

April 8, 2026

SECURITIES AND EXCHANGE COMMISSION

7907 Makati Avenue, Salcedo Village
Bel-air, Makati City 1209

Attention: Atty. Oliver O. Leonardo
Director, Markets and Securities Regulation Department

THE PHILIPPINE STOCK EXCHANGE, INC.

6th Floor, PSE Tower
28th Street corner 5th Avenue, BGC, Taguig City

Attention: Atty. Johanne Daniel M. Negre
Head, Disclosure Department

RE: **DEFINITIVE INFORMATION STATEMENT (SEC FORM 20-IS)**

Gentlemen:

Please see attached, our reply to your Comments on the Definitive Information Statement (SEC Form 20-IS) of METRO RETAIL STORES GROUP, INC. ("MRSGI") for the year 2025. Also attached are the following documents for your clearance.

1. Definitive Information Statement
2. Audited Financial Statement for the year 2025 (Annex to DIS)
3. Certification

We trust that you will find the foregoing in order and merit us with the favourable clearance on or before April 10, 2026 the deadline for posting of the DIS and its attachments, for distribution to the stockholders via MRSGI's website and PSE Edge.

Very Truly Yours,

ATTY. DALISAY V. BAS-CATEDRILLA
Compliance Officer and Asst. Corporate Secretary

CERTIFICATION

I, **ATTY. DALISAY V. BAS-CATEDRILLA**, of legal age, Filipino, married, and with office address at the Vicsal Building, corner of C.D. Seno and W.O. Seno Streets, Guizo, North Reclamation Area, Mandaue City, Cebu, after having been duly sworn in accordance with law, hereby depose and state that:

1. I am the duly elected, qualified, and incumbent Compliance Officer and Assistant Corporate Secretary of **METRO RETAIL STORES GROUP, INC.** (the "Corporation") with SEC Registration No. CS200315877, a corporation duly organized and existing under and by virtue of the laws of the Philippines, with principal office at the Vicsal Building, corner of C.D. Seno and W.O. Seno Streets, Guizo, North Reclamation Area, Mandaue City, Cebu.
2. As such Compliance Officer and Assistant Corporate Secretary, I have personally prepared the attached Definitive Information Statement (SEC Form 20-IS).
3. The Corporation will comply with the guidelines for the alternative filing of the reports and/or documents through electronic mail with the Securities and Exchange Commission through the Corporate Governance and Finance Department (CGFD).
4. The information contained in the **SEC Form 20-IS Definitive Information Statement** is true and correct to the best of my knowledge.
5. That the Corporation will comply with the requirements set forth in SEC Notice dated March 11, 2026, to effect a complete and official submission of reports and/or documents through electronic mail.
6. That I am fully aware that submitted documents which require pre-evaluation and/or payment of processing fee shall be considered complete and officially received only upon payment of filing fee.
7. I am fully aware that non-submission of hard/physical copies of reports as well as certification that they refer to one and the same document submitted online, shall invalidate the reports, application, compliance, requests and other documents submitted via email. Hence, the corresponding penalties under existing rules and regulations of the Commission shall apply without prejudice to the imposition of penalties under Section 54 of the Securities Regulation Code and other applicable existing rules and regulations for failure to comply with the orders of the Commission.
8. I am executing this certification on April 8, 2026 to attest to the truthfulness of the foregoing facts and for whatever legal purpose it may serve.

ATTY. DALISAY V. BAS-CATEDRILLA
Compliance Officer and Asst. Corporate Secretary

BEFORE ME, a Notary Public for and in **MANDAUE CITY**, this APR 08 2026, 2026, personally appeared the following:

Affiant	Competent Evidence of Identity	
	Type of ID	ID Number and Expiry Date (if applicable)
Dalisay V. Bas-Catedrilla	UMID	

who represented to me that she executed the foregoing document consisting of two (2) pages for the purposes stated therein and acknowledged to me that the same is her free and voluntary act and deed and of the corporation she represents.

Doc. No. 495 ;
Page No. 100 ;
Book No. 1 ;
Series of 2026.



ATTY. ASEZ C. ALARDE
 Notary Public for and in the City of Mandaue and
 Municipalities of Consolacion, Lilean, Camboystela and Cordova, Cebu
 Notarial Commission No. 2026-73 - valid until December 31, 2027
 Roll of Attorneys No. 82563
 PTR No. MC2208668; December 3, 2025; Mandaue City
 IBP Invoice No. 562484; December 3, 2025; Pasig City
 MCLE Compliance No. VIII - 0028915; issued on October 7, 2024;
 Vicsal Bldg., corner of C.D. Sena and W.O. Seno Sts.
 Guizo, North Reclamation Area, Mandaue City, Cebu
 attyalarde.notarypublic@gmail.com

REPUBLIC OF THE PHILIPPINES)
CITY OF MANDAUE) S. S.

SECRETARY'S CERTIFICATE

I, **ATTY. DALISAY V. BAS-CATEDRILLA**, of legal age, Filipino, married, and with office address at the Vicsal Building, corner of C.D. Seno and W.O. Seno Streets, Guizo, North Reclamation Area, Mandaue City, Cebu, after having been duly sworn in accordance with law, hereby depose and state that:

1. I am the duly elected, qualified, and incumbent Compliance Officer and Assistant Corporate Secretary of **METRO RETAIL STORES GROUP, INC.** (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Philippines, with principal office at the Vicsal Building, corner of C.D. Seno and W.O. Seno Streets, Guizo, North Reclamation Area, Mandaue City, Cebu.
2. As such Assistant Corporate Secretary, I am in custody of the corporate books and records of the Corporation, including the minutes of meetings of its Board of Directors and Stockholders.
3. I hereby certify that no Director or Officer of the Corporation is connected with any government agency or instrumentality.

IN WITNESS WHEREOF, I have hereunto affixed my signature this day of MAR 23 2026 2026 in Mandaue City.

ATTY. DALISAY V. BAS-CATEDRILLA
Compliance Officer and Asst. Corporate Secretary

BEFORE ME, a Notary Public for and in Mandaue City, this day of MAR 23 2026 2026, personally appeared the following:

Affiant	Competent Evidence of Identity	
	Type of ID	ID Number and Expiry Date (if applicable)
Dalisay V. Bas-Catedrilla	UMID	

who represented to me that she executed the foregoing document consisting of two (2) pages for the purposes stated therein and acknowledged to me that the same is her free and voluntary act and deed and of the corporation she represents.

Doc. No. 393 ;
Page No. 80 ;
Book No. 1 ;
Series of 2026.



ATTY. ASEZ C. ALARDE
Notary Public for and in the City of Mandaue and
Municipalities of Consolacion, Liloan, Compostela and Cordova, Cebu
Notarial Commission No. 2026-73; valid until December 31, 2027
Roll of Attorneys No. 82563
PTR No. M-2788668; December 3, 2025; Mandaue City
IBP Invoice No. 562484; December 2, 2025; Pasig City
MCLE Compliance No. VIII - 001915; issued on October 2, 2024;
Vicsal Bldg., corner of C.D. Seno & W.O. Seno Sts.
North Reclamation Area, Mandaue City, Cebu

Handwritten signature or mark.

March 23, 2026

SECURITIES AND EXCHANGE COMMISSION

7907 Makati Avenue, Salcedo Village
Bel-air, Makati City 1209

Attention: **ATTY. RACHEL ESTHER J. GUMTANG-REMALANTE**
Director, Corporate Governance and Finance Department

RE: **Certification of Independent Directors**

Director Remalante:

In connection with the Annual Stockholders' Meeting of Metro Retail Stores Group, Inc. ("MRSGI") to be held on May 4, 2026 (Monday), the following are nominated for election as Independent Directors:

1. Medel T. Nera
2. Daniel Rafael Ramon Z. Gomez III

We submit herewith the Certification of Independent Directors duly executed by the above mentioned nominees for Independent Directors of MRSGI.

Very truly yours,

ATTY. DALISAY V. BAS-CATEDRILLA
Compliance Officer and Asst. Corporate Secretary

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CERTIFICATION OF INDEPENDENT DIRECTOR

I, **MEDEL T. NERA**, Filipino, of legal age, married, and a resident of No. 42 Roseville Street, Whiteplains Subdivision, Quezon City, Metro Manila, after having been duly sworn in accordance with law do hereby declare that:

1. I am a nominee for independent director of Metro Retail Stores Group, Inc. (the "Company") and have been its independent director since October 23, 2023.
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
House of Investments, Inc.	Director	2011 to Present
iPeople, Inc.	Director	2011 to Present
National Reinsurance Corporation of the Phils.	Independent Director	2011 to Present
Ionics, Inc.	Independent Director	2020 to Present
Ionics-EMS, Inc.	Independent Director	2020 to Present
Ionics Properties, Inc.	Independent Director	2022 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an independent director of the Company, as provided for under Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations, and other SEC issuances.
4. I am not related to any director/officer/substantial shareholder of the Company.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of the Company of any changes in the abovementioned information within five (5) days from its occurrence.

Done this 10th at MARCH 2026

MEDEL T. NERA
Affiant

MAR 10 2026

QUEZON CITY

SUBSCRIBED AND SWORN to before me this _____ at _____ personally appeared before me and exhibited to me his Passport No. _____ issued on _____ at DFA _____.

ATTY. RIZAL JOSE F. VALMORES
 NOTARY PUBLIC
 UNTIL DECEMBER 31, 2026
 ADM MATTER NO. 003
 PTR NO. 8304528D/01-05-2026/Q.C.
 IBP NO INV 562041/12-01-2025/Q.C.
 ROL NO. 28435
 ACLE NO VIII-0008500 / 05-07-2024

Doc. No. 116 ;
Page No. 24 ;
148
2026

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **DANIEL RAFAEL RAMON Z. GOMEZ III**, Filipino, of legal age, single, and a resident of 221 Balayan Street, Ayala Alabang Village, Muntinlupa City, Philippines, after having been duly sworn in accordance with law do hereby declare that:

1. I am a nominee for independent director of Metro Retail Stores Group, Inc. (the "Company") and have been its independent director since May 3, 2024.
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Bain & Company	Independent Advisor	2024 to Present
DBDOYC INC. doing business as Angkas	Board Advisor	2024 to Present
Laborem, Inc.	Board Advisor	2024 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an independent director of the Company, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to any director/officer/substantial shareholder of the Company.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of the Company of any changes in the abovementioned information within five (5) days from its occurrence.

Done this MAR 18 2026 at TAGUIG CITY

DANIEL RAFAEL RAMON Z. GOMEZ III

MAR 18 2026 Affiant
TAGUIG CITY

SUBSCRIBED AND SWORN to before me this _____ at _____,
affiant personally appeared before me and exhibited to me his Passport No.
issued on September 23, 2021 at DFA Manila.

Doc. No. 192;

Page No. 40;

Book No. III;

Series of 2026.

MARY GRECKLE G. ADARME-ROVERO

Notary Public for the City of Taguig

Comm. No. 100(2025-2026)/Valid until 12-31-2026

1482 B Elephani St., Maysapang Area, Ususan, Taguig City

Roll No. 70083 IBP Receipt No. 012026-3AXUEH/Aklan Chapter

PTR No. A-6800923; 01-06-2026; Taguig City

MCLE Compliance No. VIII-0029865; Valid until 14 April 2028

REPUBLIC OF THE PHILIPPINES)
CITY OF MANDAUE) S. S.

CORPORATE SECRETARY'S CERTIFICATE

I, **ATTY. DALISAY V. BAS-CATEDRILLA**, of legal age, Filipino, married, and with office address at the Vicsal Building, corner of C.D. Seno and W.O. Seno Streets, Guizo, North Reclamation Area, Mandaue City, Cebu, after having been duly sworn in accordance with law, hereby depose and state that:

1. I am the duly elected, qualified, and incumbent Compliance Officer and Assistant Corporate Secretary of **METRO RETAIL STORES GROUP, INC.** (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Philippines, with principal office at the Vicsal Building, corner of C.D. Seno and W.O. Seno Streets, Guizo, North Reclamation Area, Mandaue City, Cebu.
2. As such Assistant Corporate Secretary, I am in custody of the corporate books and records of the Corporation, including the minutes of meetings of its Board of Directors and Stockholders.
3. I hereby certify that at the Special Meeting of the Board of Directors held on March 19, 2026 where a duly constituted quorum was present, the Board unanimously adopted and approved **Board Resolution No. 004-2026**, which is now in full force and effect and has not been amended or revoked:

Board Resolution No. 004-2026

"RESOLVED, that the **2026 Annual Stockholders' Meeting ("ASM")** of **Metro Retail Stores Group, Inc.** (the "Corporation") shall be held on **May 4, 2026** ("Monday") at 9:00 in the morning via remote communication under the platform of Zoom Video Communications. The following are the particulars of the 2026 Virtual ASM:

- Record Date for the closing of the Stock Transfer Book - **April 7, 2026** (at least 20 calendar days before May 9, 2025)
- Date list of stockholders to be submitted to PSE and SEC: **April 14, 2025** (within 5 trading days from Record Date)
- Date of publication of Notices of 2025 ASM: **April 12, 2026 and April 13, 2026** (in the business section of 2 newspapers of general circulation in print and online format for 2 consecutive days, last publication not later than 21 calendar days before May 4, 2026)
- Deadline for submission of all proxies to Corporate Secretary: **April 24, 2026** (at least 10 calendar days before May 9, 2025)
- Deadline for validating proxies: **April 29, 2026** (not less than 5 calendar days before May 4, 2026)

RESOLVED, FURTHER, to authorize the stockholders of the Corporation to exercise their right to vote and/or participate in the 2026 ASM *in absentia* or through remote communication;

RESOLVED, FURTHER, that this resolution on the holding of the ASM via remote communication shall only apply to the 2026 ASM of the Corporation;

RESOLVED, FURTHER, that the Board of Directors of the Corporation hereby approves the Notice and Agenda, with Proxy Form, for the 2026 ASM, attached herewith as Annexes "A" and "B";

RESOLVED, FINALLY, that the Organizational Board Meeting of the Corporation will immediately follow after the end of the 2026 ASM."

IN WITNESS WHEREOF, I have hereunto affixed my signature this MAR 23 2026 day of 2026 in Mandaue City.

ATTY. DALISAY V. BAS-CATEDRILLA
Compliance Officer and Asst. Corporate Secretary

BEFORE ME, a Notary Public for and in Mandaue City, this MAR 23 2026 day of 2026, personally appeared the following:

Affiant	Competent Evidence of Identity	
	Type of ID	ID Number and Expiry Date (if applicable)
Dalisay V. Bas-Catedrilla	UMID	

who represented to me that she executed the foregoing document consisting of two (2) pages for the purposes stated therein and acknowledged to me that the same is her free and voluntary act and deed and of the corporation she represents.

Doc. No. 392;
Page No. 80;
Book No. 1;
Series of 2026.



ATTY. ASEZ C. ALARDE
Notary Public for and in the City of Mandaue and
Municipalities of Consolacion, Liloan, Cebu, Costela and Cordova, Cebu
Notarial Commission No. 2019-73; valid until December 31, 2027
Roll of Attorneys No. 82563
PTR No. MC2798668; December 3, 2025; Mandaue City
IBP Invoice No. 562404; December 2, 2025; Pasig City
MCLE Compliance No. VIII - 0013915; issued on October 2, 2024;
Vicjal Bldg., corner of C.D. Seno & W.O. Seno Sts.
Guizo, North Reclamation Area, Mandaue City, Cebu
attvalarde.notarypublic@gmail.com

**NOTICE OF ANNUAL MEETING OF THE STOCKHOLDERS
OF
METRO RETAIL STORES GROUP, INC.**

Please take notice that the 2026 Annual Stockholders' Meeting ("ASM") of Metro Retail Stores Group, Inc. (the "Company"), will be held on May 4, 2026 (Monday) at 9:00 in the morning via remote communication under the platform of Zoom Video Communications.

The Agenda¹ for the Virtual ASM shall be as follows:

1. Call to Order
2. Proof of Notice of the Meeting and Existence of Quorum
3. Chairperson's Message
4. Approval of the Minutes of the ASM held on May 9, 2025
5. President's Message
6. Management Presentations and Approval of the Annual Report and the Audited Financial Statements for CY 2025
7. Appointment of External Auditor for CY 2026
8. General ratification of all acts and resolutions of the Board of Directors and its committees, officers and management since the last ASM up to the date of this meeting
9. Election of Board of Directors
10. Consideration of such other matters as may properly come during the meeting
11. Adjournment

The minutes of the 2025 ASM are available for examination on the website of the Company at www.metroretail.com.ph.

The record date shall be on April 7, 2026 for purposes of determining the list of stockholders of the Company who are entitled to vote at the 2026 ASM.

The Company will allow attendance by remote communication and voting *in absentia*, subject to validation procedures.

Stockholders who will participate in the ASM by remote communication should pre-register at <https://asm2026.mrsgi.com> on or before April 24, 2026. Successful registrants will receive an email invitation with a complete guide on how to join the ASM and how to cast votes *in absentia*. For any registration concerns, please contact philip.coronado@metroretail.ph. Please refer to the Definitive Information Statement on the guidelines on attendance by remote communication and voting *in absentia* which is posted on the website of the Company at www.metroretail.com.ph. Only stockholders who have successfully registered within the prescribed period, together with the stockholders who voted *in absentia* and by proxy, will be included in the determination of quorum.

Proxies, in the form provided by the Company, must be scanned and emailed to the Company's Corporate Secretary at mrsgi_asmregister@metroretail.ph, not later than April 24, 2026. The proxies shall be validated on April 29, 2026. The Corporate Secretary's decision shall be final and binding on the stockholders, and those not settled during the proxy validation shall be deemed waived and may no longer be raised. **WE ARE NOT, HOWEVER, SOLICITING PROXIES.**

¹ See attached page for the explanation of each agenda item



Stockholders may send their questions about the ASM and the Company to its Vice President – Business Development and Investor Relations at arnold.leoncio@metroretail.ph. He will reply accordingly.

The Stockholders may examine the Definitive Information Statement, Management Report, and SEC Form 17A (Audit Report) on the Company's website and through the PSE Edge Portal.

There will be an audio and video recording of the ASM. All votes cast shall be validated by the Stock and Transfer Agent, Stock Transfer Service, Inc.

March 19, 2026, Mandaue City, Cebu.

For the Board of Directors,

ATTY. VINCENT E. TOMANENG
Corporate Secretary



EXPLANATION OF AGENDA ITEMS

1. Call to Order
The Chairperson will formally open the Annual Stockholders' Meeting ("ASM") at 9:00 A.M.
2. Proof of Notice of the Meeting and Existence of Quorum
The Corporate Secretary shall certify that written notice of the ASM was duly sent to all stockholders of record and that a quorum exists for the transaction of business.
3. Chairperson's Message
The Chairperson, Ms. Sherisa P. Nuesa, will welcome the attendees present and provide an overview of the Company's key achievements for the past year and strategic direction.
4. Approval of the Minutes of the Annual Meeting of the Stockholders held on May 9, 2025
The signed minutes of the meeting held on May 9, 2025 are available at the Company's website, www.metroretail.com.ph. Stockholders to approve the said minutes of meeting.
5. President's Message
The President and Chief Operating Officer, Mr. Joselito G. Orense, will report on the performance of the Company in 2025 and the outlook for 2026. The Company's performance is also embodied in the Company's Annual Report which is posted on the Company's website, www.metroretail.com.ph.
6. Approval of the Annual Report and the Audited Financial Statements for CY 2025
The Company's 2025 performance has been duly summarized in the Annual Report, which also contains the Audited Financial Statements ("AFS") for the year ended December 31, 2025. The AFS, as audited by the external auditor Sycip Gorres Velayo & Co. ("SGV & Co.") which expressed an unqualified opinion thereof, have been reviewed and approved by the Audit and Risk Committee and the Board of Directors of the Company.
7. Appointment of Sycip Gorres Velayo & Co. as External Auditor of the Company for the calendar year 2026
With the endorsement of the Audit and Risk Committee, the Board of Directors approved the appointment of SGV & Co. as the Company's external auditor for the calendar year 2026. SGV & Co. is one of the top auditing firms in the country and is duly accredited with the Securities and Exchange Commission.
8. General ratification of all acts and resolutions of the Board of Directors and its Committees, Officers and Management since the last annual stockholders' meeting up to the date of this meeting
The acts and resolutions of the Board and its committees, and the acts of Management to implement the resolutions of the Board or its committees and/or made in the general conduct of business since the last ASM on May 9, 2025 until May 4, 2026 shall be presented for stockholders' ratification. They include the approval of the Company's material transactions and other matters covered by disclosures to the Securities and Exchange Commission and the Philippine Stock Exchange.
9. Election of Board of Directors
The seven (7) nominees for directors, including the nominees for independent directors, as screened and evaluated by the Nomination and Compensation Committee to have all the qualifications and competence necessary for the effective performance of the Board's roles and responsibilities, and none of the disqualifications to serve as members of the Board, shall be presented for election by the stockholders. The profiles of the nominees to the Board are found in the Definitive Information Statement posted at the Company's website at www.metroretail.com.ph.
10. Consideration of such other matters as may properly come during the meeting



The Chairperson shall take up such other matters or proposals as may be properly raised by the stockholders pursuant to the Shareholders' Right to raise comments in any Regular/Special Stockholders' Meeting.

A handwritten signature or set of initials, possibly 'MJ', located in the bottom right corner of the page.

PROXY

The undersigned stockholder of Metro Retail Stores Group, Inc. (the "Company") hereby appoints _____ or in his absence, the Chairperson of the meeting, as my proxy at the 2026 Annual Stockholders' Meeting ("ASM") of the Company, to be held via remote communication under the platform of Zoom Video Communications on May 4, 2026 (Monday) at 9:00 in the morning, for the purpose of acting on the following matters:

	Proposal	Approve	Disapprove	Abstain
I	Approval of the Minutes of the ASM held on May 9, 2025			
II	Approval of the Annual Report and the Audited Financial Statements for CY 2025			
III	Appointment of SGV& Co. as the External Auditor for CY 2026			
IV	Ratification of all acts and resolutions of the Board of Directors and its committees, officers and management since the last ASM up to the date of this meeting			
V	Election of Directors	Number of Votes ¹		
	1. Sherisa P. Nuesa			
	2. Margaret Gaisano-Ang			
	3. Joselito G. Orense			
	4. Ricardo N. Jacinto			
	5. Jack S. Gaisano			
	6. Medel T. Nera			
	7. Daniel Rafael Ramon Z. Gomez III			

Number of Shares Held

Signature of Stockholder/ Authorized Signatory

Date

Printed name of Stockholder

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

¹ Stockholders 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 Company; 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 Company multiplied by the whole number of directors to be elected.

REPUBLIC OF THE PHILIPPINES)
CITY OF MANDAUE) S. S.

SECRETARY'S CERTIFICATE

I, **ATTY. DALISAY V. BAS-CATEDRILLA**, of legal age, Filipino, married, and with office address at the Vicsal Building, corner of C.D. Seno and W.O. Seno Streets, Guizo, North Reclamation Area, Mandaue City, Cebu, after having been duly sworn in accordance with law, hereby depose and state that:

1. I am the duly elected, qualified, and incumbent Compliance Officer and Assistant Corporate Secretary of **METRO RETAIL STORES GROUP, INC.** (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Philippines, with principal office at the Vicsal Building, corner of C.D. Seno and W.O. Seno Streets, Guizo, North Reclamation Area, Mandaue City, Cebu.
2. As such Assistant Corporate Secretary, I am in custody of the corporate books and records of the Corporation, including the minutes of meetings of its Board of Directors and Stockholders.
3. I hereby certify that the information contained in this Definitive Information Statement are true and correct.

APR 08 2026 **IN WITNESS WHEREOF**, I have hereunto affixed my signature this ____ day of 2026 in Mandaue City.

ATTY. DALISAY V. BAS-CATEDRILLA
Compliance Officer and Asst. Corporate Secretary

BEFORE ME, a Notary Public for and in Mandaue City, this ____ day of APR 08 2026 2026, personally appeared the following:

Affiant	Competent Evidence of Identity	
	Type of ID	ID Number and Expiry Date (if applicable)
Dalisay V. Bas-Catedrilla	UMID	

who represented to me that she executed the foregoing document consisting of two (2) pages for the purposes stated therein and acknowledged to me that the same is her free and voluntary act and deed and of the corporation she represents.

Doc. No. 496 ;
Page No. 101 ;
Book No. 1 ;
Series of 2026.



ATTY. ASEZ C. ALARDE
Notary Public for and in the City of Mandaue and Municipalities of Consolacion, Liloan, Compostela and Cordova, Cebu
Notarial Commission No. 2026-73, valid until December 31, 2027
Roll of Attorney's No. 82563
PTR No. MC270668; December 3, 2025; Mandaue City
IBP Invoice No. 562484; 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
attyalarde.notarypublic@gmail.com

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

- Preliminary Information Statement
 Definitive Information Statement

2. Name of Registrant as specified in its charter: **METRO RETAIL STORES GROUP, INC.**
("MRSGI" or the Company)

3. Province, country or other jurisdiction of incorporation or organization: **Cebu City, Philippines**

4. SEC Identification Number: **CS200315877**

5. BIR Tax Identification Code: **226-527-915**

6. Address of principal office and Postal Code: **Vicsal Building, corner of C.D. Seno and W.O. Seno Sts., Guizo, North Reclamation Area, Mandaue City, Cebu 6014**

7. Registrant's telephone number, including area code: **(032) 236-8390**

8. Date, time and place of the meeting of security holders: **May 4, 2026 (Monday) 9:00 a.m.; via remote communication (<https://asm2026.mrsgi.com>) under the platform of Zoom Video Communications; Boardroom, Mandani Bay Show Gallery, Mandani Bay Avenue corner F.E. Zuellig Avenue, Mandaue City, Cebu**

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **April 10, 2026**

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

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common Stock, P1.00 per share par value	3,233,921,000

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

- Yes No

MRSGI's common stock is listed on the Philippine Stock Exchange.

A. GENERAL INFORMATION

Date, time and place of meeting of security holders.

Date, Time and Place of Meeting	May 4, 2026 (Monday) 9:00 a.m. via remote communication (https://asm2026.mrsgi.com) under the platform of Zoom Video Communications; Boardroom, Mandani Bay Show Gallery, Mandani Bay Avenue corner F.E. Zuellig Avenue, Mandaue City, Cebu
Complete Mailing Address of Principal Office	Vicsal Building, corner of C.D. Seno and W.O. Seno Sts., Guizo, North Reclamation Area, Mandaue City, Cebu 6014
Approximate date on which copies of the Information Statement are first to be sent or given to security holders	April 10, 2026

Pursuant to Section 1, Article II of the Fifth Amended By-laws of the Company, the Annual Stockholders' Meeting is scheduled on the first Friday of May of each year and if a legal holiday, then on the day following. Since the 2026 Annual Stockholders' Meeting falls on May 1, 2026 which is a regular legal holiday, it is rescheduled to May 4, 2026.

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

The report attached as Annex "A" to this Information Statement (SEC Form 20-IS) is the management report to stockholders, including the Management's Discussion and Analysis, market price of shares and dividends and other data related to the Company's financial information required under Securities Regulation Code Rule 20 to accompany the Information Statement and is hereinafter referred to as the "Management Report".

Dissenters' Right of Appraisal

Any stockholder of the Company may exercise his appraisal right against the proposed actions which qualify as instances giving rise to the exercise of such right pursuant to and subject to the compliance with the requirements and procedures set forth under Chapter X of the Revised Corporation Code of the Philippines (the "Revised Corporation Code").

Consistent with Section 80 of the Revised Corporation Code, any stockholder of the Company shall have the right to dissent and demand payment of the fair value of his shares in the following instances:

1. In case of any amendment to the articles of incorporation which has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the terms of corporate existence;
2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets;
3. In case of merger or consolidation; and
4. In case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

The appraisal right may be exercised by dissenting stockholder who shall have voted against the proposed corporate action, by making a written demand on the Company for the payment of the fair value of

shares held within thirty (30) calendar days after the date on which the vote was taken. Provided, that failure to make the demand within such 30-day period shall be deemed as a waiver of the appraisal right. If the proposed corporate action is implemented, the Company shall pay the stockholder, upon surrender of the certificate(s) of stock representing the stockholders' shares, the fair value thereof as of the day before the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

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

There are no matters to be acted upon by the stockholders at the Annual Meeting of the Stockholders to be held on May 4, 2026 which would require the exercise of the appraisal right.

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

None of the following persons have any substantial interest, direct or indirect, in any matter to be acted upon other than election to office:

- a. Directors or Officers of the Company at anytime since the beginning of the last fiscal year;
- b. Nominees for election as directors of the Company;
- c. Associates of any of the foregoing persons.

No director or nominee for election as director has informed the Company of his opposition to any matter to be acted upon at the Annual Stockholders' Meeting.

B. CONTROL AND COMPENSATION INFORMATION

Voting Securities and Principal Holders Thereof

1. The Company has 3,234,896,000 outstanding common shares as of March 31, 2026. Every stockholder shall be entitled to one vote for each share of stock held as of the established record date.
2. All stockholders of record as of April 7, 2026 are entitled to notice and to vote at the Company's Annual Stockholders' Meeting.

Directors and Executive Officers

Election of Directors

Section 2, Article III of the Company's Fifth Amended By-Laws states that the Board of Directors shall be elected during each regular meeting of stockholders and shall hold office for one (1) year and until their successors are elected and qualified. During the election of the members of the Board of Directors, every stockholder entitled to vote shall have the right to vote in person or by proxy the number of shares of stock standing, on record date, in his own name on the stock and transfer book of the Company; and such stockholder 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 stock and transfer book of the Company multiplied by the whole number of directors to be elected.

For the 2026 Annual Stockholders' Meeting, the Company will allow attendance only by remote communication and voting *in absentia*, subject to validation procedures. Please refer to D. Other Matters of this DIS on Voting Procedures and Guidelines for Participating via Remote Communication and Voting *In Absentia*.

Proxies, in the form provided by the Company, must be scanned and emailed to the Company's Corporate Secretary at mrsigi_asmregister@metroretail.ph, not later than April 24, 2026. The proxies shall be validated on April 29, 2026. The Corporate Secretary's decision shall be final and binding on the shareholders, and those not settled during the proxy validation shall be deemed waived and may no longer be raised during the Annual Stockholders' Meeting.

Security Ownership of Certain Record and Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners of more than 5% of the Company's voting securities as of March 31, 2026.

As of March 31, 2026, the Company knows no one who beneficially owns in excess of 5% of the Company's common stock except set forth in the table below:

Title of Class	Name and addresses of record owners and relationship with the Company	Name of beneficial owner and relationship with record owner	Citizen ship	Number of shares held	% of Total Issued Shares
Common	Vicsal Development Corporation Vicsal Building, corner of C.D. Seno and W.O. Seno Sts., Guizo, North Reclamation Area, Mandaue City (principal stockholder)	Gaisano Family (beneficial owner of principal stockholder Vicsal Development Corporation)	Filipino	2,627,427,299	76.62%
Common	PCD Nominee Corporation 37 th Floor, Tower 1, the Enterprise Center, 6766 Ayala Avenue corner of Paseo de Roxas 1226 Makati City, Philippines	PDTC Participants and their clients	Filipino	733,695,294	21.39%
Common	PCD Nominee Corporation 37 th Floor, Tower 1,	PDTC Participants and their clients	Non-Filipino	43,308,528	1.26%

	the Enterprise Center, 6766 Ayala Avenue corner of Paseo de Roxas 1226 Makati City, Philippines				
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Notes:

1. None of the Top 100 PDTC Participants - Filipino, hold 5% or more of the Company's outstanding capital stock as of March 31, 2026.
2. None of the Top 100 PDTC Participants – Foreign, hold 5% or more of the Company's outstanding capital stock as of March 31, 2026.

Security Ownership of Management of the Company's voting securities as of March 31, 2026

Title of Class	Name of Beneficial Owner	Position	Amount and Nature of Beneficial Ownership		Citizenship	% to Total Outstanding
			Direct	Indirect		
Common	Sherisa P. Nuesa	Chairperson	920,001	0	Filipino	.03%
Common	Margaret Gaisano-Ang	Vice-Chair	2	6,834,000	Filipino	.21%
Common	Jack S. Gaisano	Director	2	0	Filipino	0
Common	Joselito G. Orense	President and Chief Operating Officer	1	0	Filipino	0
Common	Ricardo Nicanor N. Jacinto	Director	500,000	0	Filipino	.01%
Common	Medel T. Nera	Independent Director	1	0	Filipino	0
Common	Daniel Rafael Ramon Z. Gomez III	Independent Director	1	0	Filipino	0
Common	Lucille S. Malazarte	Treasurer/ Chief Finance Officer	1,130,000	0	Filipino	0.03%
Common	Vincent E. Tomaneng	Corporate Secretary and Chief Legal Counsel	500,000	0	Filipino	0.02%
Common	Dalisay V. Bas-Catedrilla	Asst. Corporate Secretary and Compliance Officer	240,100	0	Filipino	0

Shares owned by foreigners

The total number of common shares owned by foreigners as of March 31, 2026 is 43,308,528 shares.

Voting Trust Holders of 5% or more – as of March 31, 2026

There are no persons holding more than 5% of common shares under a voting trust or similar agreement.

Changes in Control

As of March 31, 2026, there has been no change in the control of the Company, and there are no arrangements which may result in a change in control of the Company.

Directors and Executive Officers

Board of Directors

Currently, the Board consists of seven (7) members, of which two (2) are independent directors.

The Table below sets forth certain information regarding the members of our Board:

Name	Age	Nationality	Position
1. Sherisa P. Nuesa	71	Filipino	Chairperson
2. Margaret Gaisano-Ang	74	Filipino	Vice-Chair
3. Jack S. Gaisano	72	Filipino	Director
4. Joselito G. Orense	60	Filipino	Director
5. Ricardo Nicanor N. Jacinto	65	Filipino	Director
6. Medel T. Nera	70	Filipino	Independent Director
7. Daniel Rafael Ramon Z. Gomez III	53	Filipino	Independent Director

Ms. Margaret Gaisano-Ang and Mr. Jack S. Gaisano have served their respective offices since the incorporation of the Company on August 28, 2003. Mr. Ricardo Nicanor N. Jacinto, was elected on July 27, 2015 as an Independent Director, and after serving for nine (9) 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. Mr. Daniel Rafael Ramon Z. Gomez III was elected as Independent Director during the last Annual Stockholders' Meeting held on May 3, 2024. All of the aforementioned Board Members were re-elected to the Board during the last Annual Stockholders' Meeting held on May 9, 2025. Mr. Joselito G. Orense was elected as Director during the last Annual Stockholders' Meeting held on May 9, 2025, to replace Mr. Manuel C. Alberto who retired on May 9, 2025.

There are no other directors who declined to stand for re-election to the board of directors since the date of the last annual meeting of the stockholders for any reason whatsoever.

Board of Directors – Brief Description and Experience for the Last Five (5) Years

Sherisa P. Nuesa, 71 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)¹, 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 is a member of the board of trustees of the Financial Executives Institute (FINEX) Foundation. She is also a Board Adviser to Justice Reform Initiative Inc. (JRI) where she was the former Chairperson for ten years since its inception. On March 27, 2026, Ms. Nuesa was elected as Trustee to MW (Manila Water) Foundation.

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

¹Until April 14, 2026; reached the 9-year Independent Director limit.

operations and is an accredited lecturer of both ICD and the FINEX Academy. She 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.

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 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.

Margaret Gaisano-Ang, 74, 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. She is also the Chairperson and President of Grand Holidays, Inc. Additionally, she serves as a Trustee of Vicsal Foundation, Incorporated. She 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.

Jack S. Gaisano, 72, 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.

Joselito G. Orense, 60, was elected as Director of the Company on May 9, 2025. On the same date, he was appointed as the President and Chief Operating Officer of MRSGL. Before his appointment as President and COO, he served as MRSGL's Treasurer and Chief Finance Officer for 10 years since 2015. He is a Certified Public Accountant. He graduated *cum laude* from the University of the Philippines in 1987, where he received his Bachelor of Science degree in Business Administration and Accountancy. He obtained his Master's degree in Business Management from the Asian Institute of Management in 1991. He has over twenty-five (25) years of experience in the retail industry. Prior to joining MRSGL, he served as Chief Financial Officer of All Value Holdings Corp. from 2012 to 2015; Chief Financial Officer of Adidas Philippines from 2004 to 2010; and Director of Accounting and Chief Financial Officer of Golden Arches Development Corporation from 1996 to 2002.

Ricardo Nicanor N. Jacinto, 65, was elected as an Independent Director of the Company 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. Currently, he 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, Etiqa Life and General Assurance Philippines, Inc., and Torre Lorenzo Development Corporation. He is a Lecturer of University of the Philippines – CE Virata School of Business. He previously served as CEO of the Institute of Corporate 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. He holds a Bachelor of Science degree in Business Economics from the University of the Philippines (*Magna Cum Laude*). He obtained his Master's Degree in Business Administration from Harvard University in 1986.

Medel T. Nera, 70, was elected as Independent Director of the Company on October 23, 2023 replacing Mr. Guillermo L. Parayno, Jr. who died on August 2, 2023 (2 years and 6 months as Independent Director). He currently serves in the Boards of the House of Investments, Inc. (HOI), IPeople, Inc. (IPO), 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 -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.

Daniel Rafael Ramon Z. Gomez III, 53, Filipino, was elected as Independent Director of the Company on May 3, 2024 (2 years 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, he 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. He holds a Management degree from the Ateneo de Manila University, and a Strategic Digital Marketing Certificate from Harvard Business School.

Officers

The following are the names, ages, positions and citizenships of the incumbent officers of the Company:

Name	Age	Nationality	Position
Sherisa P. Nuesa	71	Filipino	Chairperson
Joselito G. Orense	60	Filipino	President & Chief Operating Officer
Lucille S. Malazarte	62	Filipino	Treasurer & Chief Financial Officer
Vincent E. Tomaneng	58	Filipino	Corporate Secretary and Chief Legal Counsel
Dalisay V. Bas-Catedrilla	51	Filipino	Assistant Corporate Secretary & Compliance Officer

Brief Description - Officers

Lucille S. Malazarte, 62, was appointed as the Treasurer and Chief Finance Officer of MRSGL on May 9, 2025. Before her appointment, she served as MRSGL's Vice President for Finance and Comptroller, as well as Financial Comptroller at Vicsal Development Corporation, the parent company of MRSGL, including other affiliates in retail, and property, in-charge of overseeing overall financial operations, providing strategic direction, and ensuring efficiency. She began her career as part of the auditing team of Sycip, Gorres, Velayo & Co. She is a Certified Public Accountant. She completed her Master's degree in Business Management at the University of the Philippines, Cebu. She took up undergraduate studies, BS Accounting, at University of San Carlos where she graduated *summa cum laude*.

Vincent E. Tomaneng, 58, 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 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., and the Corporate Secretary of Vicsal Foundation, Incorporated since February 2024.

Dalisay V. Bas-Catedrilla, 51, was appointed as the Assistant Corporate Secretary and Compliance Officer of MRSGI on July 14, 2025. She earned her Bachelor of Laws (2001) and Bachelor of Science in Accountancy (1994, Cum Laude) degrees from the University of San Carlos in Cebu City. Prior to joining Vicsal Development Corporation/Metro Gaisano Group of Companies in September 2011 as Legal Counsel, she began her career as an Associate in the Audit and Business Advisory Group of Sycip Gorres Velayo & Co., CPAs (1996 to 1998) and transferred to its Tax and Business Advisory Group in June 1998 to pursue her law studies while working with the Firm. She was an Associate Director of the Tax Division when she left her 10 year SGV career in August 2006. She is the Assistant Corporate Secretary of Vicsal Development Corporation and Maric Ventures, Inc. She is also a Director and Corporate Secretary of Pacific Mall Corporation, and the Assistant Corporate Secretary and Deputy Legal Counsel of Vicsal Foundation, Incorporated.

Committees

The incumbent members of the Company's Nomination and Compensation Committee are:

1. Margaret Gaisano-Ang – Chairperson
2. Sherisa P. Nuesa
3. Ricardo Nicanor N. Jacinto
4. Medel T. Nera

The incumbent members of the Company's Corporate Governance Committee are:

1. Daniel Rafael Ramon Z. Gomez III – Chairperson
2. Ricardo Nicanor N. Jacinto – Vice-Chair
3. Medel T. Nera
4. Joselito G. Orense

The incumbent members of the Company's Audit and Risk Management Committee are:

1. Medel T. Nera – Chairperson
2. Ricardo Nicanor N. Jacinto
3. Daniel Rafael Ramon Z. Gomez III

The incumbent members of the Company's Investment Committee are:

1. Ricardo Nicanor N. Jacinto – Chairperson
2. Margaret Gaisano-Ang
3. Sherisa P. Nuesa
4. Medel T. Nera
5. Jack S. Gaisano

Information Required by the SEC under SRC Rule 38 on the nomination and election of Independent Directors.

In accordance with SEC Memorandum Circular No. 19, series of 2016, the Company has filed its Revised Manual on Corporate Governance last May 30, 2017, and its Second Amended Manual on Corporate Governance duly approved by the Company's Board of Directors on November 12, 2019. To comply with SEC Memorandum No. 24, series of 2019, the Company has filed its Third Amended Manual on Corporate Governance on July 8, 2020. The Amended Manual substantially complied with the requirements under SRC Rule 38, as amended, and the Revised Code of Corporate Governance for Publicly Listed Companies.

Under the Third Amended Manual on Corporate Governance, the following criteria and guidelines shall be observed in the pre-screening, short-listing, and nomination of Independent Directors:

A. Independent Director – Defined

An independent director is a person who is independent of management and the controlling shareholder, and is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director.

B. Qualifications

An independent director is a person who:

- a. Is not a director, senior officer, employee, or substantial shareholder of the Company or of its related companies or any of its substantial shareholders (other than as an independent director of any of the foregoing);
- b. Is not a relative of any director, officer or substantial shareholder of the Company, any of its related companies or any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister and the spouse of such child, brother or sister;
- c. Is not acting as a nominee or representative of a substantial shareholder of the Company, any of its related companies or any of its substantial shareholders;
- d. Has not been employed in any executive capacity by the Company, any of its related companies or any of its substantial shareholders within the last three (3) years;
- e. Has not been appointed in the Company, its subsidiaries, associates, affiliates, or related companies as Chairman “Emeritus”. “Ex-Officio” Directors/Officers or members of an advisory board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within three (3) years immediately preceding his election;
- f. Is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel by the Company, any of its related companies, or any of its substantial shareholders within the last three (3) years;
- g. Has not engaged and does not engage in any transaction with the Company or with any of its related companies or with any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a directors or substantial shareholder, other than transactions which are conducted at arm’s-length and are immaterial or insignificant;
- h. Is not a securities broker-dealer of listed companies and registered issuers of securities. “Securities broker-dealer” refers to any person holding any office of trust and responsibility in a broker-dealer firm, which includes among others, a director, (except an independent director who will not be disqualified to become an independent director of the Company), officer, principal shareholder, nominee of the firm to the Exchange, an associated person or salesman, and an authorized clerk of the broker or dealer;
- i. Is not affiliated with any non-profit organization that receives significant funding from the Company or any of its related companies or substantial shareholders;
- j. It not employed as an executive officer of another company where any of the Company’s executives serves as directors.

- k. Is not an owner of more than two percent (2%) of the outstanding capital stock of the Corporation, its subsidiaries, associates, affiliates or related companies.

C. Disqualifications

Aside from the grounds for disqualification of a director, an independent director shall also be disqualified during his tenure under any of the following instances or causes:

- a. He becomes an officer or employee of the Company where he is such member of the Board;
- b. His beneficial security ownership in the Company or its subsidiaries and affiliates exceeds two percent (2%) of the outstanding capital stock of the Company where he is such director. The disqualification from being elected as an independent director is lifted if the limit is later complied with.

D. Election

Except as those required under the Securities Regulation Code and subject to pertinent existing laws, rules and regulations of SEC, the conduct of the election of independent directors shall be made in accordance with the standard election procedures for regular directors as provided in the By-Laws of the Company. It shall be the responsibility of the Chairman to inform all stockholders in attendance of the mandatory requirement of electing independent directors:

- a. Specific slots for independent directors shall not be filled-up by unqualified nominees; and
- b. In case of failure of election for independent directors, the Chairman shall call a separate election during the same meeting to fill up the vacancy.

E. Term and Cessation

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 Company, but may continue to qualify for nomination and election as non-independent director. In the instance that the Company intends to retain an independent director who has served for nine (9) years as a non-independent director, the Board shall provide meritorious justification/s and obtain shareholders' approval during the annual shareholders meeting.

In case of resignation, disqualification or cessation of independent directorship and only after notice has been made with the SEC within five (5) days from such resignation, disqualification or cessation, the vacancy shall be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum, upon the nomination of the Nomination and Compensation Committee, otherwise, said vacancies shall be filled by the shareholders in a regular or special meeting called for that purpose. An independent director so elected to fill a vacancy shall serve only for the unexpired term of his predecessor in office.

F. Number of Independent Directors

At least two (2) of the Company's seven (7) directors shall be independent directors.

Nomination of Candidates for Directors

1. The Nomination and Compensation Committee (the “Committee”) shall have at least three (3) members, one of whom is an independent director. It shall review and evaluate the qualifications of all individuals nominated to the Board.
2. The Committee shall pre-screen the qualifications and prepare a final list of all candidates nominated to become a member of the Board in accordance with the qualifications and disqualifications of a director under the Company’s Fifth Amended By-Laws and the Third Amended Manual on Corporate Governance.
3. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as Director/s. No other nominations shall be entertained after the Final List of Candidates shall have been prepared. No further nominations shall be entertained or allowed on the floor during the actual annual stockholders’ meeting.

List of Candidates for Directors

The following incumbent directors have been nominated to the Board for re-election at the 2026 Annual Stockholders’ Meeting and have accepted their nomination:

1. Sherisa P. Nuesa
2. Margaret Gaisano-Ang
3. Jack S. Gaisano
4. Ricardo Nicanor N. Jacinto
5. Medel T. Nera – Independent Director
6. Daniel Rafael Ramon Z. Gomez III – Independent Director
7. Joselito G. Orense

The elected directors shall hold office for one (1) year and until their successors are elected and qualified.

The two (2) independent directors (i.e., Messrs. Nera and Gomez) were nominated by Mr. Aljim C. Jamandre and Ms. Janet Y. Lim, respectively, and were screened by the Nomination and Compensation Committee. The two (2) independent directors are not related by affinity or consanguinity to the nominators and any of the members of the Nomination and Compensation Committee.

Significant Employees

The Company has no significant employee or personnel who is not an executive officer but is expected to make a significant contribution to the business.

Family Relationships

Family relationships (by consanguinity or affinity within the fourth civil degree) between Directors and members of the Company’s senior management are as follows:

Vice-Chair Margaret Gaisano-Ang and Director Jack S. Gaisano are siblings. MRSGI’s Vice-President for Procurement, Marco Eric G. Ang de Leon, is the son of Vice-Chair Margaret Gaisano-Ang.

Apart from the foregoing, there are no other family relationships up to the fourth civil degree either by consanguinity or affinity among directors or executive officers of the Company.

Involvement in Certain Legal Proceedings

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

There are no material pending legal proceedings to which the Company or any of its subsidiaries is a party.

Certain Relationships and Related Party Transactions

The Company and its affiliated companies, in the ordinary course of business, have engaged in transactions with each other, consisting principally of leases on an arms-length basis and sales and purchases of goods and services at market price.

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.

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

	Amount/Volume	Outstanding Balance	Terms and Conditions
<i>Parent Company (VDC)</i>			
Advances (see 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 (see 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	1,034,234,912	232,730,976	Noninterest-bearing,

			unsecured, not impaired
<i>(see Notes 8 and 10; d)</i>			
Due from related parties		₱398,542,546	
	Amount/Volume	Outstanding	Terms and Conditions
<i>Parent Company (VDC)</i>			
Management fee (see Note 11; e)	23,055,592	₱–	Noninterest-bearing and payable in 30 days, unsecured
Purchases of services and rent expense (see Note 11; c and d)	13,684,946	–	Noninterest-bearing and payable in 30 days, unsecured
<i>Entities Under Common Control</i>			
Lease liabilities (see Note 24; b)	81,030,021	(95,866,330)	Noninterest-bearing and payable in 30 days, unsecured
Purchase of goods (see 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)	

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 (consisting of MRSGI and its subsidiary) 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 "Contracted services" 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**.

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.

There are no material transactions with third parties (who are not “related parties” but may have a less clearly independent relationship with the Company) with whom the Company or its related parties have entered into where the terms are not on an arm’s length basis.

Compensation of Directors and Executive Officers

Summary Compensation Table

The following table sets out the Company’s Chairperson and four (4) most highly compensated senior officers of the Company for the last three (3) years and projected for the ensuing year (2026):

Name	Position	Year	Aggregate Salary (Annual)	Bonus	Other Annual Compensation
Sherisa P. Nuesa	Chairperson	2025	Php47,389,692.27	-	Php3,787,000.00
Margaret Gaisano-Ang	Vice-Chair	2025			
Joselito G. Orense	President and Chief Operating Officer (starting May 9, 2025)	2025			
Manuel C. Alberto	President and Chief Operating Officer (until May 8, 2025)	2025			
Jacqueline B. Cano	Vice President-Store Operations	2025			
All Other Officers & Directors as a Group Unnamed		2025	Php6,555,683.69	-	-

The following table identifies and summarizes the aggregated compensation (actual and expected) of the Company’s Chairperson and the four most highly compensated executive officers of the Company in 2023, 2024 and 2025, and for the ensuing year 2026:

Name	Year	Aggregate Salary (Annual)	Bonus	Other Annual Compensation
Chairperson and the four most highly compensated executive officers named above	2023 (Actual)	49,792,522.51	8,987,096.26	7,280,929.08
	2024 (Actual)	48,717,049.61	-	6,594,038.46
	2025 (Actual)	35,118,076.89	-	3,779,307.69
	2026 (Projected)	37,233,807.70	-	2,555,000.00
All other Officers and Directors as a Group Unnamed	2023 (Actual)	3,184,444.30	-	-
	2024 (Actual)	4,638,888.85	-	-
	2025 (Actual)	6,555,683.69	-	-
	2026 (Projected)	6,565,000.00	-	-

Standard Arrangements

The by-laws of the Company provide that the Board is authorized to fix and determine the compensation of the Directors and Officers in accordance with law.

By resolution of the Board, there are currently no standard arrangements pursuant to which Directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided as a Director, except reasonable per diem for attendance in Board and/or Committee meetings, as follows:

	FIXED REMUNERATION	PER DIEM ALLOWANCE – Per BOD Meeting	PER DIEM ALLOWANCE – Per Committee Meeting
Executive Directors	Fixed monthly compensation	Nominal per diem of ₱10,000.00 (net of tax)	Nominal per diem of ₱10,000.00 (net of tax)
Non- Executive Directors	None	Nominal per diem of ₱10,000.00 (net of tax)	Nominal per diem of ₱10,000.00 (net of tax)
Independent Directors	None	₱150,000.00 (gross of tax)	Chairman: ₱45,000.00 (gross of tax) Member: ₱40,000.00 (gross of tax)

The total directors' fees paid for each of the Company's directors as of December 31, 2025 are as follows:

Name of Director	Total Director's Fees (in Php)
Sherisa P. Nuesa <i>Chairperson</i>	1,505,000.00
Margaret Gaisano-Ang <i>Vice-Chair</i>	76,923.05
Jack S. Gaisano <i>Director</i>	38,461.53
Joselito G. Orense <i>President & Chief Operating Officer</i>	61,538.44
Ricardo Nicanor N. Jacinto <i>Director</i>	1,810,000.00
Medel T. Nera <i>Independent Director</i>	1,900,000.00
Daniel Rafael Ramon Z. Gomez III <i>Independent Director</i>	1,180,000.00

Other Arrangements

Except for Ms. Sherisa P. Nuesa, who receives professional fees as a Chairperson, and Mr. Joselito G. Orense, who receives a monthly salary as President & Chief Operating Officer, there are no other arrangements for which the directors are compensated by the Company for services other than those provided as a director.

Employment Contracts

The Company has existing employment contracts with its executive officers. These contracts basically specify the scope of services expected from these individuals and the compensation that they shall receive.

There are no arrangements for compensation to be received by these named executive officers from the Company in the event of a change in control.

Warrants and Options Outstanding

On December 23, 2022, the Board of Directors has approved the MRS GI 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 MRS GI 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 and granted on May 29, 2023, the exemption of the MRS GI Executive Stock Option Plan from the registration requirement under Section 10.2 of the Securities Regulation Code.

As of the date of this Report, 18,493,740 MRS GI common shares have been granted as options to the qualified executives, managers, and selected employees, as follows:

(A) Chairperson	None
(B) 4 highest paid executives who were serving at the end of the last completed fiscal year <i>(already included in C)</i>	6,613,997
(C) All current executive officers as a group	13,609,263
(D) Each nominee for election as a director <i>(already included in C)</i>	None
(E) Each other person who received or is to receive five percent of such options, warrants or rights <i>(already included in C)</i>	6,995,266
(F) All current directors as a group who are not executive officers	None
(G) All other employees as a group.	4,884,477
Total (C+F+G)	18,493,740

The Options granted will expire five (5) years from the Option Grant Date, June 5, 2023.

The Company’s common stock is valued at Php1.16 per share as of March 31, 2026.

MRS GI has no new Employee or Executive Stock Option Plan other than the MESOP as described above.

Independent Public Accountants

Sycip Gorres Velayo & Co. (SGV & Co.) has acted as the Company’s independent public accountant. The same accounting firm will be nominated for reappointment for the current calendar year at the annual meeting of stockholders.

The representatives of the independent public accountant are expected to be present at the current year’s annual meeting of stockholders. They may also make a statement and respond to appropriate questions with respect to matters for which their services were engaged.

The handling partner for the Company’s account is Carlo Paolo V. Manalang. The Company will comply with paragraph 3(b)(ix) of Securities Regulation Code Rule 68, as amended, which provides that the external auditor should be rotated, or the handling partner changed every five (5) years of engagement, or

earlier and that a two (2) year cooling off period shall be observed on the re-engagement of the same signing partner.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There were no disagreements with the external auditors on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to their satisfaction, would have caused the auditors to make reference thereto in their reports on the financial statements of the Company.

Audit and Audit Related Fees

The following table sets out the aggregate fees billed to the Company and its subsidiaries for the last three years for professional services rendered by SyCip, Gorres Velayo & Co.:

Audit and Audit-Related Fees*	2025	2024	2023
Fees for services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements	2,401,000.00	2,286,900.00	2,079,000.00
Fees for tax-related services	473,988.00	400,000.00	1,200,000.00
All Other Fees	1,070,000.00	240,000.00	125,000.00
Total	3,944,988.00	2,926,900.00	3,404,000.00

* exclusive of out-of-pocket expenses and VAT

All Other Fees pertain to fees paid by the Company for the certification of the Company’s Disbursement of IPO Proceeds and Progress Report. Fees for tax-related services refer to the assistance provided by SGV & Co. in handling BIR tax assessments.

There were no disagreements with the external auditors on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to their satisfaction, would have caused the auditors to make reference thereto in their reports on the financial statements of the Company.

No other service was provided by external auditors to the Company for the years ended December 31, 2025, 2024, and 2023.

The Audit and Risk Committee approves any engagement for the services of the external auditor. After reviewing the need for the services of the external auditor, the Audit and Risk Committee shall review the engagement proposal submitted. If the Audit and Risk Committee finds the engagement proposal acceptable, the Audit and Risk Committee then approves and passes a resolution appointing the external auditor and recommends that the said resolution be endorsed for the approval of the Company’s stockholders during the Annual Meeting of the Stockholders of the Company. The stockholders of the Company then approves and ratifies the recommendation of the Audit and Risk Committee during the Annual Stockholders’ Meeting.

Compensation Plans

The particulars of the MRS GI Executive Stock Option Plan (“MESOP”) are as follows:

(1) The MESOP is an integral part of the Reward System of MRS GI that supports and promotes a corporate culture that is values-based, performance-driven, results-oriented and upholds meritocracy as the primary governing principle in providing and administering rewards to its executives, managers, and selected employees. It is a privilege, not a right or an entitlement. The voting and dividend rights shall vest upon the issuance of the shares to the executives, managers, and selected employees.

(2) The Corporation has allotted One percent (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.

(3) Awards may be granted to individuals who, at a time of the grant, are executives, managers, and employees of MRS GI, including that of its principal stockholder, Vicsal Development Corporation, and MRS GI's subsidiaries (the "Group"). The Chairperson shall maintain sole discretion over the selection of Participants to whom awards may be granted.

(4) The Chairperson shall determine the number of Share Options to be offered a Participant; grant size may typically represent anywhere from two (2) to five (5) months equivalent of his annual guaranteed cash compensation.

In determining the granting of an award to any individual, including the number of shares to be given, the Chairperson shall consider the position and responsibilities of the individual, the nature and value of his services and accomplishments, his present and potential contribution to the long-term success of the Company or Group and such other factors that the Chairperson may deem relevant. Participation in any given year (i.e., a grant is given) does not necessarily constitute an entitlement or a right to continue participation to additional grants in the succeeding years

(5) The subscription price per share of Common Stock subject to an Option Grant under the MESOP shall be at the Option Grant Date to be either:

- a. A price equal to the average closing prices of the shares of MRS GI at the PSE for the past 30 trading days preceding the Option Grant Date, also known as the Market Price; or
- b. A price, which is set at a discount to the Market Price, the quantum of such discount to be solely determined by the Chairperson, provided that the maximum discount which may be given to any Option Grant shall not exceed fifteen (15%) percent of the Market Price.

The Exercise Price will be fixed by the Chairperson as at the Option Grant Date and will be valid for the duration of the Option Period as specified in the relevant Option Offer Letter and Award Agreements. Under no circumstances shall the Subscription Price be less than the par value of the shares.

(6) Options granted under this Plan remain exercisable up to a maximum of five (5) years from the Option Grant Date.

(7) As of the date of this Report, 18,493,740 MRS GI common shares have been granted as options to the qualified executives, managers, and selected employees.

(8) As of the date of this Report, no option has yet been exercised and subscribed by the optionees.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Authorization or Issuance of Securities Other than for Exchange

None

Modification or Exchange of Securities

None

Financial and Other Information

Please refer to Part II (Operational and Financial Information) of the Company's Management Report which is attached as Annex "A" of the DIS.

Mergers, Consolidations, Acquisitions and Similar Matters

None

Acquisition or Disposition of Property

None

Restatement of Accounts

The audited financial statements of the Company have been prepared in compliance with Philippine Reporting Standards ("PFRS").

D. OTHER MATTERS

Action with respect to reports

The following are included in the agenda of the Annual Meeting of Stockholders for the approval of the stockholders:

1. Approval of the Minutes of the Annual Meeting of the Stockholders held on May 9, 2025
2. Approval of the Annual Report and the Audited Financial Statements for CY 2025
3. Appointment of Sycip Gorres Velayo & Co. as External Auditor of the Corporation for the year 2026
4. General ratification of all acts and resolutions of the Board of Directors and its Committees, Officers and Management since the last annual stockholders' meeting up to the date of this meeting
5. Election of Board of Directors
6. Consideration of such other matters as may properly come during the meeting

A summary of the matters approved and recorded in the Minutes of the Annual Meeting of the Stockholders last May 9, 2025 is as follows:

1. Approval of the Minutes of the Annual Meeting of the Stockholders held on May 3, 2024

This item was approved by the stockholders owning and/or representing 2,652,950,870 shares or 81.82% of the total outstanding capital stock of Company.
2. Approval of the Annual Report and the Audited Financial Statements for CY 2024

This item was approved by the stockholders owning and/or representing 2,652,950,870 shares or 81.82% of the total outstanding capital stock of Company.
3. Appointment of Sycip Gorres Velayo & Co. as External Auditor of the Corporation for the year 2025

This item was approved by the stockholders owning and/or representing 2,652,950,870 shares or 81.82% of the total outstanding capital stock of Company.

4. General ratification of all acts and resolutions of the Board of Directors and its Committees, Officers and Management since the last annual stockholders' meeting up to the date of this meeting

This item was approved by the stockholders owning and/or representing 2,652,950,870 shares or 81.82% of the total outstanding capital stock of Company.

5. Election of Board of Directors

This item was voted by the stockholders of Company as follows:

	Approve	Disapprove	Abstain
Sherisa P. Nuesa	2,652,950,870	0	0
% of Shares Voted	81.82%	0%	0%
Margaret Gaisano-Ang	2,652,950,870	0	0
% of Shares Voted	81.82%	0%	0%
Jack S. Gaisano	2,652,950,870	0	0
% of Shares Voted	81.82%	0%	0%
Joselito G. Orense	2,652,950,870	0	0
% of Shares Voted	81.82%	0%	0%
Ricardo Nicanor N. Jacinto	2,652,950,870	0	0
% of Shares Voted	81.82%	0%	0%
Medel T. Nera (Independent Director)	2,652,950,870	0	0
% of Shares Voted	81.82%	0%	0%
Daniel Rafael Ramon Z. Gomez III (Independent Director)	2,652,950,870	0	0
% of Shares Voted	81.82%	0%	0%

The Minutes of the 2025 Annual Stockholders' Meeting can be examined at the website of the Company at www.metroretail.com.ph.

Below is a brief description of material matters approved by the Board of Directors and Management and disclosed to the SEC and PSE since the last Annual Meeting of Stockholders held on May 9, 2025 which are for ratification by the stockholders during the 2026 Annual Stockholders' Meeting:

Date of Board Approval	Description
May 9, 2025	1. Election of Officers and Members of the Board Committees 2. Approval of the Q1 Financial Results
July 14, 2025	1. Appointment of New Compliance Officer and Assistant Corporate Secretary
August 6, 2025	2. Approval of the Q2 Financial Results
November 7, 2025	1. Approval of the Q3 Financial Results
March 20, 2026	1. Approval of the 2025 Audited Financial Statements and Annual Report

	2. Declaration of Cash Dividends
	3. Holding of the 2026 Annual Stockholders' Meeting via Remote Communication

Required Disclosures under Section 49 of the Revised Corporation Code of the Philippines

List of Material Information on the Current Stockholders and Their Voting Rights

As of March 31, 2026, the stockholders of the Company are as follows:

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%
13	ARVIN C. LAMPA	1,000	0.00%
14	ELPIDIO S. DUÑO	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%

Vicsal Development Corporation (VDC) is the principal stockholder of the Company. As of March 31, 2026, VDC holds a total of 2,627,427,299 shares of the Company. The Board of Directors of VDC has the power to decide how the VDC shares in the Company are to be voted. "Any One" of the following directors/officers of VDC is authorized to vote the shares of VDC in the Company:

- a. Ms. Margaret Gaisano-Ang - Chairperson
- b. Mr. Aljim C. Jamandre - President
- c. Mr. Jack S. Gaisano - Director

PCD Nominee Corporation is the registered owner of the shares in the books of the Company's stock and transfer agent. PCD Nominee Corporation is a corporation wholly-owned by Philippine Depository and Trust Corporation, Inc. ("PDTC"), whose sole purpose is to act as nominee and legal title holder of all shares of stock lodged in the PDTC. PDTC is a private corporation organized to establish a central depository in the Philippines and introduce a scripless or book-entry trading in the Philippines. Under the current PDTC

system, only participants (brokers and custodians) will be recognized by PDTC as the beneficial owners of the lodged shares. Each beneficial owner of shares through his participant will be the beneficial owner to the extent of the number of shares held by such participant in the records of the PCD Nominee.

A directors' attendance report indicating the attendance of each director since the last Annual Stockholders' Meeting held on May 9, 2025

Name	Designation	5/9/2025 Organi- zational	7/14/2025 Special	8/06/2025 Regular	9/29/2025 Special	11/12/2025 Regular	12/17/2025 Special	1/19/2026 Special	03/19/2026 Regular
Sherisa P. Nuesa	Chairperson of the Board	√	√	√	√	√	√	√	√
Margaret Gaisano-Ang	Vice-Chair	√	√	√	√	√	√	√	√
Joselito G. Orense	President and Chief Operating Officer	√	√	√	√	√	√	√	√
Jack S. Gaisano	Director	√	√	x	x	√	√	√	√
Ricardo Nicanor N. Jacinto	Director	√	√	√	√	√	√	√	√
Medel T. Nera	Independent Director	√	√	√	√	√	√	√	√
Daniel Rafael Ramon Z. Gomez III	Independent Director	√	√	√	√	√	√	√	√

Appraisal and performance report for the board and the criteria/procedure for assessment

Pursuant to the Company's Third Amended Manual on Corporate Governance, the Board conducted an annual self-assessment of its performance, including the performance of the Chairperson, individual members and committees on December 23, 2025.

Directors' disclosures on self-dealing and related party transactions

Pursuant to the Company's Policy on Related Party Transactions, no Advisement Report requiring disclosure of a material related party transaction was reported by any Directors, Officers, and Senior Managers of the Company since the last Annual Stockholders' Meeting held on May 3, 2024.

Matters Not Required to be Submitted

None

Amendment of Charter, By-Laws or Other Documents

None

Other Proposed Actions

None

Voting Procedures

Article II, Section 7 of the Company's Fourth Amended By-Laws provide that at all meetings of stockholders, a stockholder may vote in person or by proxy. Proxies shall be in writing and signed in accordance with the existing laws, rules and regulations of the Securities and Exchange Commission. Duly accomplished

proxies must be submitted to the office of the Corporate Secretary not later than seven (7) business days prior to the date of the stockholders' meeting for proxy validation.

Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the Secretary. Proxies filed with the Secretary may be revoked by the stockholders either in an instrument in writing duly presented and recorded with the Secretary prior to a scheduled meeting or by their personal presence at the meeting.

The Company's Fourth Amended By-Laws does not prescribe the specific method of voting by the shareholders. However, election of directors will be conducted by ballot. In the election of directors, the shareholders are entitled to cumulate their votes as discussed in Item B Control and Compensation Information – Directors and Executive Officers (Election of Directors), page 3 of this DIS. The Company's Corporate Secretary is tasked and authorized to count votes on any matter properly brought to the vote of the stockholders.

For each agenda item for approval, the vote of the stockholders owning or representing at least the majority of the total outstanding capital stock of MRS GI is required.

Guidelines for Participating via Remote Communication and Voting in Absentia

The 2026 Annual Stockholders' Meeting ("ASM") of Metro Retail Stores Group, Inc. (the "Company"), will be held on May 4, 2026 (Monday) at 9:00 in the morning via remote communication under the platform of Zoom Video Communications.

The record date shall be on April 7, 2026 for purposes of determining the list of stockholders of the Company who are entitled to vote at the 2026 ASM.

The Company will allow attendance only by remote communication and voting *in absentia*, subject to validation procedures.

Stockholders who will participate in the ASM by remote communication should pre-register at <https://asm2026.mrsg.com> on or before April 24, 2026. Successful registrants will receive an email invitation with a complete guide on how to join the ASM and how to cast votes *in absentia*. For any registration concerns, please contact philip.coronado@metroretail.ph. Please refer to the Definitive Information Statement on the guidelines on attendance by remote communication and voting *in absentia* which is posted on the website of the Company at www.metroretail.com.ph. Only stockholders who have successfully registered within the prescribed period, together with the stockholders who voted *in absentia* and by proxy, will be included in the determination of quorum.

Proxies, in the form provided by the Company, must be scanned and emailed to the Company's Corporate Secretary at mrsg_asmregister@metroretail.ph, not later than April 28, 2026. The proxies shall be validated on April 30, 2026. The Corporate Secretary's decision shall be final and binding on the stockholders, and those not settled during the proxy validation shall be deemed waived and may no longer be raised.

Pre-Registration

A stockholder who wishes to attend/participate in the 2026 ASM must pre-register at <https://asm2026.mrsg.com> on or before April 24, 2026 and upload the following supporting documents/information:

• Individual Stockholders

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

• Multiple Stockholders or joint owners

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

• Corporate Stockholders

1. Secretary's Certification of Board resolution appointing and authorizing List of Signatories
2. Proxy Form for authorized representative duly signed by approved signatories
3. Valid government ID of the authorized representative

• Stockholders with Shares under broker account

1. Certification from broker as to the number of shares owned by stockholder
2. Valid government ID of stockholder
3. If appointing a proxy, copy of proxy form duly signed by stockholder (need not be notarized)

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

Voting

Stockholders who have successfully registered shall be notified via email of the link to the voting portal. Stockholders can then cast their votes in absentia for specific items in the agenda, as follows:

1. Log-in to the voting portal by clicking the link, and using the log-in credentials, sent by email to the email-address of the stockholder provided to the Company.
2. Upon accessing the portal, the stockholder can proceed to vote on each agenda item.
 - 2.1. A stockholder has the option to vote "Approve", "Disapprove", or "Abstain" on each agenda item for approval.
 - 2.2. For the election of directors, the stockholder has the option to vote for all nominees, withhold vote for any of the nominees, or vote for certain nominees only. Please refer to page 3 of the PIS on the rule on cumulative voting (Election of Directors).
3. Once the stockholder has finalized his/her vote, he/she can proceed to submit his/her vote by clicking the "Submit" button.

Voting shall close two (2) business days before the ASM or on May 2, 2026. All votes cast shall be validated by the Stock and Transfer Agent, Stock Transfer Service, Inc.

ASM Livestream

The ASM will be broadcasted live and stockholders who have successfully registered can participate via remote communication. Details of the meeting will be sent to the stockholders in the emails provided to the Company.

Others

There will be no open forum during the ASM. Stockholders may send their questions about the ASM and the Company to its Vice President for Business Development and Investor Relations at arnold.leoncio@metroretail.ph. He will reply accordingly.

The Stockholders may examine the Preliminary Information Statement, Management Report, and SEC Form 17A at the Company's website and through the PSE Edge Portal.

There will be an audio and video recording of the ASM, which will be adequately maintained by the Company and will be made available to participating stockholders upon written request.

Explanation of Agenda Items

1. Call to Order
The Chairperson will formally open the Annual Stockholders' Meeting ("ASM") at 9:00 A.M.
2. Proof of Notice of the Meeting and Existence of Quorum
The Corporate Secretary shall certify that written notice of the ASM was duly sent to all stockholders of record and that a quorum exists for the transaction of business.
3. Chairperson's Message
The Chairperson, Ms. Sherisa P. Nuesa, will welcome the attendees present and provide an overview of the Company's key achievements for the past year and strategic direction.
4. Approval of the Minutes of the Annual Meeting of the Stockholders held on May 9, 2025
The signed minutes of the meeting held on May 9, 2025 are available at the Company's website, www.metroretail.com.ph. Stockholders to approve the said minutes of meeting.
5. President's Message
The President and Chief Operating Officer, Mr. Joselito G. Orense, will report on the performance of the Company in 2025 and the outlook for 2026. The Company's performance is also embodied in the Company's Annual Report which is posted on the Company's website, www.metroretail.com.ph.
6. Approval of the Annual Report and the Audited Financial Statements for CY 2025
The Company's 2025 performance has been duly summarized in the Annual Report, which also contains the Audited Financial Statements ("AFS") for the year ended December 31, 2025. The AFS, as audited by the external auditor Sycip Gorres Velayo & Co. ("SGV & Co.") which expressed an unqualified opinion thereof, have been reviewed and approved by the Audit and Risk Committee and the Board of Directors of the Company.
7. Appointment of Sycip Gorres Velayo & Co. as External Auditor of the Company for the calendar year 2026
With the endorsement of the Audit and Risk Committee, the Board of Directors approved the appointment of SGV & Co. as the Company's external auditor for the calendar year 2026. SGV & Co. is one of the top auditing firms in the country and is duly accredited with the Securities and Exchange Commission.
8. General ratification of all acts and resolutions of the Board of Directors and its Committees, Officers and Management since the last annual stockholders' meeting up to the date of this meeting
The acts and resolutions of the Board and its committees, and the acts of Management to implement the resolutions of the Board or its committees and/or made in the general conduct of business since the last ASM on May 9, 2025 until May 4, 2026 shall be presented for stockholders' ratification. They include the approval of the Company's material transactions and other matters covered by disclosures to the Securities and Exchange Commission and the Philippine Stock Exchange.
9. Election of Board of Directors

The seven (7) nominees for directors, including the nominees for independent directors, as screened and evaluated by the Nomination and Compensation Committee to have all the qualifications and competence necessary for the effective performance of the Board's roles and responsibilities, and none of the disqualifications to serve as members of the Board, shall be presented for election by the stockholders. The profiles of the nominees to the Board are found in the Definitive Information Statement posted at the Company's website at www.metroretail.com.ph.

10. Consideration of such other matters as may properly come during the meeting

The Chairperson shall take up such other matters or proposals as may be properly raised by the stockholders pursuant to the Shareholders' Right to raise comments in any Regular/Special Stockholders' Meeting.

11. Adjournment

The Chairperson will end the ASM and thank everyone for their presence.

Restriction that Limits the Payment of Dividends on Common Shares

None

Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction

Not applicable

Corporate Governance

In accordance with SEC Memorandum Circular No. 24, series of 2019, the Company has filed its Revised Manual on Corporate Governance last May 30, 2017, its Second Amended Manual on Corporate Governance on November 12, 2019, and its Third Amended Manual on Corporate Governance duly approved by the Board of Directors on June 9, 2020 (the "Manual") which substantially complied with the requirements under SRC Rule 38, as amended, and the Revised Code of Corporate Governance for Publicly Listed Companies.

The Company and its respective directors, officers and employees have complied with the best practices and principles on good corporate governance as embodied in the Manual. The Manual also sets forth the various evaluation systems established by the Company to measure or determine the level of compliance of the Board of Directors and top level management with corporate governance.

The Company has not deviated from the Manual and there have been no violations thereof since the Manual was approved by the Company's Board of Directors.

In addition to the Manual, the Company, upon recommendation of its Corporate Governance Committee, has approved a Guidelines on Matters Requiring Board, Shareholders and Management Approval. Further, the Company has also approved the following policies to improve the corporate governance of the Company:

1. Amended Policy on Related Party Transactions;
2. Whistle-Blowing Policy;
3. Code of Conduct for Directors and Senior Management;
4. Anti-Money Laundering Manual;
5. Data Privacy Policy;
6. Sustainability Report;

7. Conflict of Interest Policy;
8. Insider Trading Policy; and
9. Policies and Data Relating to Health, Safety and Welfare of Employees

On September 19, 2024, the Company received its first Golden Arrow award from the Institute of Corporate Directors (ICD), a recognition that reflects the Company's adherence to the highest standards of corporate governance. The award is based on the results of the ASEAN Corporate Governance Scorecard (ACGS) and Corporate Governance Scorecard (CGS) assessments, which evaluate corporate performance in key areas such as transparency, accountability, shareholder rights, and stakeholder relations.

On November 5, 2025, the Company received its second Golden Arrow Award from the Institute of Corporate Directors (ICD), reaffirming its strong commitment to good corporate governance and ethical business leadership. Earning the recognition for a second time reflects the Company's ongoing efforts to institutionalize good governance across all levels of its operations. It highlights the Company's dedication to aligning with global best practices while nurturing trust among investors, employees, and customers.

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

ATTENTION :

ARNOLD M. LEONCIO

Vice President – Business Development and Investor Relations

MRSGI Manila Buying Office

6th Floor Metro Market! Market!

McKinley Parkway, Bonifacio Global City

Taguig City, Metro Manila 1634

Email address: arnold.leoncio@metroretail.ph

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Mandaue, Cebu on April 8, 2026.

METRO RETAIL STORES GROUP, INC.

By: 

ATTY. VINCENT E. TOMANENG
*Corporate Secretary and
Chief Legal Counsel*

ATTY. DALISAY V. BAS-CATEDRILLA
*Asst. Corporate Secretary and
Compliance Officer*

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 MRS GI 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 MRS GI 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 MRS GI 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 entities 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	₱186.1	(₱1,877.1)	(₱1,026.3)

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.



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.

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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
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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

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		04 SEP 2018	DFA NCR South
Joselito G. Orense		20 SEP 2018	DFA NCR South
Lucille S. Malazarte		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. MC220866, December 3, 2025; Mandaua City
IBP Invoice No. 302001, December 2, 2023; Pasig City
MCLE Compliance No. VIII-0913915 issued on October 2, 2024;
Vical Bldg., corner of C.D. Seno & V.C.B. Streets Guizo
North Reclamation Area, Mandaua City, Philippines
Tel. No. (463 23) 236-8300 | Fax No. (463 23) 236-9516

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

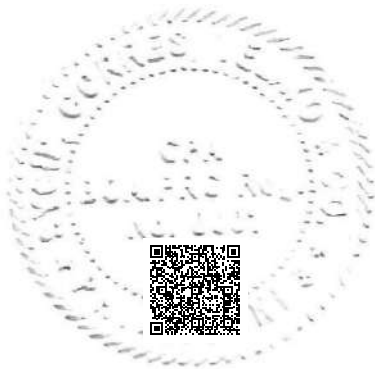
SEC Firm Accreditation No. 0001-SEC (Group A)

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:			
Non-deductible 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)

*Included in "Rental" under "Operating Expenses" in the consolidated statement of comprehensive income

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

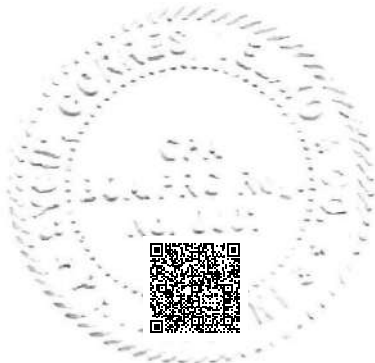
SEC Firm Accreditation No. 0001-SEC (Group A)

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

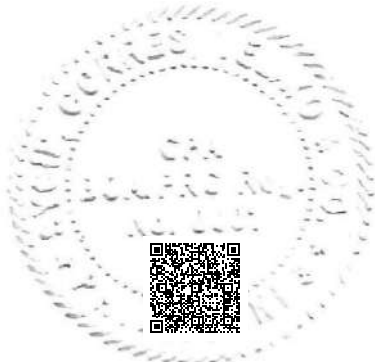
SEC Firm Accreditation No. 0001-SEC (Group A)

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

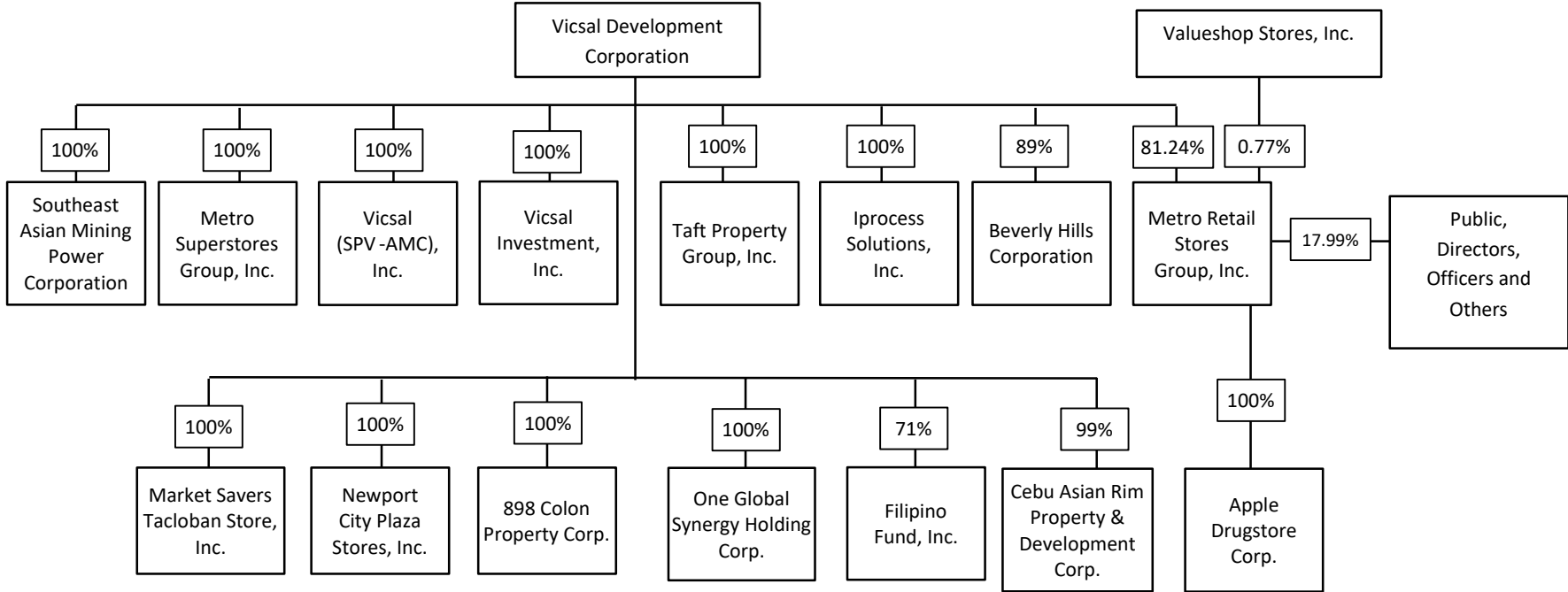
METRO RETAIL STORES GROUP, INC. AND SUBSIDIARY
SUPPLEMENTARY SCHEDULE OF CAPITAL STOCK
DECEMBER 31, 2025

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	-

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	-

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	-

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	(16,273,168)

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
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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*

**MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING
of METRO RETAIL STORES GROUP, INC.**

Held via remote communication under the platform of
Zoom Video Communications
May 9, 2025 (Friday) at 9:00 AM

Stockholders Present

No. of Outstanding and Voting Shares:	2,652,950,870
Percentage of Total:	81.82%

Directors Present:

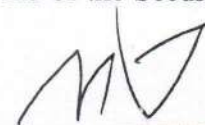
- | | |
|-------------------------------------|---------------------------------------|
| 1. Sherisa P. Nuesa | Chairperson |
| 2. Margaret Gaisano-Ang | Vice-Chair |
| 3. Jack S. Gaisano | Director |
| 4. Manuel C. Alberto | President and Chief Operating Officer |
| 5. Ricardo Nicanor N. Jacinto | Director |
| 6. Medel T. Nera | Independent Director |
| 7. Daniel Rafael Ramon Z. Gomez III | Independent Director |

Officers Present:

Joselito G. Orense	Treasurer/Chief Finance Officer
Vincent E. Tomaneng	Corporate Secretary and Chief Legal Counsel
Theresa Marie C. Puno-dela Peña	Assistant Corporate Secretary and Compliance Officer
Arnold V. Leoncio	VP - Business Development and Investor Relations
Karen A. Tablizo	VP – Corporate Strategy

1. Call to Order

Before the start of the program, the Corporate Secretary, Atty. Vincent E. Tomaneng, asked the Zoom Video Communications Host, Mr. Jayson E. Golez, whether the attendees present today at the 2025 Annual Stockholders' Meeting of the Metro Retail Stores Group, Inc. ("MRSGI" or the "Corporation") held via remote communication (the "ASM") can clearly hear and/or see the entire proceedings, the speakers and their corresponding presentations. Mr. Golez then replied in the affirmative and confirmed the same. The Corporate Secretary then informed the assembly that today's virtual ASM will be recorded pursuant to existing rules and regulations of the Securities and Exchange Commission ("SEC").



Thereafter, MRS GI Chairperson, Ms. Sherisa P. Nuesa, welcomed all the stockholders, investors, guests, and other attendees to the ASM. She then introduced to the body the directors and officers of MRS GI, and then formally called the meeting to order.

2. Proof of Notice of the Meeting, Voting Procedures, and Existence of Quorum

The Corporate Secretary certified that written notices of the date, time, platform, and agenda of the ASM were sent to all stockholders of record as of April 11, 2025 by the following modes of notification to the stockholders in compliance with the SEC Notice dated March 12, 2025:

- a. Publication of the Notice of the ASM in the Business Sections of the Philippine Daily Inquirer and the Philippine Star (both newspapers of general circulation in the Philippines) in both print and online format on April 15 and 16, 2025;
- b. Disclosure of the ASM Notice on the Philippine Stock Exchange (“PSE”) Edge portal; and
- c. Posting on the Corporation’s website at www.metroretail.com.ph

He also told the body that the stockholders have been duly informed about the guidelines for participating via remote communication and the voting procedures as contained in the Notice of the ASM, and as indicated in the Definitive Information Statement dated April 15, 2025 which was made available to the stockholders through the PSE Edge portal, and the Corporation’s website.

He then certified that out of the of the 3,242,265,000 total outstanding common shares of MRS GI as of the record date April 11, 2025, 2,652,950,870 shares or 81.82% thereof are present via remote communication or by proxies. Since more than 50% of the total outstanding capital stock is present, the Corporate Secretary certified that there was a quorum for the transaction of all the matters on the agenda.

3. Chairperson’s Message

The Chairperson then proceeded to deliver her message. She started by saying that the past year has been a meaningful journey of learning, listening and leading. Her working closely with the Board and Management Team sharpened our ability to respond to opportunities and challenges. She reaffirmed her commitment to championing sustainable growth and upholding the highest standards of governance, transparency, and accountability—core values that will continue to guide MRS GI moving forward.

She then enumerated the major accomplishments of MRS GI for 2024:

1. Store Expansion with the opening of eight (8) new stores, bringing the total store count to 71 stores, and with stronger Visayas presence;
2. Inauguration of the Metro Distribution Center in Sta. Rosa, Laguna;
3. Reinforced the redirection of the department store business, strengthened our Home format, and re-examined allied businesses; and
4. Received recognition for its 1st Golden Arrow Award for good governance from the Institute of Corporate Directors and the listing in the Fortune Southeast Asia Top 500 companies in terms of revenue.

She then announced a significant leadership change at MRS GI. Mr. Manuel C. Alberto, who served as President and Chief Operating Officer (“COO”) for over seven years, was recognized for his strong leadership, especially during the pandemic, and will now transition to his new role as Senior



Board Advisor. Mr. Joselito G. Orense, the Company's Treasurer/Chief Finance Officer ("CFO") for the past nine years and a key pillar of MRS GI's financial and strategic transformation, has been nominated as the new President and COO, bringing his deep knowledge of the business, people and partners. Ms. Lucille S. Malazarte, a long-serving executive with a track record of performance and dedication, has been nominated as the new Treasurer/CFO. The Chairperson expressed full trust and confidence in the new leadership team.

In closing, she thanked the stockholders, board members, management, and employees for their trust and support, emphasizing that while challenges lie ahead, unity, integrity, and shared purpose will drive MRS GI toward a stronger, more agile, and more impactful future.

4. Approval of the Minutes of the Annual Stockholders' Meeting held on May 3, 2024

The Chairperson proceeded with the approval of the minutes of the Annual Stockholders' Meeting held on May 3, 2024. The Corporate Secretary certified that copies of the said minutes were made available to the stockholders at the Corporation's website at www.metroretail.com.ph.

The Chairperson asked the Corporate Secretary if the proposed resolution has been approved by the stockholders. The Corporate Secretary disclosed the number of votes in favor of the said agenda item as validated by its Stock and Transfer Agent, *Stock Transfer Service Inc.* ("STSI"). The Chairperson then confirmed the stockholders' approval on the matter as follows:

Resolution No. S01-2025

"RESOLVED, that the minutes of the previous Annual Stockholders' Meeting of Metro Retail Stores Group, Inc. held last May 3, 2024, be approved as it is hereby approved *in toto*."

Vote	Number of Votes (One share-One vote)	Percentage of Shares Represented
Approve	2,652,950,870	81.82%
Disapprove	0	0%
Abstain	0	0%

5. President's Message

The Corporation's outgoing President and COO, Mr. Manuel C. Alberto, thanked all the stockholders, board members, colleagues and partners present today. He expressed gratitude to the entire MRS GI team for their extraordinary contributions over the years, and noting that their dedication and hard work have steered MRS GI to where it stands at present.

He then shared the financial achievements in 2024 which demonstrated remarkable resilience and operational excellence amid economic headwinds. Despite moderated growth and inflationary pressures, and shifts in consumer behavior, the Company maintained strong financial performance:

1. Net sales reached ₱39.62 billion, a 3.5% increase from the previous year, driven by the strong performance of the food retail segment, which grew by 4.9%.
2. Same-store sales grew by 0.5%, reflecting a strategic decision to scale back low-margin wholesale transactions in favor of sustainable, quality growth.
3. EBITDA rose by 7.8% to ₱2.34 billion, indicating stronger underlying cash earnings.

4. The operating expense-to-sales ratio held steady at 19.5%, showcasing disciplined cost management and energy-saving initiatives such as solar panel installations.
5. Net income remained flat at ₱609.4 million, primarily due to non-cash charges related to ongoing expansion investments that will support future growth.
6. Overall, the Company maintained a solid financial footing while continuing to invest in our long-term priorities. He then reaffirmed the Company's commitment to delivering stockholder returns through regular dividend declarations.

He then announced his retirement, expressing gratitude for the opportunity to lead MRS GI through a transformative period marked by resilience, innovation, and growth. He introduced Mr. Joselito G. Orense, as his successor, highlighting Mr. Orense's deep understanding of Metro's culture, values and strategic direction. While stepping down from day-to-day operations, he will continue to serve the Company as a Senior Board Advisor. In closing, he thanked everyone for their trust, support and partnership over the years, and expressed confidence in MRS GI's continued success and bright future.

6. Management Presentations and Approval of the Annual Report and the Audited Financial Statements for CY 2024

The Chairperson continued by calling on MRS GI's Treasurer and Chief Finance Officer, Mr. Joselito G. Orense, to present the highlights of the Annual Report and the Audited Financial Statements of MRS GI for 2024.

Mr. Orense started by discussing the financial highlights of MRS GI for the year 2024. He then reported on the results of MRS GI operations, statement of financial position, and cash flow for the period ended December 31, 2024. He also shared the Corporation's key financial ratios for 2024. He ended his presentation by showing photos of the Company's 8 new stores.

The Chairperson asked the Corporate Secretary if the proposed resolution has been approved by the stockholders. The Corporate Secretary disclosed the number of votes in favor of the said agenda item as validated by STSI. The Chairman then confirmed the stockholders' approval on the matter as follows:

Resolution No. S02-2025

“**RESOLVED**, that the Annual Report and the Audited Financial Statements of Metro Retail Stores Group, Inc. for the period ended December 31, 2024, as audited by the Corporation's external auditor, SyCip Gorres Velayo & Co, be approved as it is hereby approved.”

Vote	Number of Votes (One share-One vote)	Percentage of Shares Represented
Approve	2,652,950,870	81.82%
Disapprove	0	0%
Abstain	0	0%

7. Appointment of External Auditor for calendar year 2025

The Chairperson called on Mr. Medel T. Nera, Chairperson of MRS GI's Audit and Risk Committee, to announce the firm nominated as the Corporation's external auditor for the year ending December 31, 2025.



Mr. Nera then nominated and requested for approval on the appointment of Sycip Gorres Velayo & Co. as MRSGI's external auditor for the year ending December 31, 2025.

The Chairperson asked the Corporate Secretary if the resolution has been approved by the stockholders. The Corporate Secretary disclosed the number of votes in favor of the agenda item as validated by STSI. The Chairperson then confirmed the stockholders' approval on the matter as follows:

Resolution No. S03-2025

“**RESOLVED**, to approve the appointment of SyCip Gorres Velayo & Co. as the external auditor of Metro Retail Stores Group, Inc. (the “Corporation”) for the year 2025, as endorsed by the Corporation’s Audit and Risk Committee.”

Vote	Number of Votes (One share-One vote)	Percentage of Shares Represented
Approve	2,652,950,870	81.82%
Disapprove	0	0%
Abstain	0	0%

8. General Ratification of all previous acts and resolutions of the Directors, Committees, Officers, and Management of the Corporation

The Chairperson advised the stockholders that the next item on the agenda is the ratification of all acts and resolutions of the Board of Directors, its Committees, Officers, and Management in the exercise of their duties and responsibilities during the intervening year, subsequent to last year’s ASM.

The Chairperson asked the Corporate Secretary if the resolution has been approved by the stockholders. The Corporate Secretary disclosed the number of votes in favor of the agenda item as validated by STSI. The Chairperson then confirmed the stockholders' approval on the matter as follows:

Resolution No. S04-2025

“**RESOLVED**, to ratify all acts and resolutions of the Board of Directors and its Committees, Officers, and Management of Metro Retail Stores Group, Inc., since the last annual stockholders’ meeting up to the date of this meeting.”

Vote	Number of Votes (One share-One vote)	Percentage of Shares Represented
Approve	2,652,950,870	81.82%
Disapprove	0	0%
Abstain	0	0%

9. Election of Board of Directors

The next item in the agenda was the election of seven (7) members of the Board to fill up the seven (7) seats of the Board of Directors, who shall occupy their respective positions for one year and until their successors are duly elected and qualified.

The Chairperson requested the Corporate Secretary to read out the names of the nominees for the current year’s Board of Directors.

The Corporate Secretary informed the assembly that in accordance with the previously sent Proxy Statement, the Definitive Information Statement, and the Corporation’s Manual on Corporate Governance, the following are the individuals pre-screened, and determined to be qualified to be elected as members of the Board in accordance with the Corporation’s By-Laws, and named in the Final List of Candidates for Directors submitted by the Nomination and Compensation Committee:

1. Ms. Sherisa P. Nuesa
2. Ms. Margaret Gaisano-Ang
3. Mr. Jack S. Gaisano
4. Mr. Ricardo Nicanor N. Jacinto
5. Mr. Medel T. Nera – Independent Director
6. Mr. Daniel Rafael Ramon Z. Gomez III – Independent Director
7. Mr. Joselito G. Orense

The Chairperson asked the Corporate Secretary if the proposed resolution has been approved by the stockholders. The Corporate Secretary disclosed the number of votes in favor of the agenda item as validated by STSI. The Chairperson then confirmed the stockholders’ approval on the matter as follows:

	Approve	Disapprove	Abstain
Sherisa P. Nuesa	2,652,950,870	0	0
% of Shares Voted	81.82%	0.0%	0%
Margaret Gaisano-Ang	2,652,950,870	0	0
% of Shares Voted	81.82%	0.0%	0%
Jack S. Gaisano	2,652,950,870	0	0
% of Shares Voted	81.82%	0.0%	0%
Ricardo Nicanor N. Jacinto	2,652,950,870	0	0
% of Shares Voted	81.82%	0.0%	0%
Medel T. Nera (Independent Director)	2,652,950,870	0	0
% of Shares Voted	81.82%	0.0%	0%
Daniel Rafael Ramon Z. Gomez III (Independent Director)	2,652,950,870	0	0
% of Shares Voted	81.82%	0.0%	0%
Joselito G. Orense	2,652,950,870	0	0
% of Shares Voted	81.82%	0.0%	0%

Based on the above voting results and there being no other nominees to the Board, the Chairperson formally announced that all of the above seven (7) individuals are duly elected as Directors of MRS GI for the ensuing year and until their successors are duly elected and qualified, after the following resolution was passed:

Resolution No. S05-2025

“RESOLVED, to elect the following directors of the Corporation to serve as such beginning today until their successors are duly elected and qualified:

1. Ms. Sherisa P. Nuesa
2. Ms. Margaret Gaisano-Ang
3. Mr. Jack S. Gaisano
4. Mr. Ricardo Nicanor N. Jacinto
5. Mr. Medel T. Nera – Independent Director
6. Mr. Daniel Rafael Ramon Z. Gomez III – Independent Director
7. Mr. Joselito G. Orense”

The Chairperson then congratulated and welcomed the new set of directors of MRS GI. She also welcomed the newly-elected director, Mr. Joselito G. Orense, to the Board.

10. Other Matters

The Chairperson proceeded to open the floor for the transaction of other matters.

He then asked the Corporate Secretary if there are other matters which the Board would like to bring to the stockholders’ attention.

Before proceeding to the item on other matters, the Corporate Secretary read to the stockholders two (2) particular queries from the minority shareholders:

Minority Stockholder Query 1: “How will MRS GI navigate around the tariff hikes and global impact?”

MRS GI Reply (through its Chairperson, Ms. Nuesa): At Metro Retail, we are proactively managing the potential impact of global trade tensions and tariff hikes, particularly the shifting trade dynamics with China.

We anticipate that China’s redirected exports, especially to Southeast Asia, could offer both challenges and opportunities. As a result, we are carefully monitoring the situation in China in order to strategically negotiate pricing, assess product quality, and strengthen our product mix.

We are also looking into diversifying and strengthening our supplier network, including expanding partnerships with local producers and exploring new sourcing markets impacted by these tariff changes.

Minority Stockholder Query 2: “What is your expansion plan for the next 3-5 years?”



MRSGI Reply (through its newly-elected director, Mr. Orense): The Corporation's plan for expansion in the next 3-5 years include the following:

1. Widening our presence across Luzon and Visayas;
2. Continue the modernization and renovation of existing stores;
3. Launch of Metro Home Improvement and Metro Home Lifestyle;
4. Expansion of Food Retail Business format;
5. Expansion through the Metro Value Mart format; and
6. Wider store network with the Sta. Rosa Distribution Center and plans to create a distribution center in Cebu as well.

The Corporate Secretary then stated that there was nothing of particular importance that the Board has conveyed to discuss. Further, the Corporate Secretary informed the body that there will be no open forum during the ASM as indicated in the Definitive Information Statement. The stockholders may, however, send their questions about the ASM and the Corporation to its Vice-President for Business Development and Investor Relations at arnold.leoncio@metroretail.ph. He will reply accordingly. The deadline for the stockholders to email their questions shall be 5 calendar days from today or until May 14, 2025.

11. Adjournment

There being no other matters to be discussed, the meeting was thereupon adjourned. The Chairperson then thanked everyone for joining the virtual ASM.

Prepared by:

ATTY. VINCENT E. TOMANENG
Corporate Secretary

Attested By:

MS. SHERISA P. NUESA
Chairperson of the Board