

SEC eFast Initial Acceptance

1 message

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

Wed, Nov 12, 2025 at 5:02 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 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,

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 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

Document Code: SEC_Form_17-Q

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
QUARTERLY FINANCIAL STATEMENTS

SEC Registration Number

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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	.																										

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

1	7	-	Q
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Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

N	/	A	
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COMPANY INFORMATION

Company's Email Address

**vicsal.sec@
metroretail.ph**

Company'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.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **September 30, 2025**
2. Commission identification number **CS200315877**
3. BIR Tax Identification No **226-527-915-000**
4. Exact name of issuer as specified in its charter **METRO RETAIL STORES GROUP, INC.**
5. Province, country or other jurisdiction of incorporation or organization **Cebu, Philippines**
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office Postal Code
- Vicsal Building, corner of C.D. Seno and W.O. Seno Sts., Guizo,
North Reclamation Area, Mandaue City, Cebu 6014**
8. Issuer's telephone number, including area code **(032) 236-8390**
9. Former name, former address and former fiscal year, if changed since last report **N/A**
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock Outstanding and Amount of Debt outstanding
Common Shares	3,235,170,000

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

Yes ☒ No ☐

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

Philippine Stock Exchange, Inc. **Common Shares**

12. Indicate by check mark whether the registrant:

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

Yes ☒ No ☐

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

Yes ☒ No ☐

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

The Financial Statements are filed as part of this form 17-Q.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The Management's Discussion and Analysis of Financial Condition and Results of Operations are filed as part of this form 17-Q.

METRO RETAIL STORES GROUP, INC.**UNAUDITED INTERIM STATEMENTS OF FINANCIAL POSITION****AS AT SEPTEMBER 30, 2025****(With Comparative Audited Figures as at December 31, 2024)**

	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 3 and 25)	₱711,487,355	₱2,299,422,529
Short-term investments (Notes 4 and 25)	150,000,000	289,919,638
Receivables (Notes 5 and 25)	784,971,854	1,237,906,937
Merchandise inventories (Note 6)	7,015,565,049	6,301,745,958
Other current assets (Notes 7 and 25)	575,268,919	484,466,196
Total Current Assets	9,237,293,177	10,613,461,258
Noncurrent Assets		
Property and equipment (Note 8)	8,694,438,438	7,868,892,616
Right-of-use ("ROU") assets (Note 22)	3,870,646,076	4,529,304,837
Deferred tax assets - net (Note 21)	557,272,606	486,012,545
Other noncurrent assets (Notes 9 and 25)	801,160,612	784,262,340
Total Noncurrent Assets	13,923,517,732	13,668,472,338
TOTAL ASSETS	₱23,160,810,909	₱24,281,933,596
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 10 and 25)	₱5,376,145,437	₱5,445,779,693
Contract liabilities (Note 11)	90,559,069	111,867,178
Income tax payable	16,573,174	62,159,881
Short-term loans payable (Note 12)	100,000,000	200,000,000
Loans payable – current portion (Note 12)	473,611,111	473,611,111
Lease liabilities - current portion (Notes 22 and 25)	224,488,089	266,516,739
Total Current Liabilities	6,281,376,880	6,559,934,602
Noncurrent Liabilities		
Lease liabilities – net of current portion (Notes 22 and 25)	5,021,255,870	5,650,722,017
Retirement benefit obligation (Note 19)	572,772,388	543,396,113
Loans payable – net of current portion (Note 12)	1,734,250,323	1,986,835,274
Other noncurrent liabilities (Notes 13 and 25)	19,571,591	19,644,282
Total Noncurrent Liabilities	7,347,850,172	8,200,597,686
Total Liabilities	13,629,227,052	14,760,532,288
Equity		
Capital stock (Note 14)	3,429,375,000	3,429,375,000
Additional paid-in capital (Note 14)	2,455,542,149	2,455,542,149
Treasury stock (Note 14)	(270,062,337)	(261,526,893)
Retained earnings (Note 14)	3,819,531,293	3,800,813,300
Share-based equity (Note 14)	11,557,101	11,557,101
Remeasurement losses on defined benefit obligation (Note 19)	85,640,651	85,640,651
Total Equity	9,531,583,857	9,521,401,308
TOTAL LIABILITIES AND EQUITY	₱23,160,810,909	₱24,281,933,596

See accompanying Notes to Financial Statements.

METRO RETAIL STORES GROUP, INC.**UNAUDITED INTERIM STATEMENTS OF COMPREHENSIVE INCOME**

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
REVENUE				
Net sales (Note 15)	₱9,912,656,397	₱9,559,404,653	₱28,696,126,195	₱27,559,241,719
Rental (Note 22)	100,473,450	87,207,443	307,202,045	277,147,592
	10,013,129,847	9,646,612,096	29,003,328,240	27,836,389,311
COSTS AND EXPENSES				
Cost of sales (Note 17)	7,783,917,062	7,483,209,020	22,470,201,702	21,756,306,137
Operating expenses (Note 18)	2,034,123,118	1,930,050,488	6,061,573,855	5,576,365,637
	9,818,040,180	9,413,259,508	28,531,775,557	27,332,671,774
OPERATING INCOME	195,089,667	233,352,588	471,552,683	503,717,537
OTHER INCOME (CHARGES) (Note 16)				
Interest and other income	23,923,153	26,443,547	185,574,864	134,465,360
Finance costs	(133,609,754)	(123,827,631)	(381,024,857)	(373,039,115)
	(109,686,601)	(97,384,084)	(195,449,993)	(238,573,755)
INCOME BEFORE INCOME TAX	85,403,066	135,968,504	276,102,690	265,143,782
PROVISION FOR INCOME TAX (Note 21)				
Current	45,773,242	49,993,211	134,108,858	108,384,575
Deferred	(27,357,927)	(18,273,623)	(71,260,061)	(47,939,472)
	18,415,315	31,719,588	62,848,797	60,445,103
NET INCOME	66,987,751	104,248,916	213,253,893	204,698,679
OTHER COMPREHENSIVE INCOME				
Not to be reclassified to profit or loss in subsequent periods				
Remeasurement gains (losses) on defined benefit obligation	-	-	-	-
Income tax effect	-	-	-	-
	-	-	-	-
TOTAL COMPREHENSIVE INCOME (LOSS)	₱66,987,751	₱104,248,916	₱213,253,893	₱204,698,679
Basic/Diluted Earnings Per Share (Note 23)	₱0.02	₱0.03	₱0.07	₱0.06

See accompanying Notes to Interim Condensed Financial Statements.

METRO RETAIL STORES GROUP, INC.
STATEMENTS OF CHANGES IN EQUITY
For the nine-month periods ended September 30, 2025 and 2024

	Capital Stock (Note 14)	Additional Paid-in Capital (Note 14)	Treasury Stock (Note 14)	Retained Earnings (Note 14)	Share-based Equity (Note 14)	Remeasurement Gains (Losses) on Defined Benefit Obligation (Note 19)	Total
Balances at December 31, 2024 (Audited)	₱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 period	-	-	-	213,253,893	-	-	213,253,893
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	213,253,893	-	-	213,253,893
Declaration of dividends (Note 14)	-	-	-	(194,535,900)	-	-	(194,535,900)
Acquisition of treasury shares (Note 14)	-	-	(8,535,444)	-	-	-	(8,535,444)
Balances at September 30, 2025 (Unaudited)	₱3,429,375,000	₱2,455,542,149	(₱270,062,337)	₱3,819,531,293	₱11,557,101	₱85,640,651	₱9,531,583,857
Balances at December 31, 2023 (Audited)	₱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 period	-	-	-	204,698,679	-	-	204,698,679
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	204,698,679	-	-	204,698,679
Declaration of dividends (Note 14)	-	-	-	(519,663,840)	-	-	(519,663,840)
Acquisition of treasury shares (Note 14)	-	-	(4,588,180)	-	-	-	(4,588,180)
Balances at September 30, 2024 (Unaudited)	₱3,429,375,000	₱2,455,542,149	(₱259,008,155)	₱3,396,089,718	₱5,001,736	₱75,752,273	₱9,102,752,721

See accompanying Notes to Interim Condensed Financial Statements.

METRO RETAIL STORES GROUP, INC.**UNAUDITED INTERIM STATEMENTS OF CASH FLOWS**

	For the Nine-month Periods Ended September 30	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱276,102,690	₱265,143,782
Adjustments for:		
Depreciation and amortization - PPE (Note 8)	579,035,607	517,497,219
Finance costs (Note 16)	381,024,857	373,039,115
Depreciation - ROU assets (Note 22)	320,316,056	220,893,487
Retirement benefits costs (Note 19)	58,539,432	53,828,906
Provision for expected credit losses and write-off of receivables (Note 18)	102,487	273,210
Loss on retirement/disposal of fixed assets (Note 16)	417,692	33,955
Foreign currency exchange gains (Note 16)	85,833	(15,526,766)
Interest income (Note 16)	(22,773,735)	(81,874,116)
Operating income before working capital changes	1,592,850,919	1,333,308,792
Decrease (increase) in:		
Receivables	451,698,604	325,440,735
Merchandise inventories	(713,819,092)	(388,238,174)
Other current assets	(73,763,324)	(168,954,601)
Increase (decrease) in:		
Trade and other payables	(71,041,400)	(173,049,213)
Contract liabilities	(21,308,108)	(23,034,315)
Other current liabilities	(72,689)	4,111,890
Cash flows generated from operations	1,164,544,910	909,585,114
Income tax paid	(196,837,452)	(211,849,088)
Interest received	24,010,215	81,598,489
Retirement benefits paid	(29,163,157)	(50,086,834)
Net cash provided by operating activities	962,554,516	729,247,681
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment (Note 8)	(1,210,623,299)	(1,387,152,223)
Decrease (increase) in short-term investments	139,919,638	(288,452,432)
Increase in other noncurrent assets	(211,274,095)	(216,614,738)
Net cash used in investing activities	(1,281,977,756)	(1,892,219,393)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans (Note 12)	350,000,000	–
Repayment of loans (Note 12)	(705,208,333)	(280,208,333)
Purchase of treasury stocks (Note 14)	(8,535,444)	(4,588,180)
Payment of:		
Lease liabilities (Note 22)	(596,275,944)	(334,158,739)
Dividends payable (Note 14)	(194,535,900)	(519,663,840)
Interest	(113,870,480)	(118,545,108)
Net cash used in financing activities	(1,268,426,101)	(1,257,164,200)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,587,849,341)	(2,420,135,912)
EFFECT OF CHANGES IN FOREIGN EXCHANGE RATE (Note 16)	(85,833)	15,526,766
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,299,422,529	4,154,363,416
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 3)	₱711,487,355	₱1,749,754,270

See accompanying Notes to Interim Condensed Financial Statements.

METRO RETAIL STORES GROUP, INC.

NOTES TO UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

1. Corporate Information and Approval of the Financial Statements

Corporate Information

Metro Retail Stores Group, Inc. (MRSGL; the 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 Company is 81.24%-owned by Vicsal Development Corporation (VDC), 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 Company began commercial operations on November 19, 2004.

The Company's common stock was listed with the Philippine Stock Exchange (PSE) on November 24, 2015 (see Note 14).

The 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.

Approval of the Financial Statements

The unaudited interim condensed financial statements of the Company as at September 30, 2024 and for the nine-month periods ended September, 2025 and 2024 were approved and authorized by the Board of Directors (BOD) on November 12, 2025.

2. Basis of Preparation, Statement of Compliance and Summary of Significant Accounting Policies

Basis of Preparation

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

The accompanying unaudited interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at December 31, 2024.

Statement of Compliance

The accompanying unaudited interim condensed financial statements as of September 30, 2025 and for the nine-month periods ended September 30, 2024 and 2024 have been prepared in accordance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*.

Adoption of New and Amended Accounting Standards and Interpretations

The accounting policies adopted in the preparation of the Company's financial statements are consistent with those of the previous financial year except for the following new accounting pronouncements.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

- 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.

The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

Standards and Interpretation Issued but not yet Effective

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

Effective beginning on or after January 1, 2026

- 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 and their related amendments.

- Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*

The amendments included in paragraphs B5 and B6 of PFRS 1 cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of PFRS 9. These are intended to address potential confusion arising from an inconsistency between the wording in PFRS 1 and the requirements for hedge accounting in PFRS 9.

- Amendments to PFRS 7, *Gain or Loss on Derecognition*

The amendments updated the language of paragraph B38 of PFRS 7 on unobservable inputs and included a cross reference to paragraphs 72 and 73 of PFRS 13.

- Amendments to PFRS 9

- Lessee Derecognition of Lease Liabilities

The amendments to paragraph 2.1 of PFRS 9 clarified that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee is required to apply paragraph 3.3.3 and recognize any resulting gain or loss in profit or loss.

- Transaction Price

The amendments to paragraph 5.1.3 of PFRS 9 replaced the reference to 'transaction price as defined by PFRS 15 *Revenue from Contracts with Customers*' with 'the amount determined by applying PFRS 15'. The term 'transaction price' in relation to PFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of PFRS 9.

- Amendments to PFRS 10, *Determination of a 'De Facto Agent'*

The amendments to paragraph B74 of PFRS 10 clarified that the relationship described in B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor.

- Amendments to PAS 7, *Cost Method*

The amendments to paragraph 37 of PAS 7 replaced the term 'cost method' with 'at cost', following the prior deletion of the definition of '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 Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (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.

3. Cash and Cash Equivalents

This account consists of:

	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Cash on hand	₱85,733,898	₱116,376,542
Cash in banks	443,681,916	1,948,335,770
Cash equivalents	182,071,541	234,710,217
	₱711,487,355	₱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 Company, and earn annual interest at the respective short-term rates.

Interest income earned from cash and cash equivalents amounted to ₱14.48 million and ₱76.47 million for the nine-month periods ended September 30, 2025 and 2024, respectively (see Note 16).

4. 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 Company and earn annual interest at the respective short-term investment rates that range 3.05% to 5.00% and 3.30% to 6.25% in 2025 and 2024, respectively.

Short term investments amounted to ₱150.00 million and ₱289.92 million as of September 30, 2025 and December 31, 2024, respectively.

Interest income earned from short-term investments amounted to ₱3.60 million and ₱5.40 million for the nine-month periods ended September 30, 2025 and 2024, respectively (see Note 16).

5. Receivables

This account consists of:

	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Trade		
Third parties	₱478,609,752	₱1,005,970,063
Rentals	159,118,469	141,867,972
	637,728,221	1,147,838,035
Less allowance for expected credit losses	(32,925,134)	(32,925,134)
	604,803,087	1,114,912,901
Nontrade		
Related parties (Note 20)	43,922,167	54,700,864
Accrued interest receivable	1,868,440	3,104,920
Others	134,378,160	65,188,252
	₱784,971,854	₱1,237,906,937

Trade receivables from third parties pertain to credit sales mainly from the Company'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 Company's stores. These are noninterest-bearing and are collectible within 15 days.

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:

Allowance for expected credit losses

	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Beginning of period	₱32,925,134	₱32,925,134
Add provisions	–	–
End of period	₱32,925,134	₱32,925,134

6. Merchandise Inventories

The rollforward analysis of this account follows:

	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Beginning inventory	₱6,301,745,958	₱5,866,225,830
Add purchases - net	23,159,335,767	31,561,213,590
Cost of goods available for sale	29,461,081,725	37,427,439,420
Less cost of merchandise sold (Note 17)	(22,436,630,021)	(31,087,112,403)
	7,024,451,704	6,340,327,017
Less allowance for shrinkage and decline in inventory values	(8,886,655)	(38,581,059)
Ending inventory	₱7,015,565,049	₱6,301,745,958

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

No inventories have been pledged as security for the Company's obligations as at September 30, 2025 and December 31, 2024. The Company does not have any purchase commitments as at September 30, 2025 and December 31, 2024.

7. Other Current Assets

This account consists of:

	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Advances to trade suppliers		
Related parties (Note 20)	₱228,630,204	₱201,989,951
Third parties	12,864,625	6,713,395
Prepayments		
Third parties	142,471,465	121,223,907
Related parties (Note 20)	15,667,523	14,851,624
Security deposits - current	91,451,736	97,066,710
Supplies	45,745,449	42,788,388
Prepaid income tax	20,036,821	–
Input VAT- net	20,878,344	–
Deferred input VAT - current	72,752	2,382,221
	577,818,919	487,016,196

	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Allowance for impairment losses	(2,550,000)	(2,550,000)
	₱575,268,919	₱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 leases 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 fully amortized within one year.

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

Allowance for impairment losses pertains to estimated unrecoverable security deposits. Movements in the allowance for impairment loss for other current assets follow:

Security deposits

	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Beginning of period	₱2,550,000	₱2,550,000
Add provisions	—	—
End of period	₱2,550,000	₱2,550,000

8. Property and Equipment

For the nine-month periods ended September 30, 2025 and 2024, total additions to property and equipment amounted to ₱1,405.0 million and ₱1,664.68 million, respectively, while depreciation and amortization amounted to ₱579.04 million and ₱517.50 million for the nine-month periods ended September 30, 2025 and 2024, respectively.

There are no items of property and equipment that are pledged as security to liabilities as at September 30, 2025 and December 31, 2024.

The Company has contractual purchase commitments related to construction-in-progress amounting to ₱582.0 million and ₱862.24 million as of September 30, 2025 and December 31, 2024, respectively.

As of September 30, 2025 and December 31, 2024, the Company's net book value of property and equipment amounted to ₱8,694.44 million and ₱7,868.89 million, respectively.

9. Other Noncurrent Assets

This account consists of:

	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Advances to nontrade suppliers		
Third parties	₱349,246,899	₱339,148,020
Related parties (Note 20)	2,942,839	1,387,928
Deposits	351,041,902	342,251,685
Financial asset at fair value through other comprehensive income (FVOCI)	100,000,000	100,000,000
Deferred input VAT	10,124,664	13,920,399
Investment in stocks	250,000	—
	813,606,304	796,708,032
Less allowance for impairment loss	(12,445,692)	(12,445,692)
	₱801,160,612	784,262,340

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.

Deposits are payments to lessors for advance rental and security deposits and to utility companies for meter deposits. Security deposits, less any unpaid rent and other charges, are refundable to the Company at the end of contract term.

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 ₱4.69 million and nil for the nine-month periods ended September 30, 2025 and 2024, respectively (see Note 16).

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.

Allowance for impairment losses pertains to long outstanding advances to nontrade suppliers.

Movements in the allowance for impairment losses for other noncurrent assets follow:

	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Beginning of period	₱12,445,692	₱12,445,692
Additions	—	—
End of period	₱12,445,692	₱12,445,692

10. Trade and Other Payables

This account consists of:

	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Trade		
Third parties	₱3,588,367,899	₱3,621,883,647
Related parties (Note 20)	13,388,680	13,724,505
Nontrade		
Third parties	650,650,677	651,106,286
Related parties (Note 20)	33,306,263	59,564,899
Accrued expenses	631,610,807	511,940,326
Credit cash bonds	225,107,459	229,269,079
Output VAT- net	-	110,387,818
Taxes payable	54,932,471	66,335,730
Others	178,781,181	181,567,403
	₱5,376,145,437	₱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 Company's store equipment, leasehold improvements and liabilities in line with the Company's operating expenses. These are normally settled within twelve months.

Accrued expenses consist of:

	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Suppliers and contractors	₱217,906,275	₱158,026,613
Utilities	123,831,123	123,772,767
Short-term rentals	124,086,899	118,599,099
Marketing-related cost	20,933,512	21,060,423
Professional fees	36,179,779	20,032,976
Other accruals	108,673,219	70,448,448
	₱631,610,807	₱511,940,326

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

Credit cash bonds pertain to cash bonds received by the Company 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 Company's credit line. These bonds earn interest annually at a fixed rate ranging from 1%–6% based on accumulated cash bond and purchases volume.

Taxes payable pertains to amount of taxes withheld by the Company 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 tenant's deposits which pertains to security deposits from tenants for the lease of space in the Company's stores with remaining lease period of one year or less from reporting period and other sundry payables.

11. Contract Liabilities

This account consists of:

	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Gift check outstanding	₱27,955,262	₱47,346,228
Stored value cards	34,402,818	36,405,295
Accrued customer loyalty reward	28,200,989	28,115,655
	₱90,559,069	₱111,867,178

These items can only be redeemed from the Company's own stores. These are expected to be redeemed within twelve months.

12. Loans Payable

Short-term bank loans

	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Short-term bank loans with interest rates of 5.46%-5.65% per annum in 2025 and 6.00%- 6.36% per annum in 2024	100,000,000	200,000,000

The Company availed short-term loans payable from local banks in an aggregate amount of ₱250.00 million and ₱200.00 million in 2025 and 2024, respectively and with interest rates of 5.46%-6.36% per annum. These are payable within 30-90 days after the reporting date and were availed for additional working capital requirements.

Outstanding balance of short-term bank loans amounted to ₱100.00 million and ₱200.00 million as of September 30, 2025 and December 31, 2024, respectively.

Long-term bank loans

	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Long-term bank loans with nominal interest rates ranging from 4.00%–6.48% per annum	₱2,215,972,222	₱2,471,180,555
Less current portion of loans payable	(473,611,111)	(473,611,111)
	1,742,361,111	1,997,569,444

Less unamortized debt issue cost	(8,110,788)	(10,734,170)
Noncurrent portion of loans payable	₱1,734,250,323	₱1,986,835,274

Long-term bank loans

On March 30, 2021, the Company 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 4.00% per annum.

On March 3, 2022, the Company 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%-6.16% per annum.

On March 17, 2022, the Company 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%-6.16% per annum.

On March 24, 2022, the Company 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%-6.48% per annum.

On February 27, 2025 the Company 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 5.95%-6.00% per annum.

Long-term bank loans were availed to finance construction of new store buildings and warehouse.

The Company's long-term debt consists of:

	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)
10-year loan due on March 28, 2031	₱343,750,000	₱390,625,000
10-year loan due on March 3, 2032	361,111,111	402,777,778
10-year loan due on March 3, 2032	361,111,111	402,777,777
7-year loan due on March 23, 2029	1,050,000,000	1,275,000,000
10-year loan due on February 27, 2035	100,000,000	–
	2,215,972,222	2,471,180,555
Less unamortized debt issue cost	(8,110,788)	(10,734,170)
	₱2,207,861,434	₱2,460,446,385

The Company has no negative covenants and no prepayment options for its loans payable outstanding as of September 30, 2025 and December 31, 2024. Interest expense from bank loans amounted to ₱112.20 million and ₱116.97 million as of September 30, 2025 and 2024, respectively (see Note 16).

The movement of the unamortized debt issue cost follows:

	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Beginning of period	₱10,734,170	₱14,755,105
Amortization	(2,623,382)	(4,020,935)
End of period	₱8,110,788	₱10,734,170

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

	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)
2025	₱118,402,778	₱473,611,111
2026	473,611,111	473,611,111
2027	482,986,111	473,611,111
2028-2035	1,140,972,222	1,050,347,222
	₱2,215,972,222	₱2,471,180,555

13. Other Noncurrent Liabilities

Other noncurrent liabilities pertain to security deposits from tenants for the lease of space in the Company'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.

Other noncurrent liabilities amounted to ₱19.57 million and ₱19.64 million as of September 30, 2025 and December 31, 2024, respectively.

14. Equity

Capital Stock

The Company's common stock consists of:

	September 30, 2025 (Unaudited)		December 31, 2024 (Audited)	
	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	(7,268,000)	(8,535,444)	(5,745,000)	(7,106,918)
Outstanding, end of year	3,235,170,000	₱3,159,312,663	3,242,438,000	₱3,167,848,107

The Company 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.

Additional Paid-in Capital

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

Treasury Shares

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

As of September 30, 2025, the Company repurchased a total of 194,205,000 shares for a total amount of ₱270.06 million. These treasury shares are recorded at cost.

Stock Option Plan

The BOD and stockholders of the 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 Board of Directors has approved the MRSGL 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 MRSGL owning at least 2/3 of the total outstanding capital stock have 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.

In 2023, 28,028,562 stock options were granted. Likewise, there were no exercise or cancellation of stock options during the year.

Retained Earnings

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 Company’s retained earnings as of December 31, 2024 to stockholders of record as of April 24, 2025 and paid on May 21, 2025.

15. Revenue from Contracts with Customers

All of the Company’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.

The Company’s revenue from contracts with customers accounted for under PFRS 15 are presented in the statements of comprehensive as follows:

	September 30, 2025 (Unaudited)	September 30, 2024 (Unaudited)
Net sales	₱28,696,126,195	₱27,559,241,719
Other income (Note 16)		
Scrap sales	9,175,713	9,096,353
Others	34,257,903	28,002,080
Total revenue from contracts with customers	₱28,739,559,811	₱27,596,340,152

The following table disaggregates the Company's net sales by geographical markets and major goods or service lines.

	September 30, 2025 (Unaudited)	September 30, 2024 (Unaudited)
Geographical markets		
Luzon	₱7,610,919,364	₱7,865,154,215
Visayas	21,085,206,831	19,694,087,504
Total revenue from contracts with customers from net sales	₱28,696,126,195	₱27,559,241,719

Major goods/service lines:		
Food retail	₱21,228,352,451	₱20,296,217,352
General Merchandise	7,467,773,744	7,263,024,367
Total revenue from contracts with customers from net sales	₱28,696,126,195	₱27,559,241,719

16. Other income

Interest and other income

	September 30, 2025 (Unaudited)	September 30, 2024 (Unaudited)
Gain on lease modifications (Note 22)	₱119,871,038	₱—
Interest income (Notes 3, 4 and 9)	22,773,735	81,874,116
Foreign currency exchange gains (loss)	(85,833)	15,526,766
Scrap sales	9,175,713	9,096,353
Loss on retirement of fixed assets (Note 9)	(417,692)	(33,955)
Others	34,257,903	28,002,080
	₱185,574,864	₱134,465,360

Interest income pertains to the interest earned from deposits in banks, cash placements and finance charges earned from short-term installment receivables from guarantors and employees.

Gain on lease modifications in 2025 pertains to the difference between the carrying amount of right-of-use asset and lease liability when the Company reduced the leased space of a store.

Scrap sales pertain to the sale of non-reusable cartons, sacks, containers, and other scrap items from the Company's stores.

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

Finance costs

	September 30, 2025 (Unaudited)	September 30, 2024 (Unaudited)
Finance cost on lease liabilities (Note 22)	₱263,123,851	₱249,787,589
Interest expense from bank loans (Note 12)	112,203,902	116,969,753
Interest expense on cash bond (Note 10)	5,697,104	6,281,773
	₱381,024,857	₱373,039,115

17. Cost of Sales

	September 30, 2025 (Unaudited)	September 30, 2024 (Unaudited)
Cost of merchandise sold (Note 6)	₱22,436,630,021	₱21,723,641,504
Others (Note 18)	33,571,681	32,664,633
	₱22,470,201,702	₱21,756,306,137

Others pertain to the direct labor and other overhead costs.

18. Operating Expenses

	September 30, 2025 (Unaudited)	September 30, 2024 (Unaudited)
Personnel cost (Note 19)	₱1,552,019,130	₱1,403,235,909
Rental (Note 22)	1,070,838,885	1,118,681,973
Light, water and communications	827,334,057	712,777,752
Depreciation and amortization	578,981,907	517,463,879
Contracted services	481,077,409	401,232,848
Taxes and licenses	322,300,245	298,863,930
Depreciation and amortization of right-of-use assets (Note 22)	320,316,056	220,893,487
Repairs and maintenance	220,707,953	233,796,600
Supplies	124,466,315	127,416,334
Subscriptions	88,316,413	89,027,983
Commission	132,760,420	116,666,847
Advertising	144,656,056	137,849,900

	September 30, 2025 (Unaudited)	September 30, 2024 (Unaudited)
Insurance	71,074,586	81,510,353
Professional fees	52,218,755	47,079,551
Transportation and travel	43,357,640	41,306,308
Write-off of assets	102,487	273,210
Others	31,045,541	28,288,773
	₱6,061,573,855	₱5,576,365,637

Depreciation and amortization of right-of-use assets recorded in the statements of comprehensive income is net of the recognized effect of waived rentals for COVID-19 related rent concessions amounting to ₱5.26 million and ₱21.91 million in September 30, 2025 and 2024, respectively (see Note 22).

Others pertain to representation, entertainment, donations and contributions.

19. Personnel Cost

	September 30, 2025 (Unaudited)	September 30, 2024 (Unaudited)
Salaries and wages	₱1,257,929,802	₱1,155,014,280
Retirement benefit cost	58,539,432	53,828,906
Other employee benefits	272,834,269	234,463,055
	₱1,589,303,503	₱1,443,306,241

Personnel cost that were recognized as cost of sales amounted to ₱21.42 million and ₱22.27 million as of September 30, 2025 and 2024, respectively.

Personnel cost that were capitalized as part of construction-in-progress amounted to ₱15.86 million and ₱17.80 million as of September 30, 2025 and 2024, respectively.

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

As of September 30, 2025, the Company's retirement benefit obligation and remeasurement losses on the defined benefit obligation amounted to ₱572.77 million and ₱85.64 million, respectively. As of December 31, 2024, these amounted to ₱543.40 million and ₱85.64 million, respectively.

20. 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 may be 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 years ended September 30, 2025 and December 31, 2024 are as follows:

September 30, 2025

	Amount/Volume	Outstanding	Terms and Conditions
<i>Parent Company (VDC)</i>			
Advances (see Note 5; a)	₱14,999,778	₱2,800,018	Noninterest-bearing and due in 30 days, unsecured
Prepayment on rental (see Note 7; b)	₱662,980,832	4,066,677	Noninterest-bearing and for application within 30 days, unsecured
<i>Entities Under Common Control</i>			
Advances and rental income (see Note 5; c, d and f)	106,512,615	41,122,149	Noninterest-bearing and due in 30 days, not impaired
Advances to suppliers (see Notes 7 and 9; d)	693,833,401	231,573,043	Noninterest-bearing and for application within 30 days, not impaired
Prepayment on rental (see Note 7; b)	25,248,903	11,600,846	Noninterest-bearing and for application within 30 days, unsecured
Due from related parties		₱291,162,733	
	Amount/Volume	Outstanding	Terms and Conditions
<i>Parent Company (VDC)</i>			
Management fee (see Note 10;e)	16,138,914	–	Noninterest-bearing and payable in 30 days, unsecured
<i>Entities Under Common Control</i>			
Lease liabilities (see Note 22; b)	1,680,230	(25,446,656)	Noninterest-bearing and payable in 30 days, unsecured
Purchase of goods (see Note 10; d)	132,802,825	(13,388,680)	Noninterest-bearing and payable in 30 days, unsecured
Purchases of services and rent expense (see Note 10; c and d)	199,891,298	(33,306,263)	Noninterest-bearing and payable in 30 days, unsecured
Due to related parties		(₱72,141,599)	

December 31, 2024

	Amount/Volume	Outstanding	Terms and Conditions
<i>Parent Company (VDC)</i>			
Advances (see Note 5; a)	₱18,965,911	₱1,415,310	Noninterest-bearing and due in 30 days, unsecured
Prepayment on rentals(see Note 7; b)	940,360,590	14,851,624	Noninterest-bearing and due in 30 days, unsecured
<i>Entities Under Common Control</i>			
Advances and rental income (see Note 5; c, d and f)	140,049,455	53,285,554	Noninterest-bearing and due in 30 days, not impaired
Advances to suppliers (see Notes 7 and 9; d)	1,074,469,523	203,377,879	Noninterest-bearing and for application within 30 days, not impaired
Due from related parties		₱272,930,367	

	Amount/Volume	Outstanding	Terms and Conditions
<i>Parent Company (VDC)</i>			
Lease liabilities (Note 22; b)	₱115,747	₱-	Noninterest-bearing and payable in 30 days, unsecured
Management fee (Note 10; e)	26,111,821	-	Noninterest-bearing and payable in 30 days, unsecured
Purchases of services and rent expense (Note 10; 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 22; b)	53,564,681	(44,238,509)	Noninterest-bearing and payable in 30 days, unsecured
Purchase of goods (Note 10; d)	159,937,919	(21,787,649)	Noninterest-bearing and payable in 30 days, unsecured
Purchases of services and rent expense (Note 10; 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 Company, in the normal course of business, entered into the following transactions with related parties:

- Advances to VDC pertain to expenses paid by the Company on behalf of VDC and vice versa.
- Rentals from leases for the Company's store spaces and warehouses. The Company 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.
- The Company has receivables and payables pertaining to rental transactions in the Company's stores. These are noninterest-bearing and are collectible within 30 days.

- d. The Company 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 Company entered into an agreement with VDC for legal and other services. Management fee is lodged in "Contracted services" under "Operating expenses" in the statements of comprehensive income.
- f. In 2022, the Company sold its used equipment to its affiliates amounting to ₱49.40 million.

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

Cash placements and bank accounts with Wealth Development Bank Corporation (an entity under common control) amounted to ₱228.91 million and ₱656.45 million as of September 30, 2025 and December 31, 2024, respectively, which earn interest based on prevailing market interest rates.

21. Income Taxes

Provision for income tax consists of:

	September 30, 2025 (Unaudited)	September 30, 2024 (Unaudited)
Current	₱134,108,858	₱108,384,575
Deferred	(71,260,061)	(47,939,472)
	₱62,848,797	₱60,445,103

The provision for current income tax for the nine-month periods ended September 30, 2025 and 2024 pertains to minimum corporate income tax (MCIT) and final tax plus MCIT, respectively.

As of September 30, 2025 and December 31, 2024, the Company's deferred tax assets amounted to ₱557.27 million and ₱486.01 million, respectively, which pertains to income tax effect of retirement benefit obligation, provision for decline in value of inventories, provision for impairment of assets, contract liability from customer loyalty program, unamortized debt issuance cost and PFRS 16 adjustments.

22. Lease Commitments

Company as a lessee

The Company enters into lease agreements with third parties and related parties for Company's stores, warehouses and corporate office space. The Company also entered into lease arrangements covering various computer equipment used in the operations of the Company. These leases have terms ranging from one to 41 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 on an annual basis based on

prevailing market conditions.

The Company'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 Company 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 Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The Company 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 Company 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:

September 30, 2025

	Land	Building	Total
Cost			
At January 1, 2025	₱1,929,493,200	₱5,512,200,049	₱7,441,693,249
Additions	218,538,409	362,022,136	580,560,545
Lease modifications	–	(1,089,123,015)	(1,089,123,015)
At September 30, 2025	2,148,031,609	4,785,099,170	6,933,130,779
Accumulated depreciation			
At January 1, 2025	956,289,903	1,877,703,752	2,833,993,655
Depreciation	51,107,021	274,472,160	325,579,181
Lease modifications	–	(128,979,305)	(128,979,305)
At September 30, 2025	1,007,396,924	2,023,196,607	3,030,593,531
Less allowance for impairment losses			
At January 1, 2025	–	78,394,757	78,394,757
Write-off	–	(46,503,585)	(46,503,585)
At September 30, 2025	–	31,891,172	31,891,172
Net Book Value	₱1,140,634,685	₱2,730,011,391	₱3,870,646,076

December 31, 2024

	Land	Building	Total
Cost			
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
Accumulated depreciation			
At January 1, 2024	913,183,595	1,521,425,338	2,434,608,933
Depreciation	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	–	(78,394,757)	(78,394,757)
Net Book Value	₱973,203,297	₱3,556,101,540	₱4,529,304,837

The following are the amounts recognized in statement of income:

	September 30, 2025 (Unaudited)	September 30, 2024 (Unaudited)
Variable lease payments (Note 18)*	₱896,309,704	₱853,325,696
Finance cost on lease liabilities (Note 16)	263,123,851	249,787,589
Depreciation expense of right-of-use assets – net (Note 18)	320,316,056	220,893,487
Gain on lease modifications (Note 16)	(119,871,038)	–
Expenses relating to short-term leases (Note 18)*	174,529,181	265,356,277
Total amount recognized in statement of income	₱1,534,407,754	₱1,589,363,049

*Included in “Rental” under “Operating Expenses” in the statement of comprehensive income

The rollforward analysis of lease liabilities follows:

	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)
At beginning of year	₱5,917,238,756	₱5,683,179,367
Additions	580,560,545	423,657,960
Finance cost (Note 16)	263,123,851	357,975,450
Payments	(476,404,907)	(518,511,533)
Waived rentals	(5,263,125)	(29,062,488)
Lease modifications	(1,033,511,161)	–
	₱5,245,743,959	₱5,917,238,756

Classification of lease liabilities follows:

	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Current portion	₱224,488,089	₱266,516,739
Noncurrent portion	5,021,255,870	5,650,722,017
	₱5,245,743,959	₱5,917,238,756

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

	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Within one year	₱542,671,031	₱603,737,938

More than one year but not more than five years	1,886,596,796	2,021,439,632
More than five years	6,993,649,421	7,727,741,072
	₱9,422,917,248	₱10,352,918,642

Company as lessor

The Company entered into lease agreements with tenants for the use of space in the Company'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 ₱125.73 million and ₱128.39 million as of September 30, 2025 and December 31, 2024, respectively (Notes 10 and 13).

Rental income amounted to ₱307.20 million and ₱277.15 million as of September 30, 2025 and 2024, respectively.

23. Earnings Per Share

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

	September 30, 2025 (Unaudited)	September 30, 2024 (Unaudited)
Net income	₱213,253,893	₱204,698,679
Weighted-average number of common shares for basic EPS (Note 14)	3,240,874,154	3,246,956,051
Add: Dilutive shares arising from stock options (Note 14)	28,028,562	28,028,562
Adjusted weighted-average number of common shares for diluted EPS	3,268,902,716	3,274,984,613
Basic/Diluted EPS	₱0.07	₱0.06

24. Segment Reporting

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

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

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

25. Financial Instruments

Fair Value of Financial Instruments

As of September 30, 2025 and December 31, 2024, the Company has no financial asset and liability carried at fair value.

Fair Value Hierarchy

The Company 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, other receivables (Claims from insurers and accrued interest receivable) and security deposits under “Other current assets” approximate the carrying values at end of reporting period.

Financial Liabilities

Due to the short-term nature of trade and other payables (excluding statutory payables), loans payable, current portions of lease liabilities, their carrying values approximate fair value at end of reporting period. There were no transfers between levels 1, 2 and 3.

Financial Risk Management Objectives and Policies

The main purpose of the Company’s financial instruments is to fund its operations and capital expenditures. The main risks arising from the Company’s financial instruments are liquidity risk and credit risk. The Company 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 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.

The table below shows the maturity profile of the financial liabilities of the Company as of September 30, 2025 and December 31, 2024 based on the remaining period at the reporting date to their contractual maturities and are also presented based on contractual undiscounted repayment obligations.

September 30, 2025

	On Demand	Within One (1) Year	More than One (1) Year	Total
Financial liabilities:				
Trade and other payables				
Trade				
Third parties	P=	P3,588,367,899	P=	P3,588,367,899
Related parties	-	13,388,680	-	13,388,680
Nontrade				
Third parties	-	650,650,677	-	650,650,677
Related parties	-	33,306,263	-	33,306,263
Accrued expenses	-	631,610,807	-	631,610,807
Credit cash bonds	-	225,107,459	-	225,107,459
Others*	-	173,295,262	-	173,295,262
Short-term bank loans**	-	101,414,550	-	101,414,550
Long-term bank loans:				
Principal	-	473,611,111	1,742,361,111	2,215,972,222
Future interest payments	-	93,738,858	177,318,490	271,057,348
Lease liabilities	-	542,671,031	8,880,246,217	9,422,917,248
Other noncurrent liabilities	-	-	19,571,591	19,571,591
	P=	6,527,162,597	P10,819,497,409	P17,346,660,006

*Excluding statutory payables

**Including future interest P1,414,550

December 31, 2024

	On Demand	Within One (1) Year	More than One (1) Year	Total
Financial liabilities:				
Trade and other payables				
Trade				
Third parties	P=	P3,621,883,647	P=	P3,621,883,647
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
Short-term bank loans**	-	202,967,300	-	202,967,300
Long-term bank loans:				

	On Demand	Within One (1) Year	More than One (1) Year	Total
Principal	–	473,611,111	1,997,569,444	2,471,180,555
Future interest payments	–	104,420,537	213,309,684	317,730,221
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 ₱1,142,658

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.

The table below shows the exposure of the Company to credit risk:

September 30, 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	₱478,609,752	₱225,107,459	₱253,502,293	₱225,107,459
Rentals	159,118,469	106,475,287	52,643,182	106,475,287
Nontrade				
Related parties	43,922,167	–	43,922,167	–
Accrued interest receivable	1,868,440	–	1,868,440	–
Others	134,378,160	–	134,378,160	–
	₱817,896,988	₱331,582,746	486,314,242	₱331,582,746

December 31, 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

Collaterals or credit enhancements pertain to cash bonds posted by credit account holders to secure payment of credit purchases through the Company'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 Company to credit risk.

Impairment of financial assets

The Company 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, short-term investments, accrued interest receivables, refundable 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 Company applies the PFRS 9 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 Company 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 Company's trade receivables and rental using a provision matrix as of September 30, 2025 and December 31, 2024:

September 30, 2025

	Current Stage 1 (12-month ECL)	Credit-impaired Stage 3	Total
Expected credit loss rates	0.00%	95.78%	
Gross carrying amount	₱603,352,635	₱34,375,586	₱637,728,221
ECL	–	32,925,134	32,925,134

December 31, 2024

	Current Stage 1 (12-month ECL)	Credit-impaired Stage 3	Total
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

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, amongst others, the failure of a debtor to engage in a repayment plan with the Company, 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 credited against the same line item.

26. Seasonality of Operations

The Company experiences seasonal fluctuations in supermarket, department store and hypermarket 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 June and July. This is followed by a slowdown in sales in the third quarter due to the rainy season.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

Nine-month period ended September 30, 2025 versus September 30, 2024

Revenue

Net sales

For the nine-month period ended September 30, 2025, our net sales were ₱28,696.1 million, an increase of 4.1% compared to ₱27,559.2 million for the same period last year.

Total food retail business grew by 4.6% while general merchandise business grew by 2.8% over the same period last year.

Blended same store sales dropped by 0.9% over the same period last year.

Rental income

For the nine-month period ended September 30, 2025, our rental income was ₱307.2 million, an increase of 10.9% compared to ₱277.1 million for the same period last year. The increase in rental income is due to rental income from new tenants and escalation of rates from existing tenants.

Cost of sales

For the nine-month period ended September 30, 2025, our cost of sales was ₱22,470.2 million, an increase of 3.3% compared to ₱21,756.3 million for the same period last year. Cost of sales increased as sales amount during the period also increased.

Operating expenses

For the nine-month period ended September 30, 2025, our operating expenses were ₱6,061.6 million, an increase of 8.7% compared to ₱5,576.4 million for the same period last year. While the Company continued to implement cost reduction and saving measures, there were significant increases in depreciation, utilities, personnel costs and contracted services. Depreciation increased as property and equipment increased due to the opening of new stores while utilities costs increased because of increase in rate as well as increase in consumption due to the opening of new stores. 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 nine-month period ended September 30, 2025, our interest and other income was ₱185.6 million, an increase of 38.0% compared to ₱134.5 million for the same period last year. This is contributed by the recognition of gain on lease modifications this year due to reduction of leased space in one store.

Finance costs

For the nine-month period ended September 30, 2025, finance costs were ₱381.0 million, an increase of 2.1% compared to ₱373.0 million for the same period last year. The increase is primarily driven by the increase in interest expense related to lease liabilities.

Provision for income tax

For the nine-month period ended September 30, 2025, our provision for income tax was ₱62.8 million, an increase of 4.0% compared to the ₱60.4 million for the nine-month period ended September 30, 2024. The increase in provision for income tax was primarily due to the increase in income before tax.

Net income

As a result of the foregoing, for the nine-month period ended September 30, 2025, our net income was ₱213.3 million, an increase of 4.2% compared to the net income of ₱204.7 million for the nine-month period ended September 30, 2024.

Financial Position

As of September 30, 2025 and December 31, 2024, our net current assets, or the difference between total current assets and total current liabilities, were ₱2,955.9 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 September 30, 2025 and December 31, 2024 were ₱9,237.3 million and ₱10,613.5 million, respectively. The decrease of 13.0% in current assets is due to the decreases in cash and cash equivalents, short-term investments and receivables.

As of September 30, 2025, short-term investments totaled ₱150.0 million, receivables totaled ₱785.0 million, merchandise inventories totaled ₱7,015.6 million and other current assets totaled ₱575.3 million. As of December 31, 2024, short-term investments totaled ₱289.9 million, receivables ₱1,237.9 million, merchandise inventories ₱6,301.7 million and other current assets ₱484.5 million.

As of September 30, 2025, cash and cash equivalents amounted to ₱711.5 million, a decrease of 69.1% from ₱2,299.4 million as of December 31, 2024. The decrease was mainly attributable to the acquisition of property and equipment amounting to ₱1,210.6 million, increase in merchandise inventory of ₱713.8 million, payments of loans, lease liabilities, dividends, and interest of ₱705.2 million, ₱596.3 million, ₱194.5 million, and ₱113.9 million, respectively, offset by decrease in receivables of ₱451.7 million, decrease in short-term investments of ₱139.9 million and proceeds from loan avilment of ₱350.0 million, among others.

Noncurrent Assets

Our noncurrent assets consist of property and equipment, right-of-use assets, deferred tax assets–net and other noncurrent assets. Total noncurrent assets as of September 30, 2025 and December 31, 2024 were ₱13,923.5 million and ₱13,668.5 million, respectively or an increase of 1.9%. Property and equipment increased by ₱825.5 million, deferred tax assets–net increased by ₱71.3 million, other noncurrent assets increased by ₱16.9 million while right-of-use assets decreased by ₱658.7 million.

Current Liabilities

Total current liabilities as of September 30, 2025 and December 31, 2024 were ₱6,281.4 million and ₱6,559.9 million, respectively. As of September 30, 2025 and December 31, 2024, trade and other payables totaled ₱5,376.1 million and ₱5,445.8 million, respectively, which consisted primarily of trade payables to our suppliers for purchases of inventory. Short term loans and long term loans – current portion totaled ₱573.6 million and ₱673.6 million as of September 30, 2025 and December 31, 2024, respectively.

Noncurrent liabilities

Total noncurrent liabilities as of September 30, 2025 and December 31, 2024 were ₱7,347.9 million and ₱8,200.6 million, respectively. The 10.4% decrease is due to the decreases in the noncurrent portion of lease liability and loans payable of ₱629.4 million and ₱252.5 million, respectively.

Cash Flows

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

	For the nine-month periods ended September 30,	
	2025	2024
	(₱ million)	
Net cash flows provided by operating activities	962.6	729.2
Net cash flows used in investing activities	(1,282.0)	(1,892.2)
Net cash flows used in financing activities	(1,268.4)	(1,257.1)
Net decrease in cash	<u>(1,587.8)</u>	<u>(2,420.1)</u>

Net cash flows provided by operating activities

Our net cash flows generated from operating activities for the nine-month period ended September 30, 2025 was ₱962.6 million, which comprised of operating income before working capital changes of ₱1,592.9 million, adjusted for changes in working capital, interest received, income tax paid and retirement benefits paid. The changes in working capital were mainly attributable to the increase in merchandise inventory of ₱713.8 million, increase in other current assets of ₱73.8 million, decrease in trade and other payable of ₱71.0 million, offset by the decrease in receivables of ₱451.7 million.

Our net cash flows provided by operating activities for the nine-month period ended September 30, 2024 was ₱729.2 million, which comprised of operating income before working capital changes of ₱1,333.3 million, adjusted for changes in working capital and interest received, income tax paid and retirement benefits paid. The changes in working capital were mainly attributable to decrease in trade and other payable of ₱173.0 million, increases in merchandise inventories and other current assets of ₱388.2 million and ₱169.0 million, respectively offset by the decrease in receivables of ₱325.4 million and increase in other current liabilities of ₱4.1 million.

Net cash flows used in investing activities

For the nine-month period ended September 30, 2025, net cash flows used in investing activities was ₱1,282.0 million, which is significantly from the acquisitions of property and equipment for the construction and fit outs of new stores and for the improvements of existing stores totaling ₱1,210.6 million, increase in other noncurrent assets of ₱211.3 million, offset by the decrease in short-term investments of ₱139.9 million.

For the nine-month period ended September 30, 2024, net cash flows used in investing activities was ₱1,892.2 million, which resulted from the additions to property and equipment due to construction and fit outs of new stores and warehouse amounting to ₱1,387.2 million, increase in short-term investments of ₱288.5 million and increase in other noncurrent assets of ₱216.6 million.

Net cash flows used in financing activities

For the nine-month period ended September 30, 2025, net cash flows used in financing activities was ₱1,268.4 million, as a result of the payments of loans, lease liabilities, dividends and interest of ₱705.2 million, ₱596.3 million, ₱194.5 million and ₱113.9 million, respectively, offset by proceeds from loan avancement of ₱350.0 million.

For the nine-month period ended September 30, 2024, net cash flows used in financing activities was

₱1,257.2 million, which resulted from the payment dividends payable of ₱519.7 million, payment of lease liabilities as a result of PFRS 16 adoption amounting to ₱334.2 million, payment of loans of ₱280.2 million and payment of interest of ₱118.5 million.

Indebtedness

The Company has an outstanding loans payable of ₱2,307.9 million and ₱2,660.4 million as of September 30, 2025 and December 31, 2024, respectively.

PART II--OTHER INFORMATION

The issuer may, at its option, report under this item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

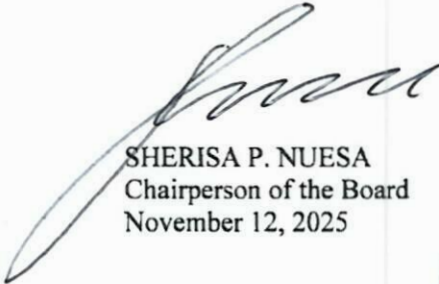
SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

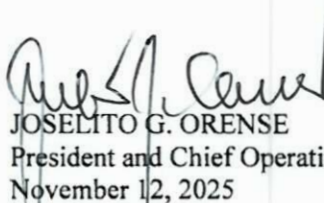
METRO RETAIL STORES GROUP, INC.

Issuer.....

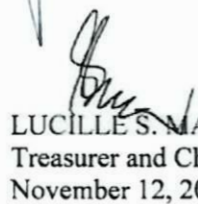
By:



SHERISA P. NUESA
Chairperson of the Board
November 12, 2025



JOSELITO G. ORENSE
President and Chief Operating Officer
November 12, 2025



LUCILLE S. MALAZARTE
Treasurer and Chief Financial Officer
November 12, 2025