of capital expenditure and other investment plans; restrictions of payment of dividends that may be imposed on us by any of our financing arrangements and current and prospective debt service requirements; and such other factors as the Board deems appropriate.

Dividend History

The tables below set out the dividends declared from 2020, 2021, 2022, 2023, 2024 and 2025:

Cash Dividend				
Year	Amount Declared	Dividend Per Share	Recorded Date	Payment Date
2020	₱205,762,500.00	₱0.06	May 29, 2020	June 15, 2020
2021	–	–	–	–
2022	–	–	–	–
2023	₱196,140,840.00	₱0.06	April 19, 2023	May 4, 2023
2024 (Regular)	₱194,873,940.00	₱0.06	April 22, 2024	May 7, 2024
2024 (Special)	₱324,789,900.00	₱0.10	April 22, 2024	May 7, 2024
2025 (Regular)	₱194,535,900.00	₱0.06	April 24, 2025	May 21, 2025

(D) Restriction that Limits the Payment of Dividends on Common Shares

None

(E) Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction.

On December 23, 2022, the Board of Directors has approved the MRSGI Executive Stock Option Plan or MESOP. The Company has allotted 1% of the total outstanding capital stock as of December 20, 2022 or 32,832,230 common shares out of its Treasury Shares for the MESOP. In a Special Meeting of the stockholders held on February 7, 2023, the stockholders of MRSGI owning at least 2/3 of the total outstanding capital stock have ratified the MESOP. The Securities and Exchange Commission through SEC-MSRD Resolution No. 2, Series of 2023, issued on May 29, 2023, granted the exemption of the MRSGI Executive Stock Option Plan from the registration requirement under Section 10.2 of the Securities Regulation Code.

Key Performance Indicators

	For the years ended December 31,		
	2025	2024	2023
The Company**			
Net Sales ⁽¹⁾ (₱ millions)	41,555.8	39,617.0	38,272.1
Average Basket Size ⁽²⁾ (₱)	968*	945*	954*
Same store sales growth ⁽³⁾ (%)	0.5%*	0.5%*	(0.8%)*
Number of Stores	81*	71*	63*
Net selling area ⁽⁴⁾ (sqm)	278,000*	270,000*	260,000*
<i>*excludes discontinued operations and temporary closure of stores</i>			
<i>**the wholly-owned subsidiary, Apple Drugstore Corp, does not have KPIs for year 2025 as this is not yet operational during the year</i>			

Notes:

(1) Net sales are gross sales, net of discounts and returns.

(2) Average basket size is the amount of net sales divided by the number of transactions for a given period.

(3) Same store sales growth is the comparisons of net sales between two periods generated by the relevant stores. The stores that are included in comparisons are those that have operated for at least 12 months preceding the beginning of the last month of the reporting period. The comparison for each store takes into account net sales by that store during the same period it was in operation in both the reporting period and the period of comparison. The net sales of all the relevant stores in the relevant period are then aggregated and compared.

(4) Net selling space is the area of the store where items are displayed, excluding the backroom and warehouse.

Quantitative and qualitative disclosure of market risk

Our principal financial instruments consist of cash and cash equivalent, short-term investment and receivables. The main purpose of our financial instruments is to fund our operations and capital expenditures. We do not actively engage in the trading of financial assets for speculative purposes nor do we write options. The main risks arising from our financial instruments are liquidity risk and credit risk. See Note 27 of the notes to our audited financial statements.

Liquidity risk

Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company's exposure to liquidity risk relates

primarily to its short-term obligations. The Company seeks to manage its liquidity profile by maintaining cash at a certain level and ensuring the availability of ample unused revolving credit facilities from banks as back-up liquidity that will enable it to finance its operating expenses. The Company maintains a level of cash deemed sufficient to finance operations. As part of its liquidity risk management, the Company regularly evaluates its projected and actual cash flows.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's receivables are actively monitored by its collection department to avoid significant concentrations of credit risk. The Company manages the level of credit risk it accepts through comprehensive credit risk policies setting out the assessment and determination of what constitutes credit risk for the Company. The Company's policies include: setting up of exposure limits for each counterparty; reporting of credit risk exposures; monitoring of compliance with credit risk policy; and review of credit risk policy for pertinence and the changing environment.

Trends, Events or Uncertainties that have had or that are reasonably expected to affect revenues and income

- (i) There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material effect on Company's liquidity.
- (ii) There are no known events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- (iii) There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entries or other persons created during the reporting period.
- (iv) There are no material commitments for capital expenditures, general purposes of such commitments, expected sources of funds for such expenditures.
- (v) There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material effect on Sales.
- (vi) The Company experiences seasonal fluctuations in operations. Historically, sales peak in December of each year, thereafter it slows down in the first quarter of the year and begins to increase in the second quarter, driven by the summer season, the school break in April and May, and particularly the beginning of the school year in the month of June. This is followed by a slowdown in sales in the third quarter due to the rainy season.

Item 5 Management's Discussion and Analysis or Plan of Operation

Results of Operations

The year ended December 31, 2025 compared with the year ended December 31, 2024

Revenue

Net Sales

For the year ended December 31, 2025, our net sales were ₱41,555.8 million, an increase of 4.9% compared to ₱39,617.0 million for the year ended December 31, 2024.

Total food retail business grew by 5.8% while general merchandise business grew by 2.5% over the same period last year.

Blended same store sales grew by 0.5% compared to last year as consumer spending eased despite minor disruptions from calamities during the year.

Rental income

For the year ended December 31, 2025, our rental income was ₱395.6 million, an increase of 8.5% compared to ₱364.7 million for the year ended December 31, 2024. The increase is due to rental income from new tenants and escalation of rates from existing tenants.

Costs and expenses

Cost of sales

For the year ended December 31, 2025, our cost of sales was ₱32,481.4 million, an increase of 4.3% compared to ₱31,133.1 million for the year ended December 31, 2024. Cost of sales increased as sales during the period increased.

Operating expenses

For the year ended December 31, 2025, our operating expenses were ₱8,421.8 million, an increase of 9.3% compared to ₱7,706.2 million for the year ended December 31, 2024. While the Group continued to implement cost reduction and saving measures, there were significant increases in personnel costs, depreciation, utilities and contracted services. Personnel costs and contracted services increased as a result of the opening of new sites and due to government mandated minimum wage increases. Depreciation increased as property and equipment increased due to the opening of new stores and existing stores renovation. Utilities costs increased because of increase in rate as well as increase in consumption due to the opening of new stores. Additionally, the Group suffered losses from calamities that affected Visayas stores in 2025.

Interest and other income

For the year ended December 31, 2025, our interest and other income was ₱369.2 million, an increase of 85.3% compared to ₱199.2 million for the year ended December 31, 2024. The increase is primarily due to the recognition of gain on lease modification/pre-termination as a result of reduction in leased space and permanent store closure as well as due to income from insurance claims on property and inventory damages resulting from a natural calamity.

Finance costs

For the year ended December 31, 2025, our finance costs were ₱494.8 million, a net decrease of 4.8% compared to ₱519.8 million for the year ended December 31, 2024 as interest expense on the Group's bank loans decreased.

Provision for income tax

For the year ended December 31, 2025, our provision for income tax was ₱240.0 million, an increase of 13.0% compared to the ₱212.4 million for the year ended December 31, 2024. The increase in provision for income tax is primarily due to the increase in income before tax.

Net income

As a result of the foregoing, for the year ended December 31, 2025, net income was ₱682.6 million, a 12.0% increase compared to the net income of ₱609.4 million for the year ended December 31, 2024.

The year ended December 31, 2024 compared with the year ended December 31, 2023

Revenue

Net Sales

For the year ended December 31, 2024, our net sales were ₱39,617.0 million, an increase of 3.5% compared to ₱38,272.1 million for the year ended December 31, 2023.

Total food retail business grew by 4.9% while general merchandise business grew by 0.2% over the same period last year.

Blended same store sales grew by 0.5% over the same period last year.

Rental income

For the year ended December 31, 2024, our rental income was ₱364.7 million, an increase of 16.9% compared to ₱312.0 million for the year ended December 31, 2023. The increase is due to rental income from new tenants and escalation of rates from existing tenants.

Costs and expenses

Cost of sales

For the year ended December 31, 2024, our cost of sales was ₱31,133.1 million, an increase of 3.7% compared to ₱30,015.6 million for the year ended December 31, 2023. Cost of sales increased as sales during the period increased.

Operating expenses

For the year ended December 31, 2024, our operating expenses were ₱7,706.2 million, an increase of 3.3% compared to ₱7,457.9 million for the year ended December 31, 2023. While the Group continued to implement cost reduction and saving measures, there were significant increases in depreciation, personnel costs and contracted services. Depreciation increased as property and equipment increased due to the opening of new stores and distribution center in Sta Rosa. Personnel costs and contracted services also increased as a result of the opening of new sites and due to government mandated minimum wage increases.

Interest and other income

For the year ended December 31, 2024, our interest and other income was ₱199.2 million, a decrease of 23.9% compared to ₱261.6 million for the year ended December 31, 2023. The decrease is primarily due to the decrease in interest income from cash and cash equivalents.

Finance costs

For the year ended December 31, 2024, our finance costs were ₱519.8 million, a decrease of 3.1% compared to ₱536.7 million for the year ended December 31, 2023. The decrease is due to decreases in interest expense on the Company's bank loans and lease liabilities.

Provision for income tax

For the year ended December 31, 2024, our provision for income tax was ₱212.4 million, a decrease of 2.3% compared to the ₱217.5 million for the year ended December 31, 2023. The decrease in provision for income tax is primarily due to the decrease in income before tax.

Net income

As a result of the foregoing, for the year ended December 31, 2024, net income was ₱609.4 million, a 1.4% drop compared to the net income of ₱618.0 million for the year ended December 31, 2023.

The year ended December 31, 2023 compared with the year ended December 31, 2022

Revenue

Net Sales

For the year ended December 31, 2023, our net sales were ₱38,272.1 million, an increase of 0.4% compared to ₱38,101.7 million for the year ended December 31, 2022. Despite lingering inflation pressures affecting consumer spending during the year and the high base in 2022, the Company was able to sustain its sales level ending with a flattish growth in 2023.

Total food retail business dropped by 1.2% while general merchandise business grew by 4.7% over the same period last year. General merchandise continued its upward trend from the 54.3% growth posted the previous year, while food retail slightly declined due to bulk wholesale business scaling down in 2023.

Blended same store sales dropped by 0.8% over the same period last year.

Rental income

For the year ended December 31, 2023, our rental income was ₱312.0 million, an increase of 28.0% compared to ₱243.7 million for the year ended December 31, 2022. The increase in rental income is primarily due to the re-opening of the economy and non-essential tenants have become operational. Rental concessions that were extended to tenants who continued to operate during the pandemic times were totally discontinued in the last quarter of 2022.

Costs and expenses

Cost of sales

For the year ended December 31, 2023, our cost of sales was ₱30,015.6 million, a decrease of 0.1% compared to ₱30,053.2 million for the year ended December 31, 2022. There is decrease in cost of sales even with the increase in net sales as the general merchandise sales grew while the food retail sales slightly dropped. General merchandise has higher margins than supermarket.

Operating expenses

For the year ended December 31, 2023, our operating expenses were ₱7,457.9 million, an increase of 7.2% compared to ₱6,959.8 million for the year ended December 31, 2022. While the Company continued to implement cost reduction and saving measures, there were significant increases in rent and in personnel costs. Rent increased significantly as rental concessions given during the pandemic were already discontinued. Personnel costs increased as a result of the opening of new stores and government mandated minimum wage increases.

Interest and other income

For the year ended December 31, 2023, our interest and other income was ₱261.6 million, a decrease of 38.3% compared to ₱424.0 million for the year ended December 31, 2022.

While interest income from cash and cash equivalents increased in 2023, non-recurring income recognized in 2022 which include the recognition of gain on lease modification amounting to ₱106.3 million due to revision of existing contracts with lessors as well as gain on insurance claims pertaining to recoveries and reimbursement of losses for property damages and business interruption due to Typhoon Odette in 2021 amounting to ₱53.7 million caused the significant decrease in other income.

Finance costs

For the year ended December 31, 2023, our finance costs were ₱536.7 million, an increase of 2.5% compared to ₱523.5 million for the year ended December 31, 2022. The increase is primarily driven by the increase in interest expense related to the Company's outstanding loans payable,

Provision for income tax

For the year ended December 31, 2023, our provision for income tax was ₱217.5 million, a decrease of 31.0% compared to the ₱315.4 million for the year ended December 31, 2022. The decrease in provision for income tax is primarily due to the decrease in income before tax.

Net income

As a result of the foregoing, for the year ended December 31, 2023, net income was ₱618.0 million, a 32.6% drop compared to the net income of ₱917.3 million for the year ended December 31, 2022. Excluding one-time gains such as PFRS gain on lease modification and insurance claims in 2022, net income in 2023 declined by 18.4% vs. prior year.

Financial Position

The year ended December 31, 2025 compared with the year ended December 31, 2024

As of December 31, 2025 and 2024, our net current assets, or the difference between total current assets and total current liabilities, were ₱4,227.5 million and ₱4,053.6 million, respectively, representing a positive net working capital position.

Current Assets

Our current assets consist of cash and cash equivalents, short-term investments, receivables, merchandise inventories and other current assets. Total current assets as of December 31, 2025 and 2024 were ₱11,176.1 million and ₱10,613.5 million, respectively. The 5.3% increase in current assets is due to increases in merchandise inventory, cash and cash equivalents, receivables and other current assets. Short-term investments, on the other hand, has decreased.

As of December 31, 2025, short-term investment amounted to ₱150.0 million, receivables totaled ₱1,397.6 million, merchandise inventories totaled ₱6,575.3 million and other current assets totaled ₱568.0 million. As of December 31, 2024, short-term investment amounted to ₱289.9 million, receivables totaled ₱1,237.9 million, merchandise inventories totaled ₱6,301.7 million and other current assets totaled ₱484.5 million.

As of December 31, 2025, cash and cash equivalents amounted to ₱2,485.1 million, an increase of 8.1% from ₱2,299.4 million as of December 31, 2024. The increase is contributed by cash generated from operating income before working capital changes of ₱2,551.1 million, availment of loans amounting to ₱2,350.0 million, and proceeds from short-term investment of ₱139.9 million, offset by acquisition of property and equipment of ₱1,426.6 million, increases in merchandise inventories of ₱367.5 million, noncurrent assets of ₱300.5 million and other current assets of ₱134.1 million, as well as payments of loans of ₱1,308.0 million, lease liabilities of ₱636.4 million, income tax of ₱219.9 million, cash dividends of ₱194.5 million and interest of ₱150.6 million, among others.

Noncurrent Assets

Our noncurrent assets consist of property and equipment, right-of-use assets, deferred tax assets—net and other non-current assets. Total noncurrent assets as of December 31, 2025 and 2024 were ₱13,923.1 million and ₱13,668.5 million, respectively. The increase of 1.9% in noncurrent assets is primarily due to the increase in property and equipment amounting to ₱774.9 million.

Current Liabilities

Total current liabilities as of December 31, 2025 and 2024 were ₱6,948.6 million and ₱6,559.9 million, respectively. As of December 31, 2025 and 2024, trade and other payables totaled ₱5,402.4 million and ₱5,445.8 million, respectively, which consisted primarily of trade payables to our suppliers for purchases of merchandise inventory. Short-term loans payable amounted to ₱700.0 million and ₱200.0 as of December 31, 2025 and 2024, respectively while loans payable - current portion amounted to ₱489.2 million and ₱473.6 million as of December 31, 2025 and 2024, respectively.

Noncurrent Liabilities

Total noncurrent liabilities as of December 31, 2025 and 2024 were ₱8,125.7 million and ₱8,200.6 million, respectively. The 0.9% decrease is due to decreases in lease liability of ₱592.2 million,

retirement benefit obligation of ₱7.5 million and other noncurrent liabilities of ₱4.9 million offset by the increase in long-term loans payable of ₱529.8 million.

The year ended December 31, 2024 compared with the year ended December 31, 2023

As of December 31, 2024 and 2023, our net current assets, or the difference between total current assets and total current liabilities, were ₱4,053.6 million and ₱5,894.2 million, respectively, representing a positive net working capital position.

Current Assets

Our current assets consist of cash and cash equivalents, short-term investments, receivables, merchandise inventories and other current assets. Total current assets as of December 31, 2024 and 2023 were ₱10,613.5 million and ₱11,549.9 million, respectively. The 8.1% decrease in current assets is due to the decrease in cash and cash equivalents and other current assets. Short-term investments, receivables and merchandise inventory, on the other hand, have increased.

As of December 31, 2024, short-term investment amounted to ₱289.9 million, receivables totaled ₱1,237.9 million, merchandise inventories totaled ₱6,301.7 million and other current assets totaled ₱484.5 million. As of December 31, 2023, receivables totaled ₱1,043.2 million, merchandise inventories totaled ₱5,866.2 million and other current assets totaled ₱486.2 million.

As of December 31, 2024, cash and cash equivalents amounted to ₱2,299.4 million, a decrease of 44.7% from ₱4,154.4 million as of December 31, 2023. The decrease was mainly attributable to the acquisition of property and equipment amounting to ₱1,937.3 million, payment of dividends of ₱519.7 million, payments of lease liabilities, loans, interest and income tax of ₱518.5 million, ₱398.6 million, ₱160.6 million and ₱285.5 million respectively as well as increases in merchandise inventories of ₱385.7 million, short term investments of ₱289.9 million, receivables of ₱187.7 million, and other noncurrent assets of ₱173.5 million, offset by increase in trade and other payables of ₱506.4 million, proceeds from loan availment of ₱200.0 million and interest received of ₱89.1 million, among others

Noncurrent Assets

Our noncurrent assets consist of property and equipment, right-of-use assets, deferred tax assets—net and other non-current assets. Total noncurrent assets as of December 31, 2024 and 2023 were ₱13,668.5 million and ₱12,113.4 million, respectively. The increase of 12.8% in noncurrent assets is primarily due to the increase in property and equipment amounting to ₱1,495.4 million.

Current Liabilities

Total current liabilities as of December 31, 2024 and 2023 were ₱6,559.9 million and ₱5,655.7 million, respectively. As of December 31, 2024 and 2023, trade and other payables totaled ₱5,445.8 million and ₱4,942.2 million, respectively, which consisted primarily of trade payables to our suppliers for purchases of merchandise inventory. Short-term loans payable amounted to ₱200.0 million and nil as of December 31, 2024 and 2023, respectively while loans payable - current portion amounted to ₱473.6 million and ₱398.6 million as of December 31, 2024 and 2023, respectively.

Noncurrent Liabilities

Total noncurrent liabilities as of December 31, 2024 and 2023 were ₱8,200.6 million and ₱8,585.3 million, respectively. The 4.5% decrease is primarily due to the decrease in long-term loans payable of ₱469.6 million offset by increases in lease liability of ₱69.9 million, retirement benefit obligation of ₱13.2 million and other noncurrent liabilities of ₱1.7 million.

The year ended December 31, 2023 compared with the year ended December 31, 2022

As of December 31, 2023 and 2022, our net current assets, or the difference between total current assets and total current liabilities, were ₱5,894.2 million and ₱7,007.1 million, respectively, representing a positive net working capital position.

Current Assets

Our current assets consist of cash and cash equivalents, trade and other receivables, merchandise inventories and other current assets. Total current assets as of December 31, 2023 and 2022 were ₱11,549.9 million and ₱12,243.1 million, respectively. The decrease of 5.7% in current assets is due to the decrease in cash and cash equivalents, and other current assets. Receivables and merchandise inventory, on the other hand, have increased.

As of December 31, 2023, short-term investment amounted to nil, receivables totaled ₱1,043.2 million, merchandise inventories totaled ₱5,866.2 million and other current assets totaled ₱486.2 million. As of December 31, 2022, short-term investment totaled nil, receivables totaled ₱954.8 million, merchandise inventories totaled ₱5,495.3 million and other current assets totaled ₱630.4 million.

As of December 31, 2023, cash and cash equivalents amounted to ₱4,154.4 million, a decrease of 19.5% from ₱5,162.6 million as of December 31, 2022. The decrease is largely attributable to the acquisition of property and equipment amounting to ₱1,530.9 million, payment of dividends amounting to ₱196.1 million, payments of lease liabilities and loans payable amounting to ₱443.7 million and ₱130.2 million, respectively. This is offset by ₱1,880.1 million net cash provided by operating activities and receipt of proceeds from insurance claims of ₱53.7 million.

Noncurrent Assets

Our noncurrent assets consist of property and equipment, right-of-use assets, deferred tax assets—net and other non-current assets. Total noncurrent assets as of December 31, 2023 and 2022 were ₱12,113.4 million and ₱10,495.9 million, respectively. The increase of 15.4% in noncurrent assets is due to the increase in property and equipment amounting to ₱1,079.2 million, increase in other noncurrent assets amounting to ₱283.7 million, increase in right-of-use assets amounting to ₱197.6 million, and increase in deferred tax assets – net amounting to ₱57.0 million.

Current Liabilities

Total current liabilities as of December 31, 2023 and 2022 were ₱5,655.7 million and ₱5,236.0 million, respectively. As of December 31, 2023 and 2022, trade and other payables totaled ₱4,942.2 million and ₱4,820.5 million, respectively, which consisted primarily of trade payables to our suppliers for purchases of inventory. Loans payable - current portion amounted to ₱398.6 million and ₱130.2 million as of December 31, 2023 and 2022, respectively.

Noncurrent Liabilities

Total noncurrent liabilities as of December 31, 2023 and 2022 were ₱8,585.3 million and ₱8,442.0 million, respectively. The increase of 1.7% in noncurrent liabilities is due to the increase in lease liability amounting to ₱474.6 million, partially offset by the decrease in loans payable amounting to ₱394.5 million.

Cash Flows

The following table sets out information from our statements of cash flows for the periods indicated.

	For the years ended December 31,		
	2025	2024	2023
	(₱ million)		
Net cash flows generated from operating activities	₱1,716.4	₱2,023.5	₱1,880.1
Net cash flows used in investing activities	(1,582.2)	(2,496.1)	(1,921.6)
Net cash flows provided by (used in) financing activities	51.9	(1,404.5)	(984.8)
Net increase (decrease) in cash	<u>₱186.1</u>	<u>(₱1,877.1)</u>	<u>(₱1,026.3)</u>

Net cash flows from operating activities

Our net cash flows from operating activities for the year ended December 31, 2025 was ₱1,716.4 million, which is comprised of operating income before working capital changes of ₱2,551.1 million, adjusted for changes in working capital, interest received, income tax paid and retirement benefits paid. The changes in working capital were attributable to increases in merchandise inventories, receivables and other current assets of ₱367.5 million, ₱56.0 million and ₱134.1 million respectively, as well as decrease in trade and other payables of ₱55.1 million, and offset by the increase in contract liabilities of ₱10.8 million.

Our net cash flows from operating activities for the year ended December 31, 2024 was ₱2,023.5 million, which is comprised of operating income before working capital changes of ₱2,332.2 million, adjusted for changes in working capital, interest received, income tax paid and retirement benefits paid. The changes in working capital were attributable to the increase in merchandise inventories, receivables and other current assets of ₱385.7 million, ₱187.7 million and ₱12.3 million, respectively, and offset by the increase in trade and other payables of ₱506.4 million, among others.

Our net cash flows from operating activities for the year ended December 31, 2023 was ₱1,880.1 million, which is comprised of operating income before working capital changes of ₱2,185.4 million, adjusted for changes in working capital and interest received, partially offset by income tax and retirement benefits paid. The changes in working capital were attributable to the increase in merchandise inventory and receivables of ₱358.6 million and ₱155.2 million, respectively, and offset by the increase in trade and other payables of ₱123.5 million and decrease in other current assets of ₱133.5 million.

Net cash flows used in investing activities

For the year ended December 31, 2025, net cash flows used in investing activities was ₱1,582.2 million, primarily used for the acquisitions of property and equipment for the construction and fit outs of new stores and warehouses and for the improvements of existing stores totaling ₱1,426.6 million, and for the increase in other noncurrent assets of ₱300.5 million. This is partially offset by the proceeds of short-term investments of ₱139.9 million.

For the year ended December 31, 2024, net cash flows used in investing activities was ₱2,496.1 million, which is significantly due to the acquisitions of property and equipment for the construction and fit outs of new stores and warehouses and for the improvements of existing stores totaling ₱1,937.3 million, availment of short-term investments of ₱289.9 million, increase in other noncurrent assets of ₱173.5 million and availment of financial asset at FVOCI amounting to ₱100.0 million.

For the year ended December 31, 2023, net cash flows used in investing activities was ₱1,921.6 million, which is significantly due to the acquisitions of property and equipment for the construction and fit outs of new stores and warehouses and for the improvements of existing stores totaling ₱1,530.9 million and for the increase in other noncurrent assets amounting to ₱444.4 million. This is partially offset by the receipt of proceeds from insurance claims of ₱53.7 million.

Net cash flows provided by (used in) financing activities

Net cash flows generated from financing activities was ₱51.9 million for the year ended December 31, 2025. This came from proceeds from loan availment of ₱2,350.0 million, offset by payments of loans payable, lease liabilities and interest amounting to ₱1,308.0 million, ₱636.4 million and ₱150.6 million, respectively, as well as the payment of dividends of ₱194.5 million, and purchase of ₱8.6 million treasury stocks.

Net cash flows used in financing activities was ₱1,404.5 million for the year ended December 31, 2024, as a result of the payments of lease liabilities, loans payable and interest amounting to ₱518.5 million, ₱398.6 million and ₱160.6 million, respectively, as well as the payment of dividends of ₱519.7 million, and purchase of ₱7.1 million treasury stocks.

Net cash flows used in financing activities was ₱984.8 million for the year ended December 31, 2023, as a result of the payments of lease liabilities and loans payable amounting to ₱443.7 million and ₱130.2 million, respectively, as well as the payment of dividends amounting to ₱196.1 million, payment of interest amounting to ₱167.5 million and purchase of ₱47.3 million treasury stocks.

Indebtedness

As of December 31, 2025 and 2024, outstanding loans payable amounted to ₱3,705.9 million and ₱2,660.4 million, respectively.

METRO RETAIL STORES GROUP, INC AND SUBSIDIARY

Material Changes in the 2025 Consolidated Financial Statements

(Increase/decrease of 5.0% or more versus 2024)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31, 2025 VERSUS YEAR ENDED DECEMBER 31, 2024

(with Vertical and Horizontal Analysis)

IN MILLIONS	2025	%	2024	% GROWTH	
REVENUE					
Net sales	₱41,556	99.1%	₱39,617	99.1%	4.9%
Rentals	395	0.9%	365	0.9%	8.2%
	41,951	100.0%	39,982	100.0%	4.9%
COSTS AND EXPENSES					
Cost of sales	32,481	77.4%	31,133	77.9%	4.3%
Operating expense	8,422	20.1%	7,706	19.3%	9.3%
	40,903	97.5%	38,839	97.1%	5.3%
OPERATING INCOME	1,048	2.5%	1,142	2.9%	-8.2%
OTHER INCOME (CHARGES)					
Interest and other income -net	369	0.9%	199	0.5%	85.4%
Finance costs	(494)	(1.2%)	(520)	(1.3%)	-5.0%
	(126)	(0.3%)	(321)	(0.8%)	60.7%
INCOME BEFORE INCOME TAX	923	2.2%	822	2.1%	12.3%
PROVISION FOR INCOME TAX					
Current	260	0.6%	251	0.6%	3.6%
Deferred	(20)	(0.0%)	(38)	(0.1%)	-47.4%
	240	0.6%	212	0.5%	13.2%
NET INCOME	683	1.6%	609	1.5%	12.2%
OTHER COMPREHENSIVE INCOME					
<i>Not to be reclassified to profit or loss in subsequent periods</i>					
Remeasurement gain on defined benefit obligation	28	0.1%	13	0.0%	115.4%
Income tax effect	(7)	0.0%	(3)	0.0%	133.3%
	21	0.1%	10	0.0%	110.0%
TOTAL COMPREHENSIVE INCOME	₱704	1.7%	₱619	1.5%	13.7%

8.2% increase in rentals

Due to new tenants and escalation of rates from existing tenants

9.3% increase in operating expense

Due to increases in personnel costs, depreciation, utilities and contracted services. Additionally, the Group suffered losses from calamities that affected Visayas stores in 2025

5.3% increase in cost and expenses

Due to increases in cost of sales and operating expense

8.2% drop in operating income

Due to increase in operating expense

85.4% increase in interest and other income

Due to gain on lease modification and pre-termination as a result of leased space reduction and permanent store closure in 2025, as well as recognition of gain on insurance claims for damaged assets and recoverable extra expenses incurred resulting from a strong earthquake

5.0% decrease in finance costs

Due to decrease in interest from bank loans

60.7% increase in other income (charges)

Due to increase in interest and other income-net and decrease in finance costs

12.3% increase in income before income tax

Due to increases in revenues and other income (charges), offset by increase in costs and expenses

47.4% decrease in deferred income tax

Primarily due to increase in deferred tax asset- net

13.2% increase in provision for income tax

Due to increase in current income tax and decrease in in deferred income tax

115.4% increase in remeasurement gain on defined benefit obligation

Due to remeasurement gain on defined benefit obligations during the year

110.0% increase in other comprehensive income

Due to increase in remeasurement gain during the year

13.7% increase in total comprehensive income

Due to increase in net income and other comprehensive income

METRO RETAIL STORES GROUP, INC AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2025 VERSUS DECEMBER 31, 2024

(with Vertical and Horizontal Analysis)

IN MILLIONS	2025	%	2024	% GROWTH	
ASSETS					
Current Assets					
Cash and cash equivalents	₱2,485	9.9%	₱2,299	9.5%	8.1%
Short-term investments	150	0.6%	290	1.2%	-48.3%
Receivables	1,398	5.6%	1,238	5.1%	12.9%
Merchandise inventories	6,575	26.2%	6,302	26.0%	4.3%
Other current assets	568	2.2%	484	2.0%	17.4%
Total Current Assets	11,176	44.5%	10,613	43.7%	5.3%
Noncurrent Assets					
Property and equipment	8,644	34.4%	7,869	32.4%	9.8%
Right-of-use ("ROU") assets	3,840	15.3%	4,529	18.7%	-15.2%
Deferred tax assets - net	499	2.0%	486	2.0%	2.7%
Other noncurrent assets	940	3.8%	784	3.2%	19.9%
Total Noncurrent Assets	13,923	55.5%	13,668	56.3%	1.9%
TOTAL ASSETS	₱25,099	100.0%	₱24,282	100.0%	3.4%
LIABILITIES AND EQUITY					
Current Liabilities					
Trade and other payables	₱5,402	21.5%	₱5,446	22.4%	-0.8%
Contract liabilities	123	0.5%	112	0.5%	9.8%
Income tax payable	52	0.2%	62	0.3%	-16.1%
Short-term loans payables	700	2.8%	200	0.8%	250.0%
Loans payable - current portion	489	2.0%	474	2.0%	3.2%
Lease liabilities - current portion	182	0.7%	267	1.1%	-31.8%
Total Current Liabilities	6,948	27.7%	6,560	27.0%	5.9%
Noncurrent Liabilities					
Lease liabilities - net of current portion	5,058	20.1%	5,651	23.3%	-10.5%
Retirement benefit obligation	536	2.1%	543	2.2%	-1.3%
Loans payable - net of current portion	2,517	10.0%	1,987	8.2%	26.7%
Other noncurrent liabilities	15	0.1%	20	0.1%	-25.0%
Total Noncurrent Liabilities	8,126	32.3%	8,201	33.8%	-0.9%
Total Liabilities	15,074	60.0%	14,761	60.8%	2.1%
Equity					
Capital stock	3,429	13.7%	3,429	14.1%	0.0%
Additional paid-in capital	2,456	9.8%	2,456	10.1%	0.0%
Treasury stock	(270)	(1.1%)	(262)	(1.1%)	3.1%
Retained earnings	4,289	17.1%	3,801	15.7%	12.8%
Share-based payment	14	0.1%	12	0.0%	16.7%
Remeasurement gain on defined benefit obligation	107	0.4%	86	0.4%	24.4%
Total Equity	10,025	40.0%	9,521	39.2%	5.3%
TOTAL LIABILITIES AND EQUITY	₱25,099	100.0%	₱24,282	100.0%	3.4%

8.1% increase in cash and cash equivalents

Due to net cash provided by operating activities, availment of loans and proceeds from short term investments, partially offset by capital expenditures and payments of loans, lease liabilities, income tax and cash dividend.

48.3% drop in short term investments

Due to maturity of short-term investments

12.9% increase in receivables

Primarily, due to receivable from insurance for claims against insurance coverage for damaged assets from a strong earthquake

17.4% increase in other current assets

Due to increase in prepayments for rent and advances to suppliers

5.3% increase in total current assets

Primarily due to increase in merchandise inventories, receivables and cash and cash equivalents

9.8% increase in property and equipment

Due to constructions and fit-outs of new stores and improvements of existing stores

15.2% drop in right-of-use (ROU) assets

Due to lease pre-termination and lease modifications due to leased space reduction and permanent store closure

19.9% increase in other noncurrent assets

Primarily due to leasehold rights reclassifications during the year

9.8% increase in contract liabilities

Due to increases in gift check and PO wallet sales

16.1% decrease in income tax payable

Due to increase in creditable withholding taxes claimed

250.0% increase in short-term loans payable

Due to short-term loan availments

31.8% drop in lease liabilities- current portion

Due to lease pre-termination and lease modifications

5.9% increase in total current liabilities

Primarily due to increase in short-term loans payable

10.5% decrease in lease liabilities- noncurrent portion

Due to lease pre-termination and lease modifications

26.7% increase in loans payable- noncurrent portion

Due to new loan availments during the year

25.0% decrease in other noncurrent liabilities

Due to return of security deposits to tenants during lease termination

12.8% increase in retained earnings

Due to income earned during the year

16.7% increase in share-based equity

Due to additional share-based equity expense recognized during the year

24.4% increase in remeasurement gain on defined benefit obligation

Due to remeasurement gain during the year, mainly on changes in actuarial assumptions

5.3% increase in total equity

Mainly due to income earned during the year

Item 6 Financial Statements and Supplementary Schedules

The financial statements are filed as part of this report.

Item 7 Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

(A) External Audit Fees and Services

Audit and Audit - Related Fees

(B) External Audit Fees and Services

Please refer to page 18 of the SEC Form 20-IS.

PART III CONTROL AND COMPENSATION INFORMATION

Item 8 Directors and Executive Officers of the Issuer

(A) Board of Directors and Executive Officers of the Registrant

Please refer to pages 6-9 of the SEC Form 20-IS.

(B) Significant Employees

Please refer to page 12 of the SEC Form 20-IS.

(C) Family Relationships

Please refer to page 12 of the SEC Form 20-IS.

(D) Involvement in certain Legal Proceedings of Directors and Executive Officers

Please refer to page 13 of the SEC Form 20-IS.

Item 9 Executive Compensation

Please refer to page 15 of the SEC Form 20-IS.

Item 10. Security Ownership of Certain Beneficial Owners and Management

Please refer to page 5 of the SEC Form 20-IS.

Item 11. Certain Relationships and Related Transactions

Please refer to pages 13-14 of the SEC Form 20-IS.

PART IV CORPORATE GOVERNANCE

Item 12. Corporate Governance

Please refer to the Company's Annual Corporate Governance Report.

PART V EXHIBITS AND SCHEDULES

Item 13 Exhibits and Reports on SEC Form 17-C

The table below lists the Company's Corporate Disclosures under SEC Form 17-C:

List of Corporate Disclosures/Replies to SEC Letters Under SEC Form 17-C January 1,-December 31, 2025	
DATE	SUBJECT
1/15/25	Reply to Exchange's Query
1/24/25	Share Buy Back Transaction
2/12/25	Reply to Exchange's Query
2/12/25	Press Release
3/14/25	Share Buy Back Transaction
3/21/25	Material Information/Transactions
3/21/25	Notice of Annual Stockholders' Meeting
4/4/25	Material Information/Transactions
4/4/25	Declaration of Cash Dividends – Regular
4/10/25	Acquisition or Disposition of Shares of Another Corporation
4/15/25	Reply to Exchange's Query
4/15/25	Press Release
4/23/25	Press Release
5/9/25	Results of Annual Stockholders Meeting
5/9/25	Results of Organizational Board Meeting
5/9/25	Change in Shareholdings of Directors and Officers
5/14/25	Notice of Analysts'/Investors' Briefing
5/15/25	Press Release
5/20/25	Press Release
5/27/25	Share Buy Back Transaction
5/29/25	Share Buy Back Transaction
6/23/25	Share Buy Back Transaction
6/25/25	Share Buy Back Transaction
7/1/25	Share Buy Back Transaction
7/7/25	Share Buy Back Transaction
7/8/25	Share Buy Back Transaction
7/11/25	Share Buy Back Transaction
7/14/25	Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or Promotion)
7/14/25	Reply to Exchange's Query
7/14/25	Share Buy Back Transaction
7/15/25	Share Buy Back Transaction
7/16/25	Share Buy Back Transaction

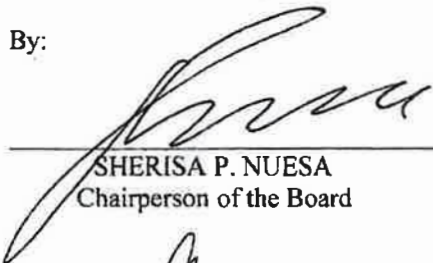
DATE	SUBJECT
7/17/25	Share Buy Back Transaction
7/24/25	Share Buy Back Transaction
7/24/25	Share Buy Back Transaction
7/29/25	Share Buy Back Transaction
8/14/25	Press Release
8/15/25	Share Buy Back Transaction
8/20/25	Notice of Analysts'/Investors' Briefing
8/22/25	Share Buy Back Transaction
9/4/25	Share Buy Back Transaction
9/12/25	Share Buy Back Transaction
10/8/25	Reply to Exchange's Query
10/16/25	Share Buy Back Transaction
10/22/25	Share Buy Back Transaction
10/28/25	Press Release
11/5/25	Press Release
11/12/25	Material Information/Transactions
11/21/25	Press Release
11/25/25	Notice of Analysts'/Investors' Briefing

Item 14 Use of Proceeds

Please refer to the Company's Disbursement of Proceeds and Progress Report as of December 31, 2025 duly certified by the Company's external Auditor.

Pursuant to the requirement of Section 17 of the Code and Section 177 of the Revised Corporate Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Cebu on March , 2026.

By:



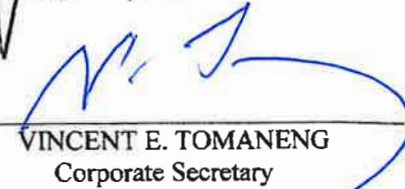
 SHERISA P. NUESA
 Chairperson of the Board



 JOSELITO G. ORENSE
 President and Chief Operating Officer



 LUCILLE S. MALAZARTE
 Treasurer and Chief Financial Officer



 VINCENT E. TOMANENG
 Corporate Secretary

SUBSCRIBED AND SWORN to before me this MAR 24 2026 of 20 affiants exhibiting to me their respective Philippine passports as follows.

	Passport No.	Date of Issue	Place of Issue
Sherisa P. Nuesa	P8595622A	04 SEP 2018	DFA NCR South
Lucille S. Malazarte	P7560769A	16 JUN 2018	DFA Cebu
Joselito G. Orense	P8825848A	20 SEP 2018	DFA NCR South
Vincent E. Tomaneng	P6261118	02 MAR 2018	DFA Cebu

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 Series of 2026




ATTY. ASEZ C. ALARDE
 Notary Public for and in the City of Mandaue and
 Municipalities of Consolacion, Lipat, Compostela and Cordova, Cebu
 Notarial Commission No. 2026-73; valid until December 31, 2027
 Roll of Attorney's No. 82563
 PTR No. MC2208668; December 3, 2025; Mandaue City
 IBP Invoice No. 572484; December 2, 2025; Pasig City
 MCLE Compliance No. VIII - 0013915; issued on October 2, 2024;
 Vicsal Bldg., corner of C.D. Seno & W.O. Seno Sts.
 Guizo, North Reclamation Area, Mandaue City, Cebu
 atvalarde.notarypublic@gmail.com

SUSTAINABILITY REPORT

2025

Company Details	
Name of Organization	Metro Retail Stores Group, Inc. (MRSGI)
Location of Headquarters	Vicsal Building, corner of C.D. Seno and W.O. Seno Streets, Guizo, North Reclamation Area, Mandaue City, Cebu, Philippines
Location of Operations	Various location across Luzon and Visayas
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	Limited to Metro Retail Stores Group, Inc.
Business Model, including Primary Activities, Brands, Products, and Services	To buy, sell, trade, deal in and deal with goods, wares and merchandise of every kind and description, and to carry on such business as wholesalers, retailers, importers and exporters; to acquire all such merchandise, supplies, materials, and other articles as shall be necessary in the conduct or to carry on the business of a supermarket and department store operator.
Reporting Period	2025
Highest Ranking Person responsible for this report	VP for Business Development and Investor Relations

**If you are a holding company, you could have an option whether to report on the holding company only or include the subsidiaries. However, please consider the principle of materiality when defining your report boundary.*

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics. ¹
<p>MRSGI's primary operation is retail operations through its Metro Department Stores, Metro Supermarket, Super Metro Hypermarket, and Metro Value Mart brand. Materiality is limited to operational matters which have actual and relevant impact on environment, social, and community.</p> <p>Economic, environmental, and social impacts that influence the decision of stakeholders were considered in identifying material topics.</p>

¹ See [GRI 102-46](#) (2016) for more guidance.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	41,951,402,624	PhP
Direct economic value distributed:		
a. Operating costs	5,916,582,836	PhP
b. Employee wages and benefits	2,053,512,425	PhP
c. Payments to suppliers, other operating costs	32,841,797,623	PhP
d. Dividends given to stockholders and interest payments to loan providers	343,396,598	PhP
e. Taxes given to government	664,283,235	PhP
f. Investments to community (e.g. donations, CSR)	7,300,000	PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Primary business operations; Impact is caused by the Company's business relationship	Employees, Customers, Suppliers, and Government	The Company always strives to provide quality products and customer experience through its stores. MRSGI also aims to be a responsible corporate citizen by providing career development to our employees, mutually beneficial relationship with our suppliers, and compliant corporate entity.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Risk of loss of business due to competition	Employees, Customers, Suppliers, and Government	The Company's internal policies ensure that our stores are efficiently run, prices of goods remain competitive, and agreements & requirements are met/fulfilled.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Opportunity to provide better Customer and Partner Experience	Employees, Customers, Suppliers, and Government	The Company's Management team regularly conducts internal assessments on how to improve corporate & in-store experience as well as our relationship with suppliers and regulators.

Climate-related risks and opportunities²

Governance	Strategy	Risk Management	Metrics and Targets
<p>A sound ERM framework is in place for possible threats to operational and financial viability and effectively manage key business risks where key areas and performance indicators are identified.</p> <p>Proactive implementation of business continuity program in response to any severe weather disturbance such as supertyphoons.</p>	<p>Typhoons, earthquakes, flooding, and fire are the key business risks that impact the stores operations. The identified climate-related risks include power outages and the high-intensity typhoons and flooding which can affect the supply chain due to delays in supply deliveries and restocking, thereby disrupting store operations and can lead to decreased customer traffic, or total loss of opportunity that the stores have to close early and open late.</p> <p>Use of internet technology in monitoring the threat of severe weather events.</p>	<p>The MRSGI Board, together with the management executives and all in-house technical experts, holds avenues for identifying the potential climate related events and the risks they pose for the Company. Through these, the Management is also able to identify the appropriate risk-mitigation measures to ensure that the Company continues to achieve its strategic business objectives.</p> <p>Implementation of disaster preparedness program such as advance trainings of ERT personnel, reinforcement of weak outdoor structures and maintenance of fire protection system.</p>	<p>MRSGI recognizes that natural or other catastrophes, including severe weather conditions, may materially disrupt its operations and financial condition. While it has no specific metrics and targets to assess and manage climate-related risks and opportunities, MRSGI continually adopts a sound risk management that will make the most of the business opportunities and reduce adverse results of risks.</p> <p>100% Training and development of ERT Leaders and members thru BFP, Red Cross, and NDRRMC</p> <p>100% implementation of maintenance program to fire protection system</p> <p>100% refresher training for business continuity planning</p>
Recommended Disclosures			
<i>Not applicable.</i>	<i>Not applicable.</i>	<i>Not applicable.</i>	<i>Not applicable.</i>

Note: The Company currently does not have sufficient information to fully assess its climate-related risks and opportunities. The Company have yet to implement an integrated program that will monitor and measure climate-related risks and opportunities through a pre-agreed set of metrics and milestones.

² Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	90.94%	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
MRSGL's suppliers' base is diversified between local suppliers and multinational corporations.	Suppliers	Maintain its close relationship with its concessionaires and suppliers to ensure continuous offering of broad range of products.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
No risk identified.	<i>Not applicable.</i>	<i>Not applicable.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Product offering will not be limited.	Customers	Non-dependency on single supplier.

Anti-corruption

Training on Anti-corruption Policies and Procedures

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Not applicable.</i>	<i>Not applicable.</i>	<i>Not applicable.</i>

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Not applicable.</i>	<i>Not applicable.</i>	<i>Not applicable.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Not applicable.</i>	<i>Not applicable.</i>	<i>Not applicable.</i>

Incidents of Corruption

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Not applicable.</i>	<i>Not applicable.</i>	<i>Not applicable.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Not applicable.</i>	<i>Not applicable.</i>	<i>Not applicable.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Not applicable.</i>	<i>Not applicable.</i>	<i>Not applicable.</i>

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	11,445.15	GJ
Energy consumption (gasoline)	134.98	GJ
Energy consumption (LPG)	4,684.32	GJ
Energy consumption (diesel)	33,835.81	GJ
Energy consumption (electricity)	111,589,724.24	kWh

Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	42.84	GJ
Energy reduction (LPG)	566.74	GJ
Energy reduction (diesel)	24,016.19	GJ
Energy reduction (electricity)	(3,381,441.70)	kWh

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>The increase in electricity energy consumptions for the year 2025 was brought about by the addition of eight (8) small formats that are newly opened stores, (4) in Visayas region and (4) in Luzon; The increase of the use of diesel, is due to our main transformer issue in Legaspi store, that we resorted to using our generator to continue the business while the restoration works is in process until January. The reduction of the Billing is brought by the energization of the eight rooftop solar PV systems.</p>	<p>All Stores</p>	<p>The MRSGL management is now involved in the energy monitoring and audit mandated by RA 11285, better known as the Energy Efficiency and Conservation Law. Our initiatives are as follows:</p> <ol style="list-style-type: none"> 1. We are progressively replacing fluorescent lights into LED's, 2. Gradually replacing conventional/wye delta controllers into VSD, 3. Installation of the Phase 3 rooftop solar power generation, and 4. Utilization of efficient equipment (refrigeration and aircon)

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
High electricity cost	All Stores	<ol style="list-style-type: none"> 1. Replacement or rehabilitation of all aging equipment with deteriorating performance and adherence to the recommendations of the energy audit conducted by the third party accredited by DOE as part of the energy conservation measures. 2. Acquire 3rd party maintenance for our rooftop solar PV system to maintain its maximum yield 3. Use of energy efficient equipment
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Conduct of energy efficiency and conservation audit	All Stores	Adherence to RA 11285 and RA 9135, and implementation of energy management plans

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	275,852	m ³
Water consumption	1,326,490	m ³
Water recycled and reused	1,221	m ³

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The increase is attributed by the increase of stores from water district and deepwell. Utilization of water intensive equipment on Aircon and Refrigeration	MRS GI have built water recycling source from stores in Angeles, Colon, Lapu Lapu, Mambaling, Mandaue, Junquera in Colon also, with more stores in pursuit of the same project as part of strategic plans.	Implement recycling with purification process to re-use of those in-store water sources like AHU condense water, Cooling Blowdown, rainwater and even STP effluent across store

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Penalty of undeclared/unregistered deepwells. Soil Subsidence	S2-S3-H5-W4	Deepwell registration and soil protection
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Water consumption cost savings	All Stores	Lower water OPEX in using alternatives excluding deepwells

Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume		
<ul style="list-style-type: none"> Renewable 	1,220.96	kg/liters
<ul style="list-style-type: none"> Non-renewable 	1,326,490.25	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services	0.0920%	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Not applicable.</i>	<i>Not applicable.</i>	<i>Not applicable.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Not applicable.</i>	<i>Not applicable.</i>	<i>Not applicable.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Not applicable.</i>	<i>Not applicable.</i>	<i>Not applicable.</i>

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

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N/A	
Habitats protected or restored	N/A	Ha
IUCN ³ Red List species and national conservation list species with habitats in areas affected by operations	N/A	

³ International Union for Conservation of Nature

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Not applicable.</i>	<i>Not applicable.</i>	<i>Not applicable.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Not applicable.</i>	<i>Not applicable.</i>	<i>Not applicable.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Not applicable.</i>	<i>Not applicable.</i>	<i>Not applicable.</i>

Environmental impact management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	3,927.25	Tonnes CO ₂ e
Energy indirect (Scope 2) GHG Emissions	43,689.45	Tonnes CO ₂ e
Emissions of ozone-depleting substances (ODS)	10,804.11	Tonnes CO ₂ e

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Utilization of green energy options like our solar PV and availment of power provider with renewable on its energy mix.	Solar PV energized facilities are Mandaue, Legaspi, Angeles, Alabang, Maasin, Cavite, Mambaling, Antipolo. Incoming projects area: Alangalang, Banawa, Hilongos, Catablogan, Bais, Naval, Hinigaran, Tayud, Tacloban and Sum-ag Power provider: All Stores	Reduce air pollution and incorporate environmental protection through RA 8739, or better known as Philippine Clean Air Act of 1999. Availment of carbon credits
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Global warning and climate change	All Stores	Reduce air pollution and incorporate environmental protection through RA 8739, or better known as Philippine Clean Air Act of 1999. Adherence to applicable provision under RA 9513,

		Renewable energy Act. Utilization of equipment with low Global Warming Potential, GWP
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Rooftop Solar Implementation and choosing supplier with mix/blend on renewable energy	All MSRGI stores.	Reduce air pollution and incorporate environmental protection through RA 8739, or better known as Philippine Clean Air Act of 1999.

Air pollutants

Disclosure	Quantity	Units
NO _x	0.003270	kg
SO _x	0.000150	kg
Persistent organic pollutants (POPs)	N/A	kg
Volatile organic compounds (VOCs)	N/A	kg
Hazardous air pollutants (HAPs)	N/A	kg
Particulate matter (PM)	0.011870	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The reduction of the pollutants are attributed by implementation of required and regular PMS such as change oil, filters, engine tune up and valve lash prior to emission test	All stores equipped with genset units.	Regular adherence of the clean air water act RA 8749
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Air pollution, environment and health hazard, Penalty imposition on parameter exceedance	All stores equipped with genset units.	Regular adherence of the clean air water act RA 8749
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
After-sales availability of accredited vendor and expertise	All stores equipped with genset units.	3rd party Maintenance and emergency response agreement. Block tendering of emission test contractors

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	3,679,470.85	kg
Reusable	3,830.42	kg
Recyclable	1,975,860.64	kg
Composted	N/A	kg
Incinerated	N/A	kg
Residuals/Landfilled	1,670,361.84	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The increase is attributed by the additional new stores open	All Stores	Adherence to Solid waste Management Act, RA 9003 and Extended Producer Responsibility, EPR under RA 11898 and compliance to LGU conditions
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Water and Soil Pollution, Health Hazard and penalty imposition	All Stores	Adherence to Solid waste Management Act, RA 9003 and Extended Producer Responsibility, EPR under RA 11898
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Scrap sales, non-imposition of penalties and fines, improved ambiance	All Stores	Implement pertinent mandates under Adherence to Solid waste Management Act, RA 9003 and Extended Producer Responsibility, EPR under RA 11898

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	30,434	Kg
Total weight of hazardous waste transported	25,890	Kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The increase is attributed by the additional new stores open. This waste is called hazardous because its properties are dangerous to human health and environment. The organization's involvement or TSD	All stores that generates Hazardous waste.	Adherence to Hazardous and nuclear waste management act, RA 6969

(Treater, Storage and Disposal, TSD) to dispose the hazardous waste with valid accredited from DENR		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Water and Soil Pollution, health hazard if mismanaged	All stores that generates Hazardous waste.	Adherence to Hazardous and nuclear waste management act, RA 6969
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Availment of 3rd party Treatment, Storage and Disposal (TSD) facilities	All stores that generates hazardous waste.	Adherence to Hazardous and nuclear waste management act, RA 6969

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	294,614	m ³
Percent of wastewater recycled	0.00%	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Treated water are discharge according to the water class the store is located. It can be a seawater or freshwater body	All stores equipped with STP and those that are inter-connected to the other STP facilities.	Adherence to Clean water act or RA 9275
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Water body pollution and imposition of penalties of failed parameters	All stores equipped with STP and those that are inter-connected to the other STP facilities.	Adherence to Clean water act or RA 9275
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Involvement of 3rd STP designer and after sales contractors to ensure daily operation complied the conditions under Discharge Permit. Enroute the untreated water to the lessor for compliant water disposal	All stores equipped with STP and those that are inter-connected to the other STP facilities.	Adherence to Clean water act or RA 9275 and lessor wastewater interconnection

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	55,937	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	-	#
No. of cases resolved through dispute resolution mechanism	5	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The increased of penalties is attributed on the non-submission of reports and operation of STP without a valid discharge permit	F21, S20 and S17	Availability and employment of an Accredited managing head and PCO during construction and operation. Compliance to other environmental laws from DENR EMB and LGU
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Imposition of penalties, environment damage	All stores	Full adherence to pertinent environmental laws
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Compliance to various environmental permits in position	All Stores	Full adherence to pertinent environmental laws

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees ⁴	6,766	#
a. Number of female employees	3,558	#
b. Number of male employees	3,208	#
Attrition rate ⁵	17.17%	rate
Ratio of lowest paid employee against minimum wage	Lowest paid is at min. wage; no lower than that.	ratio

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	52.59%	47.41%
PhilHealth	Y	52.59%	47.41%
Pag-ibig	Y	52.59%	47.41%
Parental leaves	Y	0.62%	0.59%
Vacation leaves	Y	35.83%	47.89%
Sick leaves	Y	35.83%	47.89%
Medical benefits (aside from PhilHealth)	Y	41.31%	38.38%
Housing assistance (aside from Pag-ibig)	N		
Retirement fund (aside from SSS)	Y	0.10%	0.00%
Further education support	Y	14.56%	12.00%
Company stock options	Y	0.00%	0.00%
Telecommuting	N		
Flexible-working Hours	Y	6.99%	3.53%
(Others)	N		

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Not applicable.</i>	<i>Not applicable.</i>
What are the Risk/s Identified?	Management Approach
<i>Not applicable.</i>	<i>Not applicable.</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Not applicable.</i>	<i>Not applicable.</i>

⁴ Employees are individuals who are in an employment relationship with the organization, according to national law or its application ([GRI Standards 2016 Glossary](#))

⁵ Attrition rate = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	29,732	hours
b. Male employees	31,521	hours
Average training hours provided to employees		
a. Female employees	4.60	hours/employee
b. Male employees	5.37	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The learning & development initiatives improved the overall capability of employees at the core, functional and behavioral levels. Training resources support (e.g. budget, training logistics, etc.)	A combination of in-person and online instruction. Prioritizing leadership development, functional training for store operations, and compliance training.
What are the Risk/s Identified?	Management Approach
<i>Not applicable.</i>	<i>Not applicable.</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Not applicable.</i>	<i>Not applicable.</i>

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	<i>Not applicable.</i>	%
Number of consultations conducted with employees concerning employee-related policies	<i>Not applicable.</i>	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Not applicable.</i>	<i>Not applicable.</i>
What are the Risk/s Identified?	Management Approach
<i>Not applicable.</i>	<i>Not applicable.</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Not applicable.</i>	<i>Not applicable.</i>

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	52.59%	%
% of male workers in the workforce	47.41%	%
Number of employees from indigenous communities and/or vulnerable sector*	0	#

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Not applicable.</i>	<i>Not applicable.</i>
What are the Risk/s Identified?	Management Approach
<i>Not applicable.</i>	<i>Not applicable.</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Not applicable.</i>	<i>Not applicable.</i>

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	18,607,567	Man-hours
No. of work-related injuries	19	#
No. of work-related fatalities	0	#
No. of work related ill-health	0	#
No. of safety drills	72	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The increase in safe man-hours indicates enhanced operational activity and workforce engagement; however, the rise in work-related injuries highlights areas where safety measures may need reinforcement. These incidents primarily occur at operational sites where employees perform routine tasks, handling equipment or materials. The organization is directly involved in the impact by being responsible for maintaining a safe working environment, implementing safety protocols, investigating incidents, and providing corrective actions and training to prevent recurrence. Despite the injuries, the absence of fatalities or work-related ill-health demonstrates that existing controls mitigate the most severe risks, but continuous improvement is needed.	Management adopts a proactive and structured approach to address the increase in work-related injuries. This includes reinforcing safety protocols, conducting regular risk assessments, providing targeted training, and promoting a safety-first culture among all employees. Incidents are thoroughly investigated to identify root causes, and corrective and preventive actions are implemented to avoid recurrence. Management also monitors safety performance metrics to ensure continuous improvement, aiming to reduce injuries while maintaining high operational productivity.

What are the Risk/s Identified?	Management Approach
<p>The key risks identified from the situation include an increased likelihood of work-related injuries, which highlights gaps in safety measures or compliance, and potential operational disruptions due to reduced workforce availability affecting productivity. There is also reputational risk, as frequent injuries may impact employee morale and the organization’s image as a safe employer. Additionally, regulatory and compliance risks arise from repeated incidents, which could attract scrutiny from authorities, while financial risks emerge from medical costs, compensation, and potential increases in insurance premiums.</p>	<p>Management addresses the identified risks through a proactive and systematic approach. This includes reinforcing safety protocols, conducting regular risk assessments, and providing targeted training to ensure compliance and awareness. All incidents are thoroughly investigated to identify root causes, with corrective and preventive actions implemented to prevent recurrence. Management also monitors safety performance metrics, promotes a strong safety culture among employees, and ensures alignment with regulatory requirements to mitigate operational, reputational, and financial impacts while maintaining workforce productivity.</p>
What are the Opportunity/ies Identified?	Management Approach
<p>The opportunities identified from the situation include strengthening the organization’s safety culture, enhancing employee awareness and engagement in safe work practices, and improving risk management processes. There is also an opportunity to optimize training programs, implement more effective safety controls, and use incident data to prevent future injuries. Additionally, proactively addressing these risks can reinforce the organization’s reputation as a responsible and safety-conscious employer, while supporting continuous improvement in operational efficiency and workforce well-being.</p>	<p>Management proactively fostering a strong safety culture and promoting employee engagement in safe work practices. This includes enhancing training programs, implementing improved safety controls, and leveraging incident data to prevent future injuries. Continuous monitoring and evaluation of safety performance are conducted to identify areas for improvement, while leadership actively encourages compliance and accountability. Through these measures, management aims to strengthen operational efficiency, protect workforce well-being, and reinforce the organization’s reputation as a responsible and safety-conscious employer.</p>

Labor Laws and Human Rights

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

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

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	N	
Child labor	N	
Human Rights	N	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Not applicable.</i>	<i>Not applicable.</i>
What are the Risk/s Identified?	Management Approach
<i>Not applicable.</i>	<i>Not applicable.</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Not applicable.</i>	<i>Not applicable.</i>

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy: Yes. Kindly see the Annex 1 of 2025 Sustainability Report.

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	N	
Forced labor	N	
Child labor	N	
Human rights	N	
Bribery and corruption	Y	Procurement Policy, No-Gift Policy, among others set out by MRSGL's Standard Operating Procedures

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Not applicable.</i>	<i>Not applicable.</i>
What are the Risk/s Identified?	Management Approach
<i>Not applicable.</i>	<i>Not applicable.</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Not applicable.</i>	<i>Not applicable.</i>

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
<i>Not applicable.</i>	<i>Not applicable.</i>	<i>Not applicable.</i>	<i>Not applicable.</i>	<i>Not applicable.</i>	<i>Not applicable.</i>

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

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: Not applicable.

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Not applicable.</i>	<i>Not applicable.</i>
What are the Risk/s Identified?	Management Approach
<i>Not applicable.</i>	<i>Not applicable.</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Not applicable.</i>	<i>Not applicable.</i>

Customer Management

Customer Satisfaction

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Not applicable.</i>	<i>Not applicable.</i>
What are the Risk/s Identified?	Management Approach
<i>Not applicable.</i>	<i>Not applicable.</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Not applicable.</i>	<i>Not applicable.</i>

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	10	#
No. of complaints addressed	10	#

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
In 2025, the number of substantiated complaints related to product and service health and safety increased from 6 incidents in 2024 to 10 incidents in 2025, with most cases occurring in the supermarket areas where customer interaction with goods and services is highest. This rise presents potential operational, financial, and reputational impacts, as recurring complaints may affect customer trust and overall brand perception. In response, the organization has taken full accountability by strengthening quality control measures, enhancing in-store safety inspections, reinforcing staff training on product handling and customer service, and utilizing digital monitoring systems to track incidents, determine root causes, and implement corrective and preventive actions. The Company remains committed to maintaining high health and safety standards while continuously improving the overall customer experience.	All customer accidents and complaints are promptly and effectively managed by highly trained Emergency Response Team (ERT) members, especially in First Aid response. Stores strictly adhere to regulations regarding health, food, and cosmetic products, and the majority of outlets have been awarded the Safety Excellence Award, demonstrating compliance and commitment to safety. By identifying root causes of incidents and providing immediate resolutions, the organization mitigates risks, maintains high customer satisfaction, fosters loyalty and repeat business, and encourages positive word-of-mouth.

What are the Risk/s Identified?	Management Approach
The organization continues to monitor reputational risks associated with customer accidents, particularly those resulting in hospitalization. Such incidents, if not handled properly, could escalate and impact the company's public image. To mitigate this risk, management is committed to covering all hospitalization costs for affected customers. Furthermore, all products sold comply with health, food, and cosmetic regulations, minimizing the likelihood of harm and safeguarding the company's reputation.	Reputational risks from customer accidents are managed with immediacy and priority to prevent escalation or negative media exposure. The organization ensures prompt assistance, effective incident management, and full support for affected customers, demonstrating a strong commitment to safety, compliance, and customer trust.
What are the Opportunity/ies Identified?	Management Approach
The organization continues to leverage the opportunity to enhance customer safety awareness by actively reminding customers through public announcement systems and safety signages that highlight safety practices. This approach not only helps prevent accidents but also reinforces the company's commitment to the well-being of its customers. Although reputational risk remains when accidents result in hospitalization, management mitigates this by covering all hospitalization costs, safeguarding the company's reputation.	Customer safety is managed proactively through consistent reminders across all available communication channels. The organization also conducts regular customer service orientations and employee training sessions to ensure staff are well-prepared to respond to customer needs. Structured procedures are in place to address inquiries efficiently, provide timely assistance, and maintain high satisfaction, while customer care plans are developed to strengthen long-term relationships and trust.

Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	Nil	#
No. of complaints addressed	Nil	#

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Not applicable.</i>	<i>Not applicable.</i>
What are the Risk/s Identified?	Management Approach
<i>Not applicable.</i>	<i>Not applicable.</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Not applicable.</i>	<i>Not applicable.</i>

Customer privacy

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

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Not applicable.</i>	<i>Not applicable.</i>
What are the Risk/s Identified?	Management Approach
<i>Not applicable.</i>	<i>Not applicable.</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Not applicable.</i>	<i>Not applicable.</i>

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	Nil	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Not applicable.</i>	<i>Not applicable.</i>
What are the Risk/s Identified?	Management Approach
<i>Not applicable.</i>	<i>Not applicable.</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Not applicable.</i>	<i>Not applicable.</i>


UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs


Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Metro Department Stores Metro Supermarket Super Metro Hypermarket Metro Value Mart Ancillary Businesses	Poverty Reduction Decent and economic growth Sustainable Cities and Communities Reduced inequalities Good health and wellbeing	Possibility of missed opportunities to serve the needs of communities	MRSGI continuous to expand into areas where it can serve the needs of far-flung communities and sustain its development
MRSGI CSR Programs	Partnerships for the goals	Possibility of being unable to serve the needs of the more vulnerable sector	MRSGI, through its Corporate Affairs Department, implements various community-related programs.

2025 SUSTAINABILITY REPORT: Annex 1- Supplier Accreditation Policy

	E – BUSINESS SUITE (EBS) GUIDELINES MANUAL GENERAL LOSS PREVENTION	Document No.	GM-EBS-PCS-005
		Date Released	July 14, 2017
		Revision No.	000
		Page 1 of 8	
Section	Procurement		
Subject	Supplier Accreditation		
<p>1.0 Objectives</p> <p>To provide policies and operating guidelines in accrediting a supplier.</p> <p>2.0 Scope</p> <p>This module covers the end to end process of accrediting a supplier</p> <p>3.0 Acronyms/ Definitions</p> <p>NVIS - New Vendor Information Slip</p> <p>D & B - Dun And BradStreet</p> <p>4.0 General Guidelines</p> <p>4.1 New Supplier shall be introduce to D & B. No D&B accreditation NO MRS GI accreditation. Note: All suppliers shall required to register and pass through Dun and BradStreet for accreditation. Suppliers shall pay the accreditation pay and other required fees directly to D&B.</p> <p>4.2 D&B will forward the results of their evaluation to MRS GI. See Exhibit 5 – D&B Result Indicators. Note: D & B Vendor Information Report shall include but not limited to:</p> <ul style="list-style-type: none"> (a) Composite Rating based on Criteria for vendor accreditation (b) Risk Assessment (c) Current Investigation Findings (d) Financial Information & Related Metrics (e) Bank Related Information (if any) (f) Trade Payment Summary (g) Accounts Referred for Collection (if any) (h) Company Registration History (i) Principals: Stockholders, Director and Executives (j) Registered Charges (if any) (k) Operations Related Information (l) Corporate Linkage (if any) 			

2025 SUSTAINABILITY REPORT: Annex 1- Supplier Accreditation Policy

	E – BUSINESS SUITE (EBS) GUIDELINES MANUAL GENERAL LOSS PREVENTION	Document No.	GM-EBS-PCS-005
		Date Released	July 14, 2017
		Revision No.	000
		Page 2 of 8	
Section	Procurement		
Subject	Supplier Accreditation		
<p>4.3 Supplier with a remarks falling to [REDACTED] shall be assessed by - Trade : Chief Financial Officer and Chief Merchandising Officer/ Deputy CMO, Non-Trade: Chief Financial Officer and VP – Supply Chain, if the supplier is qualified to be accredited.</p> <p>Note: [REDACTED] evaluation result falls in the [REDACTED] See <i>Exhibit 5</i></p> <p>4.4 Enrollment in Oracle EBS shall only commence when complete required documents is submitted as an attachment to the accomplished NVIS. Enrollment in Oracle EBS shall only commence when complete required documents is submitted as an attachment to the accomplished NVIS</p>			



SECURITIES AND EXCHANGE COMMISSION

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



The following document has been received:

Receiving: ICTD ERMD

Receipt Date and Time: April 06, 2026 03:01:32 PM

Company Information

SEC Registration No.: CS200315877

Company Name: METRO RETAIL STORES GROUP, INC. Doing business under the name and style of the following business names: 1. The Metro Gaisano 2. Metro Gaisano Pharmacy 3. Metro Gaisano Cafe 4. Super Metro Gaisano 5. Metro Ayala Center 6. Metro Plaza Store - Toledo 7. Metro Gaisano Express Mart 8. Tita Gwapa Supertinda 9. Metro Gourmet Dining 10. Metro Fresh 'n Easy 11. Metro Wholesalmart 12. Metro Market Market Department Store & Supermarket 13. Metro Alabang Department Store & Supermarket 14. Metro Hi-Per 15. Metro Gaisano Market 16. Metro Legazpi Dept. Store & Supermarket 17. Metro Lucena Department Store & Supermarket 18. Metro Angeles City Department Store & Supermarket 19. Metro Angeles City Pharmacy

Industry Classification: G51000

Company Type: Stock Corporation

Document Information

Document ID: OST104062026811157070

Document Type: Financial Statement

Document Code: FS

Period Covered: December 31, 2025

Submission Type: Consolidated, Annual

Remarks: None

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



SEC eFast Initial Acceptance

1 message

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

Mon, Apr 6, 2026 at 3:01 PM

Dear **METRO RETAIL STORES GROUP, INC.** Doing business under the name and style of the following business names: 1. The Metro Gaisano 2. Metro Gaisano Pharmacy 3. Metro Gaisano Cafe 4. Super Metro Gaisano 5. Metro Ayala Center 6. Metro Plaza Store - Toledo 7. Metro Gaisano Express Mart 8. Tita Gwapa Supertinda 9. Metro Gourmet Dining 10. Metro Fresh 'n Easy 11. Metro Wholesalemart 12. Metro Market Market Department Store & Supermarket 13. Metro Alabang Department Store & Supermarket 14. Metro Hi-Per 15. Metro Gaisano Market 16. Metro Legazpi Dept. Store & Supermarket 17. Metro Lucena Department Store & Supermarket 18. Metro Angeles City Department Store & Supermarket 19. Metro Angeles City Pharmacy,

Greetings!

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

SEC Registration No: CS200315877

Company Name: METRO RETAIL STORES GROUP, INC. Doing business under the name and style of the following business names: 1. The Metro Gaisano 2. Metro Gaisano Pharmacy 3. Metro Gaisano Cafe 4. Super Metro Gaisano 5. Metro Ayala Center 6. Metro Plaza Store - Toledo 7. Metro Gaisano Express Mart 8. Tita Gwapa Supertinda 9. Metro Gourmet Dining 10. Metro Fresh 'n Easy 11. Metro Wholesalemart 12. Metro Market Market Department Store & Supermarket 13. Metro Alabang Department Store & Supermarket 14. Metro Hi-Per 15. Metro Gaisano Market 16. Metro Legazpi Dept. Store & Supermarket 17. Metro Lucena Department Store & Supermarket 18. Metro Angeles City Department Store & Supermarket 19. Metro Angeles City Pharmacy

Document Code: AFS

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

Thank you.

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

REMINDER:

TO ALL FILERS OF REPORTS IN THE e-FAST

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

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

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

COVER SHEET

for
AUDITED CONSOLIDATED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	0	3	1	5	8	7	7
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COMPANY NAME

M	E	T	R	O		R	E	T	A	I	L		S	T	O	R	E	S		G	R	O	U	P	,			
I	N	C	.		A	N	D		S	U	B	S	I	D	I	A	R	Y										

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

V	I	C	S	A	L		B	U	I	L	D	I	N	G	,		C	O	R	N	E	R		O	F		C	.	D
.		S	E	N	O		A	N	D		W	.	O	.		S	E	N	O		S	T	R	E	E	T	S	,	
G	U	I	Z	O	,		N	O	R	T	H		R	E	C	L	A	M	A	T	I	O	N		A	R	E	A	,
M	A	N	D	A	U	E		C	I	T	Y	,		C	E	B	U												

Form Type

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

Department requiring the report

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

Secondary License Type, If Applicable

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

COMPANY INFORMATION

Group's Email Address

vicsal.sec@metroretail.ph

Group's Telephone Number

(032) 236-8390

Mobile Number

N/A

No. of Stockholders

25

Annual Meeting (Month / Day)

First Friday of May

Fiscal Year (Month / Day)

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Lucille S. Malazarte

Email Address

**Lucille.malazarte
@metroretail.ph**

Telephone Number/s

(032) 236-7793

Mobile Number

N/A

CONTACT PERSON'S ADDRESS

Vicsal bldg., Corner of C.D.Seno & W.O. Seno Sts., Guizo, North Reclamation Area, Mandaue City, Cebu

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

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



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

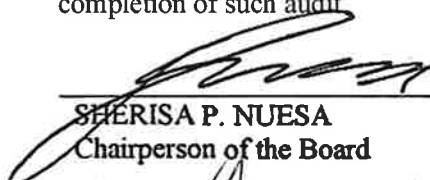
The management of Metro Retail Stores Group, Inc and Subsidiary is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2025 and 2024, in accordance with the prescribed financial reporting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

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

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

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

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


SHERISA P. NUESA
 Chairperson of the Board


JOSELITO G. ORENSE
 President and Chief Operating Officer

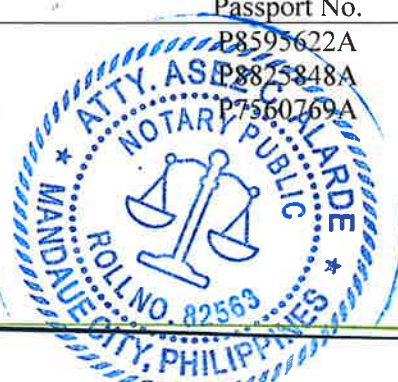

LUCILLE S. MALAZARTE
 Treasurer and Chief Financial Officer

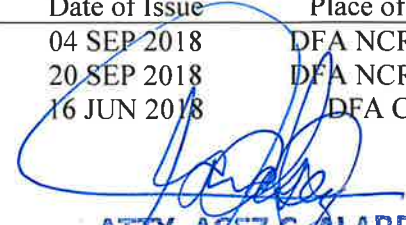
March 19, 2026

SUBSCRIBED AND SWORN to before me this MAR 24 2026 affiants exhibiting to me their respective Philippine passports as follows:

	Passport No.	Date of Issue	Place of Issue
Sherisa P. Nuesa	P8595622A	04 SEP 2018	DFA NCR South
Joselito G. Orense	P8825848A	20 SEP 2018	DFA NCR South
Lucille S. Malazarte	P7560769A	16 JUN 2018	DFA Cebu

Doc. No. 401
 Page No. 82
 Book No. 1
 Series of 2026




ATTY. ASEZ C. ALARDE
 Notary Public for and in the City of Mandaua and Municipalities of Consolacion, Liloan, Compostela and Cordova, Cebu
 Notarial Commission No. 2926-73, valid until December 31, 2027
 Roll of Attorney's No. 82563
 PTR No. MC220860, December 3, 2025; Mandaua City
 IBP Invoice No. 302001, December 2, 2023; Pasig City
 MCLE Compliance No. VIII-0913915 issued on October 2, 2024;
 Vicsal Bldg., corner of C.D. Seno & VCSBU PRINCIPAL OFFICE
 Guizo North Reclamation Area, Mandaua City, Cebu

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Metro Retail Stores Group, Inc.
Vicsal Building, Corner of C.D. Seno and W.O. Seno Streets
Guizo, North Reclamation Area, Mandaue City, Cebu

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Metro Retail Stores Group, Inc. and Subsidiary, which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2025, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), as applicable to the audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to the audit of the consolidated financial statements of public interest entities in the Philippines, 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the consolidated financial statements* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



Existence and completeness of merchandise inventories

The Group's inventories comprise 26% of its total assets as at December 31, 2025. The Group operates 81 stores (consisting of department stores, supermarkets and hypermarkets) and 14 warehouses across Luzon and Visayas. We focused on this area since inventories are material to the consolidated financial statements and are located in various sites across the country.

The Group's disclosures about inventories are included in Note 7 to the consolidated financial statements.

Audit Response

We observed the conduct of inventory count at selected stores and warehouses and performed test counts. We traced the results of the test counts to the inventory compilation to determine if the inventory compilation reflects actual inventory count results. We also traced the last documents used for shipping, receiving, transfers which were obtained during the inventory count observation to the accounting records of sales and purchases. We obtained the reconciliation of the valued physical inventory compilation and compared this with the general ledger account balances and tested selected reconciling items. On a sampling basis, we tested the rollback procedures on inventory quantities from the date of inventory count to reporting date.

Other Information

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

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

Responsibilities of Management and Those Charged with Governance for the consolidated financial statements

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

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

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



Auditor's Responsibilities for the Audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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



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

The engagement partner on the audit resulting in this independent auditor's report is
Carlo Paolo V. Manalang.

SYCIP GORRES VELAYO & CO.

Carlo Paolo V. Manalang

Carlo Paolo V. Manalang

Partner

CPA Certificate No. 111947

Tax Identification No. 210-730-804

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

SEC Partner Accreditation No. 111947-SEC (Group A)

Valid to cover audit of 2019 to 2023 financial statements,
with extension up to audit of 2025 financial statements

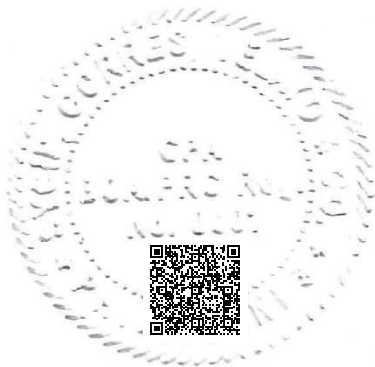
SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001998-127-2026, January 27, 2026, valid until January 26, 2029

PTR No. 10765080, January 2, 2026, Makati City

March 19, 2026



METRO RETAIL STORES GROUP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4 and 27)	₱2,485,143,661	₱2,299,422,529
Short-term investments (Notes 5 and 27)	150,000,000	289,919,638
Receivables (Notes 6 and 27)	1,397,587,185	1,237,906,937
Merchandise inventories (Note 7)	6,575,303,686	6,301,745,958
Other current assets (Notes 8 and 27)	568,033,662	484,466,196
Total Current Assets	11,176,068,194	10,613,461,258
Noncurrent Assets		
Property and equipment (Note 9)	8,643,786,538	7,868,892,616
Right-of-use ("ROU") assets (Note 24)	3,840,141,521	4,529,304,837
Deferred tax assets - net (Note 23)	498,924,403	486,012,545
Other noncurrent assets (Notes 10 and 27)	940,280,628	784,262,340
Total Noncurrent Assets	13,923,133,090	13,668,472,338
TOTAL ASSETS	₱25,099,201,284	₱24,281,933,596
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 11 and 27)	₱5,402,370,447	₱5,445,779,693
Contract liabilities (Note 12)	122,667,863	111,867,178
Income tax payable	51,769,296	62,159,881
Short-term loans payable (Notes 13 and 27)	700,000,000	200,000,000
Loans payable - current portion (Notes 13 and 27)	489,236,111	473,611,111
Lease liabilities - current portion (Notes 24 and 27)	182,564,725	266,516,739
Total Current Liabilities	6,948,608,442	6,559,934,602
Noncurrent Liabilities		
Lease liabilities - net of current portion (Notes 24 and 27)	5,058,478,598	5,650,722,017
Loans payable - net of current portion (Notes 13 and 27)	2,516,638,035	1,986,835,274
Retirement benefit obligation (Note 21)	535,868,507	543,396,113
Other noncurrent liabilities (Notes 14 and 27)	14,721,133	19,644,282
Total Noncurrent Liabilities	8,125,706,273	8,200,597,686
Total Liabilities	15,074,314,715	14,760,532,288
Equity		
Capital stock (Note 15)	3,429,375,000	3,429,375,000
Additional paid-in capital (Note 15)	2,455,542,149	2,455,542,149
Treasury stock (Note 15)	(270,153,426)	(261,526,893)
Retained earnings (Note 15)	4,288,916,965	3,800,813,300
Share-based payment (Note 21)	14,237,523	11,557,101
Remeasurement gain on defined benefit obligation (Notes 15 and 21)	106,968,358	85,640,651
Total Equity	10,024,886,569	9,521,401,308
TOTAL LIABILITIES AND EQUITY	₱25,099,201,284	₱24,281,933,596

See accompanying Notes to consolidated Financial Statements.



METRO RETAIL STORES GROUP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2025	2024	2023
REVENUE			
Net sales (Note 16)	₱41,555,845,813	₱39,616,955,669	₱38,272,076,708
Rentals (Notes 22 and 24)	395,556,811	364,721,382	312,049,979
	41,951,402,624	39,981,677,051	38,584,126,687
COSTS AND EXPENSES			
Cost of sales (Note 18)	32,481,387,449	31,133,055,176	30,015,630,191
Operating expenses (Note 19)	8,421,754,770	7,706,192,301	7,457,877,507
	40,903,142,219	38,839,247,477	37,473,507,698
OPERATING INCOME	1,048,260,405	1,142,429,574	1,110,618,989
OTHER INCOME (CHARGES) (Note 17)			
Interest and other income - net	369,232,696	199,209,601	261,603,422
Finance costs	(494,830,189)	(519,843,981)	(536,661,670)
	(125,597,493)	(320,634,380)	(275,058,248)
INCOME BEFORE INCOME TAX	922,662,912	821,795,194	835,560,741
PROVISION FOR INCOME TAX (Note 23)			
Current	260,044,440	251,088,767	268,462,787
Deferred	(20,021,093)	(38,715,835)	(50,921,750)
	240,023,347	212,372,932	217,541,037
NET INCOME	682,639,565	609,422,262	618,019,704
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Not to be reclassified to profit or loss in subsequent periods</i>			
Remeasurement gain (loss) on defined benefit obligation (Note 21)	28,436,943	13,184,504	(24,393,890)
Income tax effect (Note 23)	(7,109,236)	(3,296,126)	6,098,473
	21,327,707	9,888,378	(18,295,417)
TOTAL COMPREHENSIVE INCOME	₱703,967,272	₱619,310,640	₱599,724,287
Basic/Diluted Earnings Per Share (Note 25)	₱0.21	₱0.19	₱0.19

See accompanying Notes to consolidated Financial Statements.



METRO RETAIL STORES GROUP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2025, 2024 and 2023

	Capital Stock (Note 15)	Additional Paid-in Capital (Note 15)	Treasury Stock (Note 15)	Retained Earnings (Note 15)	Share-based Equity (Notes 15 and 21)	Remeasurement Gain (Loss) on Retirement Benefit Obligation (Note 21)	Total
At January 1, 2025	₱3,429,375,000	₱2,455,542,149	(261,526,893)	₱3,800,813,300	₱11,557,101	₱85,640,651	₱9,521,401,308
Net income for the year	-	-	-	682,639,565	-	-	682,639,565
Other comprehensive income	-	-	-	-	-	21,327,707	21,327,707
Total comprehensive income	-	-	-	682,639,565	-	21,327,707	703,967,272
Declaration of dividends (Note 15)	-	-	-	(194,535,900)	-	-	(194,535,900)
Acquisition of treasury stock (Note 15)	-	-	(8,626,533)	-	-	-	(8,626,533)
Stock option compensation (Notes 15 and 21)	-	-	-	-	2,680,422	-	2,680,422
At December 31, 2025	₱3,429,375,000	₱2,455,542,149	(270,153,426)	₱4,288,916,965	₱14,237,523	₱106,968,358	₱10,024,886,569
At January 1, 2024	₱3,429,375,000	₱2,455,542,149	(₱254,419,975)	₱3,711,054,879	₱5,001,736	₱75,752,273	₱9,422,306,062
Net income for the year	-	-	-	609,422,262	-	-	609,422,262
Other comprehensive income	-	-	-	-	-	9,888,378	9,888,378
Total comprehensive income	-	-	-	609,422,262	-	9,888,378	619,310,640
Declaration of dividends (Note 15)	-	-	-	(519,663,841)	-	-	(519,663,841)
Acquisition of treasury stock (Note 15)	-	-	(7,106,918)	-	-	-	(7,106,918)
Stock option compensation (Notes 15 and 21)	-	-	-	-	6,555,365	-	6,555,365
At December 31, 2024	₱3,429,375,000	₱2,455,542,149	(261,526,893)	₱3,800,813,300	₱11,557,101	₱85,640,651	₱9,521,401,308
At January 1, 2023	₱3,429,375,000	₱2,455,542,149	(₱207,150,258)	₱3,289,176,015	₱-	₱94,047,690	₱9,060,990,596
Net income for the year	-	-	-	618,019,704	-	-	618,019,704
Other comprehensive loss	-	-	-	-	-	(18,295,417)	(18,295,417)
Total comprehensive income	-	-	-	618,019,704	-	(18,295,417)	599,724,287
Declaration of dividends (Note 15)	-	-	-	(196,140,840)	-	-	(196,140,840)
Acquisition of treasury stock (Note 15)	-	-	(47,269,717)	-	-	-	(47,269,717)
Stock option compensation (Notes 15 and 21)	-	-	-	-	5,001,736	-	5,001,736
At December 31, 2023	₱3,429,375,000	₱2,455,542,149	(₱254,419,975)	₱3,711,054,879	₱5,001,736	₱75,752,273	₱9,422,306,062

See accompanying Notes to Consolidated Financial Statements.



METRO RETAIL STORES GROUP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱922,662,912	₱821,795,194	₱835,560,741
Adjustments for:			
Depreciation and amortization of property and equipment (Note 9)	799,969,168	715,217,933	611,908,962
Finance costs (Note 17)	494,830,189	519,843,981	536,661,670
Amortization of ROU assets - net (Note 24)	436,581,135	370,322,235	327,944,683
Gain on lease modification/pre-termination (Notes 17 and 24)	(161,935,756)	-	(29,107,167)
Loss due to calamities (Notes 7, 9 and 19)	118,797,463	-	-
Gain on insurance claim (Note 17)	(111,035,604)	-	-
Retirement benefits costs (Note 21)	68,086,466	65,912,361	62,802,363
Interest income (Note 17)	(29,793,652)	(89,834,120)	(145,306,737)
Amortization of leasehold rights (Note 10)	4,659,094	-	-
Provision for (reversal of) expected credit losses (Notes 6 and 19)	3,211,591	(11,000,566)	4,998,705
Share-based compensation (Note 15 and 21)	2,680,422	6,555,365	5,001,736
Provision (reversal) for shrinkage and decline in inventories values (Note 7)	1,204,549	(49,800,972)	(12,327,115)
Loss (gain) on retirement/disposal of fixed assets (Note 9)	815,231	282,563	432,275
Unrealized foreign currency exchange gains (loss) - net (Note 17)	321,730	(22,115,260)	(18,061,150)
Write-off of assets (Notes 6)	30,000	5,032,863	4,874,091
Operating income before working capital changes	2,551,084,938	2,332,211,577	2,185,383,057
Decrease (increase) in:			
Merchandise inventories	(367,547,818)	(385,719,156)	(358,565,935)
Receivables	(56,003,918)	(187,652,524)	(155,174,839)
Other current assets	(134,078,764)	(12,262,837)	133,484,425
Increase (decrease) in:			
Trade and other payables	(55,056,449)	506,391,100	123,476,369
Contract liabilities	10,800,685	4,720,451	2,317,914
Other noncurrent liabilities	(4,923,150)	1,713,817	3,456,489
Cash flows generated from operations	1,944,275,524	2,259,402,428	1,934,377,480
Interest received	29,208,642	89,067,119	148,577,790
Income tax paid	(219,923,726)	(285,456,944)	(175,411,263)
Retirement benefits paid - net of contribution (Note 21)	(37,177,129)	(39,486,788)	(27,458,728)
Net cash provided by operating activities	1,716,383,311	2,023,525,815	1,880,085,279



	Years Ended December 31		
	2025	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment (Note 9)	(1,426,617,520)	(1,937,280,528)	(1,530,886,708)
Proceeds from (availment of) short-term investments (Note 5)	139,919,638	(289,919,638)	-
Increase in other noncurrent assets	(300,452,796)	(173,549,675)	(444,352,980)
Interest from financial asset at FVOCI (Notes 10 and 17)	6,250,000	4,687,500	-
Investment in subsidiary - net of cash acquired from acquisition	(1,298,942)	-	-
Availment of financial assets at FVOCI (Note 10)	-	(100,000,000)	-
Proceeds from insurance claims	-	-	53,681,402
Net cash provided by (used in) investing activities	(1,582,199,620)	(2,496,062,341)	(1,921,558,286)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loan availment (Note 13)	2,350,000,000	200,000,000	-
Payments of:			
Loans payable (Note 13)	(1,307,986,111)	(398,611,111)	(130,208,333)
Lease liabilities (Note 24)	(636,362,735)	(518,511,533)	(443,695,421)
Interest	(150,629,550)	(160,626,218)	(167,493,418)
Cash dividends (Note 15)	(194,535,900)	(519,663,841)	(196,140,840)
Purchase of treasury stock (Note 15)	(8,626,533)	(7,106,918)	(47,269,717)
Net cash provided by (used in) financing activities	51,859,171	(1,404,519,621)	(984,807,729)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	186,042,862	(1,877,056,147)	(1,026,280,736)
EFFECT OF CHANGES IN FOREIGN EXCHANGE RATE	(321,730)	22,115,260	18,061,150
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,299,422,529	4,154,363,416	5,162,583,002
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	₱2,485,143,661	₱2,299,422,529	₱4,154,363,416

See accompanying Notes to consolidated Financial Statements.



METRO RETAIL STORES GROUP, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information and Approval of the Consolidated Financial Statements

Corporate Information

Metro Retail Stores Group, Inc. (MRSGI or the Parent Company) was incorporated and registered with the Philippine Securities and Exchange Commission (the SEC) on August 28, 2003 in the Republic of the Philippines. The Parent Company is 81.24%-owned by Vicsal Development, Corporation (VDC), the immediate parent, 0.77%-owned by Valueshop Stores, Inc., and the rest by the public. Its primary purpose is to buy, sell and trade, goods, wares and merchandise of every kind and description and in general to carry on the businesses of a supermarket, hypermarket and department store operator. The Parent Company began commercial operations on November 19, 2004.

The Parent Company's common stock was listed with the Philippine Stock Exchange (PSE) on November 24, 2015 (see Note 15).

The Parent Company's principal place of business is located at Vicsal Building, corner of C.D. Seno and W.O. Seno Streets, Guizo North Reclamation Area, Mandaue City, Cebu.

Closure of Money Changer/Foreign Exchange Dealer business (MC/FXD)

On November 6, 2024, the Group's BOD approved the permanent closure of the MC/FXD business of the Group. On February 1, 2025, the Group formally notified the Bangko Sentral ng Pilipinas (BSP) of the permanent closure of the MC/FXD business effective end of business hours of April 1, 2025. The BSP acknowledged the notification on July 29, 2025.

Acquisition of Apple Drugstore Corp.

On April 4, 2025, the Board of Directors of the Parent Company approved the acquisition of Apple Drugstore Corp. (ADC) through sale of 2,500 common shares held by Vicsal Development Corporation for a total consideration of ₱5.00 million representing full ownership of the acquired subsidiary.

ADC is a domestic corporation organized and existing under and by virtue of the laws of the Republic of the Philippines. ADC was registered with the SEC on September 11, 2003 with the primary purpose of buying, selling, trading, importing, exporting and otherwise dealing in any and all kinds of pharmaceutical products, medicines, foodstuffs, groceries, and in general, carrying on the business of a retailer and wholesaler of goods. The registered office address and place of business of ADC is at Super Metro Mandaue, Ibabao Estancia, Mandaue City. ADC commenced its commercial operations in February 2026.

Approval of the consolidated financial statements

The consolidated financial statements of the Group as of December 31, 2025 and 2024 and for each of the three years in the year ended December 31, 2025 were approved and authorized for issue by the Board of Directors (BOD) on March 19, 2026.



2. **Basis of Preparation, Statement of Compliance, Principles of Consolidation and Summary of Material Accounting Policies**

Basis of Preparation

The consolidated financial statements of the Group have been prepared on a historical cost basis and are presented in Philippine Peso (₱), which is the Group's functional currency. Amounts are rounded off to the nearest Philippine Peso, except where otherwise indicated.

These consolidated financial statements as of and for the year December 31, 2025 are the first consolidated financial statements the Group has prepared following the acquisition of Apple Drugstore Corp.

Statement of Compliance

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

Principles of Consolidation

The consolidated financial statements include the accounts of the Parent Company and the wholly owned subsidiary mentioned in Note 1. The financial statements of the subsidiary is prepared for the same reporting year as the Parent Company using consistent accounting policies.

The subsidiary is consolidated from the date control is transferred to the Parent Company and cease to be consolidated from the date control is transferred out of the Parent Company. Control is established when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

All intercompany balances, income and expenses, and profits and losses resulting from intercompany transactions are eliminated in full.

Business Combinations Involving Entities under Common Control

The Group elected to account for its common control business combination using acquisition method and this is applied consistently for similar transactions. However, where the acquisition method of accounting is selected, the transaction must have commercial substance from the perspective of the reporting entity. Common control business combination without commercial substance is accounted using "pooling of interests" method wherein the assets and liabilities of the combining entities are reflected in the consolidated financial statements at their carrying amounts. No adjustments are made to reflect fair values, or recognize any new assets or liabilities, at the date of the combination and adjustments made are only those adjustments to harmonize accounting policies. No new goodwill is recognized as a result of the combination. The only goodwill that is recognized is any existing goodwill relating to either of the combining entities. The effects of intercompany transactions on current assets, current liabilities, revenues, and cost of sales for the periods presented and on retained earnings at the date of acquisition are eliminated to the extent possible.



Adoption of New and Amended Accounting Standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2025. Unless otherwise indicated, adoption of this new standard did not have an impact on the consolidated financial statements.

- Amendments to PAS 21, Lack of exchangeability

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

Standards and Interpretation Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2026

- Amendments to Illustrative Examples on PFRS 7, PFRS 18, PAS 1, PAS 8, PAS 26 and PAS 37, Disclosures about Uncertainties in the Financial Statements

The amendments add illustrative examples to several PFRS Accounting Standards intended to improve the reporting of climate-related and other uncertainties in the financial statements, particularly to address stakeholders' concerns about consistency of information within the general-purpose financial reports and sufficient information on climate-related risks and other uncertainties in the financial statements.

The examples address topics such as materiality judgements, significant judgements and estimates, and aggregation and disaggregation.

The illustrative examples are not an integral part of PFRS Accounting Standards and, as such, do not have an effective date or transition requirements. However, an entity is expected to be entitled to sufficient time to implement any changes to align the information disclosed in its financial statements with the illustrative examples. Determining how much time is sufficient is a matter of judgement that depends on an entity's particular facts and circumstances. Nonetheless, an entity would be expected to implement any changes on a timely basis.

- Amendments to PFRS 9 and PFRS 7, Classification and Measurement of Financial Instruments

The amendments clarify that a financial liability is derecognized on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. They also introduce an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.



The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features. Furthermore, the amendments clarify the treatment of non-recourse assets and contractually linked instruments.

- Annual Improvements to PFRS Accounting Standards - Volume 11

The amendments are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversight or conflicts between the requirements in the Accounting Standards. The following is the summary of the Standards involved.

- Amendments to PFRS 1, Hedge Accounting by a First-time Adopter
- Amendments to PFRS 7, Gain or Loss on Derecognition
- Amendments to PFRS 9
 - Lessee Derecognition of Lease Liabilities
 - Transaction Price
- Amendments to PFRS 10, Determination of a 'De Facto Agent'
- Amendments to PAS 7, Cost Method

Effective beginning on or after January 1, 2027

- PFRS 18, *Presentation and Disclosure in Financial Statements*

The standard replaces PAS 1 *Presentation of financial statements* and responds to investors' demand for better information about companies' financial performance. The new requirements include:

- Required totals, subtotals and new categories in the statement of profit or loss
- Disclosure of management-defined performance measures
- Guidance on aggregation and disaggregation

- PFRS 19, *Subsidiaries without Public Accountability*

The standard allows eligible entities to elect to apply PFRS 19's reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other PFRS accounting standards. The application of the standard is optional for eligible entities.

Deferred effectivity

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

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture. On January 13, 2016,



the Financial and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes 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.

Summary of Material Accounting Policy Information

The following accounting policies were applied in the preparation of the Group's consolidated financial statements:

Current and Noncurrent Classification

The Group presents assets and liabilities in the statement of financial position based on current / noncurrent classification.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Cash and Cash Equivalents

Cash pertains to cash on hand and in banks. Cash in banks represent cash funds that are deposited in various bank accounts of the Group. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amount of cash with original maturities of three (3) months or less from the date of acquisition and that are subject to an insignificant risk of changes in value.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a FVPL, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.



Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVPL

As of December 31, 2025 and 2024, the Group's financial assets pertain to financial assets at amortized cost (debt instruments) and fair value through other comprehensive income (FVOCI).

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective 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.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in the profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost include cash and cash equivalents, trade receivables, rentals and receivable from related parties, accrued interest receivable and security deposits under "Other current assets" and lodged in "Deposits" under "Other noncurrent assets".

Financial assets at FVOCI

For financial assets at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated statement of income and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition the cumulative fair value change recognized in OCI is recycled to profit or loss.

As of December 31, 2025, the Group acquired retail bonds, which were classified as financial assets at fair value through OCI (see Note 10).

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognized (i.e., removed from the statement of financial position) when the rights to receive cash flows from the asset have expired.

Impairment of Financial Assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at



an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade and rental receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For cash and cash equivalents, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses external credit ratings of the banks to assess whether the financial instrument has significantly increased in credit risk and to estimate ECLs.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Significant Increase in Credit Risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward looking information that is available without undue cost or effort.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its



contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of “investment grade” as per globally understood definition.

Definition of Default

The Group considers that default has occurred when a financial asset is more than 90 days past due and when an internally developed information indicate that the debtor is unlikely to pay the Group in full unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write-off Policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group’s recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Measurement and Recognition of Expected Credit Losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets’ gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with PFRS 16, *Leases*.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognizes gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowing, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.



All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables (excluding statutory payables), loans payable, lease liabilities and other noncurrent liabilities.

Subsequent Measurement - Financial Liabilities at Amortized Cost

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rates (EIR) method. Gains and losses are recognized in the profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the profit or loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group.

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

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as disclosed in Note 27 to the consolidated financial statements.

Merchandise Inventories

Merchandise inventories are stated at the lower of cost and net realizable value (NRV). Cost which includes all cost directly attributable to acquisition such as purchase price and transport cost is determined using the weighted average cost (WAC) method. NRV is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale. The Group provides for estimated inventory losses based on the Group's experience on obsolescence, damage and shrinkage. The provision is adjusted periodically to reflect the changes in assumptions due to obsolescence, damage and shrinkage.



Other Assets

Deposits

Deposits include payments to lessors for rental and to utility companies for meter deposits which will be either refunded or applied against the Group's outstanding balance at the end of the contract term which is beyond one year from the reporting date.

Advances to Suppliers

These are recognized based on the amount paid at the transaction date and are applied when the goods are received or services are rendered.

Value-Added Tax (VAT)

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated statement of financial position to the extent of the recoverable amount.

Deferred Input VAT

Deferred input VAT represents input VAT on purchase of capital goods exceeding one million pesos before January 1, 2022. The related input VAT is recognized over five years or the useful life of the capital goods, whichever is shorter.

Property and Equipment

Items of property and equipment are carried at cost less accumulated depreciation, amortization and any impairment in value.

The initial cost of property and equipment comprises its purchase price, including import duties, taxes and any directly attributable costs of bringing the property and equipment to its working condition and location for its intended use, including any capitalized borrowing cost. Expenditures incurred after the property and equipment have been placed into operation, such as repairs and maintenance costs, are normally recognized in profit or loss in the period in which they are incurred. The cost of an item of property and equipment include costs incurred relating to leases of assets that are used to construct an item of property and equipment, such as depreciation of right-of-use assets. In situations where it can be clearly demonstrated that the expenditures would result in an increase in future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of such property and equipment.

Construction-in-progress are carried at cost and transferred to the related property and equipment account when the construction and related activities to prepare the property for its intended use are complete, and the property is ready for occupation.



Depreciation and amortization is calculated on a straight-line method over the estimated useful lives (EUL) of the property and equipment, except for leasehold improvements, which are amortized over the term of the lease or the EUL of the improvements, whichever is shorter.

	Years
Machinery and equipment	10 to 15
Store and office equipment	3 to 10
Computer equipment	3 to 5
Transportation equipment	3 to 5
Building and leasehold improvements	3 to 30 or the lease term, whichever is shorter

Depreciation and amortization of an item of property and equipment begins when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognized.

The assets' useful lives and methods of depreciation and amortization are reviewed and adjusted, if appropriate, at each reporting date.

Intangible Assets

The Group's intangible assets pertain to leasehold rights.

Intangible assets acquired separately are measured on initial recognition at costs. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

Intangible assets are amortized over the economic useful life of 30 years and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for an intangible asset are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of income.

Gains or losses arising from the 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 the consolidated statement of income when the asset is derecognized.

Borrowing Costs

Borrowing costs are directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets (included in "property and equipment" account in the



consolidated statement of financial position). All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest expense from lease liabilities.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as Lessee

Right-of-Use Assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and 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. The recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term as follow.

	Years
Land	2 to 41
Building	2 to 30

The carrying amounts of right-of-use assets are adjusted for any remeasurement of lease liabilities. It is decreased to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. The Group recognizes in profit or loss any gain or loss relating to the partial or full termination of the lease. For all other lease modifications, the Group makes a corresponding adjustment to the right-of-use asset.

Right-of-use assets are subject to impairment. Refer to the accounting policies in section impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments. PFRS 16 requires certain adjustments to be expensed, while others are added to the cost of the related right-of-use asset.



Short-term Leases and Leases of Low-value Assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low-value assets (i.e., lease of office equipment below ₱250,000) recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Group as Lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Impairment of Nonfinancial Assets

The Group assesses at each reporting date whether there is an indication that other current assets (excluding security deposits), property and equipment, right-of-use assets and other noncurrent assets (excluding security deposits -noncurrent) may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. Impairment losses of continuing operations are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss, unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount less any residual value on a systematic basis over its remaining useful life.



Retirement Benefit Obligation

The Group has a funded, non-contributory defined benefit retirement plan covering substantially all of its employees. The Group's pension liability is the aggregate of the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Pension cost comprises the following:

- service cost;
- interest on the pension liability; and
- remeasurements of pension liability.

Service costs which include current service costs, past service cost and gains and losses on non-routine settlements are recognized in expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated annually by independent qualified actuaries.

Interest on the Group's pension liability is the change during the period in the pension liability that arises from the passage of time which is determined by applying the discount rate based on government bonds to the pension liability. Interest on the Group's pension liability is recognized as expense in profit or loss.

Remeasurements comprising actuarial gains and losses are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Equity

Capital Stock and Additional Paid-in Capital

The Group has issued capital stock that is classified as equity. Incremental costs directly attributable to the issuance of new capital stock are shown in equity as a deduction from additional paid-in capital. Contribution in excess of par value is accounted for as an additional paid-in capital.

Treasury Shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is deducted to additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.



Retained Earnings

The amount included in retained earnings includes accumulated profit (loss) less dividends declared. Dividends are recognized as a liability and deducted from equity when they are approved by the BOD.

Share-based Payments

The Group has equity-settled, share-based compensation plans with its employees.

PFRS 2 Options

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. In valuing equity-settled transactions, vesting conditions, including performance conditions, other than market conditions (conditions linked to share prices), shall not be taken into account when estimating the fair value of the shares or share options at the measurement date. Instead, vesting conditions are taken into account in estimating the number of equity instruments that will ultimately vest.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (“vesting date”). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The income or expense for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The exercise of the options will result in the issuance of the corresponding number of common shares with an increase in “Paid-in capital” and a decrease in “Share-based payments” accounts.

Revenue from Contracts with Customers

The Group recognized revenue from sale of goods to retail customers, including sales related to the loyalty program. Sale of goods includes food, beverage, grocery items, fashion items (e.g., shoes, bags, clothing, cosmetics), household items, home improvement products, consumer electronics and appliances, toys, and prescription and over-the-counter pharmaceutical products. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent.

The Group recognizes revenue when it transfers control of a product or service to a customer.

Sale of Goods

The Group sells goods directly to customers through its own stores.



For sale of goods through stores, revenue is recognized when the control of the goods has transferred to the customer, being at the point the customer purchases the goods at the store. Payment of the transaction price is due immediately at the point the customer purchases the goods.

Sale of Loyalty Points, Gift Checks and Stored Value Cards.

The Group operates a loyalty program where retail customers accumulate points for purchases made at the Group's stores that can be redeemed against any future purchases at any of the Group's stores, subject to a minimum number of points obtained. The Group also sells gift checks and stored value cards which can be used to redeem goods.

The Group allocates a portion of the consideration received to loyalty points, gift checks and stored value cards. This allocation is based on the relative stand-alone selling prices. The stand-alone selling price is estimated based on the equivalent value given when the points are redeemed by the customer and the likelihood of redemption, as evidenced by the Group's historical experience. The amount allocated to these items is deferred and is recognized as revenue when redeemed or the likelihood of the customer redeeming becomes remote. The deferred revenue is included in contract liabilities.

Rental

Rental income is recognized in profit or loss on a straight-line basis over the lease term or based on the terms of the lease as applicable.

Interest Income

Interest income pertains to income recognized as the interest accrues using the effective interest method.

Other Income

Other income (e.g., scrap sales) is recognized upon completion of the earning process and the collectability of the amount is reasonably assured.

Contract Balances

Receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

Expenses

Expenses are generally recognized when the service is rendered or the expense is incurred.



Cost of Sales

Cost of sales consists of inventory costs related to goods which the Group has sold. Inventory costs include all costs of purchase, costs of conversion and other costs incurred, net of all related discounts, in bringing the inventories to their present location and condition.

Operating Expenses

Operating expenses constitute costs of administering the business and selling and marketing expenses associated with the development and execution of marketing promotion activities.

Income Taxes

Current Income Tax

Current income tax assets and current income tax liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted as of the reporting date.

Deferred Tax

Deferred tax is provided, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amount for financial reporting purpose. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused tax losses from net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences and the carry-forward benefits of excess MCIT and NOLCO can be utilized.

The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilized before their reversal or expiration. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that sufficient future taxable profits will allow the deferred tax assets to be recovered.

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

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

Segment Reporting

The Group's store operations is its only income generating activity and such is the measure used by the chief operating decision maker (CODM) in allocating resources. Information on reporting segment is represented in Note 26 to the consolidated financial statements.



Earnings Per Share (EPS)

Basic EPS is computed by dividing consolidated net income of the Group by the weighted average number of common shares issued and outstanding during the year.

Diluted EPS amounts are calculated by dividing the consolidated net income attributable to the Group (after deducting interest on the convertible preferred shares, if any) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Foreign Currency Transactions

Transactions in foreign currencies are recorded using the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency using the closing rate of exchange prevailing at the reporting date. Foreign exchange differences between rate at transaction date and rate at settlement date or reporting date are credited to or charged against current operations. Nonmonetary items that are denominated in foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to consolidated Financial Statements when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the consolidated financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the consolidated financial statements.

Events after the Reporting Date

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

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

The preparation of the consolidated financial statements in accordance with PFRS Accounting Standards requires the Group to exercise judgment, make accounting estimates and use assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the accounting estimates to change.

The effects of any change in accounting estimates are reflected in the Group's consolidated financial statements as they become reasonably determinable. Accounting assumptions, estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.



Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effects on the amounts recognized in the consolidated financial statements:

Recognition of insurance recovery

The Group has recognized insurance recovery from its insurance claim. For the amount recognized, the Group has determined that the likelihood of receiving insurance recovery is virtually certain and its recognition in the period is appropriate considering the following:

- There is a valid insurance policy for the incident;
- The status of the Group's discussion with the adjuster and insurers regarding the claim; and
- The subsequent information that confirm the status of the claim as of the reporting date.

Determination of Lease Term of Contracts with Renewal and Termination Options - Group as a lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Group included the renewal period as part of the lease term for some leases of land and building with shorter non-cancellable period. It is reasonably certain that the Group will exercise its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available.

Determining whether the Loyalty Points, Gift Checks and Stored Value Cards provide Material Rights to Customers

The Group has a loyalty points program which allows customers to accumulate points that can be redeemed for future purchases at any of the Group's stores, subject to a minimum number of points obtained. The Group has assessed that the customer has a material right since the loyalty points, upon meeting redemption requirements, give the customer the option to exchange the loyalty points for goods or services or future reduction in purchase price. The loyalty points give rise to a separate performance since they provide a material right to the customer. Transaction price is allocated to these items issued to customers based on relative stand-alone selling price and recognized as a contract liability until these are redeemed. Revenue is recognized upon redemption of products by the customer.

The Group also has gift checks and stored value cards which can be redeemed for future purchases at any of the Group's stores.



Contingencies

The Group in the ordinary course of business is a party to various legal proceedings and is subject to certain claims and exposures. The assessment of the probability of the outcome of these claims and exposures has been developed in consultation with the Group's counsels and is based upon an analysis of potential results. The Group's management and counsels believe that the eventual liabilities under these lawsuits, claims or exposures, if any, will not have a material effect on its consolidated financial statements.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainties at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Assessing NRV of Inventories

NRV of inventories are assessed regularly based on the prevailing selling prices of inventories less the estimated cost necessary to sell. Increase in the NRV will increase the carrying amount of inventories but only to the extent of their original acquisition costs. In the event that NRV is lower than cost, the decline is recognized as an expense.

Allowance for shrinkage and decline in inventory values amounted to ₱39.79 million and ₱38.58 million as of December 31, 2025 and 2024, respectively (see Note 7). Merchandise inventories amounted to ₱6,575.30 million and ₱6,301.75 million as of December 31, 2025 and 2024, respectively (see Note 7).

Provision for expected credit losses of trade receivables, rentals and security deposits

The Group uses a provision matrix to calculate ECLs for trade receivables, rentals and security deposits. The provision rates are based on days past due for groupings of customer segment that have similar loss patterns (i.e., customer type and guarantor).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The Group recognized provision for expected credit losses on receivables amounting to ₱3.21 million in 2025 and ₱5.00 million in 2023 while in 2024, the Group derecognized allowance for expected credit losses on receivables amounting to ₱11.00 million.

Allowance for impairment losses on security deposit amounted to ₱2.55 million as of December 31, 2025 and December 31, 2024. The carrying amount of security deposit, net of impairment losses, amounted to ₱293.70 million and ₱236.80 million as of December 31, 2025 and 2024, respectively (see Notes 8 and 10).



Evaluation of Impairment of Nonfinancial Assets

The Group reviews other current assets (excluding security deposits), property and equipment, right-of-use assets and other noncurrent assets (excluding security deposits - noncurrent) with definite lives for impairment of value.

The impairment evaluation for nonfinancial assets includes considering certain indications of impairment such as significant changes in asset usage, significant decline in asset's market value, obsolescence, or physical damage of an asset, significant underperformance relative to expected historical or projected operating results and significant negative industry or economic trends.

The Group estimates the recoverable amount as the higher of the fair value less cost to sell and value in use. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that may affect the above-mentioned nonfinancial assets. For property and equipment and right-of-use assets, this requires an estimation of the recoverable amount which is the fair value less costs to sell or value-in-use of the CGU to which the property and equipment and right-of-use assets pertains to. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows for the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of cash flows.

The significant assumptions used in the valuation are discount rates of 11.1% and 11.9% in 2025 and 2024 with an average growth rate of 3.5%.

As of December 31, 2025 and 2024, the carrying value of the Group's nonfinancial assets are as follows:

	2025	2024
Property and equipment (Note 9)	₱8,643,786,538	₱7,868,892,616
Right-of-use assets (Note 24)	3,840,141,521	4,529,304,837
Other current assets* (Note 8)	478,307,014	389,949,486
Other noncurrent assets** (Note 10)	472,310,956	413,368,900

*Excluding security deposits, net of allowance

**Excluding security deposits, financial assets at fair value through OCI, deposit to utility companies and net of allowance

No provision for impairment loss is recognized in 2025 and 2024.

Leases - Estimating the Incremental Borrowing Rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Group's stand-alone credit rating).



The Group's lease liabilities amounted to ₱5,241.04 million and ₱5,917.24 million as of December 31, 2025 and 2024, respectively (see Note 24).

Estimating Retirement Benefits Obligation

The determination of the Group's obligation and cost of pension is dependent on the selection of certain assumptions in calculating such amounts. Those assumptions are described in Note 21 of the consolidated financial statements and include, among others, discount rates and future salary increase rates.

Actual results that differ from the Group's assumptions are accumulated and amortized over future periods and therefore, generally affect the Group's recognized expenses and recorded obligation in such future periods. While management believes that its assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the Group's retirement benefits obligation.

4. **Cash and Cash Equivalents**

	2025	2024
Cash on hand	₱82,908,328	₱116,376,542
Cash in banks	1,761,963,237	1,948,335,770
Cash equivalents	640,272,096	234,710,217
	₱2,485,143,661	₱2,299,422,529

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are made for varying periods of up to three months, depending on the immediate cash requirements of the Group, and earn annual interest at the respective short-term rates that range from 0.10%–5.75% in 2025, 0.10%–5.50% in 2024 and 0.10%–6.50% in 2023.

Interest income earned from cash in banks and cash equivalents amounted to ₱18.78 million, ₱70.97 million and ₱145.31 million in 2025, 2024 and 2023, respectively (see Note 17).

5. **Short-term Investments**

This account pertains to money market placements made for varying periods of up to one year depending on the immediate cash requirement of the Group and earn annual interest at the respective short-term investment rates that range from 2.80% to 3.15% in 2025 and 3.30% to 6.25% in 2024.

Short-term investments amounted to ₱150.00 million and ₱289.92 million as of December 31, 2025 and 2024, respectively.

Interest income earned from short-term investments amounted to ₱4.76 million, ₱11.65 million and nil in 2025, 2024 and 2023, respectively (see Note 17).



6. Receivables

	2025	2024
Trade		
Third parties	₱948,751,346	₱1,005,970,063
Rentals	132,902,450	141,867,972
	1,081,653,796	1,147,838,035
Less allowance for expected credit losses	(36,136,725)	(32,925,134)
	1,045,517,071	1,114,912,901
Nontrade		
Receivable from insurance	111,035,604	–
Related parties (Note 22)	107,686,028	54,700,864
Accrued interest receivable	3,689,930	3,104,920
Others	129,658,552	65,188,252
	₱1,397,587,185	₱1,237,906,937

Trade receivables from third parties pertain to credit sales mainly from the Group's credit account holders and credit card companies. These are noninterest-bearing and are generally collectible within 30–90 days.

Rentals pertain to receivables from tenants that lease spaces in the Group's stores. These are noninterest-bearing and are collectible within 15 days.

Receivable from insurance consists of claims of the Group against insurance coverage for damaged assets and recoverable extra expenses incurred as a result of a strong earthquake.

Others consist of, among others, advances to employees, construction cash bond for store fit-outs and receivable from Social Security System (SSS) on maternity loans proceeds which are collectible within the year.

Movements in the allowance for expected credit losses for individually and collectively impaired trade and rentals from third parties follow:

	2025	2024	2023
At January 1	₱32,925,134	₱43,925,700	₱38,926,995
Provisions (Note 19)	3,211,591	–	4,998,705
Reversal (Note 19)	–	(11,000,566)	–
At December 31	₱36,136,725	₱32,925,134	₱43,925,700

The Group has directly written-off receivables which are deemed uncollectible amounting to nil, ₱5.03 million and ₱4.87 million in 2025, 2024 and 2023, respectively (see Note 19).



7. Merchandise Inventories

The rollforward analysis of this account follows:

	2025	2024	2023
Beginning inventory	₱6,301,745,958	₱5,866,225,830	₱5,495,332,780
Add purchases - net	32,841,797,623	31,561,213,590	30,442,504,361
Cost of goods available for sale	39,143,543,581	37,427,439,420	35,937,837,141
Less cost of merchandise sold (Note 18)	(32,435,668,746)	(31,087,112,403)	(29,983,229,280)
Less inventory loss due to calamities (Note 6)	(92,785,541)	-	-
	6,615,089,294	6,340,327,017	5,954,607,861
Less allowance for shrinkage and decline in inventory values (Note 3)			
Beginning balance	(38,581,059)	(88,382,031)	(100,709,146)
Provision	(1,204,549)	-	(17,049,701)
Reversal (Note 18)	-	49,800,972	29,376,816
	(39,785,608)	(38,581,059)	(88,382,031)
Ending inventory	₱6,575,303,686	₱6,301,745,958	₱5,866,225,830

Net purchases include cost of inventory, freight charges, insurance and customs duties.

The inventories carried at NRV, which is the lower of cost or NRV, amounted to ₱52.20 million and ₱29.32 million as of December 31, 2025 and 2024, respectively. The related costs of the inventories carried at NRV amounted to ₱91.99 million and ₱67.90 million as of December 31, 2025 and 2024, respectively.

The Group recognized provision for shrinkage and decline in inventory values amounting to ₱1.20 million, nil and ₱17.05 million in 2025, 2024 and 2023, respectively. The Group recognized reversal of provision on sold inventories amounting to nil, ₱49.80 million and ₱29.38 million in 2025, 2024 and 2023, respectively.

The inventory loss due to calamities amounting to ₱92.78 million includes ₱7.76 million of inventory damaged during a typhoon that were not recovered through insurance.

No inventories have been used or pledged as security for the Group's obligations in 2025 and 2024. The Group does not have any purchase commitments as of December 31, 2025 and 2024.



8. Other Current Assets

	2025	2024
Advances to trade suppliers		
Related parties (Note 22)	₱220,879,822	₱201,989,951
Third parties	8,512,412	6,713,395
Prepayments		
Third parties	145,348,343	121,223,907
Related parties (Note 22)	58,125,542	14,851,624
Security deposits - current	92,276,648	97,066,710
Supplies	45,439,618	42,788,388
Deferred input VAT - current	1,277	2,382,221
	570,583,662	487,016,196
Allowance for impairment losses	(2,550,000)	(2,550,000)
	₱568,033,662	₱484,466,196

Advances to suppliers pertain to down payments made to suppliers for purchases of merchandise inventories, supplies and other services.

Prepayments consist of prepaid insurance and advance rental payments on short-term leases.

Security deposits - current pertains to lease deposits with remaining lease period of one year or less from reporting period.

Input VAT pertains to taxes imposed on purchase of goods and services. These are expected to be applied against output VAT within one year.

Supplies pertain to office and store supplies purchased by the Group for general and administrative purposes. These are recognized at cost.

Allowance for impairment losses pertains to estimated unrecoverable security deposits and long-outstanding advances to third party trade suppliers. There is no movement in the allowance for impairment losses on other current assets.

The Group has directly written off security deposits identified to be unrecoverable amounting to nil, ₱2.23 million and nil in 2025, 2024 and 2023, respectively. This is recognized under "Other income (charges)" in the consolidated statements of comprehensive income (see Note 17).



9. Property and Equipment

2025

	Land	Machinery and Equipment	Store and Office Equipment	Computer Equipment	Transportation Equipment	Building and Leasehold Improvements	Construction- in-Progress	Total
Cost:								
At January 1	₱231,957,199	₱2,176,686,014	₱2,419,107,975	₱1,650,237,125	₱1,358,661	₱6,172,291,229	₱652,506,045	₱13,304,144,248
Additions	-	190,621,623	169,574,982	59,977,857	3,770,939	667,353,944	643,519,725	1,734,819,070
Retirements/Disposals	-	(15,568,353)	(53,289,470)	(35,002,476)	-	(40,611,765)	(55,293)	(144,527,357)
Reclassifications (Note 10)	-	123,351,308	25,982,391	55,815,606	-	259,216,874	(604,138,989)	(139,772,810)
At December 31	231,957,199	2,475,090,592	2,561,375,878	1,731,028,112	5,129,600	7,058,250,282	691,831,488	14,754,663,151
Less Accumulated Depreciation and Amortization:								
At January 1	-	707,657,113	1,963,029,027	1,434,615,834	219,165	1,329,730,493	-	5,435,251,632
Depreciation and amortization (Notes 18 and 19)	-	207,123,390	151,798,961	98,089,367	465,358	342,492,092	-	799,969,168
Retirements/Disposals	-	(9,870,174)	(47,950,318)	(33,853,785)	-	(30,728,621)	-	(122,402,898)
Reclassifications (Note 10)	-	-	-	-	-	(1,941,289)	-	(1,941,289)
At December 31	-	904,910,329	2,066,877,670	1,498,851,416	684,523	1,639,552,675	-	6,110,876,613
Net Book Value	₱231,957,199	₱1,570,180,263	₱494,498,208	₱232,176,696	₱4,445,077	₱5,418,697,607	₱691,831,488	₱8,643,786,538



2024

	Land	Machinery and Equipment	Store and Office Equipment	Computer Equipment	Transportation Equipment	Building and Leasehold Improvements	Construction-in-Progress	Total
Cost:								
At January 1	₱231,957,199	₱1,762,026,616	₱2,221,477,858	₱1,562,504,175	₱65,804	₱4,730,574,248	₱638,705,779	₱11,147,311,679
Additions	-	232,137,765	201,796,612	66,594,437	1,292,857	62,497,945	1,646,543,259	2,210,862,875
Retirements/Disposals	-	(3,628,871)	(35,329,473)	(10,724,287)	-	(4,347,675)	-	(54,030,306)
Reclassifications	-	186,150,504	31,162,978	31,862,800	-	1,383,566,711	(1,632,742,993)	-
At December 31	231,957,199	2,176,686,014	2,419,107,975	1,650,237,125	1,358,661	6,172,291,229	652,506,045	13,304,144,248
Less Accumulated Depreciation and Amortization:								
At January 1	-	536,584,090	1,834,347,907	1,336,829,118	5,484	1,066,014,843	-	4,773,781,442
Depreciation and amortization (Notes 18 and 19)	-	174,610,864	163,863,273	108,466,792	213,681	268,063,323	-	715,217,933
Retirements/Disposals	-	(3,537,841)	(35,182,153)	(10,680,076)	-	(4,347,673)	-	(53,747,743)
At December 31	-	707,657,113	1,963,029,027	1,434,615,834	219,165	1,329,730,493	-	5,435,251,632
Net Book Value	₱231,957,199	₱1,469,028,901	₱456,078,948	₱215,621,291	₱1,139,496	₱4,842,560,736	₱652,506,045	₱7,868,892,616

Construction-in-progress pertains to ongoing construction of building and leasehold improvement on stores, installation and related activities of certain leasehold improvements or other equipment necessary to prepare it for use. These are located in various locations and are transferred to the related property and equipment account once construction is completed and is ready for service. Contractual purchase commitments related to construction-in-progress amounted to ₱626.47 million and ₱862.24 million as of December 31, 2025 and 2024 respectively.

In September 2025, a department store and supermarket of the Group were seriously damaged by a strong earthquake. The net book value of the damaged property and equipment amounted to ₱21.31 million.

Borrowing costs capitalized to construction in progress amounted to ₱36.80 million and nil for the years ended 2025 and 2024, respectively. The capitalization rate used is 5.33% in 2025.

There are no items of property and equipment that are pledged as security to liabilities as of December 31, 2025 and 2024.



10. Other Noncurrent Assets

	2025	2024
Deposits	₱378,771,836	₱342,251,685
Advances to nontrade suppliers		
Third parties	320,467,054	339,148,020
Related parties (Note 22)	11,851,154	1,387,928
Leasehold rights - net	133,172,427	-
Financial assets at fair value through other comprehensive income (FVOCI)	100,000,000	100,000,000
Deferred input VAT	8,414,849	13,920,399
Others	49,000	-
	952,726,320	796,708,032
Less allowance for impairment loss (Note 19)	(12,445,692)	(12,445,692)
	₱940,280,628	₱784,262,340

Deposits consist of the following:

	2025	2024
Security deposits	₱245,516,358	₱142,286,279
Deposit to utility companies*	122,453,314	128,607,161
Others	10,802,164	71,358,245
	₱378,771,836	₱342,251,685

*Deposit to utility companies is presented at cost since the timing and amounts of future cash flows are linked to the termination of the contract which cannot be reasonably and reliably estimated.

Accretions of the security deposits amounted ₱10.76 million, ₱2.53 million and ₱3.38 million in 2025, 2024 and 2023, respectively and are presented under "Interest and other income - net" of "Other income (charges)" section in the consolidated statements of comprehensive income (see Note 17).

Financial assets at FVOCI pertains to a retail bond with 5-year term, and earns interest 6.25% per annum. Interest income arising from these investments amounted to ₱6.25 million, ₱4.69 million and nil in 2025, 2024 and 2023 respectively (see Note 17).

Advances to nontrade suppliers pertain to advance payments made for the acquisition of property and equipment and are to be delivered up to six months.

Deferred input VAT arises from purchases of capital goods above ₱1.00 million prior to 2022. This is amortized for a period of five years or over the useful life of the asset purchased, whichever is shorter.



Leasehold rights represent the construction cost for facilities on a property owned by the lessor. The agreement to construct the facilities and development on the property is part of the condition of the lease. The rollforward analysis of leasehold rights follow:

	2025	2024
Cost		
Reclassifications (Note 9)	₱139,772,810	₱-
Accumulated Amortization		
Reclassifications (Note 9)	1,941,289	-
Amortization (Note 19)	4,659,094	-
	6,600,383	-
	₱133,172,427	₱-

Others under “Deposits” pertain to payments made in relation to a lease agreement that has not yet commenced.

Allowance for impairment losses pertains to long outstanding advances to nontrade suppliers. There is no movement in the allowance for impairment losses on advances to supplier.

11. Trade and Other Payables

	2025	2024
Trade		
Third parties	₱3,318,268,101	₱3,621,883,647
Related parties (Note 22)	55,871,298	13,724,505
Nontrade		
Third parties	695,906,759	651,106,286
Related parties (Note 22)	65,226,450	59,564,899
Accrued expenses	536,041,530	511,940,326
Credit cash bonds	223,802,981	229,269,079
Output VAT - net	236,161,481	110,387,818
Taxes payable	64,435,500	66,335,730
Others	206,656,347	181,567,403
	₱5,402,370,447	₱5,445,779,693

Trade payables pertain to payables to third parties and related parties arising mainly from purchases of merchandise inventories. These are generally noninterest-bearing and are normally settled in 30 days.

Nontrade payables consist of purchases of supplies, property and equipment and other services and retention payables to contractors for the Group’s store equipment, leasehold improvements and liabilities in line with the Group’s operating expenses. These are normally settled within twelve months.



Accrued expenses consist of:

	2025	2024
Short-term rentals	₱152,413,448	₱118,599,099
Utilities	138,480,863	123,772,767
Suppliers and contractors	137,036,599	158,026,613
Professional fees	38,812,536	20,032,976
Marketing-related cost	24,730,198	21,060,423
Other accruals	44,567,886	70,448,448
	₱536,041,530	₱511,940,326

Other accruals pertain to, among others, government remittances and other operating related expenses.

Credit cash bonds pertain to cash bonds received by the Group as security for the unpaid balances of the receivables from credit account holders. This will be refunded if the account holder no longer wants to avail of the Group's credit line. These bonds earn interest annually at a fixed rate ranging from 0.5% - 5.0% based on accumulated cash bond and purchases volume. Finance cost included in profit or loss pertaining to cash bonds amounted to ₱8.08 million, ₱8.53 million and ₱8.36 million in 2025, 2024 and 2023, respectively. Interest incurred from cash bonds are settled through deduction from the Group's receivables from these credit account holders (see Note 17).

Taxes payable pertains to amount of taxes withheld by the Group on income payments yet to be remitted to the government.

Others include amounts payable to government agencies for mandatory contributions and payments to the SSS, Philippine Health Insurance Corporation (PHIC), and the Home Development Mutual Fund (HDMF), current portion of tenants deposits which pertains to security deposits from tenants for the lease of space in the Group's stores with remaining lease period of one year or less from reporting period and other sundry payables.

12. Contract Liabilities

	2025	2024
Gift check outstanding	₱52,983,022	₱47,346,228
Stored value cards	40,852,260	36,405,295
Accrued customer loyalty reward	28,832,581	28,115,655
	₱122,667,863	₱111,867,178

These can only be redeemed from the Group's own stores and are recognized as revenue upon redemption. These are expected to be redeemed within twelve months. The rollforward analysis of this account follows:

	2025	2024
At January 1	₱111,867,178	₱107,146,727
Deferred during the year	1,865,325,292	2,032,032,524
Recognized as revenue during the year	(1,854,524,607)	(2,027,312,073)
At December 31	₱122,667,863	₱111,867,178



13. Loans Payable

Short-term bank loans

The Group availed of short-term loans payable from local banks in an aggregate amount of ₱1,350.00 million and ₱200.00 million in 2025 and 2024, respectively, with interest rates ranging from 4.75% - 6.00% per annum. These are payable within twelve months after the reporting date and were availed for additional working capital requirements. The Group paid short-term loans in 2025 amounting to ₱850.00 million.

Outstanding balance of short-term bank loans amounted to ₱700.00 million and ₱200.00 million as of December 31, 2025 and 2024, respectively.

Long-term bank loans

	2025	2024
Long-term bank loans with nominal interest rates ranging from 4.0% - 6.9% per annum	₱3,013,194,444	₱2,471,180,555
Less current portion of loans payable and unamortized debt issue cost	(489,236,111)	(473,611,111)
	2,523,958,333	1,997,569,444
Less noncurrent portion and unamortized debt issue cost	(7,320,298)	(10,734,170)
Noncurrent portion of loans payable	₱2,516,638,035	₱1,986,835,274

On March 30, 2021, the Group availed an unsecured long-term loan of ₱500.00 million payable in thirty-two equal quarterly installments of ₱15.63 million commencing on June 30, 2023 to March 28, 2031. The loan bears a nominal interest rate of 4.0% per annum.

On March 3, 2022, the Group availed an unsecured long-term loan of ₱500.00 million payable in thirty-six equal quarterly installments of ₱13.89 million commencing on June 5, 2023 to March 3, 2032. The loan bears a nominal interest rate of 5.70%-6.9% per annum.

On March 17, 2022, the Group availed an unsecured long-term loan of ₱500.00 million payable in thirty-six equal quarterly installments of ₱13.89 million commencing on June 5, 2023 to March 3, 2032. The loan bears a nominal interest rate of 5.70%-6.9% per annum.

On March 24, 2022, the Group availed an unsecured long-term loan of ₱1,500.00 million payable in twenty equal quarterly installments of ₱75.00 million commencing on June 24, 2024 to March 23, 2029. The loan bears a nominal interest rate of 5.09% per annum.

On February 27, 2025, the Group availed an unsecured long-term loan of ₱100.00 million payable in thirty-two equal quarterly installments of ₱3.12 million commencing on May 27, 2027 to February 27, 2035. The loan bears a nominal interest rate of 5.50% - 6.00% per annum.

On November 13, 2025, the Group availed an unsecured long-term loan of ₱900.00 million payable in thirty-two equal quarterly installments of ₱28.12 million commencing on February 14, 2028 to November 13, 2035. The loan bears a nominal interest rate of 5.00% per annum.



The Group has no negative covenants and no prepayment options for its loans payable outstanding as of December 31, 2025 and 2024.

Interest expense from bank loans amounted to ₱148.86 million, ₱153.34 million and ₱161.45 million in 2025, 2024 and 2023, respectively (see Note 17). This includes the amortization of unamortized debt issue cost amounting to ₱3.41 million, ₱4.02 million and ₱4.16 million in 2025, 2024 and 2023, respectively.

Borrowing costs from loans payable capitalized to construction in progress amounted to ₱36.80 million and nil in 2025 and 2024, respectively (see Note 9).

The movement of the unamortized debt issue cost follows:

	2025	2024
At January 1	₱10,734,170	₱14,755,105
Amortization	(3,413,872)	(4,020,935)
At December 31	₱7,320,298	₱10,734,170

The repayment schedule of Group's long-term debt is as follows:

	2025	2024
2025	₱-	₱473,611,111
2026	489,236,111	473,611,111
2027	482,986,111	473,611,111
2028-2032	2,040,972,222	1,050,347,222
	₱3,013,194,444	₱2,471,180,555

14. Other Noncurrent Liabilities

This account pertains to security deposits from tenants for the lease of space in the Group's stores, with remaining lease period of more than one year from the reporting period. These security deposits are refundable to the tenants upon termination of contract.

15. Equity

Capital Stock

The Group's common stock consists of:

	2025		2024	
	No. of shares	Amount	No. of shares	Amount
Common stock - ₱1.00 par value				
Authorized	10,000,000,000	₱10,000,000,000	10,000,000,000	₱10,000,000,000
Issued	3,429,375,000	3,429,375,000	3,429,375,000	3,429,375,000
Outstanding, beginning of year	3,242,438,000	3,167,848,107	3,248,183,000	3,174,955,025
Treasury shares acquired during the year	(7,347,000)	(8,626,533)	(5,745,000)	(7,106,918)
Outstanding, end of year	3,235,091,000	₱3,159,221,574	3,242,438,000	₱3,167,848,107



The Group was listed on the Main Board of the PSE on November 24, 2015 wherein it offered 905,375,000 shares at an offer price of ₱3.99 per share.

As of December 31, 2025 and 2024, the Group has 25 and 23 existing shareholders, respectively.

Additional Paid-in Capital

The Group recorded additional paid-in capital amounting to ₱2,455.54 million, net of transaction costs. The Group incurred transaction costs incidental to the IPO amounting to ₱251.53 million charged against “Additional paid-in capital” in the consolidated statements of financial position.

Treasury Shares

On January 22, 2021, the BOD of the Parent Company approved the implementation of a share buyback program of up to ₱300.00 million worth of the Parent Company’s common shares to be taken from the Group’s existing cash (without using the IPO proceeds) and supported by the unrestricted retained earnings.

In 2025 and 2024, the Group bought back from the market 7,347,000 shares and 5,745,000 shares or ₱8.63 million and ₱7.11 million, respectively. As of December 31, 2025 and 2024, the Group repurchased a total of 194,284,000 shares and 186,937,000 shares, respectively, for a total amount of ₱270.15 million and ₱261.53 million, respectively. These treasury shares are recorded at cost.

Stock Option Plan

The BOD and stockholders of the Parent Company have adopted resolutions on July 27, 2015 approving the establishment of a stock option plan to offer up to 103,320,000 shares out of its unissued capital stock to key personnel.

On December 23, 2022, the BOD approved the MRSGL Executive Stock Option Plan or MESOP. The Parent Company has allotted 1% of the total outstanding capital stock as of December 20, 2022 or 32,832,230 common shares out of its Treasury Shares for the MESOP.

In a Special Meeting of the stockholders held on February 7, 2023, the stockholders of MRSGL ratified the MESOP. An application for the approval of the MESOP was submitted to the Securities and Exchange Commission on February 17, 2023 and this was approved by the Commission on May 29, 2023.

Further information regarding the MESOP is provided in Note 21 to the consolidated financial statements.

Retained Earnings

On March 19, 2026, the BOD approved the declaration of regular cash dividends amounting to ₱194.09 million or ₱0.06 per share out of the Parent Company’s retained earnings as of December 31, 2025 to stockholders of record as of April 8, 2026.

On April 4, 2025, the BOD approved the declaration of regular cash dividends amounting to ₱194.54 million or ₱0.06 per share out of the Parent Company’s retained earnings as of December 31, 2024 to stockholders of record as of April 24, 2025 and paid on May 21, 2025.



On April 2, 2024, the BOD approved the declaration of regular cash dividends amounting to ₱194.87 million or ₱0.06 per share and special cash dividends amounting to ₱324.79 million or ₱0.10 per share, out of the Parent Company's retained earnings as of December 31, 2023 to stockholders of record as of April 22, 2024 and paid on May 3, 2024.

On March 31, 2023, the BOD approved the declaration of cash dividends amounting to ₱196.14 million or ₱0.06 per share, out of the Parent Company's retained earnings as of December 31, 2022 to stockholders of record as of April 19, 2023 and paid on May 4, 2023.

The balance of retained earnings is restricted to payments of dividends to the extent of the cost of treasury shares.

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, or issue new shares. No changes were made in the objectives, policies or processes for the years ended December 31, 2025 and 2024. The Group considers equity as capital excluding remeasurement effects on defined benefit obligation. The Group is not subject to externally imposed capital requirements.

The Group considers the following as capital:

	2025	2024
Capital stock	₱3,429,375,000	₱3,429,375,000
Additional paid-in capital	2,455,542,149	2,455,542,149
Retained earnings	4,288,916,965	3,800,813,300
Treasury stock	(270,153,426)	(261,526,893)
	₱9,903,680,688	₱9,424,203,556

16. Revenue from Contracts with Customers

All of the Group's net sales and portion of other income are revenue from contracts with customers recognized at a point in time or when it transfers control of a product to a customer. These are presented in the consolidated statements of comprehensive as follows:

	2025	2024	2023
Net sales	₱41,555,845,813	₱39,616,955,669	₱38,272,076,708
Other income (Note 17)			
Scrap sales	11,590,514	12,119,383	10,421,850
Others	56,014,131	75,423,401	59,138,793
	₱41,623,450,458	₱39,704,498,453	₱38,341,637,351



The following table disaggregates the Group's net sales by geographical markets and major goods or service lines for the years ended December 31, 2025, 2024 and 2023:

	2025	2024	2023
Geographical markets:			
Luzon	₱11,127,002,133	₱11,326,834,345	₱11,532,369,857
Visayas	30,428,843,680	28,290,121,324	26,739,706,851
Total revenue from contracts with customers from net sales	₱41,555,845,813	₱39,616,955,669	₱38,272,076,708
Major goods/service lines:			
Food retail	₱30,223,752,711	₱28,561,634,249	₱27,238,221,231
General merchandise	11,332,093,102	11,055,321,420	11,033,855,477
Total revenue from contracts with customers from net sales	₱41,555,845,813	₱39,616,955,669	₱38,272,076,708

17. Other Income (Charges)

Interest and other income - net

	2025	2024	2023
Gain on lease modification/pre-termination (Note 24)	₱161,935,756	₱-	₱29,107,167
Gain on insurance claims (Note 6)	111,035,604	-	-
Interest income (Notes 4, 5 and 10)	29,793,652	89,834,120	145,306,737
Scrap sales (Note 16)	11,590,514	12,119,383	10,421,850
Foreign currency exchange gain (loss)	(321,730)	22,115,260	18,061,150
Loss on retirement and disposal of fixed assets (Note 9)	(815,231)	(282,563)	(432,275)
Others (Note 16)	56,014,131	75,423,401	59,138,793
	₱369,232,696	₱199,209,601	₱261,603,422

Interest income pertains to the interest earned from deposits in banks, cash placements, financial assets at FVOCI and interest earned from short-term installment receivables from guarantors and employees. Scrap sales pertain to the sale of non-reusable cartons, sacks, containers, and other scrap items from the Group's stores (see Note 16).

The Group recognized gain on modification/pre-termination of lease contract amounting to ₱161.94 million and ₱29.11 million in 2025 and 2024 respectively, as a result of reduction in leased space and permanent store closure (see Note 24).

Others include income from various sources such as parking income, lotto operations, penalties and others.



Finance costs

	2025	2024	2023
Finance cost on lease liabilities (Note 24)	₱374,685,239	₱357,975,450	₱366,847,009
Interest expense from bank loans (Note 13)	112,065,083	153,341,470	161,452,342
Interest expense on cash bond (Note 11)	8,079,867	8,527,061	8,362,319
	₱494,830,189	₱519,843,981	₱536,661,670

18. Cost of Sales

	2025	2024	2023
Cost of merchandise sold (Note 7)	₱32,435,668,746	₱31,087,112,403	₱29,983,229,280
Others - net (Notes 9 and 20)	45,718,703	45,942,773	32,400,911
	₱32,481,387,449	₱31,133,055,176	₱30,015,630,191

Others - net pertain to direct labor, other overhead costs and depreciation and amortization.

Depreciation and amortization charged to cost of sales amounted to ₱0.07 million in 2025 and ₱0.04 million in 2024 and 2023 (see Note 9).

19. Operating Expenses

	2025	2024	2023
Personnel cost (Note 20)	₱2,053,512,425	₱1,889,570,045	₱1,865,772,504
Rental (Notes 22 and 24)	1,488,741,083	1,497,163,088	1,491,791,377
Light, water and communication	1,132,249,637	1,007,231,191	1,056,515,764
Depreciation and amortization of property and equipment and leasehold rights (Notes 9 and 10)	804,556,323	715,176,133	611,869,701
Contracted services (Note 22)	657,707,230	553,147,371	398,470,441
Taxes and licenses	444,359,509	421,453,912	421,332,013
Depreciation and amortization of right-of-use assets - net (Note 24)	436,581,135	370,322,235	327,944,683
Repairs and maintenance	324,685,546	316,503,428	303,953,531
Advertising	195,598,629	195,025,428	185,547,333
Commission	190,033,772	167,483,648	143,533,208
Supplies	175,926,482	178,434,524	161,152,843
Subscriptions	121,351,150	119,647,398	140,016,170
Loss due to calamities (Notes 7 and 9)	118,797,463	-	-
Insurance	97,698,923	105,799,057	112,528,139

(Forward)



	2025	2024	2023
Professional fees	₱70,551,717	₱75,492,017	₱122,894,752
Transportation and travel	57,048,982	57,824,107	60,181,645
Representation and entertainment	41,380,306	34,786,422	38,540,064
Provision for (reversal of) ECL (Note 6)	3,211,591	(11,000,566)	4,998,705
Write-off of assets (see Note 6)	30,000	5,032,863	4,874,091
Others	7,732,867	7,100,000	5,960,543
	₱8,421,754,770	₱7,706,192,301	₱7,457,877,507

Depreciation and amortization of right-of-use assets recorded in the consolidated statements of comprehensive income is net of the recognized effect of waived rentals for rent concessions amounting to ₱18.21 million, ₱29.06 million and ₱26.48 million in 2025, 2024 and 2023, respectively (see Note 24).

Write-off of assets pertains to receivables, unrecoverable security deposits and advances to suppliers where there is no reasonable expectation of recovery and have been long outstanding.

Loss due to calamities pertains to cost of damaged inventories, net book value of property and equipment and expenses from the earthquake and typhoon that hit Visayas stores totaling ₱118.80 million.

20. Personnel Cost

	2025	2024	2023
Salaries and wages	₱1,687,180,821	₱1,580,517,964	₱1,532,599,891
Retirement benefits costs (Note 21)	68,086,466	65,912,361	62,802,363
Other employee benefits	348,233,874	295,041,302	324,122,776
	₱2,103,501,161	₱1,941,471,627	₱1,919,525,030

Personnel cost that were recognized as cost of sales amounted to ₱29.28 million, ₱28.33 million and ₱27.54 million in 2025, 2024 and 2023, respectively (see Note 18).

Personnel cost that were capitalized as part of construction-in-progress amounted to ₱20.71 million, ₱23.57 million and ₱26.21 million in 2025, 2024 and 2023, respectively (see Note 9).

Other employee benefits consist of the required employer contributions to SSS, PHIC and HDMF, 13th month pay and other incentives.

21. Retirement Benefit Obligation and Executive Stock Option Plan

Retirement Benefit Obligation

The Group maintains a funded, noncontributory defined benefit retirement plan covering qualified employees. The Group's retirement plan is registered with the Bureau of Internal Revenue.

The accounting method and actuarial assumptions used were in accordance with the provisions of Revised PAS 19. Actuarial valuation by an independent actuary was made based on employee data as of valuation dates.



The following tables summarize the components of the retirement benefit costs and the retirement benefit obligation recognized in the statements of financial position for the Group's retirement plan.

The components of net retirement benefit expense (included in "Personnel cost" under "Operating expenses") in the statements of comprehensive income are as follows:

	2025	2024	2023
Interest cost	₱33,147,163	₱32,339,458	₱34,340,479
Current service cost	34,939,303	33,572,903	28,461,884
	₱68,086,466	₱65,912,361	₱62,802,363

The remeasurement effects recognized in other comprehensive income (included in "Equity" under "Remeasurement (losses) gains on defined benefit obligation") in the consolidated statements of financial position are as follows:

	2025	2024	2023
Remeasurement (loss) gain due to:			
Experience adjustments	₱6,778,114	₱13,184,504	₱28,544,742
Changes in financial assumptions	19,993,546	-	(52,938,632)
Return on plan assets	1,665,283	-	-
	₱28,436,943	₱13,184,504	(₱24,393,890)

Changes in the fair value of plan assets as of December 31, 2025 are as follows:

	2025	2024
At January 1	₱-	₱-
Contribution	48,393,591	39,486,788
Benefits paid	(37,177,129)	(39,486,788)
Return on plan assets	448,821	-
At December 31	₱11,665,283	₱-

The Group expects to contribute to the retirement funds in 2026.

The rollforward analysis of the defined benefit obligation follows:

	2025	2024
At January 1	₱543,396,113	₱530,155,044
Pension cost	68,086,466	65,912,361
Benefits paid	(37,177,129)	(39,486,788)
Remeasurement gain due to:		
Changes in financial assumptions	(19,993,546)	-
Experience adjustments	(6,778,114)	(13,184,504)
At December 31	₱547,533,790	₱543,396,113



The benefits paid include payments in connection with the Group's workforce rationalization and rightsizing program.

The changes in retirement benefit obligation are as follows:

	2025	2024
At January 1	₱543,396,113	₱530,155,044
Current service cost	34,939,303	33,572,903
Interest cost	33,147,163	32,339,458
Benefits paid	(37,177,129)	(39,486,788)
Contributions	(11,665,283)	
Remeasurement gain due to:	-	-
Changes in financial assumptions	(19,993,546)	-
Experience adjustments	(6,778,114)	(13,184,504)
At December 31	₱535,868,507	₱543,396,113

The principal actuarial assumptions used in determining retirement obligations are as follows:

	2025	2024	2023
Salary increase rate	4.00%	4.00%	4.00%
Discount rate	6.50%	6.10%	6.10%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at the valuation date are open to subjectivity, assuming if all other assumptions were held constant and do not consider more complex scenarios in which changes other than those assumed may be deemed to be more reasonable.

	2025		2024	
	Increase (decrease)	Net retirement benefit liability	Increase (decrease)	Net retirement benefit liability
Discount Rates	+1.0%	(44,768,425)	+1.0%	(₱45,382,751)
	-1.0%	52,546,330	-1.0%	53,427,920
Salary increase rate	+1.0%	50,391,685	+1.0%	51,058,865
	-1.0%	(43,658,260)	-1.0%	(44,127,222)

The Group maintains a fund for its plan assets invested in financial assets at amortized cost by the fund manager.

Shown below is the maturity analysis of the benefit payments as of December 31:

	2025	2024
Less than one year to 5 years	₱227,767,910	₱216,863,724
More than 5 years to 10 years	330,375,694	320,757,688
More than 10 years to 15 years	290,515,015	292,234,424
More than 15 years	2,425,137,464	2,319,578,220
	₱3,273,796,083	₱3,149,434,056



The weighted average duration of the defined benefit obligation is 9 years in 2025 and 2024.

Executive Stock Option Plan

The Group has stock option plans covering 1% of the Group’s authorized capital stock. The grantee is selected based on certain criteria like outstanding performance over a defined period of time.

The ESOP grantees may exercise in whole or in part the vested allocation in accordance with the vesting percentage and vesting schedule stated in the ESOP. Also, the grantee must be an employee of the Group.

In 2023, 28,028,562 stock options were granted. Likewise, there were no exercise or cancellation of stock options in 2023 and 2024. In 2025, there were cancellations of 9,534,822 stock options following the resignations of some executive grantees prior to the exercise or completion of the service condition.

The options have a contractual term of 3 years. As of December 31, 2023, the weighted average remaining contractual life of options outstanding is 3 years and the exercise price is ₱1.18. As of December 31, 2025, the remaining stock options is 18,493,740.

The assumptions used to determine the fair value of the stock options follows:

Weighted average share price	₱1.42
Exercise price	1.18
Expected volatility	33%
Expected dividends	4%
Risk-free interest rate	6%

The expected life of the options is based on the expected exercise behavior of the stock option holders and is not necessarily indicative of the exercise patterns that may occur. The volatility is based on the average historical price volatility which may be different from the expected volatility of the shares of stock of the Group.

Total expense arising from share-based payments recognized by the Group amounted to ₱2.68 million, ₱6.56 million and ₱5.00 million in 2025, 2024 and 2023 respectively. This is recognized as part of “Personnel cost” under Operating expenses section of the consolidated statement of comprehensive income.

22. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties maybe individuals or corporate entities.



The significant related party transactions and outstanding balances as of and for the years ended December 31, 2025 and 2024 are as follows:

December 31, 2025

	Amount/Volume	Outstanding Balance	Terms and Conditions
<i>Immediate Parent (VDC)</i>			
Advances (Note 6; a)	₱86,304,887	₱69,832,635	Noninterest-bearing, unsecured, not impaired
Prepayment on rentals (Note 8; b)	1,010,321,715	53,576,190	Noninterest-bearing, unsecured, not impaired
<i>Entities Under Common Control</i>			
Advances and rental income (Note 6; c, d and f)	139,294,180	37,853,393	Noninterest-bearing, unsecured, not impaired
Prepayment on rentals (Note 8; b)	29,798,255	4,549,352	Noninterest-bearing, unsecured, not impaired
Advances to suppliers (Notes 8 and 10; d)	1,034,234,912	232,730,976	Noninterest-bearing, unsecured, not impaired
Due from related parties		₱398,542,546	

	Amount/Volume	Outstanding	Terms and Conditions
<i>Immediate Parent (VDC)</i>			
Management fee (Note 11; e)	₱23,055,592	₱-	Noninterest-bearing and payable in 30 days, unsecured
Purchases of services and rent expense (Note 11; c and d)	13,684,946	-	Noninterest-bearing and payable in 30 days, unsecured
<i>Entities Under Common Control</i>			
Lease liabilities (Note 24; b)	81,030,021	(95,866,330)	Noninterest-bearing and payable in 30 days, unsecured
Purchase of goods (Note 11; d)	163,071,999	(55,871,298)	Noninterest-bearing and payable in 30 days, unsecured
Purchases of services and rent expense (see Note 11; c and d)	304,052,357	(65,226,450)	Noninterest-bearing and payable in 30 days, unsecured
Due to related parties		(₱216,964,078)	



December 31, 2024

	Amount/Volume	Outstanding Balance	Terms and Conditions
<i>Immediate Parent (VDC)</i>			
Advances (Note 6; a)	₱18,965,911	₱1,415,310	Noninterest-bearing, unsecured, not impaired
Prepayment on rentals (Note 8; b)	940,360,590	14,851,624	Noninterest-bearing, unsecured, not impaired
<i>Entities Under Common Control</i>			
Advances and rental income (Note 6; c, d and f)	140,049,455	53,285,554	Noninterest-bearing, unsecured, not impaired
Advances to suppliers (Notes 8 and 10; d)	1,074,469,523	203,377,879	Noninterest-bearing, unsecured, not impaired
Due from related parties		₱272,930,367	

	Amount/Volume	Outstanding	Terms and Conditions
<i>Immediate Parent (VDC)</i>			
Lease liabilities (Note 24; b)	₱115,747	₱-	Noninterest-bearing and payable in 30 days, unsecured
Management fee (Note 11; e)	26,111,821	-	Noninterest-bearing and payable in 30 days, unsecured
Purchases of services and rent expense (Note 11; c and d)	1,216,552	(1,216,552)	Noninterest-bearing and payable in 30 days, unsecured
<i>Entities Under Common Control</i>			
Lease liabilities (Note 24; b)	53,564,681	(44,238,509)	Noninterest-bearing and payable in 30 days, unsecured
Purchase of goods (Note 11; d)	159,937,919	(21,787,649)	Noninterest-bearing and payable in 30 days, unsecured
Purchases of services and rent expense (Note 11; c and d)	194,932,808	(50,285,203)	Noninterest-bearing and payable in 30 days, unsecured
Due to related parties		(₱117,527,913)	

The Group, in the normal course of business, entered into the following transactions with related parties:

- a. Advances to VDC pertain to expenses paid by the Group on behalf of VDC and vice versa.
- b. Rentals from leases for the Group's store spaces, offices and warehouses. The Group recognized "Lease liabilities" for fixed rent and "Prepayments" under Other Current Assets representing advance payments to the lessor to be applied to the subsequent billing and "Trade and other payables" for variable rent.
- c. The Group has receivables and payables pertaining to rental transactions in the Group's stores. These are noninterest-bearing and are collectible within 30 days.



- d. The Group has short-term noninterest-bearing receivables and payables in the normal course of business pertaining to the recovery of expenses, sales and purchases of goods and services.
- e. The Group entered into an agreement with VDC for legal and other services. Management fee is lodged in “Professional fees” under “Operating expenses” in the consolidated statements of comprehensive income.

The Group has an approval requirement and limits on the amount and extent on any related party transactions which is 10% or higher of the Group’s total assets based on its latest audited consolidated financial statements.

Cash placements and bank accounts with Wealth Development Bank Corporation (an entity under common control) amounted to ₱448.36 million and ₱656.45 million in 2025 and 2024, respectively, which earn interest based on prevailing market interest rates amounting to ₱7.04 million and ₱19.80 million in 2025 and 2024, respectively.

Compensation of the Group’s key management personnel by benefit type follows:

	2025	2024	2023
Short-term employee benefits	₱114,860,051	₱119,476,412	₱122,189,559
Post-employment benefits	5,833,390	6,255,857	6,251,032
	₱120,693,441	₱125,732,269	₱128,440,591

There are no amounts due to or due from members of key management as of December 31, 2025 and 2024.

Terms and Conditions of Transactions with Related Parties

Transactions with related parties are made at terms agreed by the parties. Outstanding balances at year end are unsecured, noninterest-bearing and settled in cash usually within one year. There have been no guarantees or collaterals provided or received for any related party receivables or payables.

The Group has not recognized any impairment losses on amounts due from related parties in 2025 and 2024. This assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates.

23. Income Tax

Provision for income tax consists of:

	2025	2024	2023
Current			
RCIT	₱255,017,583	₱238,987,252	₱242,549,969
Final	5,026,857	12,101,515	25,912,818
	260,044,440	251,088,767	268,462,787
Deferred	(20,021,093)	(38,715,835)	(50,921,750)
	₱240,023,347	₱212,372,932	₱217,541,037



The Group's provision for current income tax in 2025, 2024 and 2023 represents regular corporate income tax.

The components of the Group's net deferred tax assets (liabilities) are as follows:

	2025	2024
Recognized in profit or loss:		
Lease liabilities (Note 24)	₱1,310,260,831	₱1,479,309,689
Right-of-use assets, including provision for impairment losses (Note 24)	(953,606,958)	(1,132,326,209)
Retirement benefit obligation (Note 21)	172,123,246	164,395,912
Provision for decline in value of inventories (Note 7)	5,343,675	9,645,265
Unrealized foreign exchange gain	(21,268,327)	(25,680,081)
Contract liability from customer loyalty program (Note 12)	7,208,145	7,028,914
Allowance for ECL (Note 6)	9,041,681	8,231,284
Unamortized debt issuance cost (Note 13)	(1,830,075)	(2,683,543)
Equity-based compensation not yet exercised	3,559,381	2,889,275
Allowance for impairment of advances to suppliers (Note 10)	3,748,923	3,748,923
	534,580,522	514,559,429
Recognized in other comprehensive income:		
Remeasurement gain on defined benefit obligation	(35,656,119)	(28,546,884)
	₱498,924,403	₱486,012,545

The reconciliation of statutory income tax to effective income tax follows:

	2025	2024	2023
Provision for income tax computed at statutory rate	₱231,987,896	₱205,448,799	₱208,890,185
Tax effects of:			
Nondeductible expenses	9,960,139	16,669,340	18,114,716
Income subjected to final tax	(1,895,782)	(9,745,207)	(9,463,864)
Others	(28,906)	-	-
	₱240,023,347	₱212,372,932	₱217,541,037

24. Lease Commitments

Group as a lessee

The Group enters into lease agreements with third parties and related parties for stores, warehouses and corporate office space. The Group also entered into lease arrangements covering various computer equipment used in the operations of the Group. These leases have terms ranging from one to forty-one years and generally provide for either: (a) fixed monthly rent; or (b) minimum rent or a certain percentage of gross revenue, whichever is higher. Certain leases include a clause to enable upward revision on the rental charge based on prevailing market conditions.



The Group's obligations under its leases are subject to interest and penalty in cases of default of payment. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Group also has certain leases of equipment and staff-houses with lease terms of 12 months or less and leases of equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The rollforward analysis of right-of-use assets follows:

December 31, 2025

	Land	Building	Total
<u>Cost</u>			
At January 1, 2025	₱1,929,493,200	₱5,512,200,049	₱7,441,693,249
Additions	279,896,091	628,260,593	908,156,684
Lease modification	-	(1,164,254,082)	(1,164,254,082)
Lease termination	-	(192,837,696)	(192,837,696)
At December 31, 2025	2,209,389,291	4,783,368,864	6,992,758,155
<u>Accumulated depreciation</u>			
At January 1, 2025	956,289,903	1,877,703,752	2,833,993,655
Amortization	74,959,877	379,829,081	454,788,958
Lease modification	-	(102,038,456)	(102,038,456)
Lease termination	-	(66,018,694)	(66,018,694)
At December 31, 2025	1,031,249,780	2,089,475,683	3,120,725,463
Less allowance for impairment losses			
At January 1	-	78,394,757	78,394,757
Write-off	-	(46,503,586)	(46,503,586)
At December 31, 2025	-	31,891,171	31,891,171
Net Book Value	₱1,178,139,511	₱2,662,002,010	₱3,840,141,521

December 31, 2024

	Land	Building	Total
<u>Cost</u>			
At January 1, 2024	₱1,925,909,844	₱5,092,389,138	₱7,018,298,982
Additions	3,583,356	419,810,911	423,394,267
At December 31, 2024	1,929,493,200	5,512,200,049	7,441,693,249
<u>Accumulated depreciation</u>			
At January 1, 2024	913,183,595	1,521,425,338	2,434,608,933
Amortization	43,106,308	356,278,414	399,384,722
At December 31, 2024	956,289,903	1,877,703,752	2,833,993,655
Less allowance for impairment losses			
At December 31, 2024	-	78,394,757	78,394,757
Net Book Value	₱973,203,297	₱3,556,101,540	₱4,529,304,837

In 2025, the Group derecognized right-of-use assets and lease liabilities amounting to ₱126.82 million and ₱164.71 million respectively due to pre-termination of lease of a store closed due to a strong earthquake resulting to a recognition of gain on lease termination amounting to ₱37.89 million (see Note 17).



Also in 2025, the Group entered into an agreement to revise an existing lease contract with its lessor which was accounted for by the Group as lease modifications resulting to a gain amounting to ₱124.05 million (see Note 17).

The following are the amounts recognized in the consolidated statement of income:

	2025	2024	2023
Variable lease payments (Note 19)*	₱1,264,362,553	₱1,213,914,184	₱1,205,782,932
Finance cost on lease liabilities (Note 17)	374,685,239	357,975,450	366,847,009
Amortization expense of right-of-use assets - net (Note 19)	436,581,135	370,322,235	327,944,683
Expenses relating to short-term leases and lease of low-value assets (Note 19)*	224,378,530	283,248,905	286,008,445
Gain on modification/pre-termination of lease (Note 17)	(161,935,756)	-	(29,107,167)
<i>*Included in "Rental" under "Operating Expenses" in the consolidated statement of comprehensive income</i>			

The rollforward analysis of lease liabilities follows:

	2025	2024
At January 1	₱5,917,238,756	₱5,683,179,367
Additions	908,156,684	423,657,960
Finance cost (Note 17)	374,685,239	357,975,450
Payments	(636,362,735)	(518,511,533)
Waived rentals	(18,207,822)	(29,062,488)
Lease modification and termination	(1,304,466,799)	-
At December 31	₱5,241,043,323	₱5,917,238,756

Classification of lease liabilities follows:

	2025	2024
Current portion	₱182,564,725	₱266,516,739
Noncurrent portion	5,058,478,598	5,650,722,017
	₱5,241,043,323	₱5,917,238,756

The Group was granted waived rentals from its lessors amounting to ₱18.21 million and ₱29.06 million in 2025 and 2024, respectively (see Note 19). The waived rentals were deducted from outstanding lease liabilities.

Shown below is the maturity analysis of the undiscounted lease payments:

	2025	2024
Within one year	₱491,579,917	₱603,737,938
More than one year but not more than five years	1,870,339,304	2,021,439,632
More than five years	7,112,241,860	7,727,741,072
	₱9,474,161,081	₱10,352,918,642

In January 2026, the Group revised its existing contract with a lessor surrendering certain mall spaces. The transaction was treated as a lease modification.



Group as lessor

The Group entered into lease agreements with tenants for the use of space in the Group's stores. These lease agreements have terms ranging from one to four years. Certain leases include a clause to enable upward revision on the rental charge on an annual basis based on prevailing market rate conditions.

Tenants are required to pay for security deposits, subject to adjustment if minimum rent increases; refundable at the end of the lease term, after deducting the amount of damages to the leased premises and unpaid charges, if any. Security deposits amounted to ₱123.14 million and ₱128.39 million as of December 31, 2025 and 2024, respectively (see Notes 11 and 14). Rental income amounted to ₱395.56 million, ₱364.72 million and ₱312.05 million in 2025, 2024 and 2023, respectively.

Shown below is the maturity analysis of the undiscounted lease payments to be received:

	2025	2024
Within one year	₱33,469,988	₱69,842,372
More than one year but not more than five years	160,856,011	237,283,816
More than five years	20,010,577	10,275,650
	₱214,336,576	₱317,401,838

25. Earnings Per Share

The following table presents information necessary to calculate EPS on net income:

	2025	2024	2023
Net income	₱682,639,565	₱609,422,262	₱618,019,704
Weighted-average number of common shares for basic EPS	3,239,419,962	3,246,206,109	3,259,957,836
Add: Dilutive shares arising from stock options (Note 21)	18,493,740	28,028,562	28,028,562
Adjusted weighted average number of common shares for diluted EPS	3,257,913,702	3,274,234,671	3,287,986,398
Basic/Diluted Earnings Per Share	₱0.21	₱0.19	₱0.19

Basic EPS is computed by dividing net income for the year attributable to common equity holders of the Group by the weighted average number of common shares issued and outstanding during the year.

Diluted EPS is computed by dividing net income for the year attributable to common equity holders of the Group by the weighted average number of common shares issued and outstanding during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares into common shares. The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential common shares that would have an antidilutive effect on earnings per share.



26. Segment Reporting

The Group has determined that it is operating as one operating segment. Based on management's assessment, no part or component of the business of the Group meets the qualifications of an operating segment as defined by PFRS 8.

The Group's store operation is its only income generating activity and such is the measure used by the CODM in allocating resources.

The Group conducts its operations through the following store formats:

Department Stores

Department stores are engaged in the business of trading goods, commodities, wares and merchandise of any kind, such as clothes, bags, accessories, toys, and household goods.

Supermarket

Supermarkets offer a wide selection of meats, seafoods, fruits and vegetables and organic produce. This format also offers ancillary services such as pharmacy, bakeshop, café and fastfood outlets. A supermarket maybe a stand-alone supermarket or opened together with a department store.

Hypermarkets

Hypermarkets consist of "superstores" which is a combination of supermarket and department store which offer a wide range of product including full grocery lines and general merchandise.

The Group does not report its results based on geographical segments. The Group has no significant customer which contributes 10% or more to the revenues of the Group.

27. Financial Instruments

Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Financial Assets

Due to the short-term nature of the transaction, the fair values of cash and cash equivalents, short-term investments, trade receivables, rentals and receivable from related parties, accrued interest receivable and security deposits under "Other current assets" approximate the carrying values at yearend.



The following tables set forth the carrying values and estimated fair values of the Group's financial assets recognized as of December 31, 2025 and 2024:

	2025		2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Security deposit, net of allowance for impairment losses (Note 10)	₱367,969,672	307,245,775	₱270,893,440	₱198,898,306
Financial assets at FVOCI	100,000,000	98,089,478	100,000,000	87,071,096

The fair value of security deposits lodged in "Deposits" under "Other noncurrent assets" were based on the discounted value of future cash flow using applicable interest rates ranging from 5.09%–6.43% for 2025 and 5.99%–6.17% for 2024. The fair value of security deposits lodged in "Deposits" and financial assets at FVOCI under "Other noncurrent assets" is classified under Level 3 and Level 1 in the fair value hierarchy, respectively.

Financial Liabilities

Due to the short-term nature of trade and other payables (excluding statutory payables), loans payable - current portion, current portions of lease liabilities, their carrying values approximate fair value.

The fair value of long-term loans payable and tenant's deposits under "Other noncurrent liabilities" is disclosed below and is classified as Level 3 in the fair value hierarchy:

	2025		2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Noncurrent portion of long-term loans payable (Note 13)	₱2,516,638,035	₱3,475,602,874	₱1,986,835,274	₱1,882,774,602
Other noncurrent liabilities (Note 14)	14,721,133	27,588,544	19,644,282	35,100,171

The fair value of loans payable were determined by discounting future cash flows using the applicable rate of 5.09% to 6.04% for 2025 and of 6.05% to 6.15% for 2024.

There were no transfers between levels 1, 2 and 3.

Financial Risk Management Objectives and Policies

The main purpose of the Group's financial instruments is to fund its operations and capital expenditures. The main risks arising from the Group's financial instruments are liquidity risk and credit risk. The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

Liquidity risk

Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Group's exposure to liquidity risk relates primarily to its short-term obligations.

The Group seeks to manage its liquidity profile by maintaining cash at a certain level and ensuring the availability of ample unused revolving credit facilities from banks as back-up liquidity that will enable it to finance its operating expenses. The Group has a total available credit line of up to



₱15,500.00 million and ₱12,550.00 million with various local banks as of December 31, 2025 and 2024, respectively.

The Group maintains a level of cash deemed sufficient to finance operations. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows.

The table below shows the maturity profile of the financial liabilities of the Group as of December 31, 2025 and 2024 based on the remaining period at the reporting date to their contractual maturities and are also presented based on contractual undiscounted repayment obligations.

December 31, 2025

	On Demand	Within One (1) Year	More than One (1) Year	Total
Trade and other payables				
Trade				
Third parties	₱-	₱3,318,268,101	₱-	₱3,318,268,101
Related parties	-	55,871,298	-	55,871,298
Nontrade				
Third parties	-	695,906,759	-	695,906,759
Related parties	-	65,226,450	-	65,226,450
Accrued expenses	-	536,041,530	-	536,041,530
Credit cash bonds	-	223,802,981	-	223,802,981
Others*	-	195,349,652	-	195,349,652
Long-term bank loans:				
Principal	-	489,236,111	2,523,958,333	3,013,194,444
Future interest payments	-	159,765,673	447,680,351	607,446,024
Short-term bank loans**	-	715,562,500	-	715,562,500
Lease liabilities	-	491,579,917	8,982,581,164	9,474,161,081
Other noncurrent liabilities	-	-	14,721,133	14,721,133
	₱-	₱6,946,610,972	₱11,968,940,981	₱18,915,551,953

*Excluding statutory payables

**Including future interest amounted to ₱15,562,500

December 31, 2024

	On Demand	Within One (1) Year	More than One (1) Year	Total
Trade and other payables				
Trade				
Third parties	₱-	₱3,621,883,647	₱-	₱3,621,883,647
Related parties	-	13,724,505	-	13,724,505
Nontrade				
Third parties	-	651,106,286	-	651,106,286
Related parties	-	59,564,899	-	59,564,899
Accrued expenses	-	511,940,326	-	511,940,326
Credit cash bonds	-	229,269,079	-	229,269,079
Others*	-	174,958,901	-	174,958,901
Long-term bank loans:				
Principal	-	473,611,111	1,997,569,444	2,471,180,555
Future interest payments	-	104,420,537	213,309,684	317,730,221
Short-term bank loans**	-	202,967,300	-	202,967,300
Lease liabilities	-	603,737,938	9,749,180,704	10,352,918,642
Other noncurrent liabilities	-	-	19,644,282	19,644,282
	₱-	₱6,647,184,529	₱11,979,704,114	₱18,626,888,643

*Excluding statutory payables

**Including future interest amounted to ₱2,967,300



Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Group's receivables are actively monitored by its collection department to avoid significant concentrations of credit risk.

The Group manages the level of credit risk it accepts through comprehensive credit risk policies setting out the assessment and determination of what constitutes credit risk for the Group. The Group's policies include: setting up of exposure limits for each counterparty; reporting of credit risk exposures; monitoring of compliance with credit risk policy; and review of credit risk policy for pertinence and the changing environment. The table below shows the exposure of the Group to credit risk:

2025				
	Maximum exposure to credit risk	Fair value of collaterals or credit enhancements	Net exposure	Financial effect of collaterals or credit enhancements
Receivables				
Trade:				
Third parties	₱948,751,346	₱223,802,981	₱724,948,365	₱223,802,981
Rentals	132,902,450	109,109,211	23,793,239	109,109,211
Nontrade:				
Receivable from insurance	111,035,604	-	111,035,604	-
Related parties	107,686,028	-	107,686,028	-
Accrued interest receivable	3,689,930	-	3,689,930	-
Others	129,658,552	-	129,658,552	-
	₱1,433,723,910	₱332,912,192	₱1,100,811,718	₱332,912,192
2024				
	Maximum exposure to credit risk	Fair value of collaterals or credit enhancements	Net exposure	Financial effect of collaterals or credit enhancements
Receivables				
Trade:				
Third parties	₱1,005,970,063	₱229,269,079	₱776,700,984	₱229,269,079
Rentals	141,867,972	108,461,757	33,406,215	108,461,757
Nontrade:				
Related parties	54,700,864	-	54,700,864	-
Accrued interest receivable	3,104,920	-	3,104,920	-
Others	65,188,252	-	65,188,252	-
	₱1,270,832,071	₱337,730,836	₱933,101,235	₱337,730,836

Cash and cash equivalents have minimal credit risk. Cash in collaterals or credit enhancements pertain to cash bonds posted by credit account holders to secure payment of credit purchases through the Group's credit facilities. These also pertain to tenants' security deposits which shall be applied against the tenants' last billing.



Other than those disclosed above, the carrying amount of the financial assets represent the maximum exposure of the Group to credit risk.

Impairment of financial assets

The Group has the following financial assets that are subject to the expected credit loss model:

- trade receivables from third party and related parties for sales of inventory;
- rent receivables from third party and related parties for rental of spaces;
- other debt instruments carried at amortized cost

Other debt instruments carried at amortized cost include cash and cash equivalents, accrued interest receivables, security deposits and receivable from insurance. These are also subject to the impairment requirements of PFRS 9, the identified impairment losses were immaterial.

Trade and rent receivables

The Group applies the simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade and rent receivables. To measure the expected credit losses, trade and rent receivables have been grouped based on shared credit risk characteristics and the days past due. The ECL on trade and rent receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the country in which it sells its goods and accordingly adjusts the historical loss rates based on expected changes in these factors.

Below is the information about the credit risk exposure on the Group's trade receivables and rental using a provision matrix as of December 31, 2025 and 2024:

December 31, 2025

	Current Stage 1 (12-month ECL)	Credit-impaired Stage 3	Total
Average expected credit loss rates	0.69%	81.54%	
Gross carrying amount	₱1,046,177,499	₱35,476,297	₱1,081,653,796
ECL	7,209,730	28,926,995	36,136,725

December 31, 2024

	Current Stage 1 (12-month ECL)	Credit-impaired Stage 3	Total
Average expected credit loss rates	0.36%	78.63%	
Gross carrying amount	₱1,111,049,621	₱36,788,414	₱1,147,838,035
ECL	3,998,139	28,926,995	32,925,134

The Group recognized provision for impairment loss on trade receivables and rentals amounting to ₱3.21 million, nil and ₱5.00 million in 2025, 2024 and 2023, respectively (see Note 6). In 2024, the Group derecognized allowance for impairment loss on trade receivables and rentals amounting to ₱11.00 million (see Note 6).



Trade receivables are written off when there is no reasonable expectation of recovery. All of the indicators that there is no reasonable expectation of recovery should be present prior to write off which include, among others, the failure of a debtor to engage in a repayment plan with the Group, debtor is experiencing significant financial difficulties, and a failure to make contractual payments for a period of greater than 90 days past due. Provisions are measured using Stage 3 ECL where receivables are considered credit impaired.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are presented as “Recoveries of expected credit losses” in the consolidated statement of comprehensive income.

28. Note to Statements of Cash Flows

The following are the cash flow movements of the Group’s financing activities in 2025, 2024 and 2023:

2025					
	January 1	Net cash flows	Accretion of interest	Others	December 31
Lease liabilities	P5,917,238,756	(P636,362,735)	P374,685,239	(P414,517,937)	P5,241,043,323
Loans payable:					
Short-term bank loans	200,000,000	500,000,000	-	-	700,000,000
Long-term bank loans	2,460,446,385	542,013,889	3,413,872	-	3,005,874,146
2024					
	January 1	Net cash flows	Accretion of interest	Others	December 31
Lease liabilities	P5,683,179,367	(P518,511,533)	P357,975,450	P394,595,472	P5,917,238,756
Loans payable:					
Short-term bank loans	-	200,000,000	-	-	200,000,000
Long-term bank loans	2,855,036,561	(398,611,111)	4,020,935	-	2,460,446,385
2023					
	January 1	Net cash flows	Accretion of interest	Others	December 31
Lease liabilities	P5,262,952,178	(P443,695,421)	P366,847,009	P497,075,601	P5,683,179,367
Loans payable:					
Long-term bank loans	2,981,086,507	(130,208,334)	4,158,388	-	2,855,036,561

Others include the effect of the additional lease liabilities, waived rentals and lease modification affecting lease liabilities account.



The Group's noncash activities are as follows:

- a) The Group entered into agreement to revise existing lease contract with its lessor which was accounted for by the Group as lease modifications resulting to a gain amounting to ₱124.05 million in 2025 and nil in 2024 and 2023. The Group also recognized a gain on lease termination for its pre-terminated leases in 2025, 2024 and 2023 amounting to ₱37.89 million, nil and ₱29.11 million, respectively, presented under "Other Income (Charges)" (see Note 17).
- b) Transfers from other noncurrent assets (advances to suppliers) to property and equipment amounted to ₱133.57 million, ₱273.58 million and ₱160.63 million for 2025, 2024 and 2023, respectively.
- c) Transfers from property and equipment to leasehold rights amounted to ₱139.77 million in 2025.



**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors
Metro Retail Stores Group, Inc.
Vicsal Building, Corner of C.D. Seno and W.O. Seno Streets
Guizo, North Reclamation Area, Mandaue City, Cebu

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Metro Retail Stores Group, Inc. and its subsidiary (the Group) as at December 31, 2025 and 2024, and for each of the three years in the period ended December 31, 2025, and have issued our report thereon dated March 19, 2026. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Carlo Paolo V. Manalang

Carlo Paolo V. Manalang
Partner

CPA Certificate No. 111947

Tax Identification No. 210-730-804

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

SEC Partner Accreditation No. 111947-SEC (Group A)

Valid to cover audit of 2019 to 2023 financial statements,
with extension up to audit of 2025 financial statements

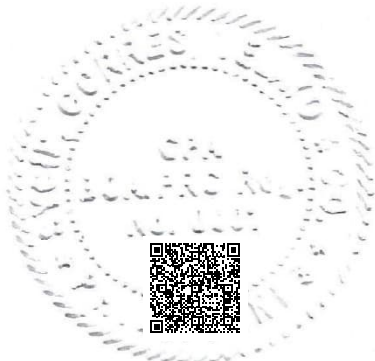
SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001998-127-2026, January 27, 2026, valid until January 26, 2029

PTR No. 10765080, January 2, 2026, Makati City

March 19, 2026



**INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS**

The Stockholders and the Board of Directors
Metro Retail Stores Group, Inc.
Vicsal Building, Corner of C.D. Seno and W.O. Seno Streets
Guizo, North Reclamation Area, Mandaue City, Cebu

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Metro Retail Stores Group, Inc. and its subsidiary (the Group) as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025, and have issued our report thereon dated March 19, 2026. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these consolidated financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Carlo Paolo V. Manalang

Carlo Paolo V. Manalang
Partner

CPA Certificate No. 111947

Tax Identification No. 210-730-804

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

SEC Partner Accreditation No. 111947-SEC (Group A)

Valid to cover audit of 2019 to 2023 financial statements,
with extension up to audit of 2025 financial statements

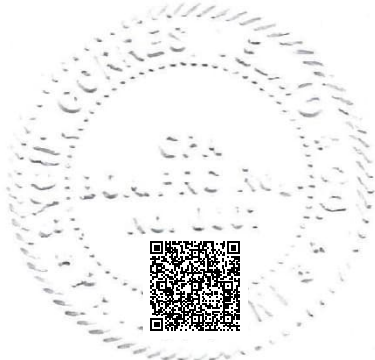
SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001998-127-2026, January 27, 2026, valid until January 26, 2029

PTR No. 10765080, January 2, 2026, Makati City

March 19, 2026



METRO RETAIL STORES GROUP, INC. AND SUBSIDIARY

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

Schedule	Contents
A	Financial Assets
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of consolidated financial statements
D	Long-Term Debt
E	Indebtedness to Related Parties
F	Guarantees of Securities of Other Issuers
G	Capital Stock
H	Map Showing the Relationships Between and Among the Companies in the Group, its Ultimate Parent Company and Co-subsiaries
I	Reconciliation of Retained Earnings Available for Dividend Declaration

METRO RETAIL STORES GROUP, INC. AND SUBSIDIARY
SUPPLEMENTARY SCHEDULE OF FINANCIAL ASSETS
DECEMBER 31, 2025

Name of Issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Income received or accrued
Cash and cash equivalents			
Bank of the Philippine Islands	₱571,900,925	₱571,900,925	-
Philippine National Bank	363,953,544	363,953,544	-
Land Bank of the Philippines	312,424,526	312,424,526	-
Bank of Commerce	299,650,228	299,650,228	-
Wealth Development Bank	298,357,536	298,357,536	-
Chinabank	235,181,371	235,181,371	-
Security Bank	224,684,155	224,684,155	-
Others	178,991,376	178,991,376	-
	2,485,143,661	2,485,143,661	₱18,780,245
Short-term Investment			
	150,000,000	150,000,000	-
	150,000,000	150,000,000	4,763,407
Receivables			
Third parties	948,751,346	948,751,346	-
Rentals	132,902,450	132,902,450	-
Receivable from insurance	111,035,604	111,035,604	-
Related parties	107,686,028	107,686,028	-
Others	133,348,482	133,348,482	-
	1,433,723,910	1,433,723,910	-
Financial assets at FVOCI			
	100,000,000	100,000,000	-
	100,000,000	100,000,000	6,250,000
	₱4,168,867,571	₱4,168,867,571	₱29,793,652

METRO RETAIL STORES GROUP, INC. AND SUBSIDIARY**SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM RELATED PARTIES
WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF CONSOLIDATED FINANCIAL
STATEMENTS****DECEMBER 31, 2025**

	Receivable Balance	Payable Balance	Current Portion
Total Eliminated Receivables/Payables	₱823,849	-	₱823,849

METRO RETAIL STORES GROUP, INC. AND SUBSIDIARY
SUPPLEMENTARY SCHEDULE OF LONG-TERM DEBT
DECEMBER 31, 2025

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 balance sheet	Amount shown under caption "long-term debt" in related balance sheet
Term Loan	₱4,000,000,000	₱489,236,111	₱2,516,638,035

METRO RETAIL STORES GROUP, INC. AND SUBSIDIARY**SUPPLEMENTARY SCHEDULE OF INDEBTEDNESS TO RELATED PARTIES (LONG-TERM
LOANS FROM RELATED COMPANIES)****DECEMBER 31, 2025**

Indebtedness to related parties (Long-term loans from Related Companies)		
Name of related party	Balance at beginning of period	Balance at end of period
N/A	N/A	N/A

METRO RETAIL STORES GROUP, INC. AND SUBSIDIARY**SUPPLEMENTARY SCHEDULE OF GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2025**

Guarantees of Securities of Other Issuers				
Name of issuing entity of securities guaranteed by the Group 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 file	Nature of guarantee
N/A	N/A	N/A	N/A	N/A

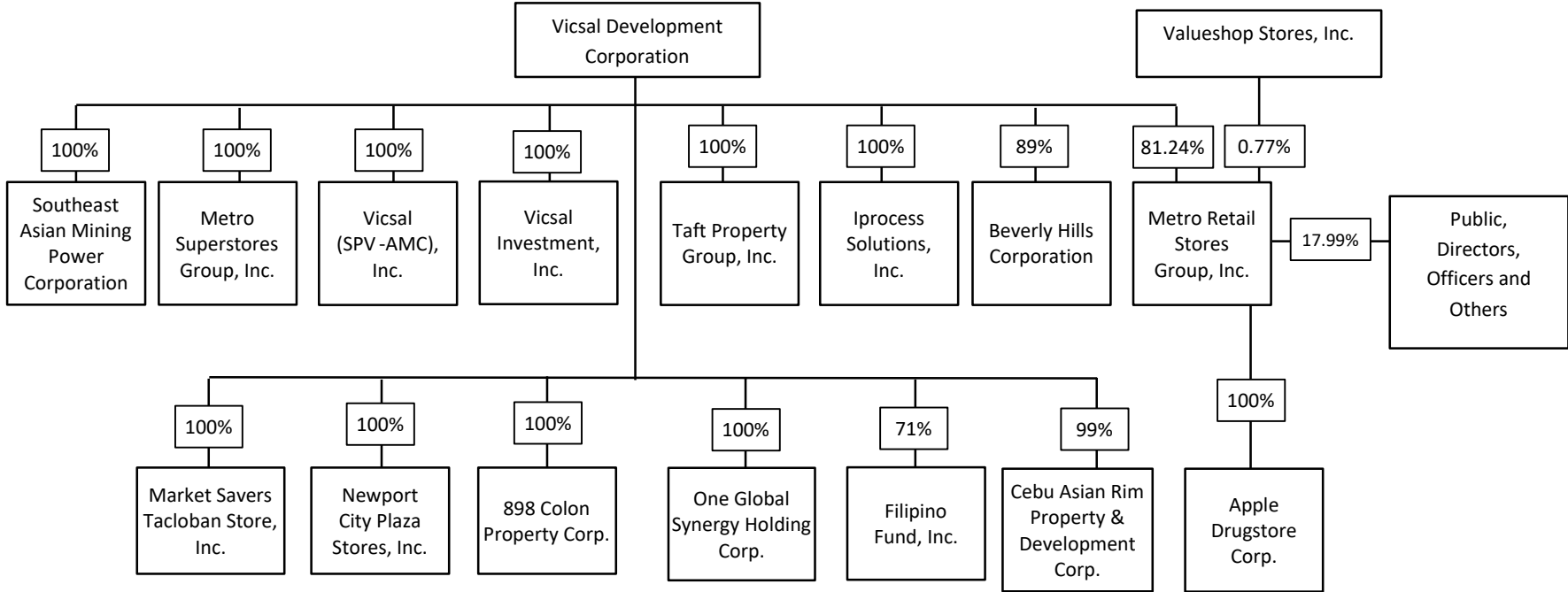
METRO RETAIL STORES GROUP, INC. AND SUBSIDIARY
SUPPLEMENTARY SCHEDULE OF CAPITAL STOCK
DECEMBER 31, 2025

Capital Stock						
Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options warrants, conversion and other rights*	Number of shares held by related parties	Directors, officers and employees	Others
Common Shares	10,000,000,000	3,235,091,000	194,284,000	2,663,074,978	10,124,108	-
Preferred Shares	-	-	-	-	-	-
	10,000,000,000	3,235,091,000	194,284,000	2,663,074,978	10,124,108	-

**Including treasury shares*

METRO RETAIL STORES GROUP, INC. AND SUBSIDIARY

**MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG THE COMPANIES IN THE GROUP, ITS ULTIMATE PARENT GROUP AND CO-SUBSIDIARIES
DECEMBER 31, 2025**



METRO RETAIL STORES GROUP, INC. AND SUBSIDIARY
**SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND
DECLARATION**
DECEMBER 31, 2025

Unappropriated Retained Earnings, beginning of reporting period	₱2,996,363,354
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings	
Reversal of Retained Earnings Appropriation	₱-
Effects of restatements or prior-period adjustments	-
Others	-
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings	
Dividend declaration during the reporting period	(194,535,900)
Retained earnings appropriated during the reporting period	-
Effect of restatements or prior-period adjustments	-
Deferred tax assets that reduced the amount of income tax expense	(194,535,900)
Unappropriated retained earnings, adjusted to available for dividend declaration, beginning	2,801,827,454
Add/Less: Net Income for the current year	684,922,493
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)	
Equity in net income of associate/joint venture, net of dividends declared	-
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-
Unrealized fair value adjustment (market-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-
Unrealized fair value adjustment on gain of Investment Property	-
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-
Subtotal	3,486,749,947
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)	
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	-
Realized fair value adjustment (market-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-
Realized fair value adjustment gain of Investment Property	-
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-
Subtotal	-

METRO RETAIL STORES GROUP, INC. AND SUBSIDIARY**SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND
DECLARATION
DECEMBER 31, 2025****Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting periods (net of tax)**

Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-
Reversal of previously recorded fair value adjustment (market-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-
Reversal of other unrealized fair value adjustment gain of Investment Property	-
Reversal of other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded	-
Subtotal	<u>-</u>

Adjusted Net Income**Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)**

Depreciation on revaluation increment (after tax)	-
Subtotal	<u>-</u>

Add/less: Category E: Adjustments related to relief granted by the SEC and BSP

Amortization of the effect of reporting relief	-
Total amount of reporting relief granted during the year	-
Other	-
Subtotal	<u>-</u>

Add/less: Category F: Other items that should be excluded from the determination of the amount of available for dividend distribution

Net movement of treasury shares (except for reacquisition of redeemable shares)	(8,626,533)
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	2,023,757
Net movement in the deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up right of use of asset and lease liability, set up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	(9,670,392)
Adjustment due to deviation from PFRS/GAAP – gain (loss)	-
Other	-
Subtotal	<u>(16,273,168)</u>

Unappropriated Retained Earnings, as adjusted, ending**₱3,470,476,779**

METRO RETAIL STORES GROUP, INC. AND SUBSIDIARY

SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2025

Ratio	Formula	2025	2024
Current Ratio	Total current assets divided by total current liabilities <div style="display: flex; justify-content: space-between;"> <div>Total current assets</div> <div>₱11,176,068,194</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Total current liabilities</div> <div>6,948,608,442</div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <div>Current ratio</div> <div>1.61</div> </div>	1.61	1.62
Acid test ratio	Quick assets (total current assets less merchandise inventories and other current assets) divided by total current liabilities <div style="display: flex; justify-content: space-between;"> <div>Total current assets</div> <div>₱11,176,068,194</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Merchandise inventories</div> <div>6,575,303,686</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Other current assets</div> <div>568,033,662</div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <div>Quick assets</div> <div>4,032,730,846</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Total current liabilities</div> <div>6,948,608,442</div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <div>Acid test ratio</div> <div>0.58</div> </div>	0.58	0.58
Debt-to-equity ratio	Total net debt (debt less cash and cash equivalents) divided by total equity <div style="display: flex; justify-content: space-between;"> <div>Debt</div> <div>₱3,705,874,146</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Cash and cash equivalents</div> <div>2,485,143,661</div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <div>Net debt</div> <div>1,220,730,485</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Total equity</div> <div>10,024,886,569</div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <div>Debt-to-equity ratio</div> <div>0.12</div> </div>	0.12	0.04
Asset-to-equity ratio	Total assets divided by total equity <div style="display: flex; justify-content: space-between;"> <div>Total assets</div> <div>₱25,099,201,284</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Total equity</div> <div>10,024,886,569</div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <div>Asset-to-equity ratio</div> <div>2.50</div> </div>	2.50	2.55

METRO RETAIL STORES GROUP, INC. AND SUBSIDIARY

SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2025

Ratio	Formula	2025	2024																														
Interest rate coverage ratio	EBITDA divided by finance cost <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Net income</td> <td style="text-align: right;">₱682,639,565</td> </tr> <tr> <td>Provision for income tax</td> <td style="text-align: right;">240,023,347</td> </tr> <tr> <td>Interest and other financing charges</td> <td style="text-align: right;">494,830,189</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> <tr> <td></td> <td style="text-align: right;">1,417,493,101</td> </tr> <tr> <td>Interest Income</td> <td style="text-align: right;">(29,793,652)</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> <tr> <td>EBIT</td> <td style="text-align: right;">1,387,699,449</td> </tr> <tr> <td>Depreciation and amortization</td> <td style="text-align: right;">1,241,137,459</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> <tr> <td>EBITDA</td> <td style="text-align: right;">2,628,836,908</td> </tr> <tr> <td>Finance costs</td> <td style="text-align: right;">494,830,189</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> <tr> <td>Interest rate coverage ratio</td> <td style="text-align: right;">5.31</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> </table>	Net income	₱682,639,565	Provision for income tax	240,023,347	Interest and other financing charges	494,830,189	<hr/>			1,417,493,101	Interest Income	(29,793,652)	<hr/>		EBIT	1,387,699,449	Depreciation and amortization	1,241,137,459	<hr/>		EBITDA	2,628,836,908	Finance costs	494,830,189	<hr/>		Interest rate coverage ratio	5.31	<hr/>		5.31	4.50
Net income	₱682,639,565																																
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Return on equity	Net income divided by average total equity <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Net income</td> <td style="text-align: right;">₱682,639,565</td> </tr> <tr> <td>Total equity CY</td> <td style="text-align: right;">10,024,886,569</td> </tr> <tr> <td>Total equity PY</td> <td style="text-align: right;">9,521,401,308</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> <tr> <td>Average total equity</td> <td style="text-align: right;">9,773,143,939</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> <tr> <td>Return on equity</td> <td style="text-align: right;">6.98%</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> </table>	Net income	₱682,639,565	Total equity CY	10,024,886,569	Total equity PY	9,521,401,308	<hr/>		Average total equity	9,773,143,939	<hr/>		Return on equity	6.98%	<hr/>		6.98%	6.43%														
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Net profit margin	Net income divided by revenue <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Net income</td> <td style="text-align: right;">₱682,639,565</td> </tr> <tr> <td>Revenue</td> <td style="text-align: right;">41,951,402,624</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> <tr> <td>Net profit margin</td> <td style="text-align: right;">1.63%</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> </table>	Net income	₱682,639,565	Revenue	41,951,402,624	<hr/>		Net profit margin	1.63%	<hr/>		1.63%	1.54%																				
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METRO RETAIL STORES GROUP, INC. AND SUBSIDIARY
SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR
FEE-RELATED INFORMATION
DECEMBER 31, 2025

	2025	2024
Total Audit Fees	₱2,401,000	₱2,286,900
Non-audit services fees:		
Tax services	473,988	400,000
All other services	1,070,000	240,000
Total Non-audit Fees	1,543,988	640,000
Total Audit and Non-audit Fees*	₱3,944,988	₱2,926,900

**Excluding out-of-pocket expenses and VAT*



SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended: **2024**
2. SEC Identification Number: **CS200315877** 3. BIR Tax Identification No.: **226-527-915**
4. Exact name of issuer as specified in its charter: **METRO RETAIL STORES GROUP, INC.**
5. **Cebu, Philippines**
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. **Vicsal Building, corner of C.D Seno and W.O Seno Sts., Guizo, North Reclamation Area, Mandaue City, Cebu, Philippines**
Address of principal office **6014**
Postal Code
8. **(032) 236-8390**
Issuer's telephone number, including area code
9. Not applicable
Former name, former address, and former fiscal year, if changed since last report.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Board's Governance Responsibilities			
<p>Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.</p>			
Recommendation 1.1			
<p>1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.</p>	Compliant	Third Amended Manual of Corporate Governance of the Company ("AMCG"), Article IV, (A)	
<p>2. Board has an appropriate mix of competence and expertise.</p>	Compliant	1) The Corporation should be headed by a competent and working Board to foster the long-term success of the Corporation, and to sustain its competitiveness, growth and profitability in a manner consistent with its corporate objectives and the long-term best interests of its shareholders and stakeholders.	
<p>3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.</p>	Compliant	<p>2) In the election of the members of its Board of Directors, the Corporation should be guided by the following standards:</p> <p>a) The Board should be composed of directors with a collective working knowledge, experience or expertise that is relevant to the Corporation's industry. The Board should always ensure that it has an appropriate mix of competence and expertise</p>	

and that its members remain qualified for their positions individually and collectively to enable it to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction.

The Board consists of seven (7) members, of which two (2) are independent directors.

Name	Position
1. Sherisa P. Nuesa	Chairperson
2. Margaret Gaisano-Ang	Vice-Chair
3. Jack S. Gaisano	Director
4. Manuel C. Alberto	Director/President and COO
5. Ricardo Nicanor N. Jacinto	Director
6. Medel T. Nera	Independent Director
7. Daniel Rafael Ramon Z. Gomez III	Independent Director

Ms. Margaret Gaisano-Ang and Mr. Jack S. Gaisano have served their respective offices as Directors since the incorporation of the Company on August 28, 2003. Mr. Manuel C. Alberto was elected as Director on December 17, 2018, and assumed the position effective January 1, 2019, to fill in the vacancy

in the Board due to the retirement of Mr. Arthur Emmanuel. Mr. Ricardo Nicanor N. Jacinto, was elected as an Independent Director on July 27, 2015 and after serving for nine (9) consecutive years as Independent Director, he was elected as a Non-Executive Director on May 3, 2024. Independent Director Mr. Medel T. Nera was elected on October 23, 2023, to fill in the vacancy in the Board due to the death of Mr. Guillermo L. Parayno, Jr. On the same date, Ms. Sherisa P. Nuesa was also elected as a Non-Executive Director to fill in the vacancy in the Board. All of the aforementioned Board Members were re-elected to the Board during the last Annual Stockholders' Meeting held on May 3, 2024. Mr. Daniel Rafael Ramon Z. Gomez III was elected as Independent Director during the last Annual Stockholders' Meeting held on May 3, 2024.

2024 Board Of Directors – Brief Description and Experience

Sherisa P. Nuesa, 70, was elected as a Non-Executive Director of the Company on October 23, 2023 and Chairperson on May 3, 2024. She brings her extensive corporate experience as a Director of other publicly listed companies as follows: Independent Director of Manila Water Company, Inc., (MWC) Integrated MicroElectronics Inc. (IMI) and AREIT, Inc. and a non-executive Director of Far Eastern University and FERN Realty Corporation. She is concurrently a Senior Adviser to the Board of Vicsal Development Corporation. She

		<p>is a member of the boards of trustees of the Financial Executives Institute (FINEX) Foundation and the NextGen Organization of Women Corporate Directors (NOWCD), where she holds the position of Vice President. She is also a Board Adviser to Justice Reform Initiative Inc. (JRI) where she was the former Chairperson for ten years since its inception.</p> <p>Ms. Nuesa is a former director of Ayala Land Inc. (ALI) and ACEN Corporation. She also held the positions of President and Director of the ALFM Mutual Funds Group, and Trustee and Fellow of the Institute of Corporate Directors (ICD) from 2012 to 2021. She also held previous positions in management operations and is an accredited lecturer of both ICD and the FINEX Academy. Ms. Nuesa was a former Managing Director of Ayala Corporation and had served in various senior positions in Ayala Corporation, ALI, MWC, and IMI. She was the Chief Finance Officer and Chief Administration Officer of IMI from January 2009 to July 2010 and was CFO of MWC from 2000 to 2008. She co-led the Initial Public Offering (IPO) teams of Ayala Land, Inc., Cebu Holdings, Inc., Manila Water, IMI and MRSGL.</p> <p>Ms. Nuesa received a Master of Business Administration degree from the Ateneo-Regis Graduate School of Business in Manila. She also attended post-graduate courses in Harvard Business School and in Stanford University. She graduated summa cum laude in 1974, with a degree of Bachelor of Science in Commerce from the Far Eastern University, which named</p>	
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	<p>her as one of its Outstanding University Alumni. A Certified Public Accountant, she was awarded as the ING FINEX CFO of the Year for 2008.</p> <p><i>Margaret Gaisano-Ang, 73, has served as Director of the Company since August 2003 and its Corporate Secretary until July 26, 2015. She currently serves as Chairperson of Vicsal Development Corporation and Pacific Mall Corporation. Ms. Ang is also the Chairperson and President of Grand Holidays, Inc. Additionally, she serves as Director of Filipino Fund, Inc., and as a Trustee of Vicsal Foundation, Incorporated. Ms. Ang received a Bachelor of Science degree, major in Accounting (1974, Cum Laude), from the University of San Carlos, Cebu City and is a Certified Public Accountant.</i></p> <p><i>Jack S. Gaisano, 71, has been a Director of the Company since August 2003. He currently also serves as Chairman and President of Taft Property Venture Development Corporation and Midland Development Corporation. He is also a Director of Vicsal Development Corporation. He received a Bachelor of Science degree in Chemical Engineering from the University of San Carlos, Cebu City, in 1976 and is a board-certified chemical engineer.</i></p> <p><i>Manuel C. Alberto, 59, was elected as Director of the Company, and appointed as President and Chief Operating Officer, on December 17, 2018, and assumed the position</i></p>	
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		<p>effective January 1, 2019. Before his election/appointment as President and Chief Operating Officer, he served as the Company's Chief Merchandising and Marketing Officer. Before joining the Company, he served as President & General Manager of Philippine Family Mart Inc. (2014-2018), VP & Business Unit Head (2013-2015) & VP of Operations (2001-2010) of Rustan Supercenters, Inc., National Operation Director of Jollibee Foods Corp (2010-2013), Store General Manager of Pilipinas Makro Inc. (1998-2001) and Store Manager of Stroud's Linen, USA. He earned his Bachelor of Arts in Communication (1989) from Santa Clara University, California, USA and obtained his Master's degree in Management (1998) from the Asian Institute of Management.</p> <p><i>Ricardo Nicanor N. Jacinto, 64,</i> was elected as an Independent Director of the Company on July 27, 2015 and after serving for nine (9) years as Independent Director, he was elected as a Non-Executive Director on May 3, 2024. Currently, Mr. Jacinto is the Chairman of SBS Philippines Corporation and Chairman and Independent Director of Maybank Capital Philippines, Inc. and Maybank Securities Philippines, Inc. He is also a Director of SBS Holding Corporation, and Independent Director of Maybank Securities (Thailand) Public Company Limited, and Etiqa Life and General Assurance Philippines, Inc. He is a Lecturer of University of the Philippines – CE Virata School of Business. Mr. Jacinto previously served as CEO of the Institute of Corporate</p>	
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	<p>Directors (2013-2017) and Managing Director of Ayala Corporation (1997-2011). During the last two years of his tenure at Ayala Corporation, he was seconded to Habitat for Humanity as its Chief Executive Officer. Mr. Jacinto holds a Bachelor of Science degree in Business Economics from the University of the Philippines (<i>Magna Cum Laude</i>). He obtained his Master's Degree in Business Administration from Harvard University in 1986.</p> <p><i>Medel T. Nera, 69</i>, was elected as Independent Director of the Company on October 23, 2023 replacing Mr. Guillermo L. Parayno, Jr. who died on August 2, 2023 (1 year and 6 months as Independent Director). He currently serves in the Boards of the House of Investments, Inc. (HOI), iPeople, Inc. (IPO), Seafont Resources Corporation (SPM), National Reinsurance Corporation of the Philippines, Inc. (NRCP), and Ionics, Inc. (ION). Mr. Nera was the President and CEO of House of Investments, Inc. (HOI) from July 2011 to July 2019, a holding company of the Yuchengco group. HOI has more than a dozen significant subsidiaries and associates. These include EEI Corporation, iPeople, Inc. (which includes the Mapua University), and Honda and Isuzu Car dealership groups. He was formerly a Director of RCBC (Rizal Commercial Banking Corporation). Mr. Nera was formerly a Senior Partner of SyCip Gorres Velayo and Co. (SGV & Co.), where he had about 35 years of experience in professional services. He had served as Markets leader and Financial Services Practice Head at SGV. From 2008 -</p>	
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		<p>2010, he served as Assurance Leader for the Financial Services Assurance practice of Ernst and Young in the Far East covering China, Taiwan, Hongkong, Korea, Singapore, Philippines and Vietnam. Mr. Nera was a partner for 22 years and had served in various other leadership positions. He was also the Vice President and member of the Board of Governors of the Management Association of the Philippines and a member of the Ernst & Young Far East Area Advisory Council. Mr. Nera graduated from the Far Eastern University in Manila with a degree in Bachelor of Science in Commerce. He earned his Master of Business Administration in the Stern School of Business, New York University, New York, New York, USA. He also participated in the Pacific Rim Bankers Program in the University of Washington, Seattle, Washington, USA.</p> <p><i>Daniel Rafael Ramon Z. Gomez III, 50, Filipino, was elected as Independent Director of the Company on May 3, 2024 (1year as Independent Director). He is currently a board adviser for DBDOYC Inc. doing business as Angkas and Laborem, Inc. He is also an independent adviser for Bain & Company. From 2008 to 2023, Mr. Gomez was employed with Jollibee Foods Corporation rising to become its Chief Marketing Officer in 2013. Prior to joining Jollibee, he was associated with Unilever Philippines as Managing Director & National Board Member from 1999 to 2008. He was also with Sycip Gorres Velayo & Co. – Ernst & Young as a Management Consultant from 1995 to 1998. Mr. Gomez holds a Management</i></p>	
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		degree from the Ateneo de Manila University, and a Digital Transformation Certificate from Harvard Business School.	
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Recommendation 1.2

<p>1. Board is composed of a majority of non-executive directors.</p>	<p>Compliant</p>	<p>AMCG, Article IV, (A), 2.</p> <p>b. The Board should be composed of a majority of non-executive directors who possess the necessary qualifications to effectively participate and help secure objective, independent judgment on corporate affairs and to substantiate proper checks and balances.</p> <p>Composition of the Board:</p> <table border="1" data-bbox="987 783 1496 1433"> <thead> <tr> <th>Name of Director</th> <th>Type of Director (ED – Executive Director) (NED – Non-Executive Director) (ID – Independent Director)</th> </tr> </thead> <tbody> <tr> <td>Sherisa P. Nuesa</td> <td>NED</td> </tr> <tr> <td>Margaret Gaisano-Ang</td> <td>NED</td> </tr> <tr> <td>Jack S. Gaisano</td> <td>NED</td> </tr> <tr> <td>Manuel C. Alberto</td> <td>ED</td> </tr> <tr> <td>Ricardo Nicamor N. Jacinto</td> <td>NED</td> </tr> <tr> <td>Medel T. Nera</td> <td>ID and NED</td> </tr> <tr> <td>Daniel Rafael</td> <td>ID and NED</td> </tr> </tbody> </table>	Name of Director	Type of Director (ED – Executive Director) (NED – Non-Executive Director) (ID – Independent Director)	Sherisa P. Nuesa	NED	Margaret Gaisano-Ang	NED	Jack S. Gaisano	NED	Manuel C. Alberto	ED	Ricardo Nicamor N. Jacinto	NED	Medel T. Nera	ID and NED	Daniel Rafael	ID and NED	
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Ricardo Nicamor N. Jacinto	NED																		
Medel T. Nera	ID and NED																		
Daniel Rafael	ID and NED																		

		Ramon Z. Gomez III		
Recommendation 1.3				
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	Compliant	AMCG, Article IV, 2 c) First time directors are required to attend an orientation program to be provided by a training provider duly accredited by the Commission and all directors are required to attend an annual continuing training to be provided by such accredited training provider. The courses for the orientation program and continuing training shall comply with the applicable SEC rules and regulations.		
2. Company has an orientation program for first time directors.	Compliant	All directors have complied with SEC Memorandum Circular No. 20, series of 2013 and SEC Memorandum Circular No. 2, series of 2015. See PSE Disclosure http://edge.pse.com.ph/openDiscViewer.do?edge_no=0b1991e5204c29af3318251c9257320d#sthash.DrQFgjOx.dpbs https://edge.pse.com.ph/openDiscViewer.do?edge_no=c44a6a8a8da7d224efdfc15ec263a54d		
3. Company has relevant annual continuing training for all directors.	Compliant	The members of the Board of Directors and the Corporate Officers attended the Company's Annual Corporate Governance Training for the year 2024 on December 19, 2024 conducted by the Institute of Corporate Directors duly accredited by the Securities and Exchange Commission.		
Recommendation 1.4				

1. Board has a policy on board diversity.	Complaint	AMCG, Article IV, 2 d) Board diversity shall be a consideration in the nomination and election of the members of the Corporation's Board of Directors.	
Optional: Recommendation 1.4			
1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.	-		
Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	Compliant	The Corporate Secretary of the Company is Atty. Vincent E. Tomaneng, while the Compliance Officer of the Company, as of February 1, 2022, is Atty. Theresa Marie C. Puno-dela Peña. The Corporate Secretary is not a member of the Board. <i>Vincent E. Tomaneng, 57, Filipino, was appointed as the Corporate Secretary on July 27, 2015. He earned his Bachelor of Laws (1994) and Bachelor of Science in Accountancy (1988, Magna Cum Laude) degrees from the University of San Carlos in Cebu City. He is presently the Group General Counsel of Vicsal Development Corporation and the Metro Gaisano Group of Companies. Prior to joining Vicsal and the Metro Gaisano Group in May 2003, he has worked with Sycip</i>	
2. Corporate Secretary is a separate individual from the Compliance Officer.	Compliant		
3. Corporate Secretary is not a member of the Board of Directors.	Compliant		

		Salazar Hernandez & Gatmaitan Law Offices as a Senior Associate (1997 to 2003) and with Sycip Gorres Velayo & Co., CPA's as a Tax Supervisor (1988 to 1996). He is presently the Director and Corporate Secretary of Filipino Fund, Inc. from 2014, and Director (2024) and Corporate Secretary (2014) of HTLand, Inc., the Corporate Secretary of Vicsal Foundation, Incorporated since February 2024, and the Assistant Corporate Secretary of Vicsal Development Corporation since May 2024.	
4. Corporate Secretary attends training/s on corporate governance.	Compliant	The Corporate Secretary attended the Company's Annual Corporate Governance Training for the year 2024 on December 19, 2024 conducted by the Institute of Corporate Directors duly accredited by the Securities and Exchange Commission.	
Optional: Recommendation 1.5			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.	Compliant		
Recommendation 1.6			

1. Board is assisted by a Compliance Officer.	Compliant	The Compliance Officer of the Company, as of February 1, 2022, is Atty. Theresa Marie C. Puno-dela Peña.	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	Non-Compliant	AMCG, Article IV, (C) , 14	The Compliance Officer of the Company need not have the rank of Senior Vice-President or an equivalent position so long as she is able to comply with her duties and responsibilities as Compliance Officer.
3. Compliance Officer is not a member of the board.	Compliant	Appoint a Compliance Officer. The Compliance Officer need not have the rank of Senior Vice-President or an equivalent position, but he/she must be able to faithfully comply with his/her duties and responsibilities.	
4. Compliance Officer attends training/s on corporate governance.	Compliant	The Compliance Officer attended the Company's Annual Corporate Governance Training for the year 2024 on December 19, 2024 conducted by the Institute of Corporate Directors duly accredited by the Securities and Exchange Commission.	

Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.

Recommendation 2.1

1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	Compliant	On 13 April 2015, the Board of Directors has adopted the Company's Manual on Corporate Governance, which aims to institutionalize the principles of good corporate governance (i.e. fairness, accountability, and transparency) in	
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		<p>the entire organization (the "Manual"). In the Manual, the Company recognizes that corporate governance is a necessary component of what constitutes sound strategic business management and will therefore undertake every effort necessary to create awareness within the organization. On May 5, 2017, the Company's Board of Directors has approved the First Amended Manual on Corporate Governance (the "AMCG") in compliance with Securities and Exchange Commission (SEC) Memorandum Circular No. 19 Series of 2016, (the "Code of Corporate Governance for Publicly Listed Companies"). The Company's Second Amended Manual on Corporate Governance was approved by the Board of Directors on November 12, 2019. Subsequently, in compliance with SEC Memorandum Circular No. 24, series of 2019, the Company has approved on June 9, 2020 its Third Amended Manual on Corporate Governance.</p>	
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Recommendation 2.2			
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1. Board oversees the development, review and approval of the company's business objectives and strategy.	Compliant	AMCG, Article IV (C) (2)	
2. Board oversees and monitors the implementation of the company's business	Compliant	Provide sound strategic policies and guidelines to the Corporation on major capital expenditures. Approve	

objectives and strategy.		<p>and oversee the development of the Corporation's business objectives, strategies, and programs in order to sustain the Corporation's long-term viability and strength.</p> <p>Periodically evaluate and monitor the implementation of such policies, strategies, and programs, including the business plans, operating budgets and Management's overall performance.</p>	
Supplement to Recommendation 2.2			
1. Board has a clearly defined and updated vision, mission and core values.	Compliant	<p>VISION STATEMENT</p> <p>By 2025, we will be an agile retail-based company in the Philippines that provides best-in-class customer experience through operational excellence</p> <p>MISSION - VALUES</p> <p>To delight MRSGL customers with products and services that give the best value for money in exciting ways</p>	
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.	Compliant	<p>AMCG, Article IV, (C) (7)</p> <p>Approve the selection and assess the performance of Management led by the Key Officers.</p> <p>The Board shall establish an effective</p>	

		performance management framework that will ensure that the Management, and the personnel's performance are at par with the standards set by the Board and Senior Management.	
Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	Compliant	Ms. Sherisa P. Nuesa, the Chairperson of the Board of Directors, is highly competent and qualified.	
Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	AMCG, Article V, (B), (4) The Board, through its Nomination & Compensation Committee, ensures that there is a succession plan for the CEO, President & COO, and senior executives. The Nomination and Compensation Committee shall recommend a succession plan for board members and senior officers and establish a formal and transparent procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the Company's culture, strategy and the business environment in which it operates, and which shall be commensurate to corporate and individual performance. The remuneration policy should be aligned with the long-term interest of	
2. Board adopts a policy on the retirement for directors and key officers.	Compliant		

		the Corporation and should specify the relationship between remuneration and performance.	
Recommendation 2.5			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Compliant	AMCG, Article IV, (I) REMUNERATION OF DIRECTORS AND OFFICERS	
2. Board adopts a policy specifying the relationship between remuneration and performance.	Compliant	The levels of remuneration of the Corporation should be sufficient to be able to attract and retain the services of qualified and competent directors and officers. A portion of the remuneration of executive directors may be structured or be based on corporate and individual performance.	
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant	The Corporation shall establish formal and transparent procedures for the development of a policy on executive remuneration or determination of remuneration levels for individual directors and officers, which shall be prepared by the Nomination and Compensation Committee. No director should participate in deciding on his remuneration.	
Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.	Compliant	Please refer to Article V, (B), (4) of the AMCG.	

2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.	-		
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	Compliant	AMCG, Article V,(B) NOMINATION AND COMPENSATION COMMITTEE	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant	1) The Board shall create a Nomination and Compensation Committee which shall have at least three (3) members and one (1) of whom must be an independent director, to review and evaluate the qualifications of all individuals nominated to the Board and other appointments that require Board approval, and to assess the effectiveness of the Board's processes and procedures in the election or replacement of directors. 2) At least, thirty calendar (30) days before the Annual Stockholders' Meeting, the Nomination and Compensation Committee shall accept, pre-screen, and	
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	Compliant		
4. Board nomination and election policy includes how the board shortlists candidates.	Compliant		
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	Compliant		
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Compliant		

		<p>shortlist all candidates nominated to become a member of the Board in accordance with the qualifications and disqualifications of a director. In the evaluation of the nominees, the Committee shall consider whether the candidates:</p> <ul style="list-style-type: none">a) Possess the knowledge, skills, experience, and particularly in the case of non-executive directors, independence of mind given their responsibilities to the Board and in light of the Corporation's business and risk profile.b) Have a record of integrity and good repute.c) Have sufficient time to carry out their responsibilities.d) Have the ability to promote a smooth interaction between board members. <p>The Nomination and Compensation Committee may engage the services of professional search firms or other external sources when searching for candidates to</p>	
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		<p>the Board.</p> <p>3) The Nomination and Compensation Committee shall fully disclose all relevant and material information on individual board members and key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p>	
Optional: Recommendation to 2.6			
1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.	-		The Company deems that this is not necessary.
Recommendation 2.7			
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	Compliant	AMCG, Article IV, (C)(9)	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Compliant	Formulate and implement policies and procedures that would ensure the integrity and transparency of Related Party Transactions and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality.	
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Compliant	This is echoed under the functions of the Audit and Risk Committee as provided under the AMCG, Article V (A), (4), (c)	

		<p>Related Party Transactions Functions</p> <p>a. Evaluates on an ongoing basis existing relations between and among businesses and counterparties to ensure that all Related Parties are continuously identified, Related Party Transactions are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, Related Party Transactions and changes in relationships should be reflected in the relevant reports to the Board and regulators;</p> <p>b. Evaluates all material Related Party Transactions to ensure that these are not undertaken on more favorable economic terms (e.g. price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the Corporation are</p>	
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		<p>misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating Related Party Transactions, the Committee takes into account, among others, the following:</p> <ul style="list-style-type: none">i. The Related Party's relationship to the Corporation and interest in the transaction;ii. The material facts of the proposed Related Party Transaction, including the proposed aggregate value of such transaction;iii. The benefits to the Corporation of the proposed Related Party Transaction;iv. The availability of other sources of comparable products or services; andv. An assessment of whether the proposed Related Party Transaction is on terms and conditions that	
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		<p>are comparable to the terms generally available to an unrelated party under similar circumstances. The Committee shall ensure that the Corporation has an effective price discovery system in place and exercise due diligence in determining a fair price for Related Party Transactions.</p> <p>c. Ensures that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Corporation's Related Party Transactions exposures, and policies on conflicts of interest or potential conflicts of interest. The disclosure should include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of the Corporation's affiliation or transactions with other related parties.</p>	
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		<p>d. Reports to the Board of Directors on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties.</p> <p>e. Ensures that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process.</p> <p>f. Oversees the implementation of the system for identifying, monitoring, measuring, controlling, and reporting Related Party Transactions, including a periodic review of Related Party Transactions policies and procedures.</p>	
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Supplement to Recommendations 2.7

<p>1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12)</p>	<p>Compliant</p>	<p>Please refer to the Company's Amended Policy on Related Party Transactions to comply with Securities and Exchange Commission (SEC) Memorandum Circular No. 10, series of 2019, dated September 5, 2019.</p> <p>https://edge.pse.com.ph/openDiscViewer.do?edge_no=d6abe1996e709e</p>	
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<p>month period should be considered for purposes of applying the thresholds for disclosure and approval.</p>		<p><u>d2efdfc15ec263a54d</u></p>	
<p>2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.</p>	<p>Compliant</p>		
<p>Recommendation 2.8</p>			
<p>1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	<p>Compliant</p>	<p>AMCG, Article IV, (C)</p> <p>DUTIES AND FUNCTIONS</p> <p>To insure a high standard of best practices for the Corporation, its shareholders and stakeholders, the Board, in close coordination with the Corporation's Officers and Managers, shall conduct itself with honesty and integrity in the performance of, among others, the following duties and functions:</p>	
<p>2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	<p>Compliant</p>	<p>1. Implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies.</p> <p>Appoint competent, professional, honest and highly motivated management officers. Adopt an</p>	

		<p>effective succession planning program for directors and Management to ensure growth and a continued increase in the shareholders' value. The succession plan shall include, as far as practicable, a policy on the retirement age for directors and key officers as part of management succession and to promote dynamism in the Corporation.</p> <p>xxx</p> <p>7. Approve the selection and assess the performance of Management led by the Key Officers.</p> <p>The Board shall establish an effective performance management framework that will ensure that the Management, and the personnel's performance are at par with the standards set by the Board and Senior Management.</p> <p>xxx</p> <p>14. Appoint a Compliance Officer. The Compliance Officer need not have the rank of Senior Vice-President or an equivalent</p>	
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		position, but he/she must be able to faithfully comply with his/her duties and responsibilities.	
Recommendation 2.9			
1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.	Compliant	AMCG, Article IV,(C) (7) Approve the selection and assess the performance of Management led by the Key Officers.	
2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	Compliant	The Board shall establish an effective performance management framework that will ensure that the Management, and the personnel's performance are at par with the standards set by the Board and Senior Management.	
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	Compliant	The Annual Report discloses that the Audit and Risk Committee exercises the Board's Oversight of the Company's financial reporting and internal control systems.	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant	AMCG, Article II DEFINITION OF TERMS xxx Internal Control – the process	

	<p>designed and effected by the Board of Directors and Management, to provide reasonable assurance on the achievement of the Corporation's objectives through efficient and effective operations; reliable, complete and timely financial and management information; and compliance with applicable laws, regulations and the Corporation's policies and procedures;</p> <p>AMCG, Article IV (C) (6)</p> <p>DUTIES AND FUNCTIONS OF THE BOARD:</p> <p>Adopt a system of check and balance within the Board. A regular review of the effectiveness of such system should be conducted to ensure the integrity of the decision-making and reporting processes at all times. There should be a continuing review of the Corporation's internal control system in order to maintain its adequacy and effectiveness.</p> <p>AMCG, Article IV (E)</p> <p>INTERNAL CONTROL RESPONSIBILITIES OF THE BOARD</p> <p>The Board shall oversee that an</p>	
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		<p>appropriate internal control system is in place, including setting up a mechanism for monitoring and managing potential conflicts of interest of Management, the Board members, and shareholders.</p> <p>The control environment of the Corporation shall consist of the following:</p> <ol style="list-style-type: none"> 1) The Board which ensures that the Corporation is properly and effectively managed and supervised. 2) A Management that actively manages and operates the Corporation in a sound and prudent manner. 3) The organizational and procedural controls which are duly supported by effective management information and risk management reporting systems. 4) An independent audit mechanism to monitor the adequacy and 	
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		<p>effectiveness of the Corporation's governance, operations, and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations and contracts.</p> <p>The minimum internal control mechanisms for the performance of the Board's oversight responsibility shall include:</p> <ol style="list-style-type: none"> 1) Definition of the duties and responsibilities of the Chairman/Chief Executive Officer ("CEO") and President/Chief Operating Officer ("COO") who are ultimately accountable for the Corporation's organizational and operational controls. 	
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		<p>2) Selection of the persons who possess the ability, integrity and expertise essential for the positions of Chairman/CEO and President/COO.</p> <p>3) Evaluation of proposed senior management appointments.</p> <p>4) Selection and appointment of qualified and competent management officers.</p> <p>5) Review of the Corporation's human resource policies, conflict of interest situations, compensation program for employees, and management succession plan.</p> <p>6) Approval the Corporation's Internal Audit Charter.</p> <p>AMCG, Article V (A) (1)</p> <p>The Audit and Risk Committee is responsible for overseeing the senior management in establishing and maintaining an adequate, effective, and efficient internal control</p>	
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		<p>framework. It ensures that systems and processes are designed to provide assurance in areas including reporting and monitoring compliance with laws, regulations, and internal policies, efficiency and effectiveness of operations, and safeguarding of assets.</p> <p>AMCG, Article X (1) The Corporation shall establish and implement an adequate and effective internal control system and an enterprise risk management framework in the conduct of its business, taking into account its size, risk profile, and complexity of operations.</p>	
3. Board approves the Internal Audit Charter.	Compliant	Please refer to the functions of the Audit and Risk Committee under Article V (A) of the AMCG.	
Recommendation 2.11			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	Compliant	<p>AMCG, Article IV (C), (15)</p> <p>DUTIES AND FUNCTIONS OF THE BOARD:</p>	
2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	Compliant	Implement a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess, and manage key business risks. In this connection, the Board shall be responsible for defining the Corporation's level of risk tolerance and provide oversight over its risk	

		<p>management policies and procedures.</p> <p>The Audit and Risk Committee shall have the following functions under the AMCG:</p> <p>Risk Oversight Functions</p> <ol style="list-style-type: none"> a. Assess the probability of each risk becoming a reality and shall estimate its possible effect and cost. b. Define the strategies for managing and controlling the major risks. Identify practical strategies to reduce the chance of harm and failure, or minimize losses if the risk becomes real. c. Oversee the implementation of the risk management strategies and policies. d. Develop a formal enterprise risk management plan which contains the following elements: (i) common language or register of risks, (ii) well-defined risk management goals, objectives and oversight, (iii) uniform processes of assessing risks and developing strategies to manage prioritized risks, (iv) 	
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		<p>designing and implementing risk management strategies, and (v) continuing assessments to improve risk strategies, processes and measures.</p> <p>e. Oversee the implementation of the enterprise risk management plan through a Management Risk Oversight Committee. The Committee conducts regular discussion on the Corporation's prioritized and residual risk exposures based on regular risk management reports and assesses how the concerned units or offices are addressing and managing these risks.</p> <p>f. Evaluates the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. The Committee revisits defined risk management strategies, looks for emerging or changing material exposures, and stays abreast of significant development that seriously impact the likelihood of harm or loss.</p>	
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		<p>g. Advise the Board on its risk appetite levels and risk tolerance limits.</p> <p>h. Review at least annually the Corporation's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impacts on the Corporation.</p> <p>i. Assess the probability of each identified risk becoming a reality and estimates its possible significant financial impact and likelihood of occurrence. Priority areas of concern are those risks that are the most likely to occur and to impact the performance and stability of the Corporation and its stakeholders.</p> <p>j. Provides oversight over Management's activities in managing credit, market</p>	
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		<p>liquidity, operational, legal and other risk exposures of the Corporation. This function includes regularly receiving information on risk exposures and risk management activities from Management.</p> <p>k. Report to the Board on a regular basis, or as deemed necessary, the Corporation's material risk exposures, the actions taken to reduce the risks, and recommend further actions or plans, as necessary.</p> <p>AMCG Article X, (4)</p> <p>The Corporation shall have a separate risk management function to identify, assess and monitor key risk exposures. The risk management function involves the following activities, among others:</p> <p>a) Defining a risk management strategy.</p> <p>b) Identifying and analyzing key risks exposure relating to economic, environmental, social and governance factors and achievement of the</p>	
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		<p>organization's strategic objectives.</p> <p>c) Evaluating and categorizing each identified risk using the Corporation's predefined risk categories and parameters.</p> <p>d) Establishing a risk register with clearly defined, prioritized and residual risks.</p> <p>e) Developing a risk mitigation plan for the most important risks to the Corporation, as defined by the risk management strategy.</p> <p>f) Communicating and reporting significant risk exposures including business risks (i.e., strategic, compliance, operational, financial and reputational risks), control issues and risk mitigation plan to the Audit and Risk Committee.</p> <p>g) Monitoring and evaluating the effectiveness of the organization's risk management processes.</p>	
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Recommendation 2.12

1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	Compliant	Please refer to the Company's Code of Conduct for Directors and Senior Management.	
2. Board Charter serves as a guide to the	Compliant		

directors in the performance of their functions.		https://www.metroretail.com.ph/images/Corporate_Governance/Code_of_Conduct/MRSGI_Code_of_Conduct.pdf	
3. Board Charter is publicly available and posted on the company's website.	Compliant		
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	Compliant	<p>The Company's insider trading policy is contained in the Guidelines on Transactions concerning MRSGI shares issued on February 4, 2016.</p> <p>https://www.metroretail.com.ph/images/Corporate_Governance/Company_Policies/Guidelines_on_Transactions_Concerning_MRSGI_Shares.pdf</p> <p>Please refer also to the Company's Code of Conduct for Directors and Senior Management.</p> <p>https://www.metroretail.com.ph/images/Corporate_Governance/Code_of_Conduct/MRSGI_Code_of_Conduct.pdf</p>	
Optional: Principle 2			
1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.	Compliant	<p>Please refer to the Company's Code of Conduct for Directors and Senior Management.</p> <p>https://www.metroretail.com.ph/images/Corporate_Governance/Code_of_Conduct/MRSGI_Code_of_Conduct.pdf</p>	

2. Company discloses the types of decision requiring board of directors' approval.	Compliant	Please refer to the Company's disclosures in the PSE Edge.	
<p>Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.</p>			
<p>Recommendation 3.1</p>			
1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Compliant	<p>The Company has the following Board Committees:</p> <ol style="list-style-type: none"> 1. Audit and Risk Committee 2. Corporate Governance Committee 3. Nomination and Compensation Committee 4. Investment Committee 	
<p>Recommendation 3.2</p>			
1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	Compliant	<p>AMCG, Article IV, C</p> <p>DUTIES AND FUNCTIONS</p> <p>To insure a high standard of best practices for the Corporation, its stockholders and stakeholders, the Board, in close coordination with the Corporation's Officers and Managers, shall conduct itself with honesty and integrity in the performance of, among others, the following duties and functions:</p>	

	<p>10) Constitute an Audit Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities.</p> <p>Please refer to the constitution of the Audit and Risk Committee and its functions under AMCG, Article V, (A)</p> <p>1) The Audit and Risk Committee is responsible for overseeing the senior management in establishing and maintaining an adequate, effective, and efficient internal control framework. It ensures that systems and processes are designed to provide assurance in areas including reporting and monitoring compliance with laws, regulations, and internal policies, efficiency and effectiveness of operations, and safeguarding of assets.</p> <p>2) The Audit and Risk Committee shall be responsible for the oversight of the Corporation's Enterprise Risk Management system to ensure its functionality and effectiveness.</p> <p>3) The Audit and Risk Committee</p>	
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		<p>shall consist of three (3) non-executive directors, who shall preferably have accounting and finance backgrounds, majority of whom shall be independent directors. The chair of the Audit and Risk Committee should be an independent director, and should not be the Chairperson of the Board or any other committees. At least one member of the committee must have relevant thorough knowledge and experience on risk management.</p> <p>4) The committee shall have the following functions:</p> <ul style="list-style-type: none"> a. Audit Functions b. Risk Oversight Functions c. Related Party Transactions Functions 	
<p>2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.</p>	<p>Compliant</p>	<p>AMCG, Article V, (A), (3) The Audit and Risk Committee shall consist of three (3) non-executive directors, who shall preferably have accounting and finance backgrounds, majority of whom shall be independent directors. The chair</p>	

		of the Audit and Risk Committee should be an independent director, and should not be the Chairperson of the Board or any other committees. At least one member of the committee must have relevant thorough knowledge and experience on risk management.	
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Compliant	The members of the Company's Audit and Risk Management Committee (2024) are: <ol style="list-style-type: none"> 1. Medel T. Nera – Chairman, Independent Director, Non-Executive Director 2. Ricardo Nicanor N. Jacinto - Member, Non-Executive Director 3. Daniel Rafael Ramon Z. Gomez III – Member, Independent Director, Non-Executive Director who are all highly qualified and competent to act as such.	
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	Compliant	The Chairman of the Audit and Risk Committee, Mr. Medel T. Nera, is not the Board Chairman nor a Chairman of any other committee.	
Supplement to Recommendation 3.2			
1. Audit Committee approves all non-audit services conducted by the external	Compliant	AMCG, Article V, (A), (4)(a)(n)	

auditor.		<p>AUDIT AND RISK COMMITTEE</p> <p>Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically 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 the Corporation's overall consultancy expenses. The Audit and Risk Committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Corporation's Annual Report and Annual Corporate Governance Report.</p>	
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	Compliant	<p>AMCG, Article V, (A), (4)(a) (o)</p> <p>As far as practicable, the Audit and Risk Committee shall endeavour to meet with the Board at least every quarter without the presence of the CEO or other management team members, and periodically meets with the head of the internal audit.</p>	
Optional: Recommendation 3.2			
1. Audit Committee meet at least four times during the year.	Compliant	In 2024, The Audit and Risk Committee met at least 5 times, on	

		March 25, 2024, April 26, 2024, August 1, 2024, September 17, 2024, and October 25, 2024.	
2. Audit Committee approves the appointment and removal of the internal auditor.	Compliant	AMCG, Article V, (A), (a) (f) FUNCTIONS OF THE AUDIT AND RISK COMMITTEE: (f) Organize and oversee the Internal Audit Department, and recommends the appointment and/or grounds for approval of an Internal Audit Head, as well as approve the terms and conditions for internal audit services, if necessary.	
Recommendation 3.3			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	Compliant	AMCG, Article V, (C) GOVERNANCE COMMITTEE 1) The Corporate Governance Committee is tasked with ensuring compliance with and proper observance of corporate governance principles and practices. 2) The Governance Committee shall consist of three (3) directors, one (1) of whom shall be an independent director. 3) The Committee shall have the following functions, among others that may be delegated by the	

		<p>Board:</p> <ul style="list-style-type: none">a) Oversees the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of material changes to the Corporation's size, complexity and business strategy, as well as its business and regulatory environments. b) Oversees the periodic performance evaluation of the Board and its committees as well as Management, and conducts an annual self-evaluation of its performance. c) Ensures that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement.	
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		<ul style="list-style-type: none"> d) Recommends continuing education and/or relevant training programs for directors. e) Develop, review and recommend to the Board a set of corporate governance policies and guidelines applicable to the Corporation, including the amendments or revisions to this Manual, and ensures that these are reviewed and updated regularly. f) Responsible for overseeing the Corporation's implementation and effectiveness of its corporate governance, including the annual accomplishment of the scorecard on the scope, nature and extent of the actions undertaken by the Corporation to meet the objectives of this Manual. g) To maintain an informed status on issues related to the Corporation's corporate social responsibility, public policy 	
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		and philanthropy, and those affecting the name, reputation and goodwill of the Corporation.	
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	Non-Compliant	The members of the Company's Corporate Governance Committee (2024) are: 1. Daniel Rafael Ramon Z. Gomez III (Independent Director) – Chairman and Non-Executive Director 2. Ricardo Nicanor N. Jacinto – Vice-Chair and Non-Executive Director 3. Medel T. Nera (Independent Director) – Member and Non-Executive Director 4. Manuel C. Alberto – Member, Executive Director	All independent directors of the Company sit in this committee, with one of the independent directors being the Chairperson of the committee.
3. Chairman of the Corporate Governance Committee is an independent director.	Compliant	Independent Director, Daniel Rafael Ramon Z. Gomez III, is the Chairperson of the committee.	
Optional: Recommendation 3.3.			
1. Corporate Governance Committee meet at least twice during the year.	Compliant	In 2024, The Corporate Governance Committee met at least 2 times, on November 6, 2024 and November 29, 2024.	
Recommendation 3.4			
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management	Compliant	AMCG, Article V, (A), (4), (b) The Audit and Risk Committee is	

<p>system to ensure its functionality and effectiveness.</p>		<p>tasked, among others, to:</p> <ul style="list-style-type: none"> a) Assess the probability of each risk becoming a reality and shall estimate its possible effect and cost. b) Define the strategies for managing and controlling the major risks. Identify practical strategies to reduce the chance of harm and failure, or minimize losses if the risk becomes real. c) Oversee the implementation of the risk management strategies and policies. d) Develop a formal enterprise risk management plan which contains the following elements: (i) common language or register of risks, (ii) well-defined risk management goals, objectives and oversight, (iii) uniform processes of assessing risks and developing strategies to manage prioritized risks, (iv) designing and implementing risk management strategies, and (v) continuing assessments to improve risk strategies, processes and measures. 	
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		<p>e) Oversee the implementation of the enterprise risk management plan through a Management Risk Oversight Committee. The Committee conducts regular discussion on the Corporation's prioritized and residual risk exposures based on regular risk management reports and assesses how the concerned units or offices are addressing and managing these risks.</p> <p>f) Evaluates the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. The Committee revisits defined risk management strategies, looks for emerging or changing material exposures, and stays abreast of significant development that seriously impact the likelihood of harm or loss.</p> <p>g) Advise the Board on its risk appetite levels and risk tolerance limits.</p>	
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		<p>h) Review at least annually the Corporation's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impacts on the Corporation.</p> <p>i) Assess the probability of each identified risk becoming a reality and estimates its possible significant financial impact and likelihood of occurrence. Priority areas of concern are those risks that are the most likely to occur and to impact the performance and stability of the Corporation and its stakeholders.</p> <p>j) Provides oversight over Management's activities in managing credit, market liquidity, operational, legal and other risk exposures of the Corporation. This function includes regularly receiving information on risk exposures</p>	
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		<p>and risk management activities from Management.</p> <p>k) Report to the Board on a regular basis, or as deemed necessary, the Corporation's material risk exposures, the actions taken to reduce the risks, and recommend further actions or plans, as necessary.</p>	
<p>2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.</p>	Complaint	<p>The members of the Company's Audit and Risk Committee are:</p> <ol style="list-style-type: none"> 1. Medel T. Nera – Chairperson, Independent Director, Non-Executive Director 2. Ricardo Nicanor N. Jacinto - Member, Non-Executive Director 3. Daniel Rafael Ramon Z. Gomez III – Member, Independent Director, Non-Executive Director 	
<p>3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.</p>	Compliant	<p>The Chairman of the Audit and Risk Committee, Mr. Medel T. Nera, is not a Board Chairman nor a Chairman of any other committee.</p>	
<p>4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.</p>	Compliant	<p>All members possess the necessary knowledge, competence, and experience on risk and risk management.</p>	

Recommendation 3.5

<p>1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.</p>	<p>Compliant</p>	<p>AMCG, Article V, (A), (4), (c)</p> <p>The Audit and Risk Committee is tasked with reviewing all material related party transactions of the Corporation, and specifically:</p> <ul style="list-style-type: none">a) Evaluates on an ongoing basis existing relations between and among businesses and counterparties to ensure that all Related Parties are continuously identified, Related Party Transactions are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, Related Party Transactions and changes in relationships should be reflected in the relevant reports to the Board and regulators;b) Evaluates all material Related Party Transactions to ensure that these are not undertaken on more favorable economic terms (e.g. price, commissions, interest rates, fees, tenor, collateral requirement) to such related	<p>The tasks of the RPT Committee are performed by the Audit and Risk Committee.</p>
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		<p>parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the Corporation are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating Related Party Transactions, the Committee takes into account, among others, the following:</p> <ul style="list-style-type: none"> i. The Related Party's relationship to the Corporation and interest in the transaction; ii. The material facts of the proposed Related Party Transaction, including the proposed aggregate value of such transaction; iii. The benefits to the Corporation of the proposed Related Party Transaction; iv. The availability of other sources of comparable products or services; and 	
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		<p>v. An assessment of whether the proposed Related Party Transaction is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The Committee shall ensure that the Corporation has an effective price discovery system in place and exercise due diligence in determining a fair price for Related Party Transactions.</p> <p>c) Ensures that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Corporation's Related Party Transactions exposures, and policies on conflicts of interest or potential conflicts of interest. The disclosure should include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of the Corporation's affiliation or transactions with other related parties.</p>	
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		<p>d) Reports to the Board of Directors on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties.</p> <p>e) Ensures that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process.</p> <p>f) Oversees the implementation of the system for identifying, monitoring, measuring, controlling, and reporting Related Party Transactions, including a periodic review of Related Party Transactions policies and procedures.</p>	
<p>2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.</p>	<p>Compliant</p>	<p>The members of the Company's Audit and Risk Management Committee are:</p> <ol style="list-style-type: none"> 1. Medel T. Nera – Chairperson, Independent Director, Non-Executive Director 2. Ricardo Nicanor N. Jacinto - Member, Non-Executive Director 3. Daniel Rafael Ramon Z. Gomez III – Member, 	

		Independent Director, Non-Executive Director	
Recommendation 3.6			
1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	Compliant	Please refer to the specific functions of the Board Committees under Article V of the AMCG.	
2. Committee Charters provide standards for evaluating the performance of the Committees.	Compliant		
3. Committee Charters were fully disclosed on the company's website.	Compliant	https://www.metroretail.com.ph/index.php/disclosures/charter-documents	
Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.			
Recommendation 4.1			
1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	Compliant	AMCG, Article IV, (G) The members of the Board should attend and actively participate in the regular and special meetings of the Board in person or through videoconferencing and teleconferencing conducted in accordance with the rules and regulations of the SEC and the By-laws. Independent directors should always attend Board meetings. To promote	

		<p>transparency, the presence of at least one independent director shall be required in all its meetings.</p> <p>Attendance of the BOD is disclosed in the Company's Definitive Information Statement which is distributed to its shareholders.</p> <p>See 2024 Definitive Information Statement</p> <p>https://edge.pse.com.ph/openDiscViewer.do?edge_no=fe0ba0ef70955b04ec6e1601ccee8f59</p>	
2. The directors review meeting materials for all Board and Committee meetings.	Compliant	AMCG, Article IV, (D), (2)	
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	<p>DUTIES AND RESPONSIBILITIES OF THE BOARD:</p> <p>Devote the time and attention necessary to properly and effectively perform his duties and responsibilities.</p> <p>A director should devote sufficient time to familiarize himself with the Corporation's business. He should be constantly aware of and knowledgeable with the Corporation's operations to enable him to meaningfully contribute to the Board's work. He should attend and actively participate in Board and committee meetings, review meeting materials and, if called for, ask questions or seek explanation.</p>	

Recommendation 4.2			
1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.	Non-Compliant	<p>Other than Mr. Medel T. Nera, no non-executive director of the Corporation serves in more than five publicly-listed companies.</p> <p>AMCG , Article IV, (H)</p> <p>BOARD SEATS The non-executive directors of the Board should not concurrently serve as directors to more than ten (10) public companies and/or registered issuers. However, the maximum concurrent directorships shall be five (5) public companies and/or registered issuers if the director also sits in at least three (3) publicly-listed companies.</p>	Mr. Medel T. Nera sits as director and/or independent director in six (6) publicly-listed companies, including the Corporation. Three (3) of the six (6) publicly-listed companies are all under one group of companies. Mr. Nera has been present and fully-prepared in all board and committee meetings in all of the 6 publicly-listed companies and has not been remiss in performing his duties and functions as a director.
Recommendation 4.3			
1. The directors notify the company's board before accepting a directorship in another company.	Compliant	<p>AMCG , Article IV, (H), 2nd paragraph</p> <p>xxx</p> <p>A director should notify the Board where he is an incumbent director before accepting a directorship in another company.</p>	
Optional: Principle 4			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.	Compliant	No executive director of the Corporation serves in more than two (2) boards of listed companies outside of the group.	
2. Company schedules board of directors'	Compliant	The board of directors' meetings for	

meetings before the start of the financial year.		the fiscal year 2024-2025 is scheduled during the 2024 Organizational board meeting.	
3. Board of directors meet at least six times during the year.	Compliant	In 2024, the Board met at least 6 times.	
4. Company requires as minimum quorum of at least 2/3 for board decisions.			The Company adopts the quorum requirement for board meetings pursuant to Sec. 51 of the Revised Corporation Code which provides as follows: "Unless otherwise provided in this Code or in the bylaws, a quorum shall consist of the stockholders representing a majority of the outstanding capital stock or a majority of the members in the case of non-stock corporations."

Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs

Recommendation 5.1

1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	Non - Compliant	The Board has two (2) independent directors, out of the seven (7) seats, namely: 1. Medel T. Nera 2. Daniel Rafael Ramon Z. Gomez III	The Company is compliant with Section 3 of SEC Memorandum Circular No. 16, series of 2002 which provides: GUIDELINES ON THE NOMINATION AND ELECTION OF INDEPENDENT DIRECTORS III. NUMBER OF INDEPENDENT DIRECTORS A. All companies are encouraged to have independent directors. However, issuers of registered securities and public companies are required to have <u>at least</u>
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			<p>two (2) independent directors or at least 20% of its board size, whichever is the lesser. Provided further that said companies may choose to have more independent directors in their boards than as above required.</p> <p>Further, the Company is also compliant the Revised Code of Corporate Governance under Article 3 of SEC Memorandum Circular No. 6, series of 2009 which provides:</p> <p>Article 3 (a) The Board shall be composed of at least five (5), but not more than fifteen (15), members who are elected by the stockholders.</p> <p>All companies covered under this Code shall have <u>at least two (2) independent directors or such number of independent directors that constitutes twenty percent (20%) of the members of the Board, whichever is lesser, but in no case less than two (2).</u> All other companies are encouraged to have independent directors in their boards.</p>
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Recommendation 5.2			
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1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	Compliant	Independent Directors submit a certification for independent directors annually. The same is submitted with the Annual Report.	
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Supplement to Recommendation 5.2			
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1. Company has no shareholder agreements, by-laws provisions, or other arrangements	Compliant	The Company does not have any shareholder agreements, by-laws	
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that constrain the directors' ability to vote independently.		provisions, or other arrangements that constrain the directors' ability to vote independently.	
Recommendation 5.3			
1. The independent directors serve for a cumulative term of nine years.	Compliant	<p>Medel T. Nera – Independent Director</p> <p>Date First Elected: October 23, 2023 No. of Years Served as Independent Director: one (1) year and seven (7) months, to date</p> <p>Daniel Rafael Ramon Z. Gomez III – Independent Director</p> <p>Date First Elected: May 3, 2024 No. of Years Served as Independent Director: one (1) year, to date</p>	
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	Compliant	<p>AMCG, Article IV, (F), Independent Directors (4)</p> <p><u>INDEPENDENT DIRECTORS</u> Term and Cessation of Independent Directorship</p> <p>The Board's independent directors should serve for a maximum cumulative term of nine (9) years. After which, the independent director should be perpetually barred from re-election as such in the Corporation, but may continue to qualify for nomination and election as non-</p>	

		independent director. In the instance that the Corporation intends to retain an independent director who has served for nine (9) years, as a non-independent director, the Board shall provide meritorious justifications/s and obtain shareholders' approval during the annual shareholders meeting.	
3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.	Not applicable	No independent director has served in the same capacity for more than nine years.	
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Compliant	Ms. Sherisa P. Nuesa is the Chairperson of the Board. There is no Chief Executive Officer. The Company's President and Chief Operating Officer is Manuel C. Alberto.	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Compliant	Please refer to the delineated and specific functions of the Chairman and the Chief Executive Officer, and President and Chief Operating Officer, as enumerated under Article V of the Fourth Amended By-Laws and Articles VI and VII of the AMCG.	
Recommendation 5.5			
1. If the Chairman of the Board is not an independent director, the board	Compliant	The AMCG (VI) provides that if the positions of Chairman and CEO are	

designates a lead director among the independent directors.		not separate and matters for resolution of the Board involve the accountability of Management and there is a perceived conflict of interest in relation thereto, the Chairman shall appoint a lead director from among the independent directors to temporarily preside in the meeting to ensure the independence of the Board.	
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Recommendation 5.6

1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	Compliant	<p>Code of Conduct for Directors and Senior Management</p> <p>The Board Members and senior managers shall at all times:</p> <p>disclose any personal interest that they may have regarding any matters that may come before the Board, and abstain from discussion, voting, or otherwise influencing a decision on any matter in which the concerned director, or senior manager has, or may have such interest;</p> <p>xxx abstain from discussion, voting, or otherwise influencing a decision on any matters that may come before the Board in which they may have a conflict or potential conflict of interest. Xxx</p>	
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Recommendation 5.7			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	Compliant	AMCG, Article V, (A), (4), (a), (o) As far as practicable, the Audit and Risk Committee shall endeavour to meet with the Board at least every quarter without the presence of the CEO or other management team members, and periodically meets with the head of the internal audit.	
2. The meetings are chaired by the lead independent director.	Compliant	Mr. Medel T. Nera, an independent director, Chairperson of the Audit and Risk Committee, and non-executive director, leads the meetings with the external and internal auditors.	
Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.	Compliant	No director has been a CEO of MRSGL in the past 2 years.	
Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.			
Recommendation 6.1			
1. Board conducts an annual self-assessment of its performance as a whole.	Compliant	AMCG, Article IV, (J)	
2. The Chairman conducts a self-assessment of his performance.	Compliant	ASSESSMENT OF BOARD PERFORMANCE	
3. The individual members conduct a self-	Compliant		

assessment of their performance.		<p>1) The Board should conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees. The assessment may be supported by an external facilitator.</p> <p>2) Upon recommendation of the Corporate Governance Committee, the Board shall prescribe the criteria and process to determine the performance of the Board, the individual directors, committees, and provide for a feedback mechanism from the shareholders.</p>	
4. Each committee conducts a self-assessment of its performance.	Compliant		
5. Every three years, the assessments are supported by an external facilitator.	Compliant		
Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	Compliant	Please refer to Article IV, (J) of the AMCG.	
2. The system allows for a feedback mechanism from the shareholders.	Compliant		
Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			
Recommendation 7.1			
1. Board adopts a Code of Business Conduct and Ethics, which provide standards for	Compliant	The Board has adopted a Code of Conduct for Directors and Senior	

professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.		Management.	
2. The Code is properly disseminated to the Board, senior management and employees.	Compliant	The Code of Conduct for Directors and Senior Management is properly disseminated to the Board of Directors and Senior Management.	
3. The Code is disclosed and made available to the public through the company website.	Compliant	https://www.metroretail.com.ph/images/Corporate_Governance/Code_of_Conduct/MRSGI_Code_of_Conduct.pdf	
Supplement to Recommendation 7.1			
1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	Compliant	Code of Conduct for Directors and Senior Management The Board Members and senior managers shall at all times: act honestly, fairly, ethically, and with integrity; xxx will not accept from or give to stakeholders gifts or other benefits not customary in normal social intercourse; xxx	
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of	Compliant	Code of Conduct for Directors and Senior Management	

compliance with the Code of Business Conduct and Ethics.			
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Compliant	Directors and Senior Management shall annually sign a confirmation that they have read, have complied with and will continue to comply with the Code.	

Disclosure and Transparency

Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.

Recommendation 8.1

1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	Compliant	<p>AMCG, Article IV, (C), 18</p> <p>DUTIES AND FUNCTIONS</p> <p>To insure a high standard of best practices for the Corporation, its shareholders and stakeholders, the Board, in close coordination with the Corporation's Officers and Managers, shall conduct itself with honesty and integrity in the performance of, among others, the following duties and functions:</p> <p>The Board should establish corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and stakeholders, that gives a fair and complete picture of</p>	
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		<p>the Corporation's financial condition, results and business operations.</p> <p>The disclosure policy shall include disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance issues of its business, which underpin sustainability. The Corporation shall adopt a globally recognized standard/framework in reporting sustainability and non-financial issues.</p> <p>This is echoed under Article XV (1) of the AMCG which provides as follows:</p> <p>All material information about the Corporation which could affect its viability or the interests of its shareholders and stakeholders should be publicly and timely disclosed. Such information should include, among others, earnings results, acquisition or disposition of material assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management. All such information shall be disclosed through the appropriate Exchange mechanisms and submissions to the SEC.</p>	
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Supplement to Recommendations 8.1			
1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.	Compliant	<p>See Annual Report https://edge.pse.com.ph/openDiscViewer.do?edge_no=e3326feb654a7575ec6e1601ccee8f59</p> <p>The Annual Report contains the Company's Audited Financial Statements for the year ended December 31, 2024.</p> <p>The Audited Financial Report for year ended December 31, 2024 was duly received by the BIR on April 11, 2025 and the SEC on April 15, 2025.</p>	
2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.	Compliant	<p>See Annual Report https://edge.pse.com.ph/openDiscViewer.do?edge_no=e3326feb654a7575ec6e1601ccee8f59</p>	
Recommendation 8.2			
1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.	Compliant	<p>AMCG, Article XV (4) All directors and officers shall disclose/report to the Corporation's Compliance Officer any dealing in the Corporation's shares within three (3) business days from the date of the transaction.</p>	
2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.	Compliant	<p>Please refer also to the Company's</p>	

		<p>Guidelines on Transactions concerning MRSGL shares:</p> <p>https://www.metroretail.com.ph/images/Corporate_Governance/Company_Policies/Guidelines_on_Transactions_Concerning_MRSGL_Shares.pdf</p>	
Supplement to Recommendation 8.2			
<p>1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).</p>	Compliant	<p>The trading of the Company's shares by directors, officers (or persons performing similar functions) and controlling shareholders is duly reported to the SEC and the PSE.</p> <p>See Annual Report https://edge.pse.com.ph/openDiscViewer.do?edge_no=e3326feb654a7575ec6e1601ccee8f59</p>	
Recommendation 8.3			
<p>1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p>	Compliant	<p>See Annual Report https://edge.pse.com.ph/openDiscViewer.do?edge_no=e3326feb654a7575ec6e1601ccee8f59</p>	
<p>2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p>	Compliant		
Recommendation 8.4			

1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	Compliant	AMCG, Article IV, (I) REMUNERATION OF DIRECTORS AND OFFICERS	
2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	Compliant	<p>The levels of remuneration of the Corporation should be sufficient to be able to attract and retain the services of qualified and competent directors and officers. A portion of the remuneration of executive directors may be structured or be based on corporate and individual performance.</p> <p>The Corporation shall establish formal and transparent procedures for the development of a policy on executive remuneration or determination of remuneration levels for individual directors and officers, which shall be prepared by the Nomination and Compensation Committee. No director should participate in deciding on his remuneration.</p>	
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	Compliant	This is disclosed in the 2024 Annual Report.	
Recommendation 8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate	Compliant	AMCG, Article XV, 5 The Corporation should disclose its policies governing Related Party	

Governance.		<p>Transactions. The material or significant RPTs reviewed and approved during the year should be disclosed in its Annual Corporate Governance Report.</p> <p>Further, the Company has adopted a Policy on Related Party Transactions posted in the website:</p> <p>https://www.metroretail.com.ph/images/Corporate_Governance/Company_Policies/MRSGI_Amended_Policy_on_Related_Party_Transactions.pdf</p>	
2. Company discloses material or significant RPTs reviewed and approved during the year.	Compliant	<p>See Annual Report</p> <p>https://edge.pse.com.ph/openDiscViewer.do?edge_no=e3326feb654a7575ec6e1601ccee8f59</p>	
Supplement to Recommendation 8.5			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	Compliant	<p>AMCG, Article IV, D, 1.</p> <p>SPECIFIC DUTIES AND REPONSIBILITIES OF A DIRECTOR</p> <p>A director shall have the following duties and responsibilities:</p> <p>1) Conduct fair business transactions with the Corporation, and ensure that his personal interest does not conflict with the interests of the Corporation.</p>	

		<p>The basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process.</p> <p>A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the Corporation, or stands to acquire or gain financial advantage at the expense of the Corporation.</p> <p>A director who has a continuing material conflict of interest should seriously consider resigning from his position.</p> <p>Article XV (2) of the AMCG Provides: The Board shall commit at all times to fully disclose material information dealings. It shall cause the filing of all required information through the appropriate Exchange mechanisms for listed companies and submissions to the SEC for the interest of its</p>	
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		<p>shareholders and stakeholders.</p> <p>Code of Conduct for Directors and Senior Management provides: The Board members and senior managers shall at all times:</p> <ul style="list-style-type: none"> • Disclose any personal interest that they may have regarding any matters that may come before the Board and abstain from discussion, voting or otherwise influencing a decision on any matter in which the concerned Director or senior manager has or may have such an interest; • Abstain from discussion, voting or otherwise influencing a decision on any matters that may come before the Board in which they have a conflict or potential conflict of interest. 	
Optional : Recommendation 8.5			
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.	Compliant	This is duly disclosed in the 2024 Annual Report.	
Recommendation 8.6			
1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.	Compliant	<p>AMCG, Article XV, (1)</p> <p>All material information about the Corporation which could affect its viability or the interests of its shareholders and stakeholders should be publicly and timely disclosed. Such information should include,</p>	

		among others, earnings results, acquisition or disposition of material assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management. All such information shall be disclosed through the appropriate Exchange mechanisms and submissions to the SEC.	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	Compliant	The Company did not dispose any of its assets for the year 2024.	
Supplement to Recommendation 8.6			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	Compliant	There are no shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the Company.	
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	See PSE Disclosure on Amended Manual of Corporate Governance https://edge.pse.com.ph/openDiscViewer.do?edge_no=305ebd9a609d03340de8473cebbd6407	
2. Company's MCG is submitted to the SEC and PSE.	Compliant	https://www.metroretail.com.ph/images/Corporate_Governance/Manual_on_Corporate_Governance/MRSGI_	
3. Company's MCG is posted on its company website.	Compliant		

		Third Amended Manual on Corporate Governance.pdf	
Supplement to Recommendation 8.7			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	Compliant	<p>The Company has amended its Manual on Corporate Governance in order to comply with SEC Memorandum Circular No. 19 series of 2016 or the Code of Corporate Governance for Publicly-Listed Companies.</p> <p>See PSE Disclosure on Amended Manual of Corporate Governance</p> <p>http://edge.pse.com.ph/openDiscViewer.do?edge_no=2e57ad90d247e22e3318251c9257320d#sthash.pieHR00e.dpbs</p> <p>This was disclosed to the PSE on May 30, 2017.</p> <p>On November 12, 2019, the Company approved its Second Amended Manual on Corporate Governance. Subsequently, on June 9, 2020 and in compliance with SEC Memorandum Circular No. 24, series of 2019, the Company adopted its Third Amended Manual on Corporate Governance.</p> <p>https://edge.pse.com.ph/openDiscViewer.do?edge_no=305ebd9a609d03340de8473cebbd6407</p>	

Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:		See Annual Report and Definitive Information Statement	
a. Corporate Objectives	Compliant	https://edge.pse.com.ph/openDiscVier.do?edge_no=e3326feb654a7575ec6e1601ccee8f59 https://edge.pse.com.ph/openDiscVier.do?edge_no=4201f8c854d56714abca0fa0c5b4e4d0	
b. Financial performance indicators	Compliant		
c. Non-financial performance indicators	Compliant		
d. Dividend Policy	Compliant		
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	Compliant		
f. Attendance details of each director in all directors meetings held during the year	Compliant		
g. Total remuneration of each member of the board of directors	Compliant		
2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.	Compliant	See Annual Report https://edge.pse.com.ph/openDiscVier.do?edge_no=e3326feb654a7575ec6e1601ccee8f59	
3. The Annual Report/Annual CG Report discloses that the board of directors	Compliant	See Annual Report	

conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.		https://edge.pse.com.ph/openDiscVier.do?edge_no=e3326feb654a7575ec6e1601ccee8f59	
4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.	Compliant	The Annual Report also discloses that the Audit and Risk Committee exercises the Board's Oversight of the Company's financial reporting and internal control systems. See Annual Report https://edge.pse.com.ph/openDiscVier.do?edge_no=e3326feb654a7575ec6e1601ccee8f59	
5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).	Compliant	See Annual Report https://edge.pse.com.ph/openDiscVier.do?edge_no=e3326feb654a7575ec6e1601ccee8f59	

Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.

Recommendation 9.1

1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	Compliant	AMCG, Article V, (A), (4), (a), m. Recommends to the Board the appointment, reappointment, removal and fees of the external auditor, duly accredited by the Commission, who undertakes an independent audit of the Corporation, and provides an	
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		<p>objective assurance on the manner by which the financial statements should be prepared and presented to the shareholders. For this purpose, the Audit and Risk Committee should establish the procedure for approving and recommending the appointment, reappointment, removal, and fees of the external auditor. The appointment, reappointment, removal and fees of the external auditor should be recommended by the Audit and Risk Committee, approved by the Board, and ratified by the shareholders.</p>	
<p>2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.</p>	Compliant	<p>Please see attached the Company's disclosure on the Results of the 2024 and 2025 Annual Stockholders' Meeting wherein SyCip, Gorres, Velayo & Co. was re-appointed as external auditor.</p> <p>https://edge.pse.com.ph/openDiscViewer.do?edge_no=be15b5a409a5a75eabca0fa0c5b4e4d0</p> <p>https://edge.pse.com.ph/openDiscViewer.do?edge_no=0467ec869056a069ec6e1601ccee8f59</p>	
<p>3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public</p>	Compliant	<p>The Company has not removed nor changed its external auditor.</p>	

through the company website and required disclosures.			
Supplement to Recommendation 9.1			
1. Company has a policy of rotating the lead audit partner every five years.	Compliant	<p>AMCG, Article XII, (1) (E) ACCOUNTABILITY AND AUDIT</p> <p>The external auditor should be rotated or changed every five (5) years, or the signing partner of the external auditing firm assigned to the Corporation, should be changed with the same frequency.</p>	
Recommendation 9.2			
<p>1. Audit Committee Charter includes the Audit Committee's responsibility on:</p> <ul style="list-style-type: none"> i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. 	Compliant	<p>AMCG, Article V, (A) (4) (a), m.</p> <p>Recommends to the Board the appointment, reappointment, removal and fees of the external auditor, duly accredited by the Commission, who undertakes an independent audit of the Corporation, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the shareholders. For this purposes, the Audit and Risk Committee should establish the procedure for approving and recommending the appointment, reappointment, removal, and fees of the external auditor. The appointment, reappointment, removal and fees of the external auditor should be recommended by the Audit and Risk</p>	

		Committee, approved by the Board, and ratified by the shareholders.	
2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	Compliant	<p>AMCG Article V (A), (4), (a) a., c., e., k., m</p> <p>The Audit and Risk Committee shall have the following functions:</p> <p>a. Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations.</p> <p style="text-align: center;">xxx</p> <p>c. Perform oversight functions over the Corporation's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions.</p> <p style="text-align: center;">xxx</p> <p>e. Prior to the commencement of the audit, discuss with the</p>	

		<p>external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts.</p> <p>xxx</p> <p>k. Reviews the recommendations in the external auditor's management letter;</p> <p>xxx</p> <p>m. Recommends to the Board the appointment, reappointment, removal and fees of the external auditor, duly accredited by the Commission, who undertakes an independent audit of the Corporation, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the shareholders. For this purpose, the Audit and Risk Committee should establish the procedure for approving and recommending the appointment, reappointment,</p>	
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		<p>removal, and fees of the external auditor. The appointment, reappointment, removal and fees of the external auditor should be recommended by the Audit and Risk Committee, approved by the Board, and ratified by the shareholders.</p> <p>xxx</p>	
Supplement to Recommendations 9.2			
1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.	Compliant	Please refer to Article V (A), (4), (a) a., c., e., k., m. of the AMCG.	
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	Compliant	Please refer to Article V (A), (4), (a) a., c., e., k., m. of the AMCG.	
Recommendation 9.3			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	Compliant	No non-audit services were performed by the external auditor for 2024.	
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as	Compliant	AMCG, Article V,(A), (4),(a), n. The Audit and Risk Committee shall have the following functions:	

<p>impairing the external auditor's objectivity.</p>		<p>Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically 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 the Corporation's overall consultancy expenses. The Audit and Risk Committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Corporation's Annual Report and Annual Corporate Governance Report.</p>	
Supplement to Recommendation 9.3			
<p>1. Fees paid for non-audit services do not outweigh the fees paid for audit services.</p>	<p>Compliant</p>	<p>No non-audit services were performed by the external auditor for 2024.</p>	
Additional Recommendation to Principle 9			
<p>1. Company's external auditor is duly accredited by the SEC under Group A category.</p>	<p>Compliant</p>	<ol style="list-style-type: none"> 1. Name of the audit engagement partner; CARLO PAOLO V. MANALANG 2. SEC Partner Accreditation No. 111947-SEC (Group A) Valid to cover audit of 2021 to 2023 (2025, per SEC extension) financial statements of SEC covered institutions 3. SEC Firm Accreditation No. 	

		<p>0001-SEC (Group A) Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions</p> <p>4. BIR Accreditation No. 08-001998-127-2023, January 25, 2023, valid until January 24, 2026</p> <p>Name of firm:</p> <p>Sycip Gorres Velayo & Co.</p>	
2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).	Compliant	<p>Sycip Gorres Velayo & Co. has agreed to this.</p> <p>Date it was subjected to SOAR inspection – August 1-12, 2022</p> <p>The names of the members of the engagement team were provided to the SEC during the SOAR inspection.</p>	

Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.

Recommendation 10.1

1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.	Compliant	<p>AMCG, Article XV</p> <p>DISCLOSURE AND TRANSPARENCY</p> <p>1) All material information about the Corporation which could affect its viability or the interests of its shareholders and stakeholders should be</p>	
2. Company adopts a globally recognized	Compliant		

<p>standard/framework in reporting sustainability and non-financial issues.</p>		<p>publicly and timely disclosed. Such information should include, among others, earnings results, acquisition or disposition of material assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management. All such information shall be disclosed through the appropriate Exchange mechanisms and submissions to the SEC.</p> <p>2) The Board shall commit at all times to fully disclose material information dealings. It shall cause the filing of all required information through the appropriate Exchange mechanisms for listed companies and submissions to the SEC for the interest of its shareholders and stakeholders.</p>	
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Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.

Recommendation 11.1

<p>1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate</p>	<p>Compliant</p>	<p>AMCG, Article XV, (6)</p>	
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dissemination of public, material and relevant information to its shareholders and other investors.		The Corporation, through its Investor Relations Office, shall regularly conduct media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.	
Supplemental to Principle 11			
1. Company has a website disclosing up-to-date information on the following:	Compliant	http://www.metroretail.com.ph	
a. Financial statements/reports (latest quarterly)	Compliant		
b. Materials provided in briefings to analysts and media	Compliant		
c. Downloadable annual report	Compliant		
d. Notice of ASM and/or SSM	Compliant		
e. Minutes of ASM and/or SSM	Compliant		
f. Company's Articles of Incorporation and By-Laws	Compliant		
Additional Recommendation to Principle 11			
1. Company complies with SEC-prescribed website template.	Compliant	The Company is compliant with SEC Memorandum Circular No. 11, series of 2014, and SEC Memorandum Circular No 2, series of 2018 on the SEC prescribed website template.	

Internal Control System and Risk Management Framework

Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.

Recommendation 12.1

<p>1. Company has an adequate and effective internal control system in the conduct of its business.</p>	<p>Compliant</p>	<p>AMCG, Article X, 1 and 2</p> <p>INTERNAL CONTROL SYSTEM AND ENTERPRISE RISK MANAGEMENT FRAMEWORK</p> <p>1) The Corporation shall establish and implement an adequate and effective internal control system and an enterprise risk management framework in the conduct of its business, taking into account its size, risk profile, and complexity of operations.</p> <p>2) The Corporation shall establish an independent internal audit function that provides an independent and objective assurance and consulting services designed to add value and improve the Corporation's operations. The following are the functions of the internal audit, among others:</p> <p>a) Provides an independent risk-based assurance to the Board, Audit and Risk Committee and Management, focusing on</p>	
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		<p>reviewing the effectiveness of the governance and control process in (i) promoting the right values and ethics, (ii) ensuring effective performance management and accounting in the organization, (iii) communicating risk and control information, and (iv) coordinating the activities and information among the Board, external and internal auditors, and Management.</p> <p>b) Performs regular and special audit as contained in the annual audit plan and/or based on the Corporation's risk assessment.</p> <p>c) Performs consulting and advisory services related to governance and controls as appropriate for the organization.</p> <p>d) Performs compliance audit on relevant laws, rules and regulations, contractual obligations and other commitments, which could have a significant impact on the organization.</p> <p>e) Reviews, audits and assesses</p>	
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		<p>the efficiency and effectiveness of the internal control system of all areas of the Corporation.</p> <p>f) Evaluates operations or programs to ascertain whether results are consistent with established objectives and goals, and whether the operations or programs are being carried out as planned.</p> <p>g) Evaluates specific operations at the request of the Board or Management as appropriate.</p> <p>h) Monitors and evaluates governance process.</p>	
<p>2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.</p>	<p>Compliant</p>	<p>AMCG, Article X, (4)</p> <p>INTERNAL CONTROL SYSTEM AND ENTERPRISE RISK MANAGEMENT FRAMEWORK</p> <p>The Corporation shall have a separate risk management function to identify, assess and monitor key risk exposures. The risk management function involves the following activities, among others:</p> <p>a) Defining a risk management strategy.</p> <p>b) Identifying and analyzing key risks exposure relating to</p>	

		<p>economic, environmental, social and governance factors and achievement of the organization's strategic objectives.</p> <p>c) Evaluating and categorizing each identified risk using the Corporation's predefined risk categories and parameters.</p> <p>d) Establishing a risk register with clearly defined, prioritized and residual risks.</p> <p>e) Developing a risk mitigation plan for the most important risks to the Corporation, as defined by the risk management strategy.</p> <p>f) Communicating and reporting significant risk exposures including business risks (i.e., strategic, compliance, operational, financial and reputational risks), control issues and risk mitigation plan to the Audit and Risk Committee.</p> <p>g) Monitoring and evaluating the effectiveness of the organization's risk management processes.</p>	
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Supplement to Recommendations 12.1

1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually	Compliant	AMCG, Article IV, (C), (3)	
		DUTIES AND FUNCTIONS OF THE BOARD:	

<p>reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.</p>		<p>Ensure the Corporation's faithful compliance with all applicable laws, regulations and best business practices.</p> <p>AMCG, Article IX, 2.B and 2.C</p> <p>THE COMPLIANCE OFFICER</p> <p>B. Monitors, reviews, evaluates and ensures compliance by the Corporation with this Manual and the rules and regulations of regulatory agencies and, if any violations are found, report the matter to the Board and recommend the imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent a repetition of the violation.</p> <p>C. Reports to the Board if violations are found and recommends the imposition of appropriate disciplinary action.</p>	
<p>Optional: Recommendation 12.1</p>			
<p>1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and</p>	<p>-</p>		

reported to the board.			
Recommendation 12.2			
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	Compliant	<p>AMCG, Article X, (3)</p> <p>INTERNAL CONTROL SYSTEM AND ENTERPRISE RISK MANAGEMENT FRAMEWORK</p> <p>The Corporation shall have a qualified Internal Audit Head appointed by the Board. The Internal Audit Head shall oversee and be responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.</p>	
Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Compliant	The Internal Audit Head of the Company is Ms. Vianne Jane B. Ibarreta, CPA, who has at least seventeen (17) years of combined internal and external audit experience.	
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.	Compliant	<p>AMCG, Article X, (3)</p> <p>INTERNAL CONTROL SYSTEM AND ENTERPRISE RISK MANAGEMENT FRAMEWORK</p> <p>The following are the responsibilities of the Internal Audit Head, among</p>	

		<p>others:</p> <ul style="list-style-type: none"> a) Periodically reviews the internal audit charter and presents it to senior management and the Audit and Risk Committee for approval. b) Establishes a risk-based internal audit plan, including policies and procedures, to determine the priorities of the internal audit activity, consistent with the organization's goals. c) Communicates the internal audit activity's plans, resource requirements and impact of resource limitations, as well as significant interim changes, to senior management and the Audit and Risk Committee for review and approval. d) Spearheads the performance of the internal audit activity to ensure it adds value to the organization. e) Reports periodically to the Audit and Risk Committee on the internal audit activity's performance relative to its plan. f) Presents findings and recommendations to the 	
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		Audit and Risk Committee and gives advice to senior management and the Board on how to improve internal processes.	
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	Not Applicable		There was no instance wherein the Company had outsourced the internal audit activity.
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Compliant	AMCG, Article X, 4 and 5 INTERNAL CONTROL SYSTEM AND ENTERPRISE RISK MANAGEMENT FRAMEWORK 4. The Corporation shall have a separate risk management function to identify, assess and monitor key risk exposures. The risk management function involves the following activities, among others: a) Defining a risk management strategy. b) Identifying and analyzing key risks exposure relating to economic, environmental, social and governance factors and achievement of the organization's strategic objectives.	

		<ul style="list-style-type: none"> c) Evaluating and categorizing each identified risk using the Corporation's predefined risk categories and parameters. d) Establishing a risk register with clearly defined, prioritized and residual risks. e) Developing a risk mitigation plan for the most important risks to the Corporation, as defined by the risk management strategy. f) Communicating and reporting significant risk exposures including business risks (i.e., strategic, compliance, operational, financial and reputational risks), control issues and risk mitigation plan to the Audit and Risk Committee. g) Monitoring and evaluating the effectiveness of the organization's risk management processes. <p>5. In managing the Corporation's Risk Management System, the Corporation should have a Risk Management Officer (RMO), who is the ultimate champion of Enterprise Risk Management (ERM) and has adequate authority, stature, resource and support to fulfill his/her</p>	
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		<p>responsibilities, subject to the Corporation's size, risk profile and complexity of operations. There should be clear communication between the Audit and Risk Committee and the RMO. The RMO has the following functions, among others:</p> <ul style="list-style-type: none"> a. Supervises the entire ERM process and spearheads the development, implementation, maintenance and continuous improvement of ERM processes and documentation. b. Communicates the top risks and the status of implementation of risk management strategies and action plans to the Audit and Risk Committee. c. Collaborates with the Chairman/CEO and President/COO in updating and making recommendations to the Audit and Risk Committee. d. Suggest ERM policies and related guidance, as may be needed. e. Provides insights on the following: 	
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		<ul style="list-style-type: none"> i) Risk management processes are performing as intended. ii) Risk measures reported are continuously reviewed by risk owners for effectiveness. iii) Established risk policies and procedures are being complied with. 	
Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.	Compliant	Technical support in risk management is being handled by the Chief Risk Officer of the Company, Ms. Kareen A. Tablizo, CPA. She is allowed to seek external help and support when necessary.	
Recommendation 12.5			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	Compliant	The Company's Chief Risk Officer (CRO) is Ms. Kareen A. Tablizo, CPA.	
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Compliant	The Company also has a Crisis Management Committee ("CMC") which is responsible for working with all departments to help aggregating risk outputs from all departments to form an enterprise level risk register, have all the key risks analyzed, evaluated, and report to the Senior Management and Board on critical and emerging risks as per Board requirements.	
Additional Recommendation to Principle 12			
1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at	Compliant	The Audit and Risk Committee and the Board of Directors annually	

least annually, that a sound internal audit, control and compliance system is in place and working effectively.		discuss, approve, and act on the findings and recommendations of the External Auditor.	
Cultivating a Synergic Relationship with Shareholders			
Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
Recommendation 13.1			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	Compliant	These are contained under Articles XIII and XIV of the AMCG.	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	http://www.metroretail.com.ph	
Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	Compliant	Shareholders shall have the right to vote the number of shares of stock standing, on record date, in his own name on the stock and transfer book of the Corporation; and such shareholder may vote such number of shares for as many individuals 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 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 as shown in the books of the Corporation multiplied by the whole number of directors to be elected.	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	Compliant	This can be found in the online	

		Voting Ticket that all registered shareholders are given access to prior to the Annual Stockholders' Meeting.	
3. Board has an effective, secure, and efficient voting system.	Compliant	Please refer to Section 8, Article III of the Company's Fourth Amended By-Laws. Please refer to Guidelines for Participating via Remote Communication and Voting in Absentia in the Definitive Information Statement.	
4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	Not Applicable		The Company has no supermajority or "majority of minority" requirements.
5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	Compliant	AMCG, Article XIII Although all shareholders should be treated equally or without discrimination, the Board should give minority shareholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Corporation.	
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	Compliant	Please refer to Article XIII of the AMCG.	

<p>7. Company has a transparent and specific dividend policy.</p>	<p>Compliant</p>	<p>Fourth Amended By-Laws, Article VIII</p> <p>Section 3. Dividends – Dividends shall be declared and paid out of the unrestricted retained earnings which shall be payable in cash, property or stock to all stockholders on the basis of outstanding stock held by the, as often and at such times as the Board of Directors may determine in accordance with law.</p> <p>The Company has also adopted a Dividend Policy under Board Resolution No. 013B-8-15.</p>	
<p>Optional: Recommendation 13.1</p>			
<p>1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.</p>	<p>Compliant</p>	<p>This is done by <i>Stock Transfer Service Inc.</i>, the Company's stock transfer agent.</p>	
<p>Recommendation 13.2</p>			
<p>1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.</p>	<p>Compliant</p>	<p>The 2024 and 2025 Notices of the Annual Stockholders' Meeting and the Agenda were sent to the stockholders of record at least 21 days prior to the date designated for the 2024 and 2025 Annual Stockholders' Meetings pursuant to Section 49 of the Revised Corporation Code and Section 4, Article II of the Amended By-laws.</p> <p>The Agenda for the 2024 and 2025</p>	

		<p>Annual Stockholders' Meetings were uploaded and disclosed to PSE Edge at:</p> <p>See PSE Disclosure: https://edge.pse.com.ph/openDiscVier.do?edge_no=7db636e04ff8f572abca0fa0c5b4e4d0</p> <p>See PSE Disclosure: https://edge.pse.com.ph/openDiscVier.do?edge_no=df21289e793582a6ec6e1601ccee8f59</p>	
Supplemental to Recommendation 13.2			
1. Company's Notice of Annual Stockholders' Meeting contains the following information:			
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	Compliant	Profiles of Directors including age, academic qualifications, date of first appointment, experience and directorship in other listed companies are disclosed in the Annual Report and the Definitive Information Statement.	
b. Auditors seeking appointment/re-appointment	Compliant	<p>See PSE Disclosure on Notice of Annual Stockholders' Meeting</p> <p>2024 ASM: https://edge.pse.com.ph/openDiscVier.do?edge_no=7db636e04ff8f572abca0fa0c5b4e4d0</p>	

		2025 ASM: https://edge.pse.com.ph/openDiscVier.do?edge_no=df21289e793582a6ec6e1601ccee8f59	
c. Proxy documents	Compliant	See PSE Disclosure on Notice of Annual Stockholders' Meeting 2024 ASM: https://edge.pse.com.ph/openDiscVier.do?edge_no=7db636e04ff8f572abca0fa0c5b4e4d0 2025 ASM: https://edge.pse.com.ph/openDiscVier.do?edge_no=df21289e793582a6ec6e1601ccee8f59	
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting	Non-Compliant		The Company's Notice of Annual Stockholders' Meeting does not provide the rationale for the agenda items for these are self-explanatory.
Recommendation 13.3			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	Compliant	The results of the Annual Stockholders' Meeting are disclosed within ten (10) minutes after the said meeting. Results of the 2024 ASM: https://edge.pse.com.ph/openDiscVier.do?edge_no=be15b5a409a5a75eabca0fa0c5b4e4d0	

		Results of the 2025 ASM: https://edge.pse.com.ph/openDiscViewer.do?edge_no=0467ec869056a069ec6e1601ccee8f59	
2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.	Compliant	http://www.metroretail.com.ph	
Supplement to Recommendation 13.3			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	Compliant	Representatives from Sycip, Gorres Velayo & Co. ("SGV&Co."), the external auditor of the Company were present during the Annual Stockholders Meeting.	
Recommendation 13.4			
1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	Compliant	AMCG, Article IV, (C),(19) DUTIES AND FUNCTIONS OF THE BOARD: The Board should approve and	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Compliant	implement a policy on alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	Compliant	AMCG, Article XIII, last paragraph The Corporation shall establish an Investor Relations Office (IRO) to ensure constant engagement with its	

		<p>shareholders. The IRO should be present at every shareholders' meeting.</p> <p>1. Name of IRO: Mr. Arnold M. Leoncio</p> <p>2. Telephone number (032) 236-8390</p> <p>3. Fax number (032) 236-8365</p> <p>4. E-mail address arnold.leoncio@metroretail.ph</p>	
2. IRO is present at every shareholder's meeting.	Compliant	Mr. Arnold M. Leoncio was present during the 2024 and 2025 ASM.	
Supplemental Recommendations to Principle 13			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	Compliant	There are no any anti-takeover measures or similar devices that may entrench ineffective management or existing controlling shareholders group.	
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	Non-compliant	<p>The public float of the Company based on its Public Ownership Report is 17.91% as of December 31, 2024.</p> <p>See PSE Disclosure on Public Ownership Report</p> <p>https://edge.pse.com.ph/openDiscVier.do?edge_no=be52a31bc1fd2c3cec6e1601ccee8f59</p>	<p>The legally required minimum public float on Initial Public Offerings is twenty percent (20%) pursuant to SEC Memorandum Circular No. 13, series of 2017. <u>For existing publicly listed companies, like MRSGL, the legally required minimum public float to date is only ten percent (10%).</u></p>

Optional: Principle 13			
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting	Compliant	AMCG, Article XIV(3) (3) The Corporation shall adopt a framework and process that allow stakeholders to communicate with the Corporation and to obtain redress for the violation of their rights.	
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.	Compliant	Please refer to Guidelines for Participating via Remote Communication and Voting in Absentia in the Definitive Information Statement.	

Duties to Stakeholders

Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.

Recommendation 14.1

1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	Compliant	See Annual Report https://edge.pse.com.ph/openDiscViewer.do?edge_no=e3326feb654a7575ec6e1601ccee8f59	
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Recommendation 14.2

1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Compliant	Please refer to Article XIV of the AMCG.	
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Recommendation 14.3

1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	Compliant	Please refer to the Company's Whistle-Blowing Policy.	
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		https://www.metroretail.com.ph/images/Disclosures/SEC-PSE disclosures/2019/Amended Policy on Related Party Transaction and Whistleblowing Policy.pdf	
Supplement to Recommendation 14.3			
1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.	Compliant	AMCG, Article IV, C. 11 Establish and maintain an alternative dispute resolution system in the Corporation that can amicably settle conflicts or differences between the Corporation and its shareholders, and the Corporation and third parties, including the regulatory authorities.	
Additional Recommendations to Principle 14			
1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.	Compliant	The Company has not sought or is not seeking any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue.	
2. Company respects intellectual property rights.	Compliant	The Company has not violated any intellectual property rights.	
Optional: Principle 14			
1. Company discloses its policies and practices that address customers' welfare	-		

2. Company discloses its policies and practices that address supplier/contractor selection procedures	-		
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Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.

Recommendation 15.1

1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	Compliant	The Board has adopted a Whistle Blowing Policy, and Code of Conduct for Directors & Senior Management which encourage employees to actively participate in the realization of the company's goals and in its governance.	
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Supplement to Recommendation 15.1

1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	Compliant	<p>The Company's compensation philosophy is to pay competitive base salaries and to reward employees for their individual performance. Salary increases are dependent upon the company's performance and the employee's performance rating.</p> <p>On December 23, 2022, the Board of Directors has approved the MRSOI Executive Stock Option Plan or MESOP. The Company has allotted 1% of the total outstanding capital stock as of</p>	
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		<p>December 20, 2022 or 32,832,230 common shares out of its Treasury Shares for the MESOP. In a Special Meeting of the stockholders held on February 7, 2023, the stockholders of MRSGL owning at least 2/3 of the total outstanding capital stock have ratified the MESOP. The Securities and Exchange Commission through SEC-MSRD Resolution No. 2, Series of 2023, issued on May 29, 2023, granted the exemption of the MRSGL Executive Stock Option Plan from the registration requirement under Section 10.2 of the Securities Regulation Code.</p> <p>As of December 31, 2024, 28,028,562 MRSGL common shares have been granted as options to the qualified executives, managers, and selected employees. However, no option has yet been exercised and subscribed by the optionees.</p>	
<p>2. Company has policies and practices on health, safety and welfare of its employees.</p>	<p>Compliant</p>	<p>All regular full-time active employees of the Company who are between 18 to 64 years old are eligible to participate and are covered by Life, Hospitalization and Accident insurance policies with various insurers.</p> <p>Health and wellness of its employees are a priority for the Company. For</p>	

	<p>the Company prevention is key to wellness, thus, the need to establish health and safety programs for the welfare of its employees. The Company ensures that its employees are all well and healthy on a regular basis through the Annual Physical Examination given to the Company's employees.</p> <p>Physicians have also been retained for every store on a weekly basis to ensure proper consultation is done. A full shift nurse is likewise assigned to on-site clinics of every store as well as the Corporate Office to ensure delivery of medical services on real time.</p> <p>Apart from the readily available facilities, employees are covered with hospitalization benefits to cater to cases needing admission.</p> <p>In addition to the foregoing, the Company offers its employees various programs and activities relative to health and wellness:</p> <p style="padding-left: 40px;">Health Talks:</p> <ul style="list-style-type: none"> • Hypertension and Obesity • Pneumonia • Common Heart Diseases • Influenza 	
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		<ul style="list-style-type: none"> • Cervical Cancer • Eye Care and Safety • HIV/AIDS Awareness • Caring for our mental health in the time of Covid - 19 • COVID 19: Case Management Plan General Orientation • Covid-19 Safety Protocol Refresher • Get Vaccinated: Possible Side Effects after Getting the COVID-19 Vaccine • Wellness Talk on Emerging Sars-CoV2 Variants and Vaccines: What We Need To Know • Wellness Seminar: Hakuna Matata (Mental Health Effects of Stress) <p>Health Bulletins posted at Boards:</p> <ul style="list-style-type: none"> • Hand Hygiene Technique • Causes and Symptoms of Heart Attack • Breast Cancer Awareness • Hepatitis Prevention • Chicken Pox • Blood type Diet • How to eat Right • Viral Hepatitis • Malaria Awareness • Social Distancing at Canteen • Workplace Preparedness 101 	
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		<ul style="list-style-type: none"> • Distribution of face mask with logo • Mandatory wearing of face shield and face mask • Covid-19 Vaccine Survey and Registration Form • Covid-19 Vaccination: Our Frontline Health Professionals' Message • Covid-19 Vaccination: Here's your Dose of Hope from our Doctors <p>Other Activities:</p> <ul style="list-style-type: none"> • Flu Vaccine • Cervical Vaccine • Hepatitis B Vaccine • Blood Donation • Race to Beauty Fun Run • Free Eye Check Up • HIV Screening • Ergonomic Exercise • Zumba • Mobile Blood Donation <p>To ensure compliance with Labor Standards on health and safety of the Company's employees, the following policies have also been established:</p> <ul style="list-style-type: none"> • Occupational Health and Safety & Administration Standards Manual 	
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		<ul style="list-style-type: none"> • Drug Free Workplace Policy • Tuberculosis Prevention Program in the Workplace • Workplace Program and Policy on Hepatitis B • HIV/Aids Workplace Program and Policy • Covid Management at Workplace <p>Safety practices are likewise of priority to the Company. Fire and Earthquake Drills, lectures and orientations are done thrice a year for all Hypermarket and Big Store Formats. The Security Teams are given Lectures on Updates on Safety and Security Practices in coordination with the Fire Department, National Bureau of Investigation (NBI) and the Armed Forces of the Philippines (AFP).</p>	
3. Company has policies and practices on training and development of its employees.	Compliant	The Company, through the Human Resource Department, conducts various trainings and seminars, depending on the needs of the business.	
Recommendation 15.2			
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	Compliant	Code of Conduct for Directors and Senior Management The Board Members and senior managers shall at all times: xxx	

		<p>1. Will not accept from or give to stakeholders gifts or other benefits not customary in normal social intercourse;</p> <p>2. Not use any information or opportunity received by them in their capacity as Directors or senior managers in a manner that would be detrimental or prejudicial to the interest of the Corporation</p> <p>xxx</p>	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Compliant	All policies adopted by the Board are disseminated to concerned employees across the organization through trainings to embed them in the Company's culture.	
Supplement to Recommendation 15.2			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	Compliant	<p>Code of Conduct for Directors and Senior Management</p> <p>Any concern involving malpractice or wrongdoing by any member of the Board of Directors or any senior manager of the Company shall be reported to the Chief Strategy and Governance Officer. The Company's Governance Committee shall the proceed to investigate the said concern and report directly, and make the appropriate recommendations, to the Chairman.</p>	

Recommendation 15.3			
1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	Compliant	The Board has adopted a Whistle Blowing Policy that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation.	
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	Compliant	The Board has adopted a Whistle Blowing Policy that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	
3. Board supervises and ensures the enforcement of the whistleblowing framework.	Compliant	Please refer to the Whistle-Blowing Policy of the Company.	
Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.			
Recommendation 16.1			
1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	Compliant	The Company embraces its civic and social responsibility by continuously supporting communities where it operates through sustainable civic outreach programs, environmental conservation efforts, skills training, livelihood and other employment generating activities. Please see link on Corporate Social Responsibility	

		http://www.metroretail.com.ph/index.php/corporate-affairs/corporate-social-responsibility Yearly, the Company donates to Vicsal Foundation, Incorporated, a duly registered non-stock, non-profit organization which is duly accredited with the Philippine Council for NGO Certification. http://www.vicsalfoundation.com/ https://www.metroretail.com.ph/index.php/news-archives/930-vicsal-foundation-scholarship-program-empowers-future-leaders	
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Optional: Principle 16

1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development	Compliant	The Company is committed to promote and enhance its sustainability practices through its 3 initiatives: energy efficiency and conservation, renewable energy, and water conservation https://www.metroretail.com.ph/index.php/csr	
2. Company exerts effort to interact positively with the communities in which it operates	Compliant	The Company demonstrates its timely and people-focused care for its community through its programs such as Oplan Malasakit and Change for Change.	

		<p>https://www.metroretail.com.ph/index.php/csr</p> <p>The Company nurtures local entrepreneurs through the Bayanihang Metro Caravan.</p> <p>https://www.metroretail.com.ph/index.php/news-archives/926-metro-retail-stores-nurtures-local-entrepreneurs-through-bayanihang-metro-caravan</p>	
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Pursuant to the requirement of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in **MANDAUE CITY** on May 16, 2025.

SIGNATURES

SHERISA P. NUESA
Chairperson

JOSELITO G. ORENSE
President/Chief Operating Officer

MEDEL T. NERA
Independent Director

DANIEL RAFAEL RAMON Z. GOMEZ III
Independent Director

ATTY. VINCENT E. TOMANENG
Corporate Secretary

ATTY. THERESA MARIE C. PUNO-DELA PENA
Compliance Officer

SUBSCRIBED AND SWORN to before me this 16th day of May 2025, affiants exhibiting to me the following competent evidence of identities:

NAME	IDENTIFICATION	DATE/PLACE ISSUED
SHERISA P. NUESA	Passport P8595622A	DFA NCR South/valid until Sept. 3, 2028
JOSELITO G. ORENSE	UMID CRN: 0111-3954993-6	
MEDEL T. NERA	Passport P7143980B	DFA NCR Central/valid until July 6, 2031
DANIEL RAFAEL RAMON Z. GOMEZ III	Passport P7678012B	DFA Manila/ valid until Sept. 22, 2031
VINCENT E. TOMANENG	Passport P6261118A	DFA Cebu/valid until March 1, 2028
THERESA MARIE C. PUNO-DELA PENA	UMID CRN: 000-6266-2207-9	

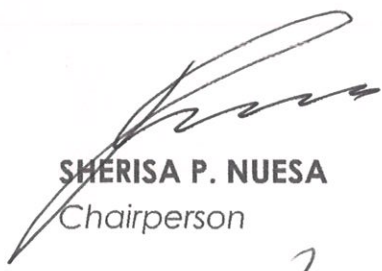
Doc. No. 12 ;
Page No. 4 ;
Book No. 3 ;
Series of 2025.

"DOCUMENTARY STAMP TAX AFFIXED"
03239407 **MAY 16 2025**
(Serial Number) (Date of Affixture)

ATTY ASEZ C. ALARDE
Notarial Commission No. 2024-98; valid until December 31, 2025
Notary Public for and in the City of Mandaue and Municipalities of Consolacion, Ro-an, Compostela and Cordova, Cebu
Attorney's Roll No. 82563
PTF No. MC 1985186; December 26, 2024; Mandaue City
ISP No. 487766; December 26, 2024; Pasig City
MCLE Compliance No. VII - 0013915
Vicsal Bldg., cor. C.D. Seno & W.O. Seno Sts., Guizo
Mandaue City, Cebu
asez.alarde@gmail.com

Pursuant to the requirement of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in TAGUIG CITY on MAY 28 2025.

SIGNATURES



SHERISA P. NUESA
Chairperson



MEDEL T. NERA
Independent Director



JOSELITO G. ORENSE
President/Chief Operating Officer



DANIEL RAFAEL RAMON Z. GOMEZ III
Independent Director


ATTY. VINCENT E. TOMANENG
Corporate Secretary

ATTY. THERESA MARIE C. PUNO-DELA PENA
Compliance Officer

SUBSCRIBED AND SWORN to before me this MAY 28 2025 day of May 2025, affiants exhibiting to me the following competent evidence of identities:

NAME	IDENTIFICATION	DATE/PLACE ISSUED
SHERISA P. NUESA	Passport P8595622A	DFA NCR South/valid until Sept. 3, 2028
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VINCENT E. TOMANENG	Passport P6261118A	DFA Cebu/valid until March 1, 2028
THERESA MARIE C. PUNO-DELA PENA	UMID CRN: 000-6266-2207-9	

Doc. No. 288
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Book No. 06
Series of 2025.


ATTY. BRENDA C. GARCIA
Notary Public/ City of Taguig
Until 31 December 2026
IBP O.R. No. 493798 issued on JAN 2, 2025
PTR No. 10466229 on Jan 2, 2025 at Makati City
Appointment No. 125 (2025-2026)
MCLC Compliance No. VIII-0009332 APRIL 14, 2020
BGC, Taguig City
Roll No. 39443

January 23, 2026

THE PHILIPPINE STOCK EXCHANGE

Philippine Stock Exchange Plaza
6th Floor, PSE Tower
Bonifacio Global City, Taguig

Attention: Ms. Alexandra D. Tom Wong
Officer-in-Charge, Disclosure Department

Subject: Annual Progress Report on the
Disbursement of Proceeds from the
Initial Public Offering ("IPO") of Metro
Retail Stores Group, Inc. ("MRSGI")

Dear Ms. Tom Wong,

We are pleased to submit our Progress Report on the Application of Proceeds for 2025, duly certified by our external auditors, in compliance with the disclosure requirements of the Philippine Stock Exchange.

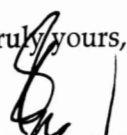
Please be advised that as of December 31, 2025, the remaining balance of the proceeds from the MRSGI common shares IPO amounts to One Hundred Fifty Three Million Six Hundred Seventy One Thousand Four Hundred Eighteen Pesos and Sixty-Four Centavos (Php 153,671,418.64).

The details of the movement for the Calendar Year of 2025 are as follows:

Balance of IPO Proceeds as of December 31, 2024	Php	148,159,539.99
Add: Interest Earned		5,511,878.65
Balance of IPO Proceeds as of December 31, 2025	Php	<u>153,671,418.64</u>

Thank you.

Very truly yours,



LUCILLE S. MALAZARTE
Treasurer / Chief Finance Officer

AGREED-UPON PROCEDURES REPORT ON THE QUARTERLY PROGRESS REPORT ON THE USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING OF EQUITY SECURITIES

The Board of Directors and Shareholders

Metro Retail Stores Group, Inc.
Vicsal Building, Corner of C.D Seno and W.O Seno Streets
Guizo, North Reclamation Area
Mandaue City, Cebu
Philippines

Purpose of this Agreed-Upon Procedures Report

We have performed the procedures which were agreed to by Metro Retail Stores Group, Inc. (the Company) and enumerated below with respect to Quarterly Progress Report for the year ended December 31, 2025. Our report is solely for the purpose of assisting the Company in complying with the requirements of Philippine Stock Exchange Inc. (PSE) relating to the use of proceeds of your Initial Public Offering (IPO), and this may not be suitable for another purpose

Restriction on Use

This agreed-upon procedures report (“AUP Report”) is intended solely for the information and use of Company and is not intended to be and should not be used by anyone else.

Responsibilities of the Company

The Company has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The Company is responsible for the Subject Matter on which the agreed-upon procedures are performed. The sufficiency of these procedures is solely the responsibility of the Company.

Practitioner’s Responsibilities

We have conducted the agreed-upon procedures engagement in accordance with Philippine Standard on Related Services (PSRS) 4400 (Revised), *Agreed-Upon Procedures Engagements*. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with the Company, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness or the sufficiency of the agreed-upon procedures described below either for the purpose for which this AUP Report has been requested or for any other purpose.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Professional Ethics and Quality Management

In performing the Agreed-Up Procedures engagement, we complied with the ethical requirements in the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics). We are not required to be independent for the purpose of this engagement. We are the independent auditor of the Company and complied with the independence requirements of the Code of Ethics that apply in context of the financial statement audit.

Our firm applies Philippine Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Procedures and Findings

We have performed the procedures below, which were agreed upon with the Company in terms of engagement dated April 14, 2025, on the Subject Matter.

We report our findings below:

1. We obtained the Quarterly Progress Report on Use of Proceeds from the IPO for the year ended December 31, 2025 (the “Progress Report”) and checked the mathematical accuracy of the Progress Report. No exceptions were noted.
2. We compared the net proceeds to the bank statement and journal voucher noting the date received and amount recorded. The Company earned five million five hundred eleven thousand eight hundred seventy-eight pesos and sixty-five centavos (₱5,511,878.65) interests from time deposits, net of final taxes, which were rolled over together with the principal for another period and thus forms part of the Company’s IPO fund. No exceptions were noted.
3. We obtained the list of disbursements for the year ended December 31, 2025 (the “Disbursement Schedule”) and checked its mathematical accuracy. No exceptions were noted.
4. We compared the disbursements in the Progress Report to the Disbursement Schedule. There were no disbursements from the IPO account for the current year. No exceptions were noted.
5. We obtained the minutes of meeting of the Board of Directors for the period January 1, 2025 to December 31, 2025, and as of report date and inspected if there were reallocations or changes in the schedule of planned use of IPO proceeds. We noted that there were no discussions regarding reallocations or changes in the schedule of planned use of IPO proceeds.

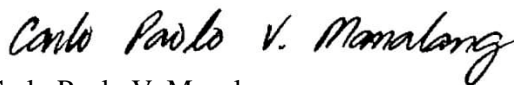
Explanatory Paragraph

The Company is responsible for the source documents that are described in the specified procedures and related findings section. We were not engaged to perform, and we have not performed any procedures other than those previously listed. We have not performed procedures to test the accuracy or completeness of the information provided to us except as indicated in our procedures. Furthermore, we have not performed any procedures with respect to the preparation of any of the source documents.

This AUP Report relates only to the Quarterly Progress Report for the year ended December 31, 2025, as specified above and do not extend to the financial statements of the Company, taken as a whole.

We take no responsibility to update this AUP Report for events and circumstances occurring after the AUP Report is issued.

SYCIP GORRES VELAYO & CO.



Carlo Paolo V. Manalang

Partner

CPA Certificate No. 111947

Tax Identification No. 210-730-804

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-127-2023, January 25, 2023, valid until January 24, 2026

PTR No. 10765080, January 2, 2026, Makati City

January 23, 2026