



BUILDING FOR WHAT'S NEXT



2024
ANNUAL
REPORT



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2024 ANNUAL REPORT



CONTENTS

04	OUR VISION, MISSION, AND VALUES
05	HISTORY AND MILESTONES
07	MESSAGE FROM THE BOARD OF DIRECTORS
09	FINANCIAL AND OPERATIONAL HIGHLIGHTS
11	STORE FORMATS AND CHANNELS
	▶ METRO SUPERMARKET
	▶ METRO DEPARTMENT STORE
	▶ SUPER METRO HYPERMARKET
	▶ ANCILLARY BUSINESSES
	▶ E-COMMERCE AND MOBILE COMMERCE
19	CORPORATE HIGHLIGHTS
20	SUSTAINABILITY HIGHLIGHTS
24	CORPORATE GOVERNANCE
37	BOARD OF DIRECTORS AND SENIOR ADVISER TO THE BOARD
40	KEY EXECUTIVES AND SENIOR MANAGEMENT
41	MANAGEMENT'S DISCUSSION AND ANALYSIS
50	STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS
51	STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN
52	AUDITED FINANCIAL STATEMENTS

VISION

To be the preferred retail destination for Filipino families -- delivering value, convenience, and affordable choices across the communities we serve.

MISSION

We serve families and communities by providing quality, sustainable, and value-for-money products with care and convenience. Guided by the integrity, agility, and malasakit, we create meaningful experiences for customers and other stakeholders.

VALUES

Integrity and Honesty

Excellence

Respect

Results-Oriented

Entrepreneurial Spirit

Teamwork

HISTORY AND MILESTONES

In 1982, Victor Gaisano and his wife, Sally, built the first Gaisano Metro Department Store and Supermarket in Colon, Cebu City. They started the business from very humble beginnings with their children, Margaret, Jack, Edward, and Frank.

Eventually, Gaisano Metro was renamed Metro Gaisano, and through the years, evolved into what is now known as Metro Department Store and Supermarket. Metro remains at the forefront as the premier homegrown retailer from Cebu. Much more than the capital that started the business, the core values set forth by its patriarch serve as the foundation of the business, which has advanced from a start-up to the present professional organization.

Consequently, an aggressive expansion brought Metro to major cities outside Cebu and the Visayas region. Metro established its presence in Central Luzon, the National Capital Region, Calabarzon, and the Bicol region. Today, Metro Retail Stores Group, Inc. has transformed itself into a company encompassing multiple store formats: Metro Department Store, Metro Supermarket, Super Metro Hypermarket, Metro Value Mart; and has grown into a company with 71 stores as of end-2024.

It has been an eventful 42 years of operations from the time Metro started as Gaisano Metro, to Metro Gaisano, and to the present Metro Retail Stores Group, Inc. And it has all been for the good.

Metro Retail's matriarch, Sally Gaisano, passed away in late 2023, leaving behind a lasting legacy of dedication and values that continue to guide the family and the business.

The second-generation Gaisano siblings are never remiss in looking back at where their parents started. Their businesses are a testament to hard work and perseverance backed by two generations of successful entrepreneurs led by their parents.

Victor Gaisano and his family proved that good products and good services can go far, but a good name built on hard work and trust, is what wins loyalty in customers.

For some, having a good business sense is a gift. But most of the time, good business sense is simply a long-term vision of greater things ahead. And that is exactly what Victor and Sally Gaisano had for Metro.



A clear vision for growth enables every enterprise to achieve success. Amidst the changing times, an enterprise must be able to transform and innovate, while remaining true to its roots and heritage.

– Mr. Victor Gaisano

HISTORY AND MILESTONES



71
STORES

2015

Initial Public Offering (IPO) of Metro Retail Stores Group, Inc. (PSE:MRSGL)

2012

Opening of **METRO Store** in Alabang

2013

Implementation of **Oracle ERP** to improve operations and financial management

2011/13

Launch of the **SUPER METRO Hypermarket** format

Acquisition of the **Tita Gwapa** neighbourhood stores chain



16
STORES

1994

Opening of the **2nd METRO Store** in Mandaue, Cebu

Opening of the **3rd METRO Store** in Ayala Center, Cebu



2
STORES

2024

Inauguration of the **Metro Distribution Center** in Sta. Rosa, Laguna

2023

Debut of the **small format store, METRO Value Mart** in Gen. Trias, Cavite

2022

MRSGL celebrates its **40th anniversary** in the retail industry

2020

Launch of MRSGL's **e-commerce and m-commerce platforms** (shopmetro.ph and Metro Pabili)

2018

Jan 2018: Major fire hit flagship store in **METRO Ayala Center Cebu**

Dec 2018: **Reopening of the supermarket** in **METRO Ayala Center Cebu**

Launch of **Metro Home Improvement Store** in Marquee Mall, Angeles

Launch of the **Mareng EMS Program** focused on sari-sari stores and HORECA businesses

2021

Full re-opening of flagship store **METRO Ayala Center Cebu**

2019

Launch of the **first Compact Department Store** concept in **METRO Baybay, Leyte**

46
STORES



2009

Entry into Central Luzon with the opening of **METRO Angeles** in Ayala Marquee Mall

2004

Entry into Metro Manila with the opening of **METRO Market! Market!**

2006

Launch of the **METRO Rewards Loyalty Program**

2001/03

Entry into Luzon with the openings of **METRO Legazpi** and **METRO Lucena**

6
STORES



1982

Opening of the first **METRO Department Store and Supermarket**, in **Colon Street, Cebu**

MESSAGE FROM THE **BOARD OF DIRECTORS**

Dear Shareholders, Esteemed Partners, Valued Customers, and Team Members,

With a deep sense of purpose and optimism, we sum up 2024 as a year of thoughtful leadership, meaningful transformation, and continued resilience for Metro Retail Stores Group, Inc.

In a complex and rapidly changing retail environment, MRSGL sustained its momentum and strengthened its foundations. We ended 2024 with nearly PHP 40 billion in net sales, a 3.5% increase year-on-year. Same-store sales rose modestly by 0.5%, reflecting our deliberate shift away from low-margin wholesale transactions in favor of higher-value, sustainable growth. EBITDA rose by 7.8%, underscoring our operational discipline, while net income remained steady at PHP 609.4 million, tempered by non-cash expansion-related charges. We also returned value to shareholders with PHP 520 million in regular and special dividends.

Beyond the numbers, 2024 was defined by decisive action and forward progress. We opened eight new stores, the most in a decade, bringing our total to 71 stores. These new stores expanded our footprint in key regions such as Samar, Negros, and Cebu, and included strategic formats like the Metro Value Mart, Metro Supermarket in Catbalogan, and Metro Home Improvement stores.

We also inaugurated our new Metro Distribution Center in Sta. Rosa, Laguna -- a three-hectare, solar-ready, modern logistics hub designed to support scalable growth in Luzon and deliver better service to our customers. This was a major milestone in our continuing journey to build a more resilient and efficient supply chain.

Sustainability remained a strategic focus, with broader deployment of solar panels across our network to help mitigate rising energy costs and reduce our carbon footprint. Our commitment to innovation and customer-centricity was evident in refreshed store formats, enhancements to the Metro Rewards Card, and ongoing digital and operational upgrades, including more robust point-of-sale systems, improved inventory integration, and sharper customer analytics to personalize marketing and optimize stock levels.



Sherisa P. Nuesa
Chairperson



*Manuel C. Alberto
President and
Chief Operating Officer*

We are proud that our efforts were recognized externally. MRSGL received its first ever Golden Arrow Award from the Institute of Corporate Directors and was also named among the inaugural Fortune Southeast Asia 500 – all of which gave affirmation to our sound governance policies and growing regional stature.

Even as we look back to a challenging yet fruitful year, we look forward to the future with a significant leadership transition. We extend our deepest gratitude to Mr. Manuel C. Alberto, who retires as President and COO after years of steadfast leadership, guiding MRSGL through both crisis and growth. We warmly welcome Mr. Joel Orense as our new President and COO, and Ms. Lucille Malazarte as CFO, both proven leaders with deep institutional knowledge and a shared vision for MRSGL's future.

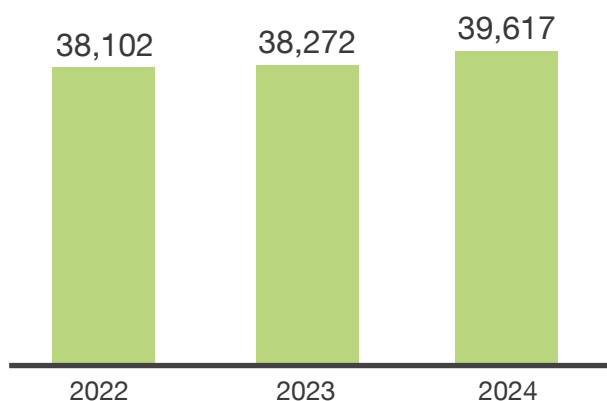
As we look ahead, our strategy remains anchored on three pillars: customer-centricity, operational excellence, and innovation. We will continue modernizing our network through store refurbishments and the rollout of new formats tailored to local market needs. Our logistics capabilities will be strengthened further with improved warehouse management systems to support faster, more reliable deliveries. On the technology front, we are investing in advanced analytics, digital platforms, and retail tech innovations that will enhance personalization and efficiency. Central to all these is our commitment to empowering our people, through training, culture-building, and equipping them with the tools to deliver outstanding value in every customer interaction.

To our shareholders, board members, management team, employees, partners, and customers – we convey our deepest gratitude. Your trust, commitment, and belief in MRSGL propel us forward with renewed confidence to make bold investments, pursue long-term growth, and remain steadfast in delivering value to every stakeholder we serve.

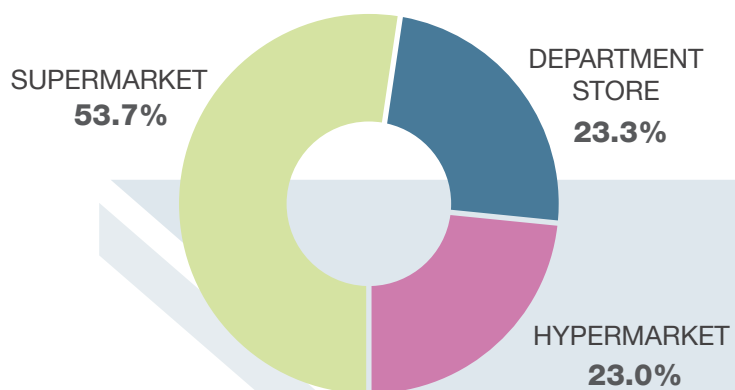
We face the future with greater clarity, agility, and courage. Together, we will continue to build a Metro Retail that is more adaptive, inclusive, and future-ready.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

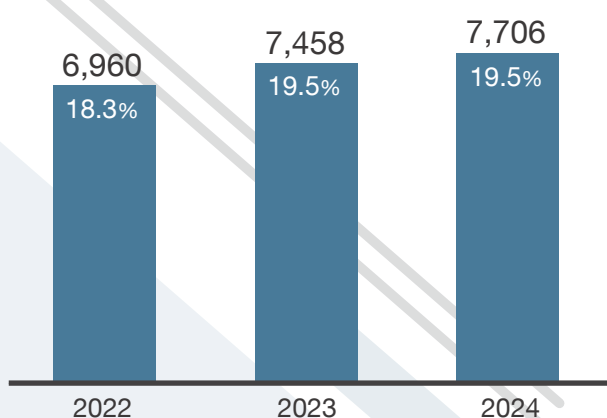
Net Sales



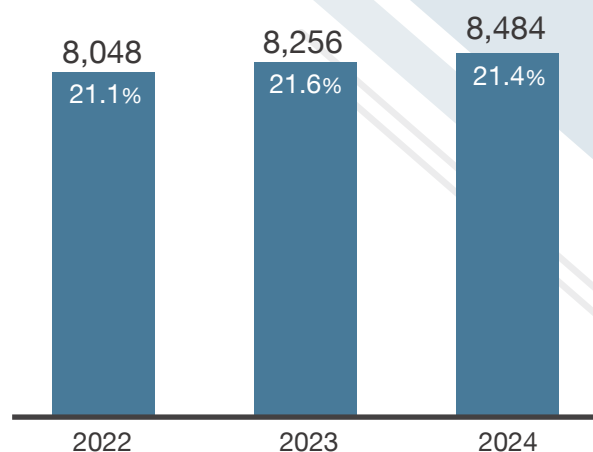
Share to Business*



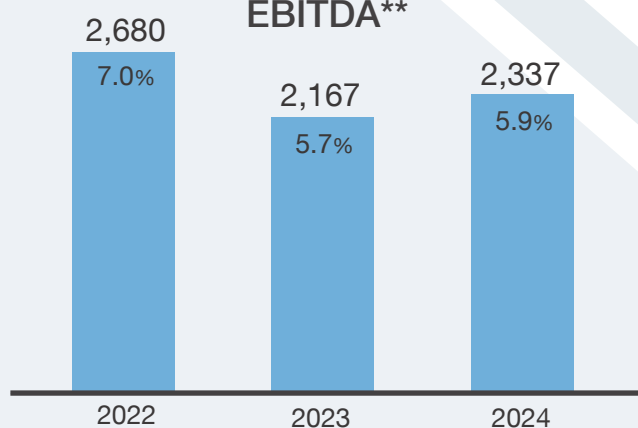
Operating Expenses



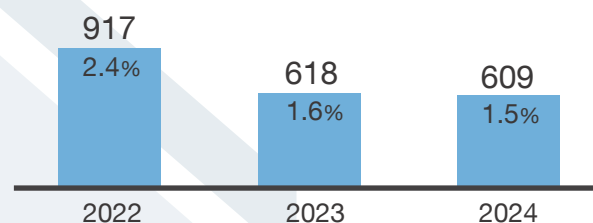
Gross Profit



EBITDA**



Net Income



Notes: Figures are in PHP million and percent to net sales

* Figures are in percent to net sales

** Earnings before interest, tax, depreciation, and amortization

FINANCIAL AND OPERATIONAL HIGHLIGHTS

(In million pesos, unless indicated)

Income Statement	2024	2023	2022
Net Sales	39,617	38,272	38,102
Gross Profit	8,484	8,256	8,048
EBITDA	2,337	2,167	2,680
Net Income	609	618	917

Balance Sheet	2024	2023	2022
Total Assets	24,282	23,663	22,739
Total Liabilities	14,761	14,241	13,678
Stockholders' Equity	9,521	9,422	9,061

Financial Ratios	2024	2023	2022
Current Ratio	1.62	2.04	2.34
Debt to Equity Ratio	0.28	0.30	0.33
Net Debt to Equity Ratio	0.04	(0.14)	(0.24)
Asset to Equity Ratio	2.55	2.51	2.51
Return on Assets	2.54%	2.66%	4.35%
Return on Equity	6.43%	6.69%	10.64%

STORE FORMATS AND CHANNELS

Responsive to the needs and changing lifestyles of Filipinos, Metro Retail Stores Group, Inc. is a trusted provider of quality merchandise and a wide assortment of products featuring both local and international brands at competitive prices.

AS OF 31 DECEMBER 2024



Supermarket

NCR	7
Luzon	5
Visayas	30
Total	42



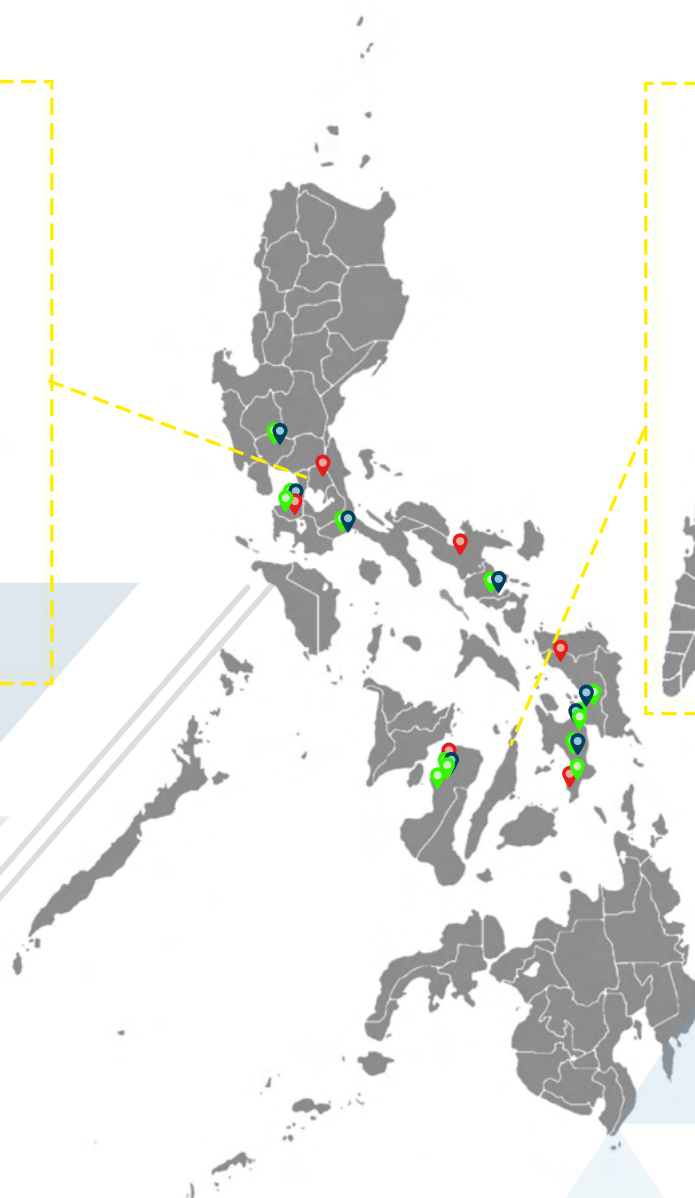
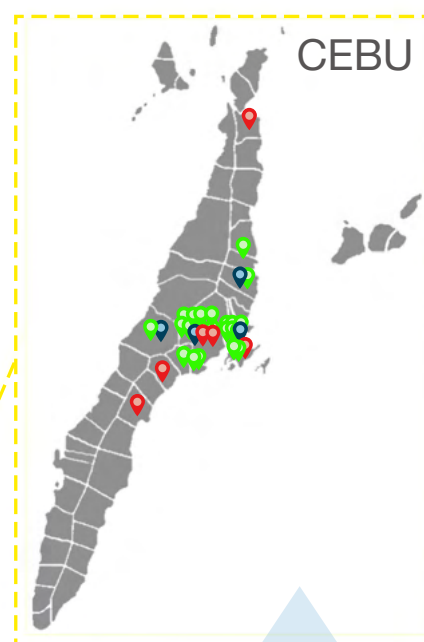
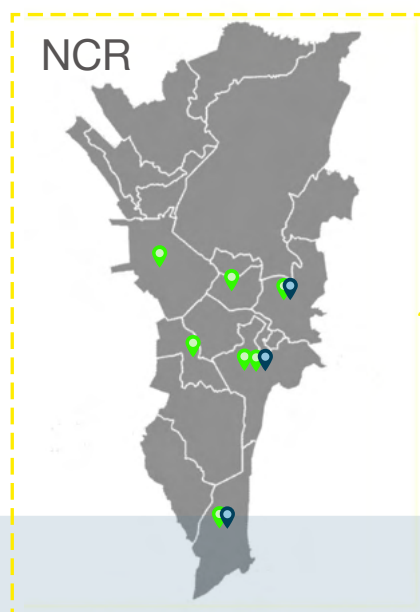
Department Store

NCR	3
Luzon	4
Visayas	10
Total	17



Hypermarket

NCR	-
Luzon	3
Visayas	9
Total	12



Metro Supermarket remains a go-to destination for customers seeking quality and variety. Offering a wide range of products, from fresh produce, meat, poultry, and seafood to household essentials and international items, Metro Supermarket ensures a satisfying shopping experience. With a network of 42 locations nationwide, each store adheres to stringent safety standards, providing customers with a consistent and reliable shopping environment.

Metro Alabang Town Center
Metro Ayala Pasig
Metro Binondo Lucky Chinatown
Metro Legazpi
Metro Lucena
Metro Mandaluyong
Metro Market! Market!
Metro Marquee Mall Angeles
Metro Plaza 66 Newport City
Metro The District Imus

Metro Alangalang
Metro Ayala Center Cebu
Metro Bacolod
Metro Baybay
Metro Canduman
Metro Carmen
Metro Catbalogan
Metro Colon
Metro Cebu IT Park
Metro Danao
Metro Hilongos
Metro Hinigaran
Metro LG Garden Walk Mactan
Metro Mandaue
Metro Paseo
Metro Sum-ag
Metro Tacloban
Metro Toledo

Metro Value Mart Gun-ob
Metro Value Mart Lancaster
Metro Value Mart Marigondon
Metro Value Mart Poblacion
Metro Value Mart Tangke

Metro Fresh 'N Easy Banilad
Metro Fresh 'N Easy Mactan
Metro Fresh 'N Easy Minglanilla
Metro Fresh 'N Easy Punta
Metro Fresh 'N Easy Tabok
Metro Fresh 'N Easy Tabunok
Metro Fresh 'N Easy Taguig
Metro Fresh 'N Easy Umapad
Metro Wholesale Mart Colon



Metro Supermarket is a trusted go-to for fresh produce, daily essentials, and quality grocery items that meet the needs of modern Filipino families. Designed with convenience and affordability in mind, Metro Supermarket combines value pricing, product variety, and attentive service to ensure an enjoyable shopping experience for customers. The format is present in key cities and communities across the Philippines, serving as a reliable partner for everyday living. Metro Supermarket is currently present in 42 locations nationwide.

Metro Retail accelerates expansion with Metro Value Mart Stores

MRSGL continued to diversify its retail portfolio through new and innovative store formats. Among these is Metro Home Improvement, launched as a destination for quality home essentials, tools, and lifestyle products. The company also advanced its rollout of Metro Value Mart, a neighborhood grocery concept designed to bring affordability and convenience to more Filipino communities. These new formats reflect MRSGL's strategic push to meet evolving customer needs and build deeper relevance across various market segments.

Metro Retail expands legacy of excellence with new DTI Bagwis Awards

In recognition of its consistent commitment to consumer welfare and service excellence, MRSGL received multiple awards from the Department of Trade and Industry (DTI) in 2024. Super Metro Tagaytay was honored with the Gold Bagwis Award, while Super Metro Calbayog and Metro Maasin received Silver Bagwis Awards. Metro Sum-ag also achieved a milestone by earning its first Gold Bagwis Award, further underscoring the dedication of store teams across the network. Meanwhile, Metro Bacolod and Metro Market! Market! successfully renewed their Gold Awards for both their supermarket and department store operations, demonstrating consistency in upholding high service and ethical standards.



Bagwis Award Ceremonies for Super Metro Tagaytay (Gold), Super Metro Calbayog (Silver), and Metro Maasin (Silver)

Metro Retail, Canadian Embassy deepen trade ties through second year of Explore Canadian Flavours

Metro Retail renewed its partnership with the Embassy of Canada for the second year of Explore Canadian Flavours, a campaign that brings more than 1,000 premium Canadian food products to select Metro Supermarkets. Launched at Market! Market! in Taguig City, the initiative strengthens cross-border trade and gives Filipino consumers access to high-quality international goods. The collaboration also affirms MRSGL's role in promoting global retail partnerships that enhance product diversity and consumer choice.



The ceremonial launch of Explore Canadian Flavours at Metro Supermarket Market! Market!

From the basic to the more stylish buys, Metro shoppers will find their every need under one curated store. Metro Department Store is also known for its efficient customer service and dedication to deliver a great shopping experience for everyone. Currently, there are seventeen (17) Metro Department Stores across the country.



Metro Alabang Town Center
Metro Ayala Pasig
Metro Legazpi
Metro Lucena
Metro Market! Market!
Metro Marquee Mall Angeles
Metro The District Imus

Metro Ayala Center Cebu
Metro Bacolod
Metro Baybay
Metro Catbalogan
Metro Colon
Metro Danao
Metro Hinigaran
Metro Mandaue
Metro Tacloban
Metro Toledo

MRSGL continued to evolve its department store portfolio in 2024, focusing on innovation, format diversification, and customer-centric experiences. With a total of 17 department stores across key locations, MRSGL's department store segment remains a core driver of its retail strategy, offering a wide range of lifestyle, fashion, and home categories. The year marked the launch of new formats and in-store enhancements designed to meet changing consumer preferences while building on MRSGL's established in-store experience and trusted product assortment.

Metro Retail Stores unveils Metro Home Improvement Store at Marquee Mall, Angeles

MRSGL introduced its first Metro Home Improvement store at Marquee Mall, Angeles, a 1,000-sqm concept offering curated home essentials—from hardware, appliances, and housewares to garden tools, car, and pet care, designed for homeowners and DIY shoppers. Part of MRSGL's broader expansion and format diversification strategy, the store enhances its home and lifestyle offerings while creating synergies with existing Metro Supermarket locations, featuring interactive displays, exclusive product lines, and demo zones to elevate the in-store experience.



Metro Home Improvement at Marquee Mall, Angeles



Opening ceremony of Metro Home Improvement at Marquee Mall, Angeles

Metro Ayala Center Cebu revamps Stationery Department to expand reach and enhance customer experience

As part of its customer-focused innovation strategy, MRSGL completed a major revamp of the Stationery Department in Metro Ayala Center Cebu. The redesigned space features an expanded assortment of school supplies, arts and crafts, office organizers, and premium gifting options tailored to both students and professionals. New offerings include branded back-to-school essentials and personalized executive gifts from global brands, strengthening Metro's appeal across lifestyle and corporate segments. The refresh has contributed to increased foot traffic, improved conversion, and stronger brand positioning in the stationery and office supply categories.



Revamped Metro Ayala Center Cebu Stationery Department with expanded selection for students and professionals.

SUPER METRO HYPERMARKET



Super Metro Hypermarket offers ease and convenience - aligned with the bustling lifestyle of today's shoppers. Meticulously designed to serve as a one-stop shop that offers an expansive selection of general merchandise, groceries, and other food items – Super Metro Hypermarket is the choice of many smart shoppers who want to get the best value for their money. Super Metro Hypermarket is currently present in twelve (12) strategic locations nationwide.

Super Metro Antipolo
Super Metro Camarines Sur
Super Metro North Point Tagaytay
Super Metro Calbayog

Super Metro Bogo
Super Metro Carcar
Super Metro Colon
Super Metro Lapu-Lapu
Super Metro Maasin
Super Metro Mambaling
Super Metro Naga
Super Metro Talisay



ANCILLARY BUSINESSES

Metro Retail's complementary outlets enable shoppers to enhance their overall shopping experience.



METRO PHARMACY

serves the needs for health and wellness products with its competitively priced branded and generic medicines from top pharmaceutical companies.



SUISSE COTTAGE

prepares freshly baked breads, cakes, and pastries for any occasion, all handmade using the finest quality ingredients.



FOOD AVENUE

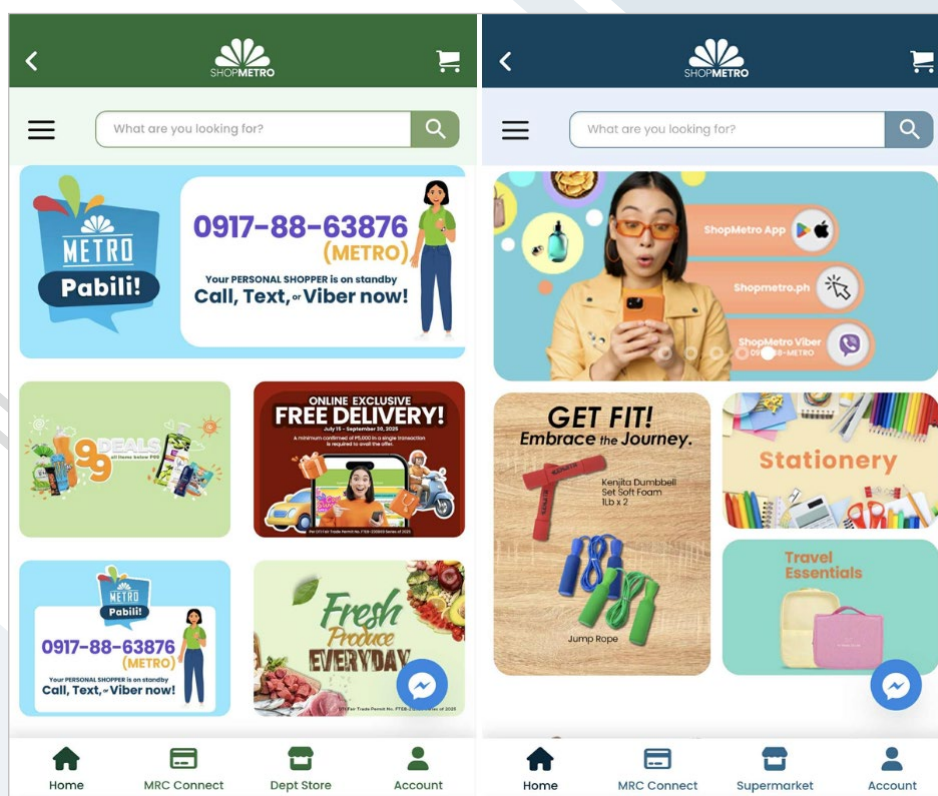
showcases a wide selection of delicious and affordable meals that can be enjoyed in a comfortable, vibrant, and modern food court ambiance.



E-COMMERCE AND MOBILE COMMERCE

Metro Retail Stores Group Inc. (MRSGL) closed 2024 with its E-Commerce Business Unit maintaining a solid presence in the company's retail portfolio. Its in-house channel, ShopMetro, posted strong double-digit revenue growth, exceeding sales targets and cementing its importance in MRSGL's digital strategy.

ShopMetro's growth was driven by continuous enhancements, a broader product range, and targeted campaigns. The year also saw a steady shift in customer preference toward in-house channels over third-party marketplaces, reflecting the appeal of a more seamless and consistent online shopping experience.



ShopMetro, MRSGL's in-house online shopping platform

In 2025, MRSGL will build on this momentum by expanding ShopMetro to more locations in Luzon and Visayas, re-engaging with select marketplace partners, and introducing new services. These include a next-generation e-commerce system, real-time inventory integration, Viber live chat, and Metro Pay, a digital wallet for payments and rewards. Additional priorities include growing product assortment, enhancing personalization, and strengthening marketing and logistics capabilities.

With these initiatives, MRSGL aims to grow e-commerce's share of total sales while delivering a more convenient, customer-focused digital shopping experience.

CORPORATE HIGHLIGHTS

MRSGL reinforced its core operations while advancing long-term growth anchored on responsible business practices and innovation. The year saw notable developments in corporate governance, store format innovation, and regional expansion, all reflecting MRSGL's ongoing commitment to ethical leadership, inclusive growth, and building partnerships that support sustainable, community-centered retail.

Metro Retail earns first Golden Arrow for Excellence in Corporate Governance

The Institute of Corporate Directors (ICD) honored MRSGL with its first-ever Golden Arrow Award, a prestigious distinction based on the ASEAN Corporate Governance Scorecard. This recognition affirms the company's strong commitment to transparency, accountability, and shareholder rights, placing it among the Philippines' top-performing publicly listed firms in corporate governance. It also highlights MRSGL's alignment with global best practices and its dedication to ethical leadership and long-term value creation.



The presentation of Metro Retail's Golden Arrow award

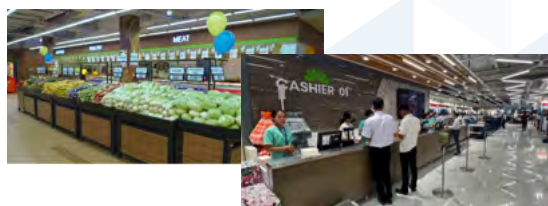
MRSGL named in inaugural Fortune Southeast Asia 500

MRSGL was included in the first-ever Fortune Southeast Asia 500, a list of the region's top companies ranked by revenue. The distinction reflects MRSGL's operational strength, customer focus, and sustainability efforts, cementing its reputation as one of the most dynamic and influential players in the Southeast Asian retail landscape.



Metro Retail upbeat on growth prospects in Leyte-Samar and Negros Occidental

MRSGL advanced its commitment to regional development through landmark public-private partnerships in Samar and Negros Occidental. In Catbalogan, Samar, a multi-phase complex developed with the provincial government now features a supermarket, department store, convention center, transport terminal, and government offices. Meanwhile, in Hinigaran, Negros Occidental, a 6,000-sqm, three-story retail complex is built on a former public market site to bring one-stop retail access to a fast-growing community. These strategic developments underscore MRSGL's role in enhancing access to modern retail, generating local employment, and strengthening infrastructure in underserved areas of the Visayas, ultimately fostering long-term economic activity and community upliftment.



The modern interior of Metro Catbalogan supermarket and department store, showcasing diverse retail offerings that cater to the needs of the local community.



Metro Hinigaran: A landmark retail complex developed through a Public-Private Partnership (PPP).

SUSTAINABILITY HIGHLIGHTS

Economic



520 M

Dividends given to stockholders



707 M

Taxes given to government



7 M

Community contributions and donations



90%

Procurement budget spent on local suppliers



364

Jobs generated from new stores opened in 2024

Environment



7,273 GJ

Renewable power generated and consumed



9

Locations with installed solar panels with a total capacity of 3,352 KWp, covering ~20% of the stores' power requirement



17

Locations fully-converted to LED lighting



7

Locations with water recycling system (rainwater and condensate recovery)



1,606 tonnes

Recycled carton packaging and others

Social



59,481

Total training hours provided to employees



52%

Female workers in the total workforce



16.9M

Safe man-hours



69

Safety drills conducted



0

Complaint in data security



0

Complaint in customer privacy

SUSTAINABILITY HIGHLIGHTS

Metro Retail Stores Group, Inc. (MRSGL) is committed to advancing a sustainability agenda that uplifts communities, safeguards the environment, and creates long-term value for stakeholders. Grounded in its role as a trusted retailer, MRSGL integrates social responsibility into its business strategy to ensure inclusive progress and resilient communities.

MRSGL's sustainability efforts are anchored by these objectives:

- To uplift communities through opportunity and support by advancing programs in education, livelihood, and emergency assistance that improve the quality of life.
- To champion environmental stewardship by promoting responsible consumption, resource efficiency, and initiatives that help protect natural ecosystems.
- To build meaningful relationships with host communities by fostering goodwill, collaboration, and shared growth wherever Metro stores operate.
- To empower employees with purpose by creating avenues for them to actively contribute to positive social and environmental change.

These programs are designed to enhance the Company's long-term social value for its stakeholders, from the management and employees to its customers and host communities.

EDUCATION

MRSGL helps transform lives and communities by providing educational assistance to underprivileged but deserving youth.



SUPPORT FOR VSF SCHOLARSHIP PROGRAM

- MRSGL and its other affiliates contribute funds and provide assistance to Vical Foundation, Inc. (VFI) in helping the financially challenged yet deserving youths pursue college education through the VSF Scholarship Program.



METRO - SEGUNDA MANA YSLEP SCHOLARSHIP PROGRAM

- 20 SEGI donation boxes located in corporate offices and stores across Luzon and Visayas.
- Proceeds of Metro-Segunda Mana help sustain the Youth Servant Leadership and Education Program (YSLEP) of Caritas Manila, which focuses on education for underprivileged youth nationwide.

COMMUNITY AND LIVELIHOOD

MRSGL supports MSMEs by providing retail spaces within Metro Stores for its CSR partners and empowers local communities through various livelihood initiatives.



METRO-GULAY FARMERS

- Partnership with Gulay Farmers, a non-government and non-profit organization, allows farmers direct access to MRSGL's stores under its in-house fresh produce brand, Q.
- Since its launch in 2020, the program has benefited 500 farmers and supplied around 60,000 tons of locally grown produce to MRSGL's shelves annually.
- It currently serves eight (8) Metro Retail stores in Cebu, enhancing market opportunities for smallholder farmers and improving access to fresh produce for consumers.



METRO – GREENEARTH MORINGA

- Retail of moringa tea and powder in 16 Metro Supermarkets that provides support to scholars and families of farmers in Sierra Madre, San Miguel, Bulacan.



METRO CARITAS MARGINS

- Retail of Caritas Margins products in select Metro Supermarkets supports the livelihood of MSMEs and the Metro-YSLEP Scholarship Program.
- Communities served: Albay, Batangas, Bulacan, Cagayan, Camarines Norte, Dipolog, Iloilo, Quezon City, and Sorsogon.



METRO – TSAA LAYA

- Retail of herbal tea blends in 11 Metro Supermarkets to support tea farming communities in Kiangan, Ifugao, and Calauan and to sustain herbal livelihood programs.

ENVIRONMENTAL RESPONSIBILITY

Metro Retail Stores is committed to promote and enhance its sustainability practices and be an inspiration for environmental stewardship to our localities, partners, and patrons.



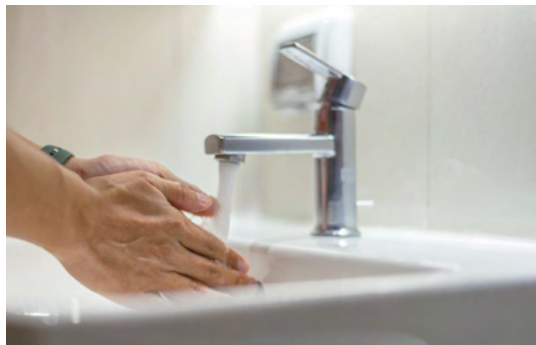
ACCESSIBLE ENERGY FOR ALL

- Ensuring accessible energy for future generations by practicing conservation of power and improving insulations in Metro stores and offices to reduce energy usage and promote energy efficiency.
- Seventeen (17) locations fully converted to LED lighting.



GENERATING CLEAN ENERGY FOR THE FUTURE

- Installing several solar panels across Metro stores in efforts to reduce greenhouse gas emissions and generate clean and usable energy from natural resources.
- Nine (9) locations with solar panels installed: Super Metro Carcar, Super Metro Lapu-Lapu, Super Metro Calbayog, Super Metro Talisay Negros Occidental, Metro Canduman, Metro Carmen, Metro Banilad, Super Metro Naga Camsur, and Metro Ayala Center Cebu.



PRESERVING FRESHWATER RESOURCES

- Installing systems to reduce consumption and ensure proper usage of water resources.
- Systems for condensate and rainwater recovery installed in seven (7) locations: Metro Mandaue, Super Metro Lapu-Lapu, Super Metro Colon, Metro Angeles, Metro Alabang, Super Metro Mambaling, and Metro Colon.

CORPORATE GOVERNANCE

The MRSGL Board of Directors and Management remains committed to good corporate governance (CG) practices. As in the previous years, the Company's operations and decision-making were guided by its CG policy framework that covers the following:

- CG formalities;
- Rights and equitable treatment of shareholders;
- Stakeholder relations;
- Disclosure and transparency;
- Control environment and processes; and
- Board of Directors structure and effectiveness.

The Company continues to endeavor in further strengthening its CG framework and aligning this with applicable international practices. Significant efforts were made not only to comply with the mandates of the Philippine Stock Exchange (PSE) and Securities and Exchange Commission (SEC) but also to adopt best practices that fill in the gaps whether in practice or policies.

Corporate Governance Formalities

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. The Amended Manual has since guided the Company's CG-related activities throughout the year and served as the overarching policy framework that guided all initiatives, decisions, and actions that had CG implications.

In addition to the Manual, MRSGL has in place the following CG-related policies and processes which likewise governed the actions of the Management and the Board in 2024:

- Independent Director selection process;
- Board of Directors performance evaluation system;
- Audit and Risk Committee charter;
- Investment Committee charter;
- Governance Committee charter;
- Nomination and Remuneration Committee charter;
- Guidelines on matters requiring Board of Directors, Shareholders, and Management approval;
- Whistleblower policy;
- Related-party transaction policy; and
- Code of Conduct for Directors and Senior Management.

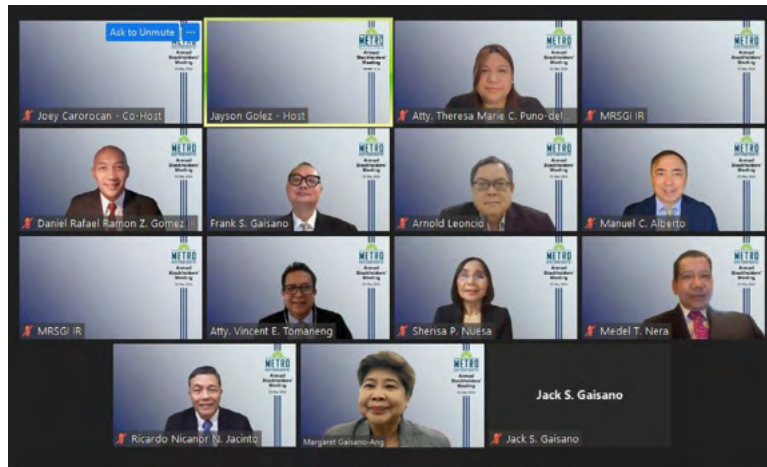
Rights and Equitable Treatment of Shareholders

The Board of Directors remained committed to its duty of promoting shareholder rights. Though there were no known impediments to the exercise of shareholders' rights in 2024, the Board nevertheless ensured that an adequate venue for them to seek timely redress for violation of their rights existed. The Company's Investor Relations Department (IRD), the Office of the Chief Finance Officer (CFO), and the Legal Office actively engaged with the investing public and the regulators to make sure that shareholder matters and concerns were properly addressed.

Recognizing that all stockholders should be treated equally and without discrimination, MRSGL provides minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Corporation. In 2024, no such requests or proposals were formally received by the Company.

Annual Stockholders' Meeting

Committed to transparency and fairness in the conduct of Annual and Special Stockholders' Meetings, the MRSGL Board through its Management, was encouraged to attend to such affairs. The Company held its Annual Shareholders' Meeting virtually on May 03, 2024 via Zoom Video Conferencing. Notice of the Annual Stockholders' Meeting was disclosed on the Company's website and was published in the business sections of two newspapers in general circulation (both print and online formats).



MRSGL Directors and Officers during the virtual Annual Stockholders' Meeting (May 2024)

Related-party Transaction

The Audit and Risk Committee (ARC), which is primarily composed of independent directors, reviewed all related party transactions in 2024 and ensured that such transactions were done at arm's length. These transactions were likewise reviewed by the External Auditor and included in the financial statements to provide assurance as to the accuracy of the reported information.

The Company's policy on related party transactions provides the overall guidance and framework for all such transactions in 2024 and no violations of the policy were recorded or observed, thereby indicating that the mechanisms set in place to ensure that the interests of non-controlling shareholders are protected and are working.

Investor Relations

The Company remains committed to engage with its shareholders primarily through the Investor Relations Department. The Department ensured that relations with investors and the investing public are maintained and nurtured. The Investor Relations Department ensures that relevant developments and information are conveyed clearly and promptly to the Company's stakeholders and the general public. MRSGL regularly engages with the investing community through individual meetings, conference calls, and store visits, as well as other channels such as Regulatory Disclosures, Quarterly Analyst Briefings, Company Website, Media Releases, and Electronic Communications, among others.

Stakeholder Relations

The Board of Directors and Management remained steadfast in their belief that responsible business practices require that the Company's stakeholders be productively engaged and treated in a fair and just manner. In 2024, the Company worked closely with the following stakeholder groups through carefully developed and executed engagement programs:

Suppliers and Contractors

Through constant dialogues and joint planning sessions with suppliers and contractors, the Company continued with its program of improving the supplier's overall selling and payment experience, which consequently improved the general business relationship and performance of the counterparties.

Customers

Through various customer service programs such as mystery shopping, one-on-one and focus group discussions, customer satisfaction surveys, and technology-enabled customer analytics, MRSGL continuously improved its customer-oriented systems and processes to provide a pleasant and memorable customer experience that would make them return to our stores. These initiatives have resulted in having the freshest and widest assortment of products available on the shelves, faster checkouts, clean and comfortable stores, and other attributes that make the Company's customers continue to patronize our stores.

Learning and Organization Development

The year 2024 saw Learning and Organization Development (LOD) continue to provide functional, compliance, and leadership trainings to the organization with particular emphasis on enhancing total customer experience as well as a values refresh and imbedded this in our competency framework. Some notable initiatives are as follows:

- **New Store Opening Refresher Course** – Designed to re-familiarize store employees with specific operational procedures, merchandising standards and customer service expectations unique to a new store launch. It ensures a consistent, high-quality experience from day one by reinforcing critical knowledge and skills, updating employees on any new systems, policies, and security procedures, and fostering teamwork for a successful opening. The programs are Customer Experience “The Metro Way” and “Sales Excellence.”
- **Executive Development Program (EDP) / Accelerated Emerging Leaders Program (AELP)** – 28 participants completed the batch two of the EDP and AELP last November 2024. This demonstrated the commitment of MRSGL to build current leaders with appropriate leadership skills for possible future assignments in any leadership positions.
- **Mystery Shoppers Program (MSP)** – The company ran an MSP during the March 15 to 17, 2024 Sidewalk Sale. Corporate employees comprised of executives and managers were asked to visit stores during the sale event duration to rate their experience from store entry, during shopping, and check out. The results were then fed back to store operations to address improvement areas.

Employee Engagement

MRSGL maintained its commitment to organizing engaging and unforgettable activities for its employees, fostering a familial culture and a strong sense of unity, as well as employee retention. Here are major highlights of the company's engagement activities:



● Annual Loyalty Awarding Ceremony

In February 2024, the company recognized 830 individuals including affiliates who have stayed and contributed to the company's progress for those rendering at least 5 up to 40 years of service.



● First Friday Mass and Special Masses

Masses are regularly celebrated in the company consistent with the values of our company and strong Christian faith of our owners and employees.



● Founder's Day Celebration

Every first Friday of July, the company celebrates Founder's Day and uses this time to reflect and to show appreciation to the legacy of the owners in providing livelihood to its employees and contributions it has made to the communities it serves. Last July 5, 2024, Founder's Day was held in the Cebu Principal Office which was live streamed to all other company locations. A mass is celebrated followed by messages from the owners and senior management. Lunch meal and afternoon snacks are served for all employees.



● Halloween Trick or Treat

In the last week of October 2024, employees' children were invited to the corporate offices dressed as fictional characters based on the theme for the year. The work place is also decorated showcasing employees' creativity. Awards were given for best costume (boy and girl) as well as best booth.

Labor Compliance

MRSGL remained compliant with DOLE policies on anti-sexual harassment, drug-free workplace, anti-tuberculosis, and Hepatitis B prevention and with DOLE Order No. 178 on Safety and Health Measures for Workers who by the Nature of their Work have to Stand at Work by allowing the use of more practical and comfortable footwear, arranging more break periods, and providing a common rest area.

MRSGL complied with DOLE Department Order # 235-222 on the Certification of First Aiders – an additional twenty-four (24) employees from different stores and warehouses attended the training and are now MRSGL's Certified First Aiders across Visayas and Luzon for the year 2024.

Total Rewards

MRSGL implemented the approved new minimum wage for Regions 3, 4A, 6, 7, 8 & NCR in compliance with the Department of Labor and Employment's wage orders issued in 2024. A wage distortion review was conducted to ensure that internal equity is observed.

Furthermore, a merit increase review was also conducted with a target implementation in the first quarter of 2025.

MRSGL remains to be competitive in terms of attracting and retaining talent by updating its Compensation program.

Technology

The Human Resource Information System (HRIS) is in-place for efficient payroll processing, time and labor management, and employee database management. The HR Department plans to further upgrade or replace the HRIS to capture the full-cycle HR processes such as Talent Acquisition, Talent Management, and Talent Optimization, as well as to take advantage of current technologies for dynamic reporting and analytics.

Community

As part of MRSGL's continuing commitment to the communities in which it operates, the Company has established partnership with the government and various social enterprises to provide assistance through various livelihood programs. These and other projects uplift the lives of communities by providing income to support the education of children and sustain the needs of the families. Details of the 2024 activities are elaborated under the Sustainability section of this annual report.

Transparency and Disclosure

MRSGL remains committed to fully disclosing material information such as, but not limited to, financial results, external audit fees, and ownership structure, to the appropriate regulatory agencies as well as to the investing public. Through its Compliance Officer, Atty. Theresa Marie C. Puno-dela Peña, MRSGL diligently complied with all required information through the mechanisms established for listed companies by the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE).

● External Audit Fees and Services

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*	2024	2023	2022
Fees for services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements	2,286,900	2,079,000	2,079,000
Fees for tax-related services	400,000	1,200,000	508,138
All Other Fees	240,000	125,000	327,900
Total	PhP2,926,900	PhP3,404,000	PhP2,915,038

*Excluding out-of-pocket expenses and VAT

● Ownership Structure

Indicated below is the ownership structure of MRSGL as of December 31, 2024.

Stockholder	Nationality	No. of Shares Subscribed and Paid-Up	% to Total Outstanding Shares
Vicsal Development Corporation	Filipino	2,628,149,381	81.05
Valueshop Stores, Inc.	Filipino	24,801,489	0.76
Sherisa P. Nuesa	Filipino	920,001	0.03
Margaret Gaisano Ang	Filipino	2	0.00
Jack S. Gaisano	Filipino	2	0.00
Manuel C. Alberto	Filipino	1	0.00
Ricardo Nicanor N. Jacinto	Filipino	500,000	0.02
Medel T. Nera	Filipino	1	0.00
Daniel Rafael Ramon Z. Gomez III	Filipino	1	0.00
Others	Various	588,067,122	18.14
Treasury Shares	Filipino	186,937,000	
Total		3,429,375,000	100.00

Control Environment and Processes

In 2024, the Board of Directors together with MRSGL Management continued to strengthen its internal control and audit system through the implementation of policies that ensure efficiency of operations, reliability of financial reporting, safeguarding assets, and compliance with laws and regulations.

Through the active leadership of the Audit and Risk Committee (ARC), the Company focused on risk management, safety management, internal audit, control, and compliance. The objective was to manage or minimize risks that deter the Company's growth.

Enterprise Risk Management

In 2024, the Enterprise Risk Management (ERM) Department re-evaluated the company's **Top Enterprise Risks** and sharpened its focus on potential threats that could significantly affect operations at the enterprise level.

The prioritized risks included areas such as growth, asset integrity and efficiency, succession, customer and product, business cost control, supplier, and information technology.

These risks are actively monitored and managed by the key management team, the Audit and Risk Committee, and the Board of Directors. Among the top risks are growth and asset integrity and efficiency.

- **Growth Risk** is continuously mitigated through rigorous site reviews, viability assessments, process improvements, and disciplined cost control.
- **Asset Integrity and Efficiency Risk** is addressed by ensuring adequate insurance coverage, alongside regular monitoring of asset productivity and performance.

ERM remains committed to collaborating with all stakeholders to further strengthen the company's risk profile. Other key risk areas we are looking to evaluate are **cybersecurity and business resiliency on our business models**, ensuring that the company is equipped to respond proactively to emerging risks and industry shifts.



*Luzon Safety Officer Coordination Meeting:
Enhancing Retail Safety Management
and Response Capability*



*Visayas Safety Officer Coordination Meeting:
Enhancing Retail Safety Management
and Response Capability*

Safety Management

Building on the success of the Project 0-1-2-3 Safety Excellence Program launched in 2022 and the strong implementation in 2023, the Safety Management Team once again extends its commendation to all MRSGL business locations for their steadfast dedication to the company's safety initiatives in 2024.

Management continued to place high priority on fire safety and overall workplace protection by investing in facility improvements and equipment reliability. This year, the company advanced its commitment through ongoing upgrades such as the replacement of aging fire pumps and generator sets, modernization of low-voltage switchgear circuit breakers, and additional purchases of fire extinguishers, SCBAs, and other emergency response equipment. These initiatives reflect the company's goal of sustaining a safer and more resilient environment supported by reliable fire protection systems.

Most safety findings and recommendations from our insurance partners, the Bureau of Fire Protection (BFP), and other external auditors have been successfully addressed through these capital investments and continuous improvements.

In parallel, the Safety Management Team further enhanced its training programs by strengthening partnerships with key organizations. Local BFP personnel remained instrumental in upgrading the skills of our fire brigade, search and rescue, and medical teams. The City Disaster Risk Reduction and Management Office (CDRRMO) continued to provide advanced training for Emergency Response Team (ERT) leaders and members, while the Philippine Red Cross once again delivered First Aid refresher programs to sharpen the medical response capabilities of the ERT-Medical team.

Thanks to the consistent application of safety standards and active participation of all store teams, MRSGL in 2024 maintained a safe business environment and successfully prevented major accidents or incidents that could have disrupted operations.

As we move forward, the company remains committed to advancing safety excellence—investing in reliable systems, strengthening response capabilities, and sustaining a culture where safety is a shared responsibility and an integral part of our business success.



Safety Awareness Orientation for All Employees



Update on Safety Status of Luzon Metro Facilities



Update on Safety Status of Visayas Metro Facilities



Evacuation area for employees during fire drills



Members of ERT Fire Fighting Team



Conduct of ERT Enhancement Training with BFP



During the fire drill of Visayas Store



The Corporate ERT Team members



ERT Medical Team Members during the fire drill



ERT Medical Team Members during the fire drill



ERT Search and Rescue Team Members during the fire drill

Internal Audit

The Internal Audit Group (IAG) at MRSGL operates on a risk-based approach that primarily focuses on risk-involved activities and ensures that these risks are being managed within controllable levels. The IAG was created to assist Management in the oversight of store operation, internal control system, and compliance with laws and regulations. IAG helps MRSGL accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control, and compliance processes.

To ensure its independence and integrity, the IAG reports functionally to the ARC and administratively to the BOD Chairman.

Internal Audit Group performs regular audit engagements in the following areas:

- Store Operations
- Supply Chain Management
- Network Expansion
- Merchandising and Marketing
- Cybersecurity and IT Governance
- Safety and Security
- Corporate Audit (e.g., Human Resource, Treasury and Finance, Leasing, etc.)

To further develop the Internal Audit function into a strategic partner and mature assurance provider, the department launched the following initiatives in 2024:

- Internal Audit Capability Benchmarking: Assessed the current state of the audit function against leading practice maturity models and developed a roadmap for advancing from a compliance-focused role to a proactive, insight-driven unit.
- Audit Universe Refresh & Risk Alignment: Updated the audit universe to reflect evolving strategic priorities and risk assessments and integrated cross-functional risk indicators into audit planning.
- Data Analytics Program: Introduced data-driven auditing techniques to enhance testing efficiency and coverage and piloted continuous auditing in selected high-risk processes.

In 2025, the IAG aims to embed these initiatives, expanding coverage in strategic and high-risk areas, continuing our technological transition and use of data analytics in audits, while fostering a culture of accountability and continuous improvement across the organization.

Internal Control

The Company's Standard Operating Procedures (SOPs) remained the core of its Internal Control System. Several of these SOPs were developed, updated, and/or incorporated into MRSGL's existing policies and operating manual through the leadership of the Systems and Procedures Group. These operating standards have, likewise, become the basis of the Internal Audit Group in reviewing compliance with Company policies and procedures.

Management is confident that the policies, procedures, and activities are within a controlled framework due to the effort of the Internal Audit Group and the Company SOPs.

Compliance Officer

To ensure adherence to corporate policies as well as external regulatory requirements, MRSGL's Compliance Officer, Atty. Theresa Marie C. Puno-dela Peña, ensured that the Company remained compliant with all relevant laws, rules, and mandates of regulatory agencies and MRSGL's Amended Manual on Corporate Governance. The Compliance Officer likewise advised and coordinated closely with the company officers and managers to ensure their compliance with their responsibilities to the shareholders and the general public.

Atty. Puno-dela Peña ensured that the Board of Directors and senior officers of the Company are compliant with its Corporate Governance-related policies namely: Amended Manual on Corporate Governance, the Guidelines on matters requiring Board of Directors, Shareholders, and Management Approval, Whistle-blowing Policy, Amended Policy on Related-Party Transactions, and Code of Conduct for Directors and Senior Management.

Board Remuneration

Being primarily responsible for the governance of the Company, and for fostering its long-term success, the MRSGL Board conducted itself with utmost honesty and integrity in the discharge of its duties, functions, and responsibilities. Specifically, it ensured that Management's actions were in line with the strategic direction that it had set in its five-year strategic roadmap.

To further improve its overall function and effectiveness, the MRSGL Board and select executives, attended the Advanced Corporate Governance Training conducted by the Institute of Corporate Directors on December 19, 2024.

The in-house training program covered topics such as the following:

- Generative AI (Use for Retail Business)
- Cybersecurity Governance: Challenges and Solution
- AMLA Compliance in the Age of the Digital World

These training sessions were attended by the following MRSGL directors and executives:

Name	Position
Sherisa P. Nuesa	Chairperson
Margaret Gaisano Ang	Vice-Chairperson
Jack S. Gaisano	Non-executive Director
Ricardo Nicanor N. Jacinto	Non-executive Director
Medel T. Nera	Independent Director
Daniel Rafael Ramon Z. Gomez III	Independent Director
Manuel C. Alberto	Executive Director, President, and Chief Operating Officer
Joselito G. Orense	Treasurer and Chief Finance Officer
Atty. Vincent E. Tomaneng	Corporate Secretary and Chief Legal Counsel
Kareen A. Tablizo	Vice President – Corporate Planning
Atty. Theresa Marie C. Puno-dela Peña	Assistant Corporate Secretary and Compliance Officer

The table below indicates additional information on the Board of Directors.

Director's Name	Type*	If Nominee, Identify the Principal	Nominator in the Last Election**	Date First Elected	Date Last Elected***	Elected When (Annual/ Special Meeting)	No. of Years Served as Director
Sherisa P. Nuesa	NED		Vicsal Dev't Corp. (VDC)	Oct. 23, 2023	May 3, 2024	Annual	0.5
Margaret Gaisano Ang	NED		VDC	Aug. 28, 2003	May 3, 2024	Annual	21
Jack S. Gaisano	NED		VDC	Aug. 28, 2003	May 3, 2024	Annual	21
Manuel C. Alberto	ED	VDC	VDC	Dec. 17, 2018	May 3, 2024	Annual	6
Ricardo Nicanor N. Jacinto	NED			Jul. 27, 2015	May 3, 2024	Annual	9
Medel T. Nera	ID	No relation	N/A	Oct. 23, 2023	May 3, 2024	Annual	0.5
Daniel Rafael Ramon Z. Gomez III	ID	No relation	N/A	May 3, 2024	May 3, 2024	Annual	0

* Executive (ED), Non-Executive (NED), or Independent Director (ID)

** If ID, state the relationship with the nominator

*** If ID, state the number of years served as ID

Board Committees

MRSGL Board Committees assist in carrying out specific Board responsibilities. They function as part of and under the control of the Board of Directors and are supplementary, which directly aids the Board in the performance of its functions. The Board of Directors has four Board committees to help the body in the exercise of its governance function. These committees, together with a brief description of their respective mandates, are as follows:

Audit and Risk Committee

The Audit and Risk Committee (ARC) assists the Board of Directors in fulfilling its oversight responsibilities on the management and financial reporting process, the system of internal control, the maintenance of an effective audit process, the process for monitoring compliance, and the overall risk management function and/or program.

In 2024, the discussion and resolutions in the ARC meetings included topics on strengthening MRSGL's internal control structure and systems. Specifically, the ARC covered findings on audit engagements on review of the money changer/foreign exchange dealership business, the store and warehouse operations internal controls, and IT systems and infrastructure.

The ARC is composed of the following directors:

- Medel T. Nera – Chairperson
- Ricardo Nicanor N. Jacinto – Member
- Daniel Rafael Ramon Z. Gomez III – Member

Nomination and Compensation Committee

The Nomination and Compensation Committee (NCC) assists the Board of Directors in reviewing and evaluating the qualifications of all individuals nominated to the Board and other appointments that require Board approval. It likewise assesses the effectiveness of the Board's processes and procedures in the election or replacement of directors.

The NCC has established a formal and transparent procedure for developing a policy on remuneration.

In 2024, the discussions and resolutions in the NCC meetings included topics on top team development, amendments to the MRSGL retirement plan, succession plan, compensation and benefits program design implementation, and strategic HR programs.

The NCC is composed of the following directors:

- Margaret Gaisano-Ang – Chairperson
- Ricardo Nicanor N. Jacinto – Member
- Sherisa P. Nuesa – Member
- Medel T. Nera - Member

Corporate Governance Committee

The Corporate Governance Committee (CGC) assists the Board of Directors in ensuring its effectiveness and constant improvement. It also ensures that the Board of Directors conforms to all its legal, ethical, and functional obligations through adequate governance policy development, training programs, monitoring of Board activities, and evaluation of Board performance.

In 2024, the CGC discussions covered, among others, topics on board functioning and effectiveness through corporate trainings, and board evaluation process.

The CGC is composed of the following directors:

- Daniel Rafael Ramon Z. Gomez III – Chairperson
- Ricardo Nicanor N. Jacinto – Vice-Chairperson
- Medel T. Nera – Member
- Manuel C. Alberto – Member

Investment Committee

The Investment Committee (IC) assists the Board of Directors in the oversight of the Company's major investment activities. It establishes, reviews, and recommends to the Board of Directors the policies and strategies to be adopted by the Company regarding the investment activities and portfolios necessary to achieve its goals and objectives; evaluates and enhances the Company's investment processes; and recommends the hiring and termination of investment managers.

In 2024, the discussions and resolutions in the IC meetings included topics on site selection, potential mergers and acquisitions projects, store formats and budgets, and strategic partnership opportunities.

The IC is composed of the following directors:

- Ricardo Nicanor N. Jacinto - Chairperson
- Margaret Gaisano Ang – Member
- Sherisa P. Nuesa – Member
- Medel T. Nera – Member
- Jack S. Gaisano – Member

Board Meeting and Attendance

The Board of Directors meets once every two (2) months. Meeting agenda and other necessary materials are given to the Board of Directors at least three (3) days prior to the meeting. The minimum quorum requirement is determined by a simple majority or, in the case of MRSGL, at least four (4) Directors. For the year 2024, MRSGL conducted meetings as illustrated below:

Position	Name	No. of Meetings Held During the Year	No. of Meetings Attended	Attendance Rate
Chairperson	Sherisa P. Nuesa	6	6	100%
Vice-Chairperson	Margaret Gaisano Ang	6	6	100%
Member	Jack S. Gaisano	6	5	83.3%
Member	Manuel C. Alberto	6	6	100%
Member	Ricardo Nicanor N. Jacinto	6	6	100%
Independent	Medel T. Nera	6	6	100%
Independent	Daniel Rafael Ramon Z. Gomez III	6	6	100%

Board Remuneration

The by-laws of MRSGL 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 MRSGL 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 PhP10,000.00 (net of tax)	Nominal per diem of PhP10,000.00 (net of tax)
Non-Executive Directors	None	Nominal per diem of PhP10,000.00 (net of tax)	Nominal per diem of PhP10,000.00 (net of tax)
Independent Directors	None	PhP150,000.00 (gross of tax)	Chairman: PhP45,000.00 (gross of tax) Member: PhP40,000.00 (gross of tax)

Except for Ms. Sherisa P. Nuesa, who receives professional fees as a Chairperson, and Mr. Manuel C. Alberto, 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.

Board Evaluation

The Board of Directors undergoes an evaluation of its performance at least annually. This is a short self-evaluation of the Board of Directors as a group to identify areas where they can function more effectively for continuous improvement. This is administered by the Corporate Secretary under the guidance of the Governance Committee.

Additional information about the Company's corporate governance practices and initiatives are available at our website www.metroretail.com.ph.

BOARD OF DIRECTORS & SENIOR ADVISER TO THE BOARD

SHERISA P. NUESA

Chairperson

Sherisa P. Nuesa was elected as a Non-Executive Director of the Company on October 23, 2023 and Chairperson on May 3, 2024. She brings her extensive corporate experience as a Director of other publicly listed companies as follows: Independent Director of Manila Water Company, Inc., (MWC), Integrated MicroElectronics Inc. (IMI), and AREIT, Inc., and a non-executive Director of Far Eastern University and FERN Realty Corporation. She is concurrently a Senior Adviser to the Board of Vicsal Development Corporation. She is a member of the boards of trustees of the Financial Executives Institute (FINEX) Foundation and the NextGen Organization of Women Corporate Directors (NOWCD), where she holds the position of Vice President. She is also a Board Adviser to Justice Reform Initiative Inc. (JRI) where she was the former Chairperson for ten years since its inception.

Ms. Nuesa is a former director of Ayala Land Inc. (ALI) and ACEN Corporation. She also held the positions of President and Director of the ALFM Mutual Funds Group, and Trustee and Fellow of the Institute of Corporate Directors (ICD) from 2012 to 2021. She also held previous positions in management operations and is an accredited lecturer of both ICD and the FINEX Academy. Ms. Nuesa was a former Managing Director of Ayala Corporation (AC) and had served in various senior positions in AC, 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 ALI, Cebu Holdings, Inc., MWC, 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

Vice-Chairperson

Margaret Gaisano Ang has served as Director of the Company since August 2003 and its Corporate Secretary until July 26, 2015. She currently serves as Chairperson of Vicsal Development Corporation and Pacific Mall Corporation. Ms. Ang is also the Chairperson and President of Grand Holidays, Inc. Additionally, she serves as Director of Filipino Fund, Inc., and as a Trustee of Vicsal Foundation, Incorporated.

Ms. Ang received a Bachelor of Science degree, major in Accounting (1974, Cum Laude), from the University of San Carlos, Cebu City and is a Certified Public Accountant.



MANUEL C. ALBERTO

President and Chief Operating Officer

Manuel C. Alberto was elected as Director of the Company, and appointed as President and Chief Operating Officer, on December 17, 2018, and assumed the position effective January 1, 2019. Before his election/appointment as President and Chief Operating Officer, he served as the Company's Chief Merchandising and Marketing Officer.

Before joining the Company, he served as President & General Manager of Philippine Family Mart Inc. (2014-2018), VP & Business Unit Head (2013-2015) & VP of Operations (2001-2010) of Rustan Supercenters, Inc., National Operation Director of Jollibee Foods Corp (2010-2013), Store General Manager of Pilipinas Makro Inc. (1998-2001) and Store Manager of Stroud's Linen, USA.

He earned his Bachelor of Arts in Communication (1989) from Santa Clara University, California, USA and obtained his Master's degree in Management (1998) from the Asian Institute of Management.

JACK S. GAISANO

Director

Jack S. Gaisano 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.



RICARDO NICANOR N. JACINTO

Director

Ricardo Nicanor N. Jacinto was elected as an Independent Director of the Company on July 27, 2015 and after serving for nine (9) years as Independent Director, he was elected as a Non-Executive Director on May 3, 2024. Currently, Mr. Jacinto is the Chairman of SBS Philippines Corporation and Chairman and Independent Director of Maybank Capital Philippines, Inc. and Maybank Securities Philippines, Inc. He is also a Director of SBS Holding Corporation, and Independent Director of Maybank Securities (Thailand) Public Company Limited, and Etiqa Life and General Assurance Philippines, Inc. He is a Lecturer of University of the Philippines – CE Virata School of Business.

Mr. Jacinto previously served as CEO of the Institute of Corporate Directors (2013-2017) and Managing Director of Ayala Corporation (1997-2011). During the last two years of his tenure at Ayala Corporation, he was seconded to Habitat for Humanity as its Chief Executive Officer.

Mr. Jacinto holds a Bachelor of Science degree in Business Economics from the University of the Philippines (Magna Cum Laude). He obtained his Master's Degree in Business Administration from Harvard University in 1986.



MEDEL T. NERA
Independent Director

Medel T. Nera was elected as Independent Director of the Company on October 23, 2023 replacing Mr. Guillermo L. Parayno, Jr. who died on August 2, 2023 (1 year and 6 months as Independent Director). He currently serves in the Boards of the House of Investments, Inc. (HI), IPeople, Inc. (IPO), Seafont Resources Corporation (SPM), National Reinsurance Corporation of the Philippines, Inc. (NRCP), and Ionics, Inc. (ION).

Mr. Nera was the President and CEO of House of Investments, Inc. (HI) from July 2011 to July 2019, a holding company of the Yuchengco group. HI has more than a dozen significant subsidiaries and associates. These include EEI Corporation, IPO (which includes the Mapua University), and Honda and Isuzu Car dealership groups. He was formerly a Director of Rizal Commercial Banking Corporation (RCB).

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
Independent Director

Daniel Rafael Ramon Z. Gomez III was elected as Independent Director of the Company on May 3, 2024 (1 year as Independent Director). He is currently a board adviser for DBDOYC Inc. doing business as Angkas and Laborem, Inc. He is also an independent adviser for Bain & Company.

From 2008 to 2023, Mr. Gomez was employed with Jollibee Foods Corporation rising to become its Chief Marketing Officer in 2013. Prior to joining Jollibee, he was associated with Unilever Philippines as Managing Director & National Board Member from 1999 to 2008. He was also with SyCip Gorres Velayo & Co. – Ernst & Young as a Management Consultant from 1995 to 1998.

Mr. Gomez holds a Management degree from the Ateneo de Manila University, and a Digital Transformation Certificate from Harvard Business School.

ALJIM C. JAMANDRE
Senior Adviser to the Board

Aljim C. Jamandre is a Senior Adviser to the Board of MRSGL. He holds a B.S. Accountancy degree (Cum laude) from the University of San Carlos, MDP from the Asian Institute of Management, and a Certified Public Accountant.

Currently, Mr. Jamandre is the President of Vicsal Development Corporation; Director of Wealth Development Bank Corporation from 2003, Director of AB Capital & Investment Corporation from 2014, and Director of Pacific Mall Corporation from 2010; and a Trustee of Vicsal Foundation, Incorporated from 2006.



KEY EXECUTIVES AND SENIOR MANAGEMENT



SHERISA P. NUESA
Chairperson



MARGARET GAISANO ANG
Vice-Chairperson



MANUEL C. ALBERTO
President & Chief Operating Officer



JOHN GASPAR A. ANTONIO
Vice President for Information Technology



HERMAR L. GUITERING
Vice President for Logistics



ANTONIO P. JACOMINA III
Vice President for Human Resources



FLORADEMA B. JAYME
Vice President for Procurement



ARNOLD M. LEONCIO
Vice President for Business Development
& Investor Relations



LUCILLE S. MALAZARTE
Vice President for Finance & Comptroller



NOEL S. MARQUESES
Vice President for Design, Construction
& Engineering Management



BENEDICTO CLARK T. MIRANDA
Vice President for Store Network
Development



JOSELITO G. ORENSE
Treasurer & Chief Finance Officer



KAREEN A. TABLIZO
Vice President for Corporate Planning



VINCENT E. TOMANENG
Corporate Secretary & Chief Legal Counsel



ANN MARJORIE TOMAS
Vice President for Marketing Services

MANAGEMENT'S DISCUSSION AND ANALYSIS

Results of Operations

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 PhP39,617.0 million, an increase of 3.5% compared to PhP38,272.1 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 PhP364.7 million, an increase of 16.9% compared to PhP312.0 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 PhP31,133.1 million, an increase of 3.7% compared to PhP30,015.6 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 PhP7,706.2 million, an increase of 3.3% compared to PhP7,457.9 million for the year ended December 31, 2023. While the Company 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 PhP199.2 million, a decrease of 23.9% compared to PhP261.6 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 PhP519.8 million, a decrease of 3.1% compared to PhP536.7 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 PhP212.4 million, a decrease of 2.3% compared to the PhP217.5 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 PhP609.4 million, a 1.4% drop compared to the net income of PhP618.0 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 PhP38,272.1 million, an increase of 0.4% compared to PhP38,101.7 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 PhP312.0 million, an increase of 28.0% compared to PhP243.7 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 PhP30,015.6 million, a decrease of 0.1% compared to PhP30,053.2 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 PhP7,457.9 million, an increase of 7.2% compared to PhP6,959.8 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 PhP261.6 million, a decrease of 38.3% compared to PhP424.0 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 PhP106.3 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 PhP53.7 million caused the significant decrease in other income.

Finance Costs

For the year ended December 31, 2023, our finance costs were PhP536.7 million, an increase of 2.5% compared to PhP523.5 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 PhP217.5 million, a decrease of 31.0% compared to the PhP315.4 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 PhP618.0 million, a 32.6% drop compared to the net income of PhP917.3 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.

The year ended December 31, 2022 compared with the year ended December 31, 2021

Revenue

Net Sales

For the year ended December 31, 2022, our net sales were PhP38,101.7 million, an increase of 22.1% compared to PhP31,211.3 million for the year ended December 31, 2021.

Total food retail and general merchandise business grew by 13.1% and 54.3%, respectively, over the same period last year. The growth is brought about by the full reopening of the economy, pent up domestic demand and recovery in discretionary spending.

Blended same store sales grew by 19.2% over the same period last year.

Rental Income

For the year ended December 31, 2022, our rental income was PhP243.7 million, an increase of 41.3% compared to PhP172.5 million for the year ended December 31, 2021. 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, 2022, our cost of sales was PhP30,053.2 million, an increase of 18.6% compared to PhP25,336.4 million for the year ended December 31, 2021. The increase in cost of sales is lower than the increase in net sales as the general merchandise sales grew faster than the supermarket sales. General merchandise has higher margins than supermarket.

Operating Expenses

For the year ended December 31, 2022, our operating expenses were PhP6,959.8 million, an increase of 16.7% compared to PhP5,962.5 million for the year ended December 31, 2021. While the Company continued to implement cost reduction and saving measures, there were significant increases in rent which were based on percentage of sales and minus the rental concessions given during the pandemic, and utilities expenses as fuel and electricity rates spiked during the year.

Interest and Other Income

For the year ended December 31, 2022, our interest and other income was PhP424.0 million, an increase of 973.4% compared to PhP39.5 million for the year ended December 31, 2021.

Factors that contributed to the increase include the recognition of gain on lease modification amounting to PhP106.3 million coming from revision of existing contracts with lessors and gain on lease pre-termination amounting to PhP73.1 million due to store closure. In addition, gain on insurance claims pertaining to recoveries and reimbursement of losses for property damages and business interruption due to Typhoon Odette in 2021 was also recognized during the year amounting to PhP53.7 million. Higher interest income and forex gains also contributed to the increase this year.

Finance Costs

For the year ended December 31, 2022, our finance costs were PhP523.5 million, an increase of 11.5% compared to PhP469.5 million for the year ended December 31, 2021. 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, 2022, our provision for income tax was PhP315.4 million, an increase of 1272.5% compared to the benefit from income tax of PhP26.9 million for the year ended December 31, 2021. 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 year ended December 31, 2022, net income was PhP917.3 million, a huge improvement of 388.4% compared to the net loss of PhP318.1 million for the year ended December 31, 2021.

Financial Position

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 PhP4,053.6 million and PhP5,894.2 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 PhP10,613.5 million and PhP11,549.9 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 PhP289.9 million, receivables totaled PhP1,237.9 million, merchandise inventories totaled PhP6,301.7 million and other current assets totaled PhP484.5 million. As of December 31, 2023, receivables totaled PhP1,043.2 million, merchandise inventories totaled PhP5,866.2 million and other current assets totaled PhP486.2 million.

As of December 31, 2024, cash and cash equivalents amounted to PhP2,299.4 million, a decrease of 44.7% from PhP4,154.4 million as of December 31, 2023. The decrease was mainly attributable to the acquisition of property and equipment amounting to PhP1,937.3 million, payment of dividends of PhP519.7 million, payments of lease liabilities, loans, interest and income tax of PhP518.5 million, PhP398.6 million, PhP160.6 million and PhP285.5 million respectively as well as increases in merchandise inventories of PhP385.7 million, short term investments of PhP289.9 million, receivables of PhP187.7 million, and other noncurrent assets of PhP173.5 million, offset by increase in trade and other payables of PhP506.4 million, proceeds from loan availment of PhP200.0 million and interest received of PhP89.1 million, among others.

Non-current 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 PhP13,668.5 million and PhP12,113.4 million, respectively. The increase of 12.8% in noncurrent assets is primarily due to the increase in property and equipment amounting to PhP1,495.4 million.

Current Liabilities

Total current liabilities as of December 31, 2024 and 2023 were PhP6,559.9 million and PhP5,655.7 million, respectively. As of December 31, 2024 and 2023, trade and other payables totaled PhP5,445.8 million and PhP4,942.2 million, respectively, which consisted primarily of trade payables to our suppliers for purchases of merchandise inventory. Short-term loans payable amounted to PhP200.0 million and nil as of December 31, 2024 and 2023, respectively while loans payable - current portion amounted to PhP473.6 million and PhP398.6 million as of December 31, 2024 and 2023, respectively.

Non-current Liabilities

Total noncurrent liabilities as of December 31, 2024 and 2023 were PhP8,200.6 million and PhP8,585.3 million, respectively. The 4.5% decrease is primarily due to the decrease in long-term loans payable of PhP469.6 million offset by increases in lease liability of PhP69.9 million, retirement benefit obligation of PhP13.2 million and other noncurrent liabilities of PhP1.7 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 PhP5,894.2 million and PhP7,007.1 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 PhP11,549.9 million and PhP12,243.1 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 PhP1,043.2 million, merchandise inventories totaled PhP5,866.2 million and other current assets totaled PhP486.2 million. As of December 31, 2022, short-term investment totaled nil, receivables totaled PhP954.8 million, merchandise inventories totaled PhP5,495.3 million and other current assets totaled PhP630.4 million.

As of December 31, 2023, cash and cash equivalents amounted to PhP4,154.4 million, a decrease of 19.5% from PhP5,162.6 million as of December 31, 2022. The decrease is largely attributable to the acquisition of property and equipment amounting to PhP1,530.9 million, payment of dividends amounting to PhP196.1 million, payments of lease liabilities and loans payable amounting to PhP443.7 million and PhP130.2 million, respectively. This is offset by PhP1,880.1 million net cash provided by operating activities and receipt of proceeds from insurance claims of PhP53.7 million.

Non-current 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 PhP12,113.4 million and PhP10,495.9 million, respectively. The increase of 15.4% in noncurrent assets is due to the increase in property and equipment amounting to PhP1,079.2 million, increase in other noncurrent assets amounting to PhP283.7 million, increase in right-of-use assets amounting to PhP197.6 million, and increase in deferred tax assets – net amounting to PhP57.0 million.

Current Liabilities

Total current liabilities as of December 31, 2023 and 2022 were PhP5,655.7 million and PhP5,236.0 million, respectively. As of December 31, 2023 and 2022, trade and other payables totaled PhP4,942.2 million and PhP4,820.5 million, respectively, which consisted primarily of trade payables to our suppliers for purchases of inventory. Loans payable - current portion amounted to PhP398.6 million and PhP130.2 million as of December 31, 2023 and 2022, respectively.

Non-current Liabilities

Total noncurrent liabilities as of December 31, 2023 and 2022 were PhP8,585.3 million and PhP8,442.0 million, respectively. The increase of 1.7% in noncurrent liabilities is due to the increase in lease liability amounting to PhP474.6 million, partially offset by the decrease in loans payable amounting to PhP394.5 million.

The year ended December 31, 2022 compared with the year ended December 31, 2021

As of December 31, 2022 and 2021, our net current assets, or the difference between total current assets and total current liabilities, were PhP7,007.1 million and PhP3,449.7 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, 2022 and 2021 were PhP12,243.1 million and PhP8,298.6 million, respectively. The increase of 47.5% in current assets is due to the increase in cash and cash equivalents, receivables, and merchandise inventories. Short-term investment and other current assets, on the other hand, have decreased.

As of December 31, 2022, short-term investment amounted to nil, receivables totaled PhP954.8 million, merchandise inventories totaled PhP5,495.3 million and other current assets totaled PhP630.4 million. As of December 31, 2021, short-term investment totaled PhP1,091.6 million, receivables totaled PhP669.9 million, merchandise inventories totaled PhP4,163.0 million and other current assets totaled PhP702.3 million.

As of December 31, 2022, cash and cash equivalents amounted to PhP5,162.6 million, an increase of 208.8% from PhP1,671.8 million as of December 31, 2021. The increase is mainly attributable to the availment of long-term loans amounting to PhP2,500.0 million and PhP2,073.7 million net cash provided by operating activities, offset by payments of loans payable and lease liabilities amounting to PhP1,000.0 million and PhP532.2 million, respectively and acquisition of property equipment amounting to PhP544.7 million.

Non-current 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, 2022 and 2021 were PhP10,495.9 million and PhP11,137.1 million, respectively. The decrease of 5.8% in noncurrent assets is significantly due to the decrease in right-of-use assets amounting to PhP392.4 million, and reduction in deferred tax assets – net amounting to PhP213.0 million.

Current Liabilities

Total current liabilities as of December 31, 2022 and 2021 were PhP5,236.0 million and PhP4,848.9 million, respectively. As of December 31, 2022 and 2021, trade and other payables totaled PhP4,820.5 million and PhP3,537.0 million, respectively, which consisted primarily of trade payables to our suppliers for purchases of inventory. Loans payable - current portion amounted to PhP130.2 million and PhP1,000.0 million as of December 31, 2022 and 2021, respectively.

Non-current Liabilities

Total noncurrent liabilities as of December 31, 2022 and 2021 were PhP8,442.0 million and PhP6,413.6 million, respectively. The increase of 31.6% in noncurrent liabilities is significantly due to the availment of long term loans of PhP2,500.0 million in March 2022.

Cash Flows

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

	For the years ended December 31,		
	2024	2023	2022
	(PhP million)		
Net cash flows generated from operating activities	2,023.5	1,880.1	2,197.8
Net cash flows provided (used in) investing activities	(2,496.1)	(1,921.6)	523.7
Net cash flows provided (used in) financing activities	(1,404.5)	(984.8)	720.4
Net increase (decrease) in cash	(1,877.1)	(1,026.3)	3,441.9

Net Cash Flows from Operating Activities

Our net cash flows from operating activities for the year ended December 31, 2024 was PhP2,023.5 million, which is comprised of operating income before working capital changes of PhP2,332.2 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 PhP385.7 million, PhP187.7 million and PhP12.3 million, respectively, and offset by the increase in trade and other payables of PhP506.4 million, among others.

Our net cash flows from operating activities for the year ended December 31, 2023 was PhP1,880.1 million, which is comprised of operating income before working capital changes of PhP2,185.4 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 PhP358.6 million and PhP155.2 million, respectively, and offset by the increase in trade and other payables of PhP123.5 million and decrease in other current assets of PhP133.5 million.

Our net cash flows from operating activities for the year ended December 31, 2022 was PhP2,197.8 million, which is comprised of operating income before working capital changes of PhP2,590.8 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 PhP1,367.5 million and PhP289.9 million, respectively, and offset by the increase in trade and other payables of PhP1,285.2 million.

Net Cash Flows Provided by (used in) Investing Activities

For the year ended December 31, 2024, net cash flows used in investing activities was PhP2,496.1 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 PhP1,937.3 million, availment of short-term investments of PhP289.9 million, increase in other noncurrent assets of PhP173.5 million and availment of financial asset at FVOCI amounting to PhP100.0 million.

For the year ended December 31, 2023, net cash flows used in investing activities was PhP1,921.6 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 PhP1,530.9 million and for the increase in other noncurrent assets amounting to PhP444.4 million. This is partially offset by the receipt of proceeds from insurance claims of PhP53.7 million.

For the year ended December 31, 2022, net cash flows provided by investing activities was PhP523.7 million, generated from proceeds from short-term investments of PhP1,091.6 million and proceeds from sale of property and equipment of PhP49.4 million. This is partially offset by the acquisitions of property and equipment for the construction and fit outs of new stores and improvements of existing stores totaling PhP544.7 million and by the increase in other noncurrent assets by PhP72.6 million.

Net Cash Flows Provided by (used in) Financing Activities

Net cash flows used in financing activities was PhP1,404.5 million for the year ended December 31, 2024, as a result of the payments of lease liabilities, loans payable and interest amounting to PhP518.5 million, PhP398.6 million and PhP160.6 million, respectively, as well as the payment of dividends of PhP519.7 million, and purchase of PhP7.1 million treasury stocks.

Net cash flows used in financing activities was PhP984.8 million for the year ended December 31, 2023, as a result of the payments of lease liabilities and loans payable amounting to PhP443.7 million and PhP130.2 million, respectively, as well as the payment of dividends amounting to PhP196.1 million, payment of interest amounting to PhP167.5 million and purchase of PhP47.3 million treasury stocks.

Net cash flows provided by financing activities was PhP720.4 million for the year ended December 31, 2022, mainly generated from the availment of long-term loans of PhP2,500.0 million, and partially offset by payments of loans payable and lease liabilities amounting to PhP1,000.0 and PhP532.2 million, respectively, as well as for the payment of interest amounting PhP124.1 million and payments for the purchase of PhP104.6 million treasury stocks.

Indebtedness

As of December 31, 2024 and 2023, outstanding loans payable amounted to PhP2,660.4 million and PhP2,855.0 million, respectively.

Key Performance Indicators

	For the years ended December 31,		
	2024	2023	2022
Net sales ⁽¹⁾ (PhP million)	39,617.0	38,272.1	38,101.7
Average basket size ⁽²⁾ (PhP)	945*	954*	1,067.7*
Same-store sales growth ⁽³⁾ (%)	0.5%*	(0.8%)*	19.2%*
Number of stores	71*	63*	62*
Net selling area ⁽⁴⁾ (sqm)	270,000*	260,000*	247,576*

*excludes discontinued operations and temporary closure of stores

Notes:

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

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

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

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

Quantitative and Qualitative Disclosure of Market Risk

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

Liquidity Risk

Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company's exposure to liquidity risk relates primarily to its short-term obligations. The Company seeks to manage its liquidity profile by maintaining cash at a certain level and ensuring the availability of ample unused revolving credit facilities from banks as back-up liquidity that will enable it to finance its operating expenses. The Company maintains a level of cash deemed sufficient to finance operations. As part of its liquidity risk management, the Company regularly evaluates its projected and actual cash flows.

Credit Risk

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

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

- (i) There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material effect on Company's liquidity.
- (ii) There are no known events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- (iii) There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entries or other persons created during the reporting period.
- (iv) There are no material commitments for capital expenditures, general purposes of such commitments, expected sources of funds for such expenditures.
- (v) There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material effect on Sales.
- (vi) The Company experiences seasonal fluctuations in operations. Historically, sales peak in December of each year, thereafter it slows down in the first quarter of the year and begins to increase in the second quarter, driven by the summer season, the school break in April and May, and particularly the beginning of the school year in the month of June. This is followed by a slowdown in sales in the third quarter due to the rainy season.
- (vii) Causes for any material changes from period to period of FS which shall include horizontal and vertical analyses of any material item (5%).



FINANCIAL **STATEMENTS**

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

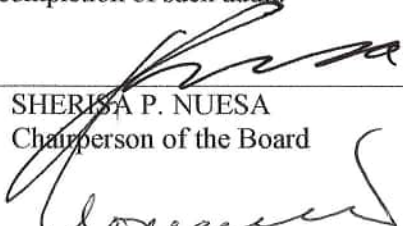
The management of Metro Retail Stores Group, Inc. is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

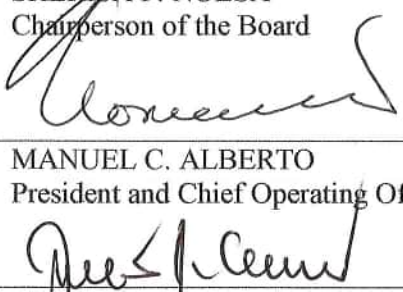
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to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

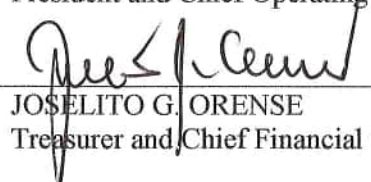
The Board of Directors is responsible for overseeing the Company's financial reporting process.

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


MANUEL C. ALBERTO
President and Chief Operating Officer


JOSELITO G. ORENSE
Treasurer and Chief Financial Officer

April 4, 2025



SUBSCRIBED AND SWORN to before me this APR 08 2025 affiants exhibiting to me their respective Philippine passports as follows:

	Passport No.	Date of Issue	Place of Issue
Sherisa P. Nuesa	P8595622A	04 SEP 2018	DFA NCR South
Manuel C. Alberto	P7710412A	28 JUN 2018	DFA NCR South
Joselito G. Orense	P8825848A	20 SEP 2018	DFA NCR South

Doc. No. 358
Page No. 73
Book No. 2
Series of 2025

"DOCUMENTARY STAMP TAX AFFIXED"
03222815 APR 08 2025
(Serial Number) (Date of Issuance)


ATTY. ASEZ G. ALARDE
Notarial Commission No. 2024-93, valid until December 31, 2025
Notary Public for and in the City of Mandaue and
Municipalities of Consolacion, Lilo-an, Compostela and Cordova, Cebu
Attorney's Roll No. 82563

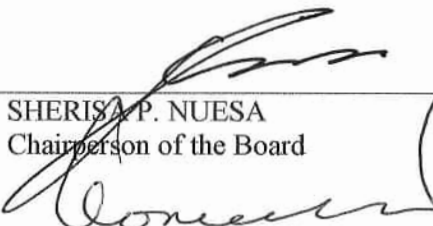
PTR No. MC-1985186, December 26, 2024; Mandaue City
IBP No. 487766; December 26, 2024; Pasig City

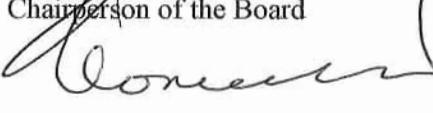
**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR ANNUAL INCOME TAX RETURN**

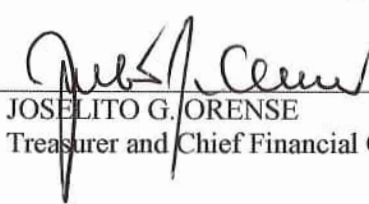
The Management of METRO RETAIL STORES GROUP, INC. is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2024. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2024 and the accompanying Annual Income Tax Return are in accordance with the books and records of METRO RETAIL STORES GROUP, INC., complete and correct in all materials respects. Management likewise affirms that:

- a. The Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- b. Any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
- c. METRO RETAIL STORES GROUP, INC. has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.


SHERISA P. NUESA
Chairperson of the Board


MANUEL C. ALBERTO
President and Chief Operating Officer


JOSELITO G. ORENSE
Treasurer and Chief Financial Officer

SUBSCRIBED AND SWORN to before me this **APR 08 2025** at
Mandaue City, Philippines. Affiant(s) is/are exhibiting to me his/her/their complete
evidence of identity as defined in the 2004 Rules on Notarial Practice (A.M. No. 0
8-13-SC), with photograph(s) and signature(s) appearing thereon, with no(s)
issued on _____ at _____

Doc. No. 362
Page No. 74
Book No. 2
Series of 2025

"DOCUMENTARY STAMP TAX AFFIXED"
03222819
(Serial Number)

APR 08 2025
(Date of Affixture)


ATTY. ASEZ C. ALARDE

Notarial Commission No. 2024-88; valid until December 31, 2025
Notary Public for and in the City of Mandaue and
Municipalities of Consolacion, Liloan, Compostela and Cordova, Cebu
Attorney's Roll No. 82563
PTR No. MC 1985186; December 26, 2024; Mandaue City
IBP No. 487766; December 26, 2024; Pasig City
MCLE Compliance No. VIII - 0013915
Vical Bldg., cor. C.D. Seno & W.O. Seno Sts., Guizo
Mandaue City, Cebu
asez.alarde@gmail.com

April 4, 2025



COVER SHEET

for
AUDITED 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	.																										

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
---	---	---	---

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

23

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

Joselito G. Orense

Email Address

joel.orense@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.



INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Metro Retail Stores Group, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Metro Retail Stores Group, Inc., which comprise the statements of financial position as at December 31, 2024 and 2023, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended 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 Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. 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 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 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 financial statements.

Existence and completeness of merchandise inventories

The Company's inventories comprise 26% of its total assets as at December 31, 2024. The Company operates 71 stores (consisting of department stores, supermarkets and hypermarkets) and 13 warehouses across Luzon and Visayas. We focused on this area since inventories are material to the financial statements and are located in various sites across the country.

The Company's disclosures about inventories are included in Note 7 to the 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, 2024, but does not include the 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, 2024 are expected to be made available to us after the date of this auditor's report.

Our opinion on the 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 Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Supplementary Information Required Under Bangko Sentral ng Pilipinas (BSP) Circular No. 1075 and Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under BSP Circular No. 1075 in Note 30 and Revenue Regulations 15-2010 in Note 31 to the financial statements are presented for purposes of filing with the BSP and Bureau of Internal Revenue, respectively, and are not required parts of the basic financial statements. Such information are the responsibility of the management of Metro Retail Stores Group, Inc. The information have been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



The engagement partner on the audit resulting in this independent 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

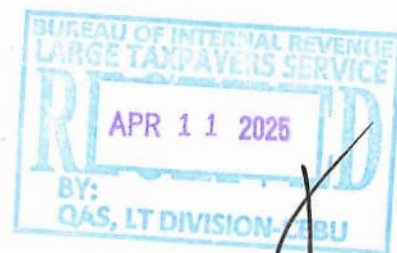
Tax Identification No. 210-730-804

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

BIR Accreditation No. 08-001998-127-2023, January 25, 2023, valid until January 24, 2026

PTR No. 10465334, January 2, 2025, Makati City

April 4, 2025



METRO RETAIL STORES GROUP, INC.
STATEMENTS OF FINANCIAL POSITION

	December 31	
	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4 and 27)	₱2,299,422,529	₱4,154,363,416
Short-term investments (Notes 5 and 27)	289,919,638	-
Receivables (Notes 6 and 27)	1,237,906,937	1,043,174,346
Merchandise inventories (Note 7)	6,301,745,958	5,866,225,830
Other current assets (Notes 8 and 27)	484,466,196	486,164,132
Total Current Assets	10,613,461,258	11,549,927,724
Noncurrent Assets		
Property and equipment (Note 9)	7,868,892,616	6,373,530,237
Right-of-use ("ROU") assets (Note 24)	4,529,304,837	4,505,295,292
Deferred tax assets - net (Note 23)	486,012,545	450,592,836
Other noncurrent assets (Notes 10 and 27)	784,262,340	784,031,320
Total Noncurrent Assets	13,668,472,338	12,113,449,685
TOTAL ASSETS	₱24,281,933,596	₱23,663,377,409
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 11 and 27)	₱5,445,779,693	₱4,942,167,213
Contract liabilities (Note 12)	111,867,178	107,146,727
Income tax payable	62,159,881	105,455,968
Short-term loans payable (Notes 13 and 27)	200,000,000	-
Loans payable - current portion (Notes 13 and 27)	473,611,111	398,611,111
Lease liabilities - current portion (Notes 24 and 27)	266,516,739	102,340,465
Total Current Liabilities	6,559,934,602	5,655,721,484
Noncurrent Liabilities		
Lease liabilities - net of current portion (Notes 24 and 27)	5,650,722,017	5,580,838,903
Retirement benefit obligation (Note 21)	543,396,113	530,155,045
Loans payable - net of current portion (Notes 13 and 27)	1,986,835,274	2,456,425,450
Other noncurrent liabilities (Notes 14 and 27)	19,644,282	17,930,465
Total Noncurrent Liabilities	8,200,597,686	8,585,349,863
Total Liabilities	14,760,532,288	14,241,071,347
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)	(261,526,893)	(254,419,975)
Retained earnings (Note 15)	3,800,813,300	3,711,054,879
Share-based payment (Notes 21)	11,557,101	5,001,736
Remeasurement gain on defined benefit obligation (Notes 15, 21)	85,640,651	75,752,273
Total Equity	9,521,401,308	9,422,306,062
TOTAL LIABILITIES AND EQUITY	₱24,281,933,596	₱23,663,377,409

See accompanying Notes to Financial Statements.



METRO RETAIL STORES GROUP, INC.
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2024	2023	2022
REVENUE			
Net sales (Note 16)	₱39,616,955,669	₱38,272,076,708	₱38,101,661,412
Rentals (Notes 22 and 24)	364,721,382	312,049,979	243,657,457
	39,981,677,051	38,584,126,687	38,345,318,869
COSTS AND EXPENSES			
Cost of sales (Note 18)	31,133,055,176	30,015,630,191	30,053,235,521
Operating expenses (Note 19)	7,706,192,301	7,457,877,507	6,959,849,976
	38,839,247,477	37,473,507,698	37,013,085,497
OPERATING INCOME	1,142,429,574	1,110,618,989	1,332,233,372
OTHER INCOME (CHARGES) (Note 17)			
Interest and other income -net	199,209,601	261,603,422	423,975,582
Finance costs	(519,843,981)	(536,661,670)	(523,494,595)
	(320,634,380)	(275,058,248)	(99,519,013)
INCOME BEFORE INCOME TAX	821,795,194	835,560,741	1,232,714,359
PROVISION FOR INCOME TAX (Note 23)			
Current	251,088,767	268,462,787	289,525,704
Deferred	(38,715,835)	(50,921,750)	25,914,581
	212,372,932	217,541,037	315,440,285
NET INCOME	609,422,262	618,019,704	917,274,074
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)	13,184,504	(24,393,890)	99,994,745
Income tax effect (Note 23)	(3,296,126)	6,098,473	(24,998,686)
	9,888,378	(18,295,417)	74,996,059
TOTAL COMPREHENSIVE INCOME	₱619,310,640	₱599,724,287	₱992,270,133
Basic/Diluted Earnings Per Share			
(Note 25)	₱0.19	₱0.19	₱0.28

See accompanying Notes to Financial Statements.



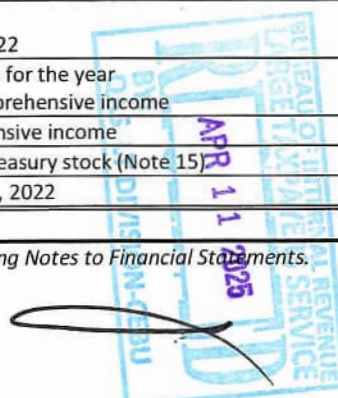
METRO RETAIL STORES GROUP, INC.

STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2024, 2023 and 2022

	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, 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
At January 1, 2022	₱3,429,375,000	₱2,455,542,149	(₱102,572,930)	₱2,371,901,941	₱-	₱19,051,631	₱8,173,297,791
Net income for the year	-	-	-	917,274,074	-	-	917,274,074
Other comprehensive income	-	-	-	-	-	74,996,059	74,996,059
Total comprehensive income	-	-	-	917,274,074	-	74,996,059	992,270,133
Acquisition of treasury stock (Note 15)	-	-	(104,577,328)	-	-	-	(104,577,328)
At December 31, 2022	₱3,429,375,000	₱2,455,542,149	(₱207,150,258)	₱3,289,176,015	₱-	₱94,047,690	₱9,060,990,596

See accompanying Notes to Financial Statements.



METRO RETAIL STORES GROUP, INC.
STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱821,795,194	₱835,560,741	₱1,232,714,359
Adjustments for:			
Depreciation and amortization of property and equipment (Note 9)	715,217,933	611,908,962	595,215,592
Finance costs (Note 17)	519,843,981	536,661,670	523,494,595
Amortization of ROU assets - net (Note 24)	370,322,235	327,944,683	389,328,155
Interest income (Note 17)	(89,834,120)	(145,306,737)	(60,965,124)
Retirement benefits costs (Note 21)	65,912,361	62,802,363	67,799,324
Provision (reversal) for shrinkage and decline in inventories values (Note 7)	(49,800,972)	(12,327,115)	35,167,252
Unrealized foreign currency exchange gains - net (Note 17)	(22,115,260)	(18,061,150)	(48,874,026)
Provision for (reversal) of:			
Expected credit losses (Notes 6 and 19)	(11,000,566)	4,998,705	5,272,136
Impairment of nonfinancial assets (Notes 9 and 19)	-	-	27,970,321
Share-based compensation (Note 15 and 21)	6,555,365	5,001,736	-
Write-off of assets (Notes 6 and 19)	5,032,863	4,874,091	17,789,308
Loss (gain) on retirement/disposal of fixed assets (Note 9)	282,563	432,275	(14,675,584)
Gain on modification/pre-termination of lease (Notes 17 and 24)	-	(29,107,167)	(179,442,634)
Operating income before working capital changes	2,332,211,577	2,185,383,057	2,590,793,674
Decrease (increase) in:			
Merchandise inventories	(385,719,156)	(358,565,935)	(1,367,456,249)
Receivables	(187,652,524)	(155,174,839)	(289,881,881)
Other current assets	(12,262,837)	133,484,425	20,513,896
Increase (decrease) in:			
Trade and other payables	506,391,100	123,476,369	1,285,202,619
Contract liabilities	4,720,451	2,317,914	4,935,422
Other noncurrent liabilities	1,713,817	3,456,489	(2,656,056)
Cash flows generated from operations	2,259,402,428	1,934,377,480	2,241,451,425
Interest received	89,067,119	148,577,790	54,449,958
Income tax paid	(285,456,944)	(175,411,263)	(63,822,791)
Retirement benefits paid (Note 21)	(39,486,788)	(27,458,728)	(34,235,653)
Net cash provided by operating activities	2,023,525,815	1,880,085,279	2,197,842,939
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment (Note 9)	(1,937,280,528)	(1,530,886,708)	(544,727,723)
Proceeds from (avallment of) short-term investments (Note 5)	(289,919,638)	-	1,091,644,133
Increase in other noncurrent assets	(173,549,675)	(444,352,980)	(72,605,645)
Avallment of financial assets at FVOCI (Note 10)	(100,000,000)	-	-
Interest from financial asset at FVOCI (Notes 10 and 17)	4,687,500	-	-
Proceeds from sale of property and equipment	-	-	49,400,000
Proceeds from insurance claims	-	53,681,402	-
Net cash provided by (used in) investing activities	(2,496,062,341)	(1,921,558,286)	523,710,765
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Loans payable (Note 13)	(398,611,111)	(130,208,333)	(1,000,000,000)
Lease liabilities (Note 24)	(518,511,533)	(443,695,421)	(532,163,610)
Debt issue cost (Note 13)	-	-	(18,750,000)
Interest	(160,626,718)	(167,493,418)	(124,105,588)
Cash dividends (Note 15)	(519,663,841)	(196,140,840)	-
Proceeds from loan avallment (Note 13)	200,000,000	-	2,500,000,000
Purchase of treasury stock (Note 15)	(7,106,918)	(47,269,717)	(104,577,328)
Net cash provided by (used in) financing activities	(1,404,519,621)	(984,807,729)	720,403,474
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,877,056,147)	(1,026,280,736)	3,441,957,178
EFFECT OF CHANGES IN FOREIGN EXCHANGE RATE	22,115,260	18,061,150	48,874,026
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4,154,363,416	5,162,583,002	1,671,751,798
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	₱2,299,422,529	₱4,154,363,416	₱5,162,583,002

See accompanying Notes to Financial Statements.



METRO RETAIL STORES GROUP, INC.
NOTES TO 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 81.05%-owned by Vicsal Development Corporation (VDC), 0.76%-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 15).

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

Approval of the Financial Statements

The financial statements of the Company as of December 31, 2024 and 2023 and for each of the three years in the year ended December 31, 2024 were approved and authorized for issue by the Board of Directors (BOD) on April 4, 2025.

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

Basis of Preparation

The 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.

Statement of Compliance

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

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 2024. Unless otherwise indicated, adoption of these new standards did not have an impact on the financial statements of the Company.

- Amendments to PAS 1, Classification of Liabilities as Current or Noncurrent
The amendments clarify:
 - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or noncurrent.
 - That classification is unaffected by the likelihood that an entity will exercise its deferral right.



- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.
- Amendments to PFRS 16, Lease Liability in a Sale and Leaseback
The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.
- Amendments to PAS 7 and PFRS 7, Disclosures: Supplier Finance Arrangements
The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

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, 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 FSRSC 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.

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 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 Policies

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

Current and Noncurrent Classification

The Company 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 Company. 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 Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company 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 Company'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 Company 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, 2024 and 2023, the Company'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 Company. The Company 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 Company'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 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, 2024, the Company 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 Company 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 Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company 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 receivables and rentals the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company 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 Company 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 Company'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 Company uses external credit ratings of the banks to assess whether the financial instrument has significantly increased in credit risk and to estimate ECLs.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. 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 Company 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 Company 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 Company 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 Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company 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 Company 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 Company 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 Company in full unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write-off policy

The Company 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 Company’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 Company in accordance with the contract and all the cash flows that the Company 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 Company 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 Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.



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

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at amortized cost

This is the category most relevant to the Company. 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. This category generally applies to trade and other payables (excluding statutory payables), loans payable, lease liabilities and other noncurrent liabilities.

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 Company.

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 Company 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.

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 Company provides for estimated inventory losses based on the Company's experience on losses due to 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, payments to utility companies for meter deposits which will be offset against the Company'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 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 10
Building and leasehold improvements	3 to 25 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.

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 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 Company 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.

Company as Lessee

Right-of-use assets

The Company 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	4 to 41
Building	2 to 27

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 Company 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 Company 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 Company 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 Company 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 Company 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.

Rent concession

The Company recognizes rent concessions arising as a direct consequence of the COVID-19 pandemic as variable lease payments, particularly as a deduction from depreciation of right-of-use assets having met all the following criteria of amendments to PFRS 16, *COVID-19 related Rent Concessions*:

- The rent concession is a direct consequence of COVID-19;
- The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
- There is no substantive change to other terms and conditions of the lease.

Company as Lessor

Leases in which the Company 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 Company 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 Company 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 Company has an unfunded, non-contributory defined benefit retirement plan covering substantially all of its employees. The Company's pension liability is the aggregate of the present value of the defined benefit obligation at the end of the reporting period.

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 Company'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 Company'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 Company 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 Company'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 Company 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 Company's BOD.

Share-based Payments

In 2024 and 2023, the Company 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 Company'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, is it 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 Company 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 Company recognizes revenue when it transfers control of a product or service to a customer.

Sale of goods

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

The Company 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 Company'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 Company'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 Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company 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 Company 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 Company 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 Company'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 financial statements.

Earnings Per Share (EPS)

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

Diluted EPS amounts are calculated by dividing the net income attributable to the Company (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 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 financial statements but are disclosed in the notes to financial statements when an inflow of economic benefits is probable.

Events after the Reporting Date

Events after the reporting date that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the 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 financial statements in accordance with PFRS Accounting Standards requires the Company 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 Company's 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 Company'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 financial statements:

Determination of lease term of contracts with renewal and termination options - Company as a lessee

The Company 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 Company has several lease contracts that include extension and termination options. The Company 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 Company 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 Company 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 Company 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 Company has a loyalty points program which allows customers to accumulate points that can be redeemed for future purchases at any of the Company's stores, subject to a minimum number of points obtained. The Company 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 Company also has gift checks and stored value cards which can be redeemed for future purchases at any of the Company's stores.

Contingencies

The Company 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 Company's counsels and is based upon an analysis of potential results. The Company'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 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 ₱38.58 million and ₱88.38 million as of December 31, 2024 and 2023, respectively (see Note 7). Merchandise inventories amounted to ₱6,301.75 million and ₱5,866.23 million as of December 31, 2024 and 2023, respectively (see Note 7).

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

The Company 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 Company's historical observed default rates. The Company 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 Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

In 2024, the Company derecognized allowance for expected credit losses of receivables amounting to ₱11.00 million while in 2023, the company recognized provision for expected credit losses of receivables amounting to ₱5.00 million.



Allowance for impairment losses on security deposit amounted to ₱2.55 million as of December 31, 2024 and December 31, 2023. The carrying amount of security deposit, net of impairment losses, amounted to ₱236.80 million and ₱236.75 million as of December 31, 2024 and 2023, respectively (see Notes 8 and 10).

Evaluation of Impairment of Nonfinancial Assets

The Company 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 Company decided to reduce lease spaces in certain stores in 2022 and permanently closed two of its stores in 2023. These events and conditions are impairment indicators requiring the assessment of the recoverable amount of the 'property and equipment' and 'right-of-use assets'.

The Company 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 Company 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 10.3%–11.9% in 2024 and 2023 with an average growth rate of 3%.

As of December 31, 2024 and 2023, the carrying value of the Company's nonfinancial assets are, as follows:

	2024	2023
Property and equipment (Note 9)	₱7,868,892,616	₱6,373,530,237
Right-of-use assets (Note 24)	4,529,304,837	4,505,295,292
Other current assets* (Note 8)	389,949,486	363,928,705
Other noncurrent assets** (Note 10)	413,368,900	576,234,013

*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 2024 and 2023.



Leases - Estimating the incremental borrowing rate

The Company 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 Company 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 Company '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 Company 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 Company's stand-alone credit rating).

The Company's lease liabilities amounted to ₱5,917.24 million and ₱5,683.18 million as of December 31, 2024 and 2023, respectively (see Note 24).

Estimating Retirement Benefits Obligation

The determination of the Company'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 financial statements and include, among others, discount rates and future salary increase rates.

Actual results that differ from the Company's assumptions are accumulated and amortized over future periods and therefore, generally affect the Company'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 Company's retirement benefits obligation.

4. Cash and Cash Equivalents

This account consists of:

	2024	2023
Cash on hand	₱116,376,542	₱114,609,727
Cash in banks	1,948,335,770	1,574,814,344
Cash equivalents	234,710,217	2,464,939,345
	₱2,299,422,529	₱4,154,363,416

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 that range from 0.10%–5.50% in 2024, 0.10%–6.50% in 2023 and 0.10%–4.50% in 2022.

Interest income earned from cash and cash equivalents amounted to ₱70.97 million, ₱145.31 million and ₱40.13 million in 2024, 2023 and 2022, 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 Company and earn annual interest at the respective short-term investment rates that range from 3.30% to 6.25% in 2024.

Short term investments amounted to ₱289.92 million and nil as of December 31, 2024 and 2023, respectively.

Interest income earned from short-term investments amounted to ₱11.65 million, nil and ₱19.63 million in 2024, 2023 and 2022, respectively (see Note 17).

6. Receivables

This account consists of:

	2024	2023
Trade		
Third parties	₱1,005,970,063	₱895,450,692
Rentals	141,867,972	87,993,013
	1,147,838,035	983,443,705
Less allowance for expected credit losses	(32,925,134)	(43,925,700)
	1,114,912,901	939,518,005
Nontrade		
Related parties (Note 22)	54,700,864	50,536,997
Accrued interest receivable	3,104,920	7,025,419
Others	65,188,252	46,093,925
	₱1,237,906,937	₱1,043,174,346

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

	2024	2023	2022
At January 1	₱43,925,700	₱38,926,995	₱35,606,019
Provisions (Note 19)	–	4,998,705	5,272,136
Less write-off	–	–	(1,951,160)
Reversal (Note 19)	(11,000,566)	–	–
At December 31	₱32,925,134	₱43,925,700	₱38,926,995

The Company has directly written off receivables which are deemed uncollectible amounting to ₱5.03 million, ₱4.87 million and ₱6.24 million in 2024, 2023 and 2022, respectively (see Note 19).

7. Merchandise Inventories

The rollforward analysis of this account follows:

	2024	2023	2022
Beginning inventory	₱5,866,225,830	₱5,495,332,780	₱4,163,043,783
Add purchases - net	31,561,213,590	30,442,504,361	31,415,449,276
Cost of goods available for sale	37,427,439,420	35,937,837,141	35,578,493,059
Less cost of merchandise sold (Note 18)	(31,087,112,403)	(29,983,229,280)	(29,982,451,133)
	6,340,327,017	5,954,607,861	5,596,041,926
Less allowance for shrinkage and decline in inventory values (Note 3)			
Beginning balance	(88,382,031)	(100,709,146)	(65,541,894)
Provision (Note 18)	–	(17,049,701)	(35,167,252)
Reversal (Note 18)	49,800,972	29,376,816	–
	(38,581,059)	(88,382,031)	(100,709,146)
Ending inventory	₱6,301,745,958	₱5,866,225,830	₱5,495,332,780

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 ₱29.32 million and ₱67.68 million as of December 31, 2024 and 2023, respectively. The related costs of the inventories carried at NRV amounted to ₱67.90 million and ₱156.06 million as of December 31, 2024 and 2023, respectively.

The Company recognized provision for shrinkage and decline in inventory values amounting to nil, ₱17.05 million and ₱35.17 million in 2024, 2023 and 2022, respectively. The Company recognized reversal of provision on sold inventories amounting to ₱49.80 million and ₱29.38 million in 2024 and 2023, respectively. These are lodged under “Others” in the Cost of Sales section in the statements of comprehensive income (see Note 18).



No inventories have been used or pledged as security for the Company's obligations in 2024 and 2023. The Company does not have any purchase commitments as of December 31, 2024 and 2023.

8. Other Current Assets

This account consists of:

	2024	2023
Advances to trade suppliers		
Related parties (see Note 22)	₱201,989,951	₱132,082,544
Third parties	6,713,395	285,860
Security deposits - current	97,066,710	124,785,427
Prepayments		
Third parties	121,223,907	122,816,150
Related parties (see Note 22)	14,851,624	3,069,563
Supplies	42,788,388	41,349,567
Deferred input VAT - current	2,382,221	11,774,453
Input VAT - net	–	52,550,568
	487,016,196	488,714,132
Allowance for impairment losses	(2,550,000)	(2,550,000)
	₱484,466,196	₱486,164,132

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 Company 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. Movements in the allowance for impairment loss for other current assets follow:



Security deposits

	2024	2023	2022
At January 1	₱2,550,000	₱2,550,000	₱6,223,444
Reclassification (Note 10)	–	–	(3,673,444)
At December 31	₱2,550,000	₱2,550,000	₱2,550,000

Advances to trade suppliers

	2024	2023	2022
At January 1	₱–	₱41,786	₱41,786
Write-off	–	(41,786)	–
At December 31	₱–	₱–	₱41,786

The Company has directly written off security deposits identified to be unrecoverable amounting to ₱2.23 million, nil and ₱11.55 million in 2024, 2023 and 2022 respectively. This is recognized under “Other income (charges)” in the statements of comprehensive income (see Note 17).



9. Property and Equipment

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 (see 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



2023

	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	₱1,661,816,968	₱2,049,569,955	₱1,497,512,366	₱—	₱3,903,191,799	₱298,862,429	₱9,642,910,716
Additions	—	67,796,671	195,201,849	68,344,700	65,804	100,393,669	1,259,715,353	1,691,518,046
Retirements/Disposals	—	(11,585,693)	(34,921,644)	(5,107,554)	—	(135,502,192)	—	(187,117,083)
Reclassifications	—	43,998,670	11,627,698	1,754,663	—	862,490,972	(919,872,003)	—
At December 31	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
Less Accumulated Depreciation and Amortization:								
At January 1	—	397,426,822	1,715,089,323	1,236,346,603	—	971,724,218	—	4,320,586,966
Depreciation and amortization (see Notes 18 and 19)	—	147,371,257	153,987,162	105,528,406	5,484	205,016,653	—	611,908,962
Retirements/Disposals	—	(8,251,076)	(34,776,756)	(5,045,891)	—	(110,640,763)	—	(158,714,486)
Reclassifications	—	37,087	48,178	—	—	(85,265)	—	—
At December 31	—	536,584,090	1,834,347,907	1,336,829,118	5,484	1,066,014,843	—	4,773,781,442
Less: Allowance for impairment loss								
At January 1	—	3,594,748	—	—	—	24,375,573	—	27,970,321
Write-off	—	(3,594,748)	—	—	—	(24,375,573)	—	(27,970,321)
At December 31	—	—	—	—	—	—	—	—
Net Book Value	₱231,957,199	₱1,225,442,526	₱387,129,951	₱225,675,057	₱60,320	₱3,664,559,405	₱638,705,779	₱6,373,530,237

In 2022, the Company recognized provision for impairment loss for the immovable property and equipment of two stores approved to be closed in 2023 amounting to ₱27.97 million under “Provision for impairment of nonfinancial assets” in the Operating Expenses section of the statement of comprehensive income (see Note 19). In 2023, the Company wrote-off these property and equipment.

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.



There were no capitalized borrowing costs in 2024 and 2023.

There are no items of property and equipment that are pledged as security to liabilities as of December 31, 2024 and 2023.

The Company has contractual purchase commitments related to construction-in-progress amounting to ₱862.24 million and ₱1,150.40 million as of December 31, 2024 and 2023 respectively.



10. Other Noncurrent Assets

This account consists of:

	2024	2023
Deposits	₱342,251,685	₱249,340,143
Advances to nontrade suppliers		
Third parties	339,148,020	448,781,378
Related parties (see Note 22)	1,387,928	75,212,955
Financial assets at fair value through other comprehensive income (FVOCI)	100,000,000	–
Deferred input VAT	13,920,399	23,142,536
	796,708,032	796,477,012
Less allowance for impairment loss (see Note 19)	(12,445,692)	(12,445,692)
	₱784,262,340	₱784,031,320

Deposits consist of the following:

	2024	2023
Security deposits	₱142,286,279	₱114,519,506
Deposit to utility companies*	128,607,161	93,277,801
Others	71,358,245	41,542,836
	₱342,251,685	₱249,340,143

**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 to ₱2.53 million, ₱3.38 million and ₱1.21 million in 2024, 2023 and 2022, respectively and are presented under “Interest and other income - net” of “Other income (charges)” section in the 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 ₱4.69 million in 2024 (see Note 17).

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

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.

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



Movements in the allowance for impairment loss for advances to supplier follow:

	2024	2023	2022
At January 1	₱12,445,692	₱12,445,692	₱8,772,248
Reclassification (see Note 8)	–	–	3,673,444
December 31	₱12,445,692	₱12,445,692	₱12,445,692

11. Trade and Other Payables

This account consists of:

	2024	2023
Trade		
Third parties	₱3,621,883,647	₱3,269,715,795
Related parties (see Note 22)	13,724,505	58,061,743
Nontrade		
Third parties	651,106,286	606,198,467
Related parties (see Note 22)	59,564,899	27,941,607
Accrued expenses	511,940,326	520,556,561
Credit cash bonds	229,269,079	235,571,609
Output VAT - net	110,387,818	–
Taxes payable	66,335,730	58,939,987
Others	181,567,403	165,181,444
	₱5,445,779,693	₱4,942,167,213

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:

	2024	2023
Suppliers and contractors	₱158,026,613	₱150,935,569
Utilities	123,772,767	95,278,593
Short-term rentals	118,599,099	107,176,281
Marketing-related cost	21,060,423	22,065,947
Professional fees	20,032,976	17,025,718
Other accruals	70,448,448	128,074,453
	₱511,940,326	₱520,556,561

Other accruals pertain to government remittances, retirement benefits 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 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 ₱8.53 million, ₱8.36 million and ₱8.91 million in 2024, 2023 and 2022, respectively. Interest incurred from cash bonds are settled through deduction from the Company's receivables from these credit account holders (see Note 17).

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 tenants 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.

12. Contract Liabilities

This account consists of:

	2024	2023
Gift check outstanding	₱47,346,228	₱43,263,101
Stored value cards	36,405,295	31,493,222
Accrued customer loyalty reward	28,115,655	32,390,404
	₱111,867,178	₱107,146,727

These items can only be redeemed from the Company's own stores. These are recognized as revenue upon redemption and are expected to be redeemed within twelve months.

The rollforward analysis of this account follows:

	2024	2023
At January 1	₱107,146,727	₱104,828,812
Deferred during the year	2,032,032,524	2,064,343,310
Recognized as revenue during the year	(2,027,312,073)	(2,062,025,395)
At December 31	₱111,867,178	₱107,146,727



13. Loans Payable

Short-term bank loans

	2024	2023
Short-term bank loans with interest rates of 6.34% per annum	200,000,000	–

The Company availed short-term loans payable from a local bank in an aggregate amount of ₱200.00 million and nil in 2024 and 2023, respectively, with interest rates of 6.34% per annum. This is payable within 84 days after the reporting date and were availed for additional working capital requirements.

Outstanding balance of short-term bank loans amounted to ₱200.00 million and nil as of December 31, 2024 and 2023, respectively.

Long-term bank loans

	2024	2023
Long-term bank loans with nominal interest rates ranging from 4.0%–6.9% per annum	₱2,471,180,555	₱2,869,791,666
Less current portion of loans payable and unamortized debt issue cost	(473,611,111)	(398,611,111)
	1,997,569,444	2,471,180,555
Less noncurrent portion and unamortized debt issue cost	(10,734,170)	(14,755,105)
Noncurrent portion of loans payable	₱1,986,835,274	₱2,456,425,450

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 4.0% 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 6.36%-6.9% 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 6.36%-6.9% 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% per annum.



The Company's long-term debt consists of:

	2024	2023
10-year loan due on March 28, 2031	₱390,625,000	₱453,125,000
10-year loan due on March 3, 2032	402,777,778	458,333,333
10-year loan due on March 3, 2032	402,777,777	458,333,333
7-year loan due on March 23, 2029	1,275,000,000	1,500,000,000
	2,471,180,555	2,869,791,666
Less unamortized debt issue cost	(10,734,170)	(14,755,105)
	₱2,460,446,385	₱2,855,036,561

The Company has no negative covenants and no prepayment options for its loans payable outstanding as of December 31, 2024 and 2023.

Interest expense from bank loans amounted to ₱153.34 million, ₱161.45 million and ₱116.73 million in 2024, 2023 and 2022, respectively (see Note 17). This includes the amortization of unamortized debt issue cost amounting to ₱4.02 million, ₱4.16 million and ₱3.17 million in 2024, 2023 and 2022, respectively.

There were no borrowing costs from loans payable capitalized to construction in 2024 and 2023 (see Note 9).

The movement of the unamortized debt issue cost follows:

	2024	2023
At January 1	₱14,755,105	₱18,913,493
Amortization	(4,020,935)	(4,158,388)
At December 31	₱10,734,170	₱14,755,105

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

	2024	2023
2024	₱-	₱398,611,111
2025	473,611,111	473,611,111
2026	473,611,111	473,611,111
2027-2032	1,523,958,333	1,523,958,333
	₱2,471,180,555	₱2,869,791,666

14. Other Noncurrent Liabilities

This account pertains 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.



15. Equity

Capital Stock

The Company's common stock consists of:

	2024		2023	
	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	3,248,183,000	3,174,955,025	3,282,303,000	3,222,224,742
Treasury shares acquired during the year	(5,745,000)	(7,106,918)	(34,120,000)	(47,269,717)
Outstanding, end of year	3,242,438,000	3,167,848,107	3,248,183,000	₱3,174,955,025

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.

As of December 31, 2024 and 2023, the Company has 23 and 22 existing shareholders, respectively.

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 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.

In 2024 and 2023, the Company bought back from the market 5,745,000 shares and 34,120,000 shares or ₱7.11 million and ₱47.27 million, respectively. As of December 31, 2024 and 2023, the Company repurchased a total of 186,937,000 shares and 181,192,000 shares, respectively, for a total amount of ₱261.53 million and ₱254.42 million, respectively. 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 BOD 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 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 financial statements.



Retained Earnings

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 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 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 Company'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 Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company 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, 2024 and 2023. The Company considers equity as capital excluding remeasurement effects on defined benefit obligation. The Company is not subject to externally imposed capital requirements.

The Company considers the following as capital:

	2024	2023
Capital stock	₱3,429,375,000	₱3,429,375,000
Additional paid-in capital	2,455,542,149	2,455,542,149
Retained earnings	3,800,813,300	3,711,054,879
Treasury stock	(261,526,893)	(254,419,975)
	₱9,424,203,556	₱9,341,552,053

16. 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:

	2024	2023	2022
Net sales	₱39,616,955,669	₱38,272,076,708	₱38,101,661,412
Other income (see Note 17)			
Scrap sales	12,119,383	10,421,850	12,911,655
Others	75,423,401	59,138,793	53,425,158
	₱39,704,498,453	₱38,341,637,351	₱38,167,998,225



The following table disaggregates the Company's net sales by geographical markets and major goods or service lines for the years ended December 31, 2024, 2023 and 2022:

	2024	2023	2022
Geographical markets:			
Luzon	₱11,326,834,345	₱11,532,369,857	₱12,999,828,695
Visayas	28,290,121,324	26,739,706,851	25,101,832,717
Total revenue from contracts with customers from net sales	₱39,616,955,669	₱38,272,076,708	₱38,101,661,412
Major goods/service lines:			
Food retail	₱28,561,634,249	₱27,238,221,231	₱27,558,361,389
General merchandise	11,055,321,420	11,033,855,477	10,543,300,023
Total revenue from contracts with customers from net sales	₱39,616,955,669	₱38,272,076,708	₱38,101,661,412

17. Other Income (Charges)

Interest and other income - net

	2024	2023	2022
Interest income (see Notes 4, 5 and 10)	₱89,834,120	₱145,306,737	₱60,965,124
Foreign currency exchange gain - net	22,115,260	18,061,150	48,874,026
Scrap sales (see Note 16)	12,119,383	10,421,850	12,911,655
Gain (loss) on retirement and disposal of fixed assets (see Note 9)	(282,563)	(432,275)	14,675,584
Gain on modification/pre-termination of lease (see Note 24)	–	29,107,167	179,442,633
Gain on insurance claims	–	–	53,681,402
Others (see Note 16)	75,423,401	59,138,793	53,425,158
	₱199,209,601	₱261,603,422	₱423,975,582

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 Company's stores (see Note 16).



In 2023, the Company recognized gain on pre-termination of lease contract of ₱29.11 million as a result of permanent store closure (see Note 24). In 2022, the Company recognized gain on pre-termination of lease contract amounting to ₱73.12 million and gain on modification of lease contract amounting to ₱106.32 million.

Gain on insurance claims pertains to insurance recoveries and reimbursement of losses against insurance coverage for property damages and business interruption claims in relation to the 2021 typhoon casualty losses.

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

Finance costs

	2024	2023	2022
Finance cost on lease liabilities (see Note 24)	₱357,975,450	₱366,847,009	₱397,857,648
Interest expense from bank loans (see Note 13)	153,341,470	161,452,342	116,726,975
Interest expense on cash bond (see Note 11)	8,527,061	8,362,319	8,909,972
	₱519,843,981	₱536,661,670	₱523,494,595

18. Cost of Sales

	2024	2023	2022
Cost of merchandise sold (see Note 7)	₱31,087,112,403	₱29,983,229,280	₱29,982,451,133
Others - net (see Notes 7, 9 and 20)	45,942,773	32,400,911	70,784,388
	₱31,133,055,176	₱30,015,630,191	₱30,053,235,521

Others - net pertain to direct labor, other overhead costs, depreciation and amortization, and provision for shrinkage and decline in inventories values.

Depreciation and amortization charged to cost of sales amounted to ₱0.04 million in 2024 and 2023, and ₱0.03 million in 2022 (see Note 9).



19. Operating Expenses

	2024	2023	2022
Personnel cost (see Note 20)	₱1,889,570,045	₱1,865,772,504	₱1,708,345,310
Rental (see Notes 22 and 24)	1,497,163,088	1,491,791,377	1,290,582,389
Light, water and communication	1,007,231,191	1,056,515,764	1,131,136,263
Depreciation and amortization of property and equipment (see Note 9)	715,176,133	611,869,701	595,187,972
Contracted services (see Note 22)	553,147,371	398,470,441	371,486,341
Taxes and licenses	421,453,912	421,332,013	342,747,716
Depreciation and amortization of right-of-use assets - net (see Note 24)	370,322,235	327,944,683	389,328,155
Repairs and maintenance	316,503,428	303,953,531	277,133,141
Advertising	195,025,428	185,547,333	116,845,642
Supplies	178,434,524	161,152,843	157,127,117
Commission	167,483,648	143,533,208	127,736,755
Subscriptions	119,647,398	140,016,170	121,883,420
Insurance	105,799,057	112,528,139	107,736,040
Professional fees	75,492,017	122,894,752	93,708,383
Transportation and travel	57,824,107	60,181,645	40,191,769
Representation and entertainment	34,786,422	38,540,064	32,334,577
Write-off of assets (see Note 6)	5,032,863	4,874,091	17,789,308
Provision for (reversal of):			
Expected credit losses (see Note 6)	(11,000,566)	4,998,705	5,272,136
Impairment of nonfinancial assets (see Note 9)	-	-	27,970,321
Others	7,100,000	5,960,543	5,307,221
	₱7,706,192,301	₱7,457,877,507	₱6,959,849,976

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 rent concessions amounting to ₱29.06 million, ₱26.48 million and ₱51.24 million in 2024, 2023 and 2022, 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.

Provision for impairment of nonfinancial assets pertains to provisions for impairment of property and equipment as a result of reduction of leased premises and permanent store closures.

In 2022, impairment pertains to property and equipment relating to the pre-terminated leases amounting to ₱27.97 million (see Note 9).

Others pertain to representation, entertainment, donations and contributions.



20. Personnel Cost

	2024	2023	2022
Salaries and wages	₱1,580,517,964	₱1,532,599,891	₱1,412,884,164
Retirement benefits costs (see Note 21)	65,912,361	62,802,363	67,799,324
Other employee benefits	295,041,302	324,122,776	269,732,303
	₱1,941,471,627	₱1,919,525,030	₱1,750,415,791

Personnel cost that were recognized as cost of sales amounted to ₱28.33 million, ₱27.54 million and ₱20.55 million in 2024, 2023 and 2022, respectively (see Note 18).

Personnel cost that were capitalized as part of construction-in-progress amounted to ₱23.57 million, ₱26.21 million and ₱21.52 million in 2024, 2023 and 2022, 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 Company has an unfunded, noncontributory defined benefit retirement plan. The accounting method and actuarial assumptions used were in accordance with the provisions of 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 Company'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:

	2024	2023	2022
Interest cost	₱32,339,458	₱34,340,479	₱27,379,278
Current service cost	33,572,903	28,461,884	36,522,861
Net transferred liabilities	–	–	3,897,185
	₱65,912,361	₱62,802,363	₱67,799,324



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

	2024	2023	2022
Remeasurement (loss) gain due to:			
Experience adjustments	₱13,184,504	₱28,544,742	(₱2,819,407)
Changes in financial assumptions	–	(52,938,632)	102,814,152
	₱13,184,504	(₱24,393,890)	₱99,994,745

The rollforward analysis of the retirement benefit obligation follows:

	2024	2023
At January 1	₱530,155,044	₱470,417,520
Current service cost	33,572,903	28,461,884
Interest cost	32,339,458	34,340,479
Benefits paid	(39,486,788)	(27,458,728)
Remeasurement gain due to:		
Changes in financial assumptions	–	52,938,632
Experience adjustments	(13,184,504)	(28,544,742)
At December 31	₱543,396,113	₱530,155,045

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

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

	2024	2023	2022
Salary increase rate	4.00%	4.00%	4.00%
Discount rate	6.10%	6.10%	7.30%

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.

	2024		2023	
	Increase (decrease)	Net retirement benefit liability	Increase (decrease)	Net retirement benefit liability
Discount Rates	+1.0%	(₱45,382,751)	+1.0%	(₱44,801,978)
	–1.0%	53,427,920	–1.0%	52,814,380
Salary increase rate	+1.0%	51,058,865	+1.0%	50,565,813
	–1.0%	(44,127,222)	–1.0%	(43,653,224)



The Company does not maintain a fund for its retirement benefit obligation. Shown below is the maturity analysis of the benefit payments as of December 31:

	2024	2023
Less than one year to 5 years	₱216,863,724	₱194,585,457
More than 5 years to 10 years	320,757,688	318,562,073
More than 10 years to 15 years	292,234,424	296,334,791
More than 15 years	2,319,578,220	2,320,954,754
	₱3,149,434,056	₱3,130,437,075

The weighted average duration of the defined benefit obligation is 14 years in 2024 and 2023.

Executive Stock Option Plan

The Company has stock option plans covering 1% of the Company'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 Company.

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

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.

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

	2024	2023
Weighted average share price	₱1.42	₱1.42
Exercise price	1.18	1.18
Expected volatility	33%	33%
Expected dividends	4%	4%
Risk-free interest rate	6%	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 Company.

Total expense arising from share-based payments recognized by the Company amounted to ₱6.56 million and ₱5.00 million in 2024 and 2023 respectively. This is recognized as part of "Personnel cost" under Operating expenses section of the 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, 2024 and 2023 are as follows:

December 31, 2024

	Amount/Volume	Outstanding Balance	Terms and Conditions
Parent Company (VDC)			
Advances (see 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
Entities Under Common Control			
Advances and rental income (see Note 6; c, d and f)	140,049,455	53,285,554	Noninterest-bearing, unsecured, not impaired
Advances to suppliers (see 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
Parent Company (VDC)			
Lease liabilities (see Note 24; b)	₱115,747	₱-	Noninterest-bearing and payable in 30 days, unsecured
Management fee (see Note 11; e)	26,111,821	-	Noninterest-bearing and payable in 30 days, unsecured
Purchases of services and rent expense (see Note 11; c and d)	1,216,552	(1,216,552)	Noninterest-bearing and payable in 30 days, unsecured
Entities Under Common Control			
Lease liabilities (see Note 24; b)	53,564,681	(44,238,509)	Noninterest-bearing and payable in 30 days, unsecured
Purchase of goods (see Note 11; d)	159,937,919	(21,787,649)	Noninterest-bearing and payable in 30 days, unsecured
Purchases of services and rent expense (see 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)	



December 31, 2023

	Amount/Volume	Outstanding	Terms and Conditions
<i>Parent Company (VDC)</i>			
Advances (see Note 6; a)	₱26,824,925	₱2,085,962	Noninterest-bearing, unsecured, not impaired
Prepayment on rentals (Note 8; b)	1,193,743,888	3,069,563	Noninterest-bearing, unsecured, not impaired
<i>Entities Under Common Control</i>			
Advances and rental income (see Note 6; c, d and f)	132,854,223	48,451,035	Noninterest-bearing, unsecured, not impaired
Advances to suppliers (see Notes 8 and 10; d)	1,593,576,020	207,295,499	Noninterest-bearing, unsecured, not impaired
Due from related parties		₱260,902,059	

	Amount/Volume	Outstanding	Terms and Conditions
<i>Parent Company (VDC)</i>			
Lease liabilities (see Note 24; b)	₱462,041	(₱11,471,199)	Noninterest-bearing and payable in 30 days, unsecured
Management fee (see Note 11; e)	65,066,900	–	Noninterest-bearing and payable in 30 days, unsecured
<i>Entities Under Common Control</i>			
Purchase of goods (see Note 11; d)	127,007,056	(58,061,743)	Noninterest-bearing and payable in 30 days, unsecured
Purchases of services and rent expense (see Note 11; c and d)	172,888,804	(27,941,607)	Noninterest-bearing and payable in 30 days, unsecured
Due to related parties		(₱97,474,549)	

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, offices 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.
- 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 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 ₱656.45 million and ₱925.27 million in 2024 and 2023, respectively, which earn interest based on prevailing market interest rates amounting to ₱19.80 million and ₱31.05 million in 2024 and 2023 respectively.

Compensation of the Company's key management personnel by benefit type follows:

	2024	2023	2022
Short-term employee benefits	₱119,476,412	₱122,189,559	₱115,724,245
Post-employment benefits	6,255,857	6,251,032	6,649,482

There are no amounts due to or due from members of key management as of December 31, 2024 and 2023.

The Company has not recognized any impairment losses on amounts due from related parties in 2024 and 2023. 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.

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.

23. Income Tax

Provision for income tax consists of:

	2024	2023	2022
Current			
RCIT	₱238,987,252	₱242,549,969	₱279,591,374
Final	12,101,515	25,912,818	9,934,330
	251,088,767	268,462,787	289,525,704
Deferred	(38,715,835)	(50,921,750)	25,914,581
	₱212,372,932	₱217,541,037	₱315,440,285

The Company's provision for current income tax in 2024, 2023 and 2022 represents regular corporate income tax.



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

	2024	2023
Recognized in profit or loss:		
Lease liabilities (Note 24)	₱1,479,309,689	₱1,419,592,432
Right-of-use assets, including provision for impairment losses (Note 24)	(1,132,326,209)	(1,119,166,531)
Retirement benefit obligation (Note 21)	164,395,912	157,789,518
Provision for decline in value of inventories (Note 7)	9,645,265	13,688,064
Unrealized foreign exchange gain	(25,680,081)	(16,449,497)
Contract liability from customer loyalty program (Note 12)	7,028,914	8,097,601
Allowance for impairment of receivables (Note 6)	8,231,284	10,981,425
Unamortized debt issuance cost (Note 13)	(2,683,543)	(3,688,776)
Equity-based compensation not yet exercised	2,889,275	1,250,434
Allowance for impairment of advances to suppliers (Note 10)	3,748,923	3,748,923
	514,559,429	475,843,593
Recognized in other comprehensive income:		
Remeasurement gain on defined benefit obligation	(28,546,884)	(25,250,757)
	₱486,012,545	₱450,592,836

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

	2024	2023	2022
Provision for income tax computed at statutory rate	₱205,448,799	₱208,890,185	₱308,178,590
Tax effects of:			
Nondeductible expenses	16,669,340	18,114,716	15,655,773
Income subjected to final tax	(9,745,207)	(9,463,864)	(4,953,610)
Nontaxable excess of insurance proceeds on damaged fixed assets	-	-	(3,440,468)
	₱212,372,932	₱217,541,037	₱315,440,285

24. 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 rollforward analysis of right-of-use assets follows:

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 January 1	–	78,394,757	78,394,757
December 31, 2024	–	78,394,757	78,394,757
Net Book Value	₱973,203,297	₱3,556,101,540	₱4,529,304,837

December 31, 2023

	Land	Building	Total
<u>Cost</u>			
At January 1, 2023	₱1,760,106,298	₱4,861,840,783	₱6,621,947,081
Additions	165,803,546	468,299,288	634,102,834
Retirements	–	(237,750,933)	(237,750,933)
At December 31, 2023	1,925,909,844	5,092,389,138	7,018,298,982
<u>Accumulated depreciation</u>			
At January 1, 2023	860,144,688	1,349,467,233	2,209,611,921
Amortization	53,038,907	301,388,274	354,427,181
Retirement	–	(129,430,169)	(129,430,169)
At December 31, 2023	913,183,595	1,521,425,338	2,434,608,933
Less allowance for impairment losses			
At January 1	–	104,671,952	104,671,952
Write-off	–	(26,277,195)	(26,277,195)
	–	78,394,757	78,394,757
Net Book Value	₱1,012,726,249	₱3,492,569,043	₱4,505,295,292



In 2023, the Company derecognized right-of-use assets and lease liabilities amounting to ₱108.32 million and ₱111.15 million, respectively, and wrote-off allowance for impairment loss amounting to ₱26.27 million, due to the pre-termination of leases on stores closed, resulting to a recognition of gain on lease termination. Gain on lease termination for pre-terminated leases in 2024, 2023 and 2022 amounted to nil, ₱29.11 million and ₱73.12 million, respectively (see Note 17).

The Company also entered into various agreements to revise existing lease contracts with its lessors which were accounted for by the Company as lease modifications resulting to a gain amounting to nil in 2024 and 2023, and ₱106.32 million in 2022 (see Note 17).

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

	2024	2023
Variable lease payments (see Note 19)*	₱1,213,914,184	₱1,205,782,932
Finance cost on lease liabilities (Note 17)	357,975,450	366,847,009
Amortization expense of right-of-use assets - net (see Note 19)	370,322,234	327,944,683
Expenses relating to short-term leases and lease of low-value assets (see Note 19)*	283,248,905	286,008,445
Gain on pre-termination of lease (see Note 17)	–	29,107,167

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

The rollforward analysis of lease liabilities follows:

	2024	2023
At January 1	₱5,683,179,367	₱5,262,952,178
Additions	423,657,960	634,708,834
Finance cost (see Note 17)	357,975,450	366,847,009
Payments	(518,511,533)	(443,695,421)
Waived rentals	(29,062,488)	(26,482,498)
Lease modification and termination	–	(111,150,735)
At December 31	₱5,917,238,756	₱5,683,179,367

Classification of lease liabilities is as follows:

	2024	2023
Current portion	₱266,516,739	₱102,340,465
Noncurrent portion	5,650,722,017	5,580,838,903
	₱5,917,238,756	₱5,683,179,368

The Company was granted waived rentals from its lessors amounting to ₱29.06 million and ₱26.48 million in 2024 and 2023, respectively (see Note 19). The waived rentals were deducted from outstanding lease liabilities.



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

	2024	2023
Within one year	₱603,737,938	₱626,496,805
More than one year but not more than five years	2,021,439,632	1,863,614,236
More than five years	7,727,741,072	8,021,950,676
	₱10,352,918,642	₱10,512,061,717

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 ₱128.39 million and ₱91.72 million as of December 31, 2024 and 2023, respectively (see Notes 11 and 14). Rental income amounted to ₱364.72 million, ₱312.05 million and ₱243.66 million in 2024, 2023 and 2022, respectively.

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

	2024	2023
Within one year	₱69,842,372	₱35,245,417
More than one year but not more than five years	237,283,816	177,321,825
More than five years	10,275,650	12,112,908
	₱317,401,838	₱224,680,150

25. Earnings Per Share

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

	2024	2023	2022
Net income	₱609,422,262	₱618,019,704	₱917,274,074
Weighted-average number of common shares for basic EPS	3,246,206,109	3,259,957,836	3,310,752,027
Add: Dilutive shares arising from stock options (see Note 21)	28,028,562	28,028,562	—
Adjusted weighted average number of common shares for diluted EPS	3,274,234,671	3,287,986,398	3,310,752,027
Basic/Diluted Earnings Per Share	₱0.19	₱0.19	₱0.28

Basic EPS is computed by dividing net income for the year attributable to common equity holders of the Company 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 Company 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 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 operation 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.

27. Financial Instruments

Fair Value of Financial Instruments

As of December 31, 2024 and 2023, 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, 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 Company’s financial assets recognized as of December 31, 2024 and 2023:

	2024		2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Security deposit, net of allowance for impairment losses (see Note 10)	₱270,893,440	₱198,898,306	₱207,797,307	₱206,852,108
Financial assets at FVOCI	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 5.99%–6.17% for 2024 and 5.87%–6.12% for 2023. The fair value of security deposits lodged in “Deposits” and financial assets at FVOCI under “Other noncurrent assets” is classified under Level 2 and Level 3 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:

	2024		2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Noncurrent portion of long-term loans payable (see Note 13)	₱1,986,835,274	₱1,882,774,602	₱2,456,425,450	₱2,480,739,227
Other noncurrent liabilities (see Note 14)	19,644,282	35,100,171	17,930,465	17,960,816

The fair value of loans payable were determined by discounting future cash flows using the applicable rate of 6.05% to 6.15% for 2024 and of 6.00% to 6.08% for 2023.

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 has a total available credit line of up to ₱12,550 million and ₱11,550.00 million with various local banks as of December 31, 2024 and 2023, respectively.

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 December 31, 2024 and 2023 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, 2024

	On Demand	Within One (1) Year	More than One (1) Year	Total
Financial liabilities:				
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



December 31, 2023

	On Demand	Within One (1) Year	More than One (1) Year	Total
Financial liabilities:				
Trade and other payables				
Trade				
Third parties	P=	P3,269,715,795	P=	P3,269,715,795
Related parties	-	58,061,743	-	58,061,743
Nontrade				
Third parties	-	606,198,467	-	606,198,467
Related parties	-	27,941,607	-	27,941,607
Accrued expenses	-	520,556,561	-	520,556,561
Credit cash bonds	-	235,571,609	-	235,571,609
Others*	-	159,695,524	-	159,695,524
Long-term bank loans:				
Principal	-	398,611,111	2,471,180,555	2,869,791,666
Future interest payments	-	125,962,700	317,730,221	443,692,921
Lease liabilities	-	626,496,805	9,885,564,913	10,512,061,718
Other noncurrent liabilities	-	-	17,930,465	17,930,465
	P=	P6,028,811,922	P12,692,406,154	P18,721,218,076

*Excluding statutory payables

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:

	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	P1,005,970,063	229,269,079	P776,700,984	P229,269,079
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	-
	P1,270,832,071	P337,730,836	P933,101,235	P337,730,836



2023				
	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	₱895,450,692	235,571,609	₱659,879,083	₱235,571,609
Rentals	87,993,013	73,100,705	14,892,308	73,100,705
Nontrade:				
Related parties	50,536,997	–	50,536,997	–
Accrued interest receivable	7,025,419	–	7,025,419	–
Receivable from insurance	–	–	–	–
Others	46,093,925	–	46,093,925	–
	₱1,087,100,046	₱308,672,314	₱778,427,732	₱308,672,314

Cash and cash equivalent 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 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, 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 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 December 31, 2024 and 2023:

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

December 31, 2023

	Current Stage 1 (12-month ECL)	Credit-impaired Stage 3	Total
Average expected credit loss rates	1.57%	98.59%	
Gross carrying amount	₱954,104,337	₱29,339,368	₱983,443,705
ECL	14,998,705	28,926,995	43,925,700

The Company recognized provision for impairment loss on trade receivables and rentals amounting to nil, ₱5.00 million and ₱5.27 million in 2024, 2023, and 2022, respectively (see Note 6). In 2024, the company 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, 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 presented as "Recoveries of expected credit losses" in the statement of comprehensive income.

28. Note to Statements of Cash Flows

The Company's noncash activities are as follows:

- a) The Company entered into various agreements to revise existing lease contracts with its lessors which were accounted for by the Company as lease modifications resulting to a gain amounting to nil in 2024 and 2023, and ₱106.32 million in 2022. The Company also recognized a gain on lease termination for its pre-terminated leases in 2024, 2023 and 2022 amounting to nil, ₱29.11 million and ₱73.12 million, respectively, presented under "Other Income (Charges)" (see Note 17).



- b) In 2022, gain on insurance claims pertaining to insurance recoveries and reimbursement of losses against insurance coverage for property damages and business interruption claims in relation to the 2021 typhoon casualty losses was recognized amounting to ₱53.68 million and presented under “Other income (charges)” (see Note 17).
- c) The Company recognized in 2022 provision for impairment losses amounting to ₱27.97 million pertaining to immovable property and equipment which may not be recoverable due to the closure of non-performing stores (see Notes 9 and 19). The provision was reversed upon retirement of the assets.
- d) Transfers from other noncurrent assets (advances to suppliers) to property and equipment amounted to ₱273.58 million, ₱160.63 million and ₱82.16 million for 2024, 2023 and 2022, respectively.

The following are the cash flow movements of the Company’s financing activities in 2024, 2023 and 2022:

2024					
	January 1	Net cash flows	Accretion of interest	Others	December 31
Lease liabilities	₱5,683,179,367	(₱518,511,533)	₱357,975,450	₱394,595,472	₱5,917,238,756
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	₱5,262,952,178	(₱443,695,421)	₱366,847,009	₱497,075,601	₱5,683,179,367
Loans payable:					
Short-term bank loans	–	–	–	–	–
Long-term bank loans	2,981,086,507	(130,208,334)	4,158,388	–	2,855,036,561
2022					
	January 1	Net cash flows	Accretion of interest	Others	December 31
Lease liabilities	₱5,574,955,193	(₱532,163,609)	₱397,857,648	(₱177,697,054)	₱5,262,952,178
Loans payable:					
Short-term bank loans	1,000,000,000	(1,000,000,000)	–	–	–
Long-term bank loans	496,669,910	2,500,000,000	(15,583,403)	–	2,981,086,507

Others include the effect of the additional lease liabilities, waived rentals and lease modification affecting lease liabilities account.



29. Other Matters

Cash dividends

On April 4, 2025, the BOD approved the declaration of cash dividends amounting to ₱194.54 million or ₱0.06 per share, out of the Company's accumulated unrestricted retained earnings as of December 31, 2024, to 3,242,265,000 outstanding common shares as of April 4, 2025.

Acquisition of Apple Drugstore Corp.

On April 4, 2025, the Board approved the acquisition of Apple Drugstore Corp., through sale of common shares held by Vicsal Development Corporation.

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

On November 6, 2024, the Company's BOD approved the permanent closure of the MC/FXD business of the Company. On February 1, 2025, the Company formally notified the Bangko Sentral ng Pilipinas of the permanent closure of the MC/FXD business effective end of business hours of April 1, 2025.

30. Supplementary Information Required Under BSP Circular No. 1075

Presented below are the supplementary information required by the BSP under Section 4172N of the BSP Manual of Regulations for Non-Bank Financial Institutions (MORNBI) to be disclosed as part of the notes to financial statements based on BSP Circular 1075, Amendments to Regulations on Financial Audit of Non-Bank Financial Institutions (BSFIs).

Money Changing/Foreign Exchange Transactions

	2024			2023		
	No. of Transactions	Amount in USD	Amount in PHP	No. of Transactions	Amount in USD	Amount in PHP
Foreign currencies bought	46,041	28,615,180	₱1,644,419,197	52,653	35,021,364	₱1,951,921,713
Foreign currencies sold	710	708,950	40,715,451	818	817,490	45,544,608

Quantitative Indicators of Financial Performance

	2024	2023
Return on average equity:	6.43%	6.69%
$\frac{\text{Net income}}{\text{Average total equity}}$		
Return on average assets:	2.54%	2.66%
$\frac{\text{Net income}}{\text{Average total assets}}$		



31. Supplementary Information Required Under Revenue Regulations 15-2010

The Company reported and/or paid the following taxes for 2024:

Value added tax (VAT)

The National Internal Revenue Code (NIRC) of 1997, as amended, also provides for the imposition of VAT on sales of goods and services. Accordingly, the Company's sales are subject to output VAT while its purchases from other VAT-registered individuals or corporations are subject to input VAT. The Company has zero-rated and exempt sales pursuant to Section 106(A)(2)(a)(5) of the Tax Code and Sections 109(A), 109(K) and 109 of the Tax Code, respectively.

Details of the Company's net sales/receipts, output VAT and input VAT accounts are as follows:

- a. Net sales/receipts and Output VAT declared in the Company's VAT returns filed for 2024 are as follows:

	Net Sales/ Receipts	Output VAT
Sales subject to 12% VAT	₱35,965,615,078	₱4,315,873,809
Zero-rated sales	107,055,674	–
VAT-exempt sales	4,922,274,034	–
Total Sales	₱40,994,944,786	₱4,315,873,809

- b. The amount of input VAT claimed are broken down as follows:

At January 1, 2024	₱76,743,624
Input VAT on purchases of goods exceeding ₱1 million deferred from prior period	34,916,989
Current year's domestic purchases of goods	4,205,720,837
Current year's capital goods purchases	–
Current year's services rendered by nonresidents	1,112,688
Total available input VAT	4,318,494,138
Less: Deductions from input VAT	
Input VAT on purchases of goods exceeding ₱1 million deferred to the succeeding period	11,774,453
Input VAT allocable to exempt sales	72,301,742
Total allowable input tax	4,234,417,943
Less: Input VAT applied to Output VAT	4,234,417,943
At December 31, 2024	–



Taxes and Licenses

The following are taxes, licenses, registration fees and permit fees for the year ended December 31, 2024.

Business tax	₱290,749,865
Real property tax	81,128,582
Documentary stamp tax	13,049,961
Motor vehicle tax	66,004
Others	36,459,500
Total	₱421,453,912

Withholding Taxes

The amount of withholding taxes paid and accrued in 2024 consists of the following:

Expanded withholding taxes	₱524,284,346
Tax on compensation and benefits	70,704,518
Final withholding taxes	9,229,237
Total	₱604,218,101

Tax Assessment and Cases

The Company has no outstanding Final Assessment Notice and/or Formal Letter of Demand from the Bureau of Internal Revenue (BIR) for alleged deficiency income tax, VAT and withholding tax.





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