



PUREGOLD

May 15, 2025

Securities and Exchange Commission
7907 Makati Avenue, Salcedo Village,
Bel-Air, Makati City, 1209

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

Philippine Stock Exchange
6/F, PSE Tower, 28th Street corner 5th Avenue,
Bonifacio Global City, Taguig City

Attention: **Atty. Johanne Daniel M. Negre**
OIC, Disclosure Department

Gentlemen:

For submission is the attached First Quarterly Report (SEC Form 17-Q) of Puregold Price Club, Inc. for the year 2025.

Sincerely yours,


JEWELYN A. JUMALON
Assistant Corporate Secretary and
Compliance Officer

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended: **March 31, 2025**
2. Commission identification number: **A199813754**
3. BIR Tax Identification No.: **201-277-095**
4. Exact name of issuer as specified in its charter: **Puregold Price Club, Inc.**
5. Province, country or other jurisdiction of incorporation or organization: **Manila, Philippines**
6. Industry Classification Code: Use Only)
7. Address of issuer's principal office: No. **900 Romualdez Street, Paco, Manila** Postal Code: **1007**
8. Issuer's telephone number, including area code: **(63) 917-861-2459**
9. Former name, former address and former fiscal year, if changed since last report: **None**
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Shares	2,880,137,615

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

Yes [/] No []

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

Philippine Stock Exchange

Common Shares

12. Indicate by check mark whether the registrant:

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

Yes [/] No []

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

Yes [/] No []

FINANCIAL INFORMATION

Item 1. Financial Statements

Please see attached **SECTION A**

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

The following should be read in conjunction with the accompanying interim financial statements and notes thereto which form part of this Quarterly Report. The interim financial statements and notes thereto have been prepared in accordance with Philippine Financial Reporting Standards particularly PAS 34, Interim Financial Statements.

Top Key Performance Indicators

The following are the financial soundness indicators used by the Group as at March 31 and December 31 and for the three-month periods ended March 31:

	March 2025	December 2024
Current Ratio ⁽¹⁾	3.49:1	2.95:1
Asset to Equity Ratio ⁽²⁾	1.87:1	1.94:1
Debt to Equity Ratio ⁽³⁾	0.87:1	0.94:1
Debt to Total Assets Ratio ⁽⁴⁾	0.47:1	0.49:1
Book Value per Share ⁽⁵⁾	P34.59	P33.67
Price Earnings Ratio ⁽⁶⁾	*7.63x	8.48x

** Based on annualized EPS*

	March 2025	March 2024
Earnings per Share ⁽⁷⁾	P0.92	P0.87
Return on Assets ⁽⁸⁾	1.4%	1.5%
Return on Equity ⁽⁹⁾	2.7%	2.8%

- (1) Current Assets over Current Liabilities
- (2) Total Assets over Total Equity
- (3) Total Liabilities over Total Equity
- (4) Total Liabilities over Total Assets
- (5) Total Equity over Total Common Shares Outstanding
- (6) Market Value per Share over Earnings per Share
- (7) Net income after tax over Weighted Average Common Shares Outstanding
- (8) Net income after tax over Average Total Assets
- (9) Net income after tax over Average Total Equity

I. Results of Operations

For the period ended March 31, 2025, the Group earned a consolidated net income of P2,639 million at 5.0% net margin and an increase of 6.5% from P2,479 million at 5.2% net margin in the same period of 2024.

The Group's comparative financial performance is presented below:

<i>(In millions)</i>	For the Three-month Periods Ended March 31				
	2025		2024		
		% to Sales		% to Sales	% Change
Net Sales	P52,418	100.0%	P47,318	100.0%	10.8%
Cost of Sales	42,162	80.4%	38,063	80.4%	10.8%
Gross Profit	10,256	19.6%	9,255	19.6%	10.8%
Other Operating Income	906	1.7%	747	1.6%	21.3%
Gross Income	11,162	21.3%	10,001	21.1%	11.6%
Operating Expenses	7,188	13.7%	6,325	13.4%	13.6%
Operating Income	3,974	7.6%	3,677	7.8%	8.1%
Other income (expenses) – net	(559)	-1.1%	(469)	-1.0%	19.0%
Net Income before tax	3,416	6.5%	3,207	6.8%	6.5%
Income tax expense	776	1.5%	728	1.5%	6.6%
Net Income after tax	P2,639	5.0%	P2,479	5.2%	6.5%

Net Sales

For the period ended March 31, 2025, the Group posted a consolidated net sales of P52,418 million for an increase of P5,100 million or 10.8% compared to P47,318 million in the same period of 2024. Net sales grew due to sales contribution from full operation of 2024 new stores (26 PGOLD stores; 4 S&R Warehouses) and revenue from 2025 newly opened stores (156 PGOLD stores) of both Puregold and S&R. Same store sales growth (SSSG) is also up, for both Puregold and S&R, by 5.9% and 4.0%, respectively.

Like for like sales performance indicators for the periods ended March 31 are as follow:

	PGOLD		S&R	
	2025	2024	2025	2024
Net Sales ^(a)	5.9%	1.5%	4.0%	-1.2%
Net Ticket ^(b)	5.0%	-1.1%	-6.8%	-1.9%
Traffic ^(c)	0.8%	2.6%	11.6%	0.8%

Note:

*Like for like data includes only stores with full year operation on both current year and prior year

*Net Ticket is the average basket size for each transaction, derived by dividing net sales by total traffic

*Traffic is the number of people buying on the stores

(a) Current year net sales minus prior year net sales divided by prior year net sales

(b) Current year ticket minus prior year ticket divided by prior year ticket

(c) Current year traffic minus prior year traffic divided by prior year traffic

Gross Profit

For the period ended March 31, 2025, the Group realized an increase of 10.8% in consolidated gross profit to P10,256 million at 19.6% margin from P9,255 million at 19.6% margin in the same period of 2024. The increase was mainly due to strong sales performance complemented by rebates and discounts from suppliers, granted during the period.

Other Operating Income

Other operating income increased by P159 million or 21.3% from P747 million in the three months of 2024 to P906 million in the same period of 2025. The increase was mainly due to increase in concession income resulting from higher sales and recognition of tenant charges during the period.

Gross Operating Income

Gross operating income amounted to P11,162 million in 2025 at a gross operating margin of 21.3% and an increase of P1,160 million or 11.6% from P10,001 million at 21.1% margin in the same period of 2024.

Operating Expenses

Operating expenses increased by P863 million or 13.6% from P6,325 million in the three-month period ended March 31, 2024 to P7,188 million in the same period of 2025. Increase in the account was primarily due to full operation of 2024 new stores and expenses from the 2025 newly opened stores, specifically manpower, utilities, depreciation, transportation and repair and maintenance expenses.

Other Expense - net

Other expenses net of other income amounted to P559 million and P469 million for the three-month periods ended March 31, 2025 and 2024, respectively. This includes interest on bank loans and accretion of interest on leased assets in compliance with PFRS 16 – Leases, and net of interest income. The increase was mainly due to interest expense on bank loans acquired by the Group.

Net Income

For the period ended March 31, 2025, the Group earned a consolidated net income of P2,639 million at 5.0% net margin and an increase of 6.5% from P2,479 million at 5.2% net margin in the same period of 2024.

II. Financial Condition

The Group's consolidated statements of financial position are presented below:

<i>(In millions)</i>	March 2025		December 2024		
		% to Total Assets		% to Total Assets	% Change
Cash & Cash Equivalents	P20,089	10.8%	P25,832	13.8%	-22.2%
Receivables – net	4,471	2.4%	6,177	3.3%	-27.6%
Merchandise inventory	31,772	17.1%	29,405	15.7%	8.0%
Financial assets - FVPL	19,526	10.5%	19,878	10.6%	-1.8%
Financial assets – amortized cost	6,438	3.5%	4,557	2.4%	41.3%
Prepaid expenses and other current assets	3,236	1.7%	3,109	1.7%	4.1%
Total Current Assets	85,531	46.2%	88,957	47.4%	-3.9%
Investments in associate and joint ventures	523	0.3%	523	0.3%	0.0%
Property and equipment- net	40,787	22.0%	40,246	21.5%	1.3%
Intangibles and goodwill	19,803	10.7%	19,790	10.5%	0.1%
Right-of-use assets – net	33,023	17.8%	32,494	17.3%	1.6%
Deferred tax assets – net	2,279	1.2%	2,256	1.2%	1.0%
Other noncurrent assets	3,355	1.8%	3,334	1.8%	0.6%
Total Noncurrent Assets	99,770	53.8%	98,644	52.6%	1.1%
	P185,301	100.0%	P187,601	100.0%	-1.2%
Accounts payable and accrued expenses	P20,491	11.1%	P26,897	14.3%	-23.8%
Short-term loans payable	-	0.0%	-	0.0%	0.0%
Income tax payable	1,746	0.9%	1,003	0.5%	74.2%
Due to related parties	17	0.0%	58	0.0%	-70.1%
Current maturities of long - term loans, net of debt issue costs	120	0.1%	120	0.1%	0.0%
Lease liabilities due within one year	1,464	0.8%	1,360	0.7%	7.6%
Other current liabilities	704	0.4%	727	0.4%	-3.2%
Total Current Liabilities	24,541	13.2%	30,164	16.1%	-18.6%
Long-term loans - net of current maturities and debt issue costs	16,540	8.9%	16,536	8.8%	0.0%
Lease liabilities	42,893	23.1%	42,131	22.5%	1.8%
Other noncurrent liabilities	2,212	1.2%	2,293	1.2%	-3.6%
Total Noncurrent Liabilities	61,645	33.3%	60,961	32.5%	1.1%
Total Liabilities	86,186	46.5%	91,125	48.6%	-5.4%
Capital stock	2,904	1.6%	2,904	1.5%	0.0%
Additional paid in capital	25,374	13.7%	25,374	13.5%	0.0%
Remeasurements of retirement liability - net of tax	752	0.4%	752	0.4%	0.0%
Treasury stock, at cost	(210)	-0.1%	(210)	-0.1%	0.0%
Retained earnings	70,295	37.9%	67,656	36.1%	3.9%
Total Equity	99,115	53.5%	96,476	51.4%	2.7%
	P185,301	100.0%	P187,601	100.0%	-1.2%

Working Capital

As at March 31, 2025 and December 31, 2024, the Group's working capital stood at P60,990 million and P58,793 million, respectively while its current ratio improved to 3.49 as at March 2025 from 2.95 as at December 2024.

Current Assets

As at March 31, 2025 and December 31, 2024, total current assets amounted to P85,531 million or 46.2% of total assets and P88,957 million or 47.4% of total assets, respectively, for a decrease of P3,426 million or 3.9%.

Cash and cash equivalents as at March 31, 2025 amounted to P20,089 million or 10.8% of total assets and decreased by P5,742 million or 22.2% compared to previous year. Decrease in the Group's cash position was attributable mainly to the net settlement of trade and non-trade payables, inventory purchases, investments in time deposits and capital expenditures for 2025 new stores.

Receivables amounted to P4,471 million as at March 31, 2025 or 2.4% of total assets, with a decrease of P1,706 million or 27.6% from P6,177 million in December 2024. The decline was due to collections made during the period from the previous yearend balance.

Merchandise inventory amounted to P31,772 million or 17.1% of total assets as at March 31, 2025. Total inventory increased by P2,367 million or 8.0% principally due to increase in Puregold and S&R stores stocking requirements for existing and new operating stores.

Financial assets at FVPL amounted to P19,526 million and P19,878 million as at March 31, 2025 and December 31, 2024, respectively.

Financial asset at amortized cost amounted to P6,438 million as at March 31, 2025 and P4,557 million as at December 31, 2024. The increase was due to new investment in time deposits made as of the reporting period.

Prepaid expenses and other current assets amounted to P3,236 million and P3,109 million as at March 31, 2025 and December 31, 2024, respectively. The increase was mainly due to payment of business taxes to be amortized during the year.

Noncurrent Assets

As at March 31, 2025 and December 31, 2024, total noncurrent assets amounted to P99,770 million or 53.8% of total assets and P98,644 million or 52.6% of total assets, respectively.

Investments in associate and joint ventures amounted to P523 million as at March 31, 2025 and December 31, 2024.

As at March 31, 2025, net book values of property and equipment amounted to P40,787 million and increased by P540 million or 1.3% from P40,246 million in December 2024. The increase was mainly due to additions made during the period intended for newly established stores.

Intangibles and goodwill amounted to P19,803 million as at March 31, 2025 and P19,790 million as at December 31, 2024.

Right-of-use assets amounted to P33,023 million or 17.8% of total assets and P32,494 million or 17.3% of total assets as at March 31, 2025 and December 31, 2024, respectively.

Deferred tax assets – net amounted to P2,279 million or 1.2% of total assets and P2,256 million or 1.2% of total assets as at March 31, 2025 and December 31, 2024, respectively.

Other noncurrent assets amounted to P3,355 million as at March 31, 2025 and P3,334 million as at December 31, 2024.

Current Liabilities

As at March 31, 2025 and December 31, 2024, total current liabilities amounted to P24,541 million or 13.2% of total assets and P30,164 million or 16.1% of total assets, respectively, for a decrease of P5,623 million or 18.6%.

Accounts payable and accrued expenses amounted to P20,491 million and P26,897 million as at March 31, 2025 and December 31, 2024, respectively, and decreased by P6,407 million or 23.8% primarily due to settlement of trade and nontrade liabilities.

Income tax payable increased by P743 million from P1,003 million in December 2024 to P1,746 million in March 2025 due to recognition of income tax liability for the first quarter of 2025.

Due to related parties, representing royalty fees, amounted to P17 million for the period ended March 2025 and P58 million for the year ended December 2024. The decrease was due to settlement of liability incurred as at December 2024.

Other current liabilities amounted to P704 million and P727 million in March 2025 and December 2024, respectively.

Noncurrent Liabilities

As at March 31, 2025 and December 31, 2024, total noncurrent liabilities amounted to P61,645 million or 33.3% of total assets and P60,961 million or 32.5% of total assets, respectively, for an increase of P684 million.

Long-term debt – net of current maturities and debt issue costs amounted to P16,540 million as at March 31, 2025 and P16,536 million as at December 31, 2024.

Lease liabilities amounted to P42,893 million or 23.1% of total assets and P42,131 million or 22.5% of total assets as at March 31, 2025 and December 31, 2024, respectively.

Other noncurrent liabilities amounted to P2,212 million and P2,293 million as at March 31, 2025 and December 31, 2024, respectively.

Equity

As at March 31, 2025 and December 31, 2024, total equity amounted to P99,115 million and P96,476 million, respectively, for an increase of P2,639 million or 2.7%.

Capital stock amounted to P2,904 million as at March 31, 2025 and December 31, 2024.

Additional paid in capital amounted to P25,374 million as at March 31, 2025 and December 31, 2024.

Retained earnings amounted to P70,295 million and P67,656 million as at March 31, 2025 and December 31, 2024, respectively, or an increase of P2,639 million or 3.9% due to income made during the period.

III. Sources and Uses of Cash

The Group's primary sources of liquidity are basically its net operating cash inflows augmented by availments from banks loan facilities as and when required.

Principal uses of cash are working capital requirements, capital expenditures for stores expansion as well as investments in strategic business acquisitions of existing and operating supermarket store outlets.

A brief summary of cash flows during the comparative periods is shown below:

<i>(In millions)</i>	For the Three-month Periods Ended March 31	
	2025	2024
Net cash used in operating activities	(P1,431)	(P3,857)
Net cash used in investing activities	(2,898)	(1,801)
Net cash used in financing activities	(1,413)	(3,613)
Net decrease in cash and cash equivalents	(P5,742)	(P9,271)

Net cash used in operating activities amounted to P1,431 million for the three-month period ended March 31, 2025. These were mainly attributable to settlement of payables to both trade and nontrade suppliers, purchase of inventories and other related current operating items to support the Group's expansion.

Net cash used in investing activities for the three-month period ended March 31, 2025 amounting to P2,898 million were utilized for the acquisition of equipment, furniture & fixtures, construction of buildings and improvements on leased assets.

Net cash used in financing activities for the three-month period ended March 31, 2025 amounting to P1,413 million pertain to lease liabilities paid during the period and payments for interest on loans availed from banks.

IV. Material Events and Uncertainties

There are no known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Group's liquidity increasing or decreasing in any material way.

There are no events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation;

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the year.

There are no material commitments for capital expenditures other than those performed in the ordinary course of trade of business in line with the Group's retail outlets expansion program.

There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the revenues or income from continuing operations.

There are no significant elements of income not arising from continuing operations.

The Group experiences the fourth quarter of the year as the peak season relating to increased sales resulting from Christmas and New Year holiday.

SIGNATURES

Pursuant to the requirements of the Securities and Regulation Code, the issuer has duly caused this First Quarterly Financial Statement of Puregold Price Club, Inc. and its subsidiaries for the year 2025 to be signed on its behalf by the undersigned thereunto duly authorized.

May 15, 2025 in the City of Manila

PUREGOLD PRICE CLUB, INC.

By:



FERDINAND VINCENT P. CO

President



MARICEL R. CAMBE

Vice-President for Financial Accounting

PUREGOLD PRICE CLUB, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2025 and December 31, 2024
and for the Three Months Ended March 31, 2025 and 2024

PUREGOLD PRICE CLUB, INC. AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	March 2025 (Unaudited)	December 2024 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents	4	P20,089,188,660	P25,831,565,033
Receivables - net	5	4,471,191,796	6,176,776,482
Merchandise inventories	6	31,771,563,025	29,404,917,109
Financial assets at fair value through profit or loss	7	19,525,782,051	19,878,180,574
Other financial assets at amortized cost	8	6,438,170,102	4,556,715,889
Prepaid expenses and other current assets	9	3,235,589,550	3,109,175,187
Total Current Assets		85,531,485,184	88,957,330,274
Noncurrent Assets			
Investments in associate and joint ventures - net	10	523,169,163	523,169,163
Property and equipment - net	11	40,786,641,056	40,246,295,005
Goodwill and other intangibles	13	19,803,105,103	19,789,514,775
Right-of-use assets - net	12	33,023,053,318	32,493,988,657
Deferred tax assets - net	26	2,278,842,917	2,256,280,373
Other noncurrent assets	14	3,354,863,738	3,334,335,470
Total Noncurrent Assets		99,769,675,295	98,643,583,443
		P185,301,160,479	P187,600,913,717
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	15	P20,490,854,459	P26,897,430,047
Lease liabilities due within one year	20	1,463,506,332	1,360,069,036
Income tax payable		1,746,135,994	1,002,661,192
Current portion of long-term loans	16	120,000,000	120,000,000
Due to related parties	24	17,267,868	57,743,189
Other current liabilities	17	703,656,756	726,573,463
Total Current Liabilities		24,541,421,409	30,164,476,927
Noncurrent Liabilities			
Lease liabilities due beyond one year	20	42,892,963,001	42,131,216,785
Noncurrent portion of long-term loans	16	16,540,297,939	16,536,464,080
Other noncurrent liabilities	25	2,211,606,198	2,293,243,253
Total Noncurrent Liabilities		61,644,867,138	60,960,924,118
Total Liabilities		86,186,288,547	91,125,401,045
Equity			
Capital stock	27	2,904,214,086	2,904,214,086
Additional paid-in capital		25,373,547,130	25,373,547,130
Retirement benefits reserve		751,615,763	751,615,763
Treasury stock		(209,597,201)	(209,597,201)
Retained earnings		70,295,092,154	67,655,732,894
Total Equity		99,114,871,932	96,475,512,672
		P185,301,160,479	P187,600,913,717

See Notes to the Interim Consolidated Financial Statements.

PUREGOLD PRICE CLUB, INC. AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

		Periods Ended March 31	
	<i>Note</i>	2025	2024
NET SALES	18	P52,417,988,962	P47,317,536,804
COST OF SALES	6, 19	42,162,103,607	38,062,941,527
GROSS INCOME		10,255,885,355	9,254,595,277
OTHER REVENUE	18, 20, 21	905,901,034	746,776,628
TOTAL GROSS INCOME AND OTHER REVENUE		11,161,786,389	10,001,371,905
OPERATING EXPENSES	22	7,187,678,486	6,324,769,976
INCOME FROM OPERATIONS		3,974,107,903	3,676,601,929
OTHER CHARGES - Net			
Interest expense	16, 20	988,015,903	848,531,087
Interest income	4, 7	(412,908,268)	(362,483,092)
Others - net	23	(16,584,660)	(16,856,176)
		558,522,975	469,191,819
INCOME BEFORE INCOME TAX		3,415,584,928	3,207,410,110
PROVISION FOR INCOME TAX			
Current		799,535,962	773,847,607
Deferred		(23,310,294)	(45,759,901)
	26	776,225,668	728,087,706
NET INCOME		P2,639,359,260	P2,479,322,404
Basic and diluted earnings per share	29	P0.92	P0.87

See Notes to the Interim Consolidated Financial Statements.

PUREGOLD PRICE CLUB, INC. AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Periods Ended March 31

	Note	Capital Stock	Additional Paid-in Capital	Retirement Benefits Reserve	Treasury Stock	Retained Earnings		Total Equity
						Appropriated	Unappropriated	
Balance at January 1, 2024		P2,904,214,086	P25,373,547,130	P491,315,609	(P209,597,201)	P-	P59,810,401,569	P88,369,881,193
Total Comprehensive Income for the Year								
Net income for the year		-	-	-	-	-	2,479,322,404	2,479,322,404
Other comprehensive income		-	-	-	-	-	-	-
		-	-	-	-	-	2,479,322,404	2,479,322,404
Transaction with Owners of the Parent Company	27							
Treasury shares - at cost		-	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
Balance at March 31, 2024		P2,904,214,086	P25,373,547,130	P491,315,609	(P209,597,201)	-	P62,289,723,973	P90,849,203,597
Balance at January 1, 2025		P2,904,214,086	P25,373,547,130	P751,615,763	(P209,597,201)	P41,574,000,000	P26,081,732,894	P96,475,512,672
Total Comprehensive Income for the Year								
Net income for the year		-	-	-	-	-	2,639,359,260	2,639,359,260
Other comprehensive income		-	-	-	-	-	-	-
		-	-	-	-	-	2,639,359,260	2,639,359,260
Transaction with Owners of the Parent Company	27							
Cash dividends		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
Balance at March 31, 2025		P2,904,214,086	P25,373,547,130	P751,615,763	(P209,597,201)	P41,574,000,000	P28,721,092,154	P99,114,871,932

See Notes to the Interim Consolidated Financial Statements.

PUREGOLD PRICE CLUB, INC. AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

		Periods Ended March 31	
		2025	2024
Note			
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		P3,415,584,928	P3,207,410,110
Adjustments for:			
Depreciation and amortization	11, 12, 13, 22	1,552,045,318	1,313,077,500
Interest expense	16, 20	988,015,903	848,531,087
Interest income	4, 7	(412,908,268)	(362,483,092)
Retirement benefits cost	22, 25	-	-
Unrealized foreign exchange loss		327,523	-
Gain from lease terminations	20, 23	(59,462,016)	(2,070,850)
Unrealized valuation loss (gain) on financial assets at fair value through profit or loss	7, 23	(2,818,299)	(4,427,553)
Dividend income	24	(1,159,774)	(977,272)
Operating income before changes in working capital		5,479,625,315	4,999,059,930
Decrease (increase) in:			
Receivables		1,705,584,686	759,799,689
Merchandise inventories	1	(2,366,645,916)	(2,289,113,448)
Prepaid expenses and other current assets		(182,475,524)	(569,327,122)
Increase (decrease) in:			
Trade and other payables		(6,406,575,588)	(7,281,517,494)
Due to related parties		(40,475,321)	(37,492,309)
Other current liabilities		(22,916,707)	202,838,430
Cash used in operations		(1,833,879,055)	(4,215,752,324)
Income taxes paid		-	-
Interest received		412,908,268	362,483,092
Retirement benefits paid	25	(10,373,415)	(4,057,565)
Net cash used in operating activities		(1,431,344,202)	(3,857,326,797)

Forward

		Periods Ended March 31	
		2025	2024
Note			
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Financial assets at fair value through profit or loss	7	(P3,226,360,188)	P-
Property and equipment	1, 11	(1,320,959,397)	(1,681,496,938)
Financial assets at amortized cost	8	(1,881,454,213)	-
Other noncurrent assets		(19,780,517)	(93,024,967)
Intangibles	13	(31,849,837)	(27,685,408)
Dividends received	27	1,159,774	977,272
Proceeds from disposal of:			
Property and equipment	11	95,156	3,272
Computer software	13	-	-
Financial assets at fair value through profit or loss	7	3,581,577,010	-
Net cash used in investing activities		(2,897,572,212)	(1,801,226,769)
CASH FLOWS FROM FINANCING ACTIVITIES			
Availment of long-term loans	16	-	400,000,000
Repayments of lease:			
Interest expense	20	(781,892,330)	(710,189,563)
Principal amount		(357,686,752)	(320,071,663)
Payments of:			
Cash dividends	27	-	(2,779,618,814)
Interest expense		(202,289,714)	(134,507,664)
Liability on land purchase	25	(71,263,640)	(68,244,211)
Repayment of long-term loans	16	-	-
Net cash used in financing activities		(1,413,132,436)	(3,612,631,915)
EFFECT OF EXCHANGE RATE CHANGES ON CASH		(327,523)	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(5,742,376,373)	(9,271,185,481)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		25,831,565,033	41,985,314,006
CASH AND CASH EQUIVALENTS AT END OF PERIOD		P20,089,188,660	P32,714,128,525

See Notes to the Interim Consolidated Financial Statements

PUREGOLD PRICE CLUB, INC. AND SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Reporting Entity

Puregold Price Club, Inc. (the “Parent Company”) was incorporated and registered with the Philippine Securities and Exchange Commission (“SEC”) on September 8, 1998. Its shares are listed in the Philippine Stock Exchange (“PSE”) since October 5, 2011 with stock symbol of PGOLD. Its immediate and ultimate parent company is Cosco Capital, Inc. (“Cosco”) which is incorporated in the Philippines. Cosco is formerly named Alcorn Gold Resources Corporation and is also listed with the PSE since September 26, 1998.

The Parent Company is principally involved in the business of trading goods such as consumer products (canned goods, housewares, toiletries, dry goods, food products, pharmaceutical and medical goods, etc.) on a wholesale and retail basis. Its registered office address is at 900 Romualdez Street, Paco, Manila.

The interim consolidated financial statements include the accounts of the Parent Company and the following subsidiaries (collectively referred to as the “Group”) which are all incorporated in the Philippines:

	Percentage of Ownership	
	March 2025	December 2024
Kareila Management Corporation	100	100
S&R Pizza (Harbor Point), Inc. ^(a)	100	100
S&R Pizza, Inc. ^(a)	100	100
PSMT Philippines Inc. ^(a)	100	100
PPCI Subic, Inc.	100	100
Entenso Equities Incorporated	100	100
Melilla Management Corporation	100	100
Purepadala, Inc. ^(b)	100	100

(a) Indirect subsidiaries through Kareila Management Corporation

(b) Not yet started operations

All subsidiaries are essentially engaged in the same business as the Parent Company, except for Entenso Equities Incorporated (“Entenso”), Melilla Management Corporation (“Melilla”), Purepadala, Inc. (“Purepadala”) and PSMT Philippines, Inc (“PSMT”).

Entenso’s primary purpose is to invest in, purchase, subscribe for, or otherwise acquire and own, hold, use, develop, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose real and personal property of every kind of description.

Melilla's primary purpose is to act as managers or managing agents of persons, firms, associations, corporations, partnership and other entities; to provide management, investment and technical advice for commercial, industrial, manufacturing and other kinds of enterprises; undertake, carry on, assist or participate in the promotion, organization, management liquidation or reorganization of corporations, partnership and other entities, except the management of funds, securities, portfolio or similar asset and managed entities or corporation without acting as: broker or dealer in securities, government securities eligible dealer (GSED), investment adviser of an investment company, closed-end or open-end investment company, investment house, transfer agent, commodity/ financial futures exchange/ broker / merchant, financing company.

Purepadala's primary purpose is to engage in business of money remittance or service as defined in the Bangko Sentral ng Pilipinas (BSP) Circular No. 942, Series of 2017.

PSMT was incorporated in the Philippines and registered with the SEC on September 29, 2000. Its primary purpose is to conduct and carry on the business of establishing and operating membership supermarket shopping and engage in the business of directly selling to its members all kinds of goods, commodities, wares, and merchandise. PSMT's registered address is at 32nd Street, 5th Avenue, Fort Bonifacio Global City, Taguig City.

Transactions During the Period

The Parent Company embarked on an aggressive multi-year push to further expand its market reach.

On November 7, 2024, the Board of Directors approved the acquisition of certain assets of Puremart stores from Tower 6789 Corporation. The acquired assets include leasehold improvements, furniture and fixtures, equipment, and merchandise inventory, with an aggregate book value of up to P567.5 million. These assets pertain to store locations situated across Metro Manila, CAMANAVA, Rizal, Bulacan, and South Luzon. Tower 6789 is a domestic corporation wholly owned by League One, Inc., is 100% owned by the Co family.

As at December 31, 2024, the consideration paid for the assets acquired in Puremart was allocated to following assets:

Merchandise Inventory	P226,632,285
Property, plant and equipment	340,884,099
Purchase price	P567,516,384

On June 20, 2023, the Board of the Parent Company approved the acquisition of twenty-five (25) DiviMart supermarkets including its leasehold improvements, furniture, fixtures, equipment and merchandise inventory and executed an agreement to convert them into Puregold stores.

As at December 31, 2023, the consideration paid for 25 stores acquired amounted to P613.7 million was provisionally allocated to the following identifiable assets and liabilities:

Merchandise Inventory	P67,715,693
Property, plant and equipment	326,900,343
Right-of-use assets	1,771,022,290
Lease liabilities	(1,551,897,785)
Purchase price	P613,740,541

On December 1, 2022, Kareila Management Corporation acquired 100% ownership in PSMT for a cash consideration of P112.5 million. The acquisition was accounted for under the pooling of interest method, which resulted in the recognition of additional paid-in capital (“APIC”) amounting to P11.9 million in the consolidated financial statements. This represents mainly the excess of the P124 million net assets acquired over the cash consideration.

The financial information of PSMT as at the date of acquisition and for the eleven months period ended December 1, 2022 are as follows:

Current assets	P103,628,388
Noncurrent assets	5,564,215,023
Current liabilities	4,027,564,579
Noncurrent liabilities	1,516,245,211

Majority of PSMT’s assets pertain to property and equipment amounting to P4.3 billion and right-of-use asset amounting to P1.2 billion while majority of its liabilities pertain to advances from a stockholder amounting to P4 billion and lease liability amounting to P1.5 billion.

2. Basis of Preparation

The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. PFRS Accounting Standards are based on International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). PFRS Accounting Standards which are issued by the Philippine Financial and Sustainability Reporting Standards Council (FSRSC), consist of PFRS Accounting Standards, Philippine Accounting Standards (PAS), and Philippine Interpretations.

The accompanying consolidated financial statements were approved and authorized for issuance by the Board of Directors (BOD) on May 5, 2025.

Historical cost is used as the measurement basis except for:

Items	Measurement Bases
Financial assets at FVTPL	Fair value
Financial assets at FVOCI	Fair value
Retirement benefits liability	Present value of defined benefit obligation less fair value of plan asset

These consolidated financial statements are presented in Philippine peso (P), unless otherwise stated.

Functional and Presentation Currency

The consolidated financial statements are presented in Philippine peso, which is also the Parent Company's functional currency. All financial information expressed in Philippine peso has been rounded off to the nearest peso, unless otherwise stated.

Significant Judgments, Estimates and Assumptions

The preparation of consolidated financial statements requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities which, by definition, will seldom equal the actual results. All assumptions, expectations and forecasts used as a basis for certain estimates within these financial statements represent good faith assessments of the Group's current and future performance for which management believes there is a reasonable basis. They involve risks, uncertainties and other factors that could cause the Group's actual future results, performance and achievements to differ materially from those forecasted.

Judgments

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

Determining the Term and Discount Rate of Lease Arrangements (Note 20)

Where the Group is the lessee, management is required to make judgments about whether an arrangement contains a lease, the lease term and the appropriate discount rate to calculate the present value of the lease payments.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases entered into by the Group as lessee, management uses the incremental borrowing rate, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group uses an approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group and makes adjustments specific to the lease.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if it is reasonably certain that the lease will be extended (or not terminated) and, as such, included within lease liabilities.

For leases of parcels of land, stores, warehouses, distribution centers and parking spaces, the following factors are usually the most relevant:

- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors, including historical lease durations, the costs and business disruption required to replace the leased asset, enforceability of the option, and business and other developments.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and is within the lessee's control, for example, when significant investment in the store is made which has a useful life beyond the current lease term.

Operating Leases - Group as a Lessor (Notes 20 and 21)

The Group has entered into various operating lease agreements as a lessor which portions of its stores are leased out to various lessees. The Group has determined that it retains all significant risks and rewards of ownership of these properties.

Rent income recognized in profit or loss amounted to P124.2 million and P123.9 million in March 2025 and 2024, respectively.

Estimates

The key estimates and assumptions used in the consolidated financial statements are based on management's evaluation of relevant facts and circumstances as at the reporting date. Actual results could differ from such estimates.

Estimating Allowance for Impairment Losses on Receivables (Notes 5 and 30)

The Group maintains an allowance for impairment losses on receivables at a level considered adequate to provide for uncollectible receivables. The level of this allowance is evaluated by the Group on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to, the length of the Group's relationship with debtors, their payment behavior and known market factors. The Group reviews the age and status of the receivable and identifies accounts that are to be provided with allowance on a regular basis. The amount and timing of recorded expenses for any period would differ if the Group made different judgment or utilized different estimates. An increase in the Group's allowance for impairment losses on receivables would increase the Group's recorded operating expenses and decrease current assets.

The carrying amount of receivables amounted to P4.5 billion and P6.2 billion as at March 31, 2025 and December 31, 2024, respectively.

Estimating Net Realizable Value (NRV) of Merchandise Inventories (Note 6)

The Group carries merchandise inventory at NRV whenever the selling price less costs to sell becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes. The estimate of the NRV is reviewed regularly.

Estimates of NRV are based on the most reliable evidence available at the time the estimates are made on the amount the inventories are expected to be realized. These estimates take into consideration fluctuations of prices or costs directly relating to events occurring after reporting date to the extent that such events confirm conditions existing at reporting date. The NRV is reviewed periodically to reflect the accurate valuation in the financial records.

The carrying amount of merchandise inventories amounted to P31.8 billion and P29.4 billion as at March 31, 2025 and December 31, 2024, respectively.

Impairment of Goodwill and Other Intangibles with Indefinite Useful Lives (Note 13)

The Group determines whether goodwill and other intangibles with indefinite lives are impaired at least annually. This requires the estimation of their recoverable amounts.

Estimating recoverable amounts requires management to make an estimate of the expected future cash flows from the cash-generating unit to which they relate and to choose a suitable discount rate to calculate the present value of those cash flows.

The carrying amounts of goodwill and other intangibles with indefinite lives totaled P19.5 billion as at March 31, 2025 and December 31, 2024.

Impairment of Non-financial Assets Other than Goodwill and Other Intangible Assets with Indefinite Useful Lives

The Group assesses impairment on non-financial assets, other than inventories and deferred tax assets, when events or changes in circumstances indicate that the carrying amount may not be recoverable.

The factors that the Group considers important which could trigger an impairment review include the following:

- significant underperformance relative to the expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

Determining the net recoverable amount of assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amount and any resulting impairment loss could have a material adverse impact on the results of operations.

There are no impairment indicators affecting the Group's non-financial assets as at March 31, 2025 and December 31, 2024.

As at end of period, the following are the carrying amounts of nonfinancial assets:

	<i>Note</i>	March 2025	December 2024
Right-of-use assets - net	12	P33,023,053,318	P32,493,988,657
Property and equipment - net	11	40,786,641,056	40,246,295,005
Investment in associate and joint ventures	10	523,169,163	523,169,163
Computer software and licenses, and leasehold rights	13	301,568,254	287,977,926

Estimating Realizability of Deferred Tax Assets (Note 26)

The Group reviews the carrying amount of deferred tax assets at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Group also reviews the expected timing and tax rates upon reversal of the temporary differences and adjusts the impact of deferred tax accordingly. The Group's assessment on the recognition of deferred tax assets is based on the forecasted taxable income of the subsequent reporting periods. This forecast is based on the Group's past results and future expectations on revenues and expenses.

As at March 31, 2025 and December 31, 2024, the Group recognized deferred tax assets amounting to P2.3 billion.

Estimating Retirement Benefits Liability (Note 25)

The present value of the retirement benefits liability depends on a number of assumptions that are determined on an actuarial basis. The assumptions used in determining the net cost (income) for retirement benefits include the discount rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefits liability. Other key assumptions include future salary, mortality and attrition. Additional information is disclosed in Note 25.

Retirement benefits liability amounted to P2.0 billion as at March 31, 2025 and December 31, 2024.

3. Summary of Material Accounting Policies

The Group has consistently applied the accounting policies to all years presented in these consolidated financial statements, except for the changes below.

Adoption of Amendments to Standards and Interpretations

The Group has adopted the following amendments to standards starting January 1, 2024 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption of these amendments to standards did not have any significant impact on Group's consolidated financial statements. These are as follows:

- PFRS 16, *Leases - Lease Liability in a Sale and Leaseback (Amendments)* confirm the following:
 - On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction.
 - After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains.

A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. For example, the seller-lessee could determine the lease payments to be deducted from the lease liability as expected lease payments or as equal periodic payments over the lease term, with the difference between those payments and amounts actually paid recognized in profit or loss.

The amendments are applied retrospectively in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* to sale-and-leaseback transactions entered into after the date of initial application of PFRS 16.

- PAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Noncurrent - 2020 amendments and Non-Current Liabilities with Covenants - 2022 amendments (Amendments)*. To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, the amendments:
 - removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;

- clarified that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current and covenants with which the entity must comply after the reporting date do not affect a liability's classification at that date;
 - provided additional disclosure requirements for non-current liabilities subject to conditions within twelve months after the reporting period to enable the assessment of the risk that the liability could become repayable within twelve months; and
 - clarified that settlement of a liability includes transferring an entity's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or noncurrent.
- PAS 7, *Statement of Cash Flows* and PFRS 7, *Financial Instruments: Disclosures - Supplier Finance Arrangements (Amendments)* introduce new disclosures about a company's supplier finance arrangements that would enable users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows, and the company's exposure to liquidity risk. Under the amendments, a company discloses in aggregate for its supplier finance arrangements:
 - the terms and conditions of the arrangements;
 - beginning and ending carrying amounts and associated line items of the financial liabilities that are part of a supplier finance arrangement, distinguishing those for which suppliers were already paid, and range of payment due dates including those for comparable trade payables not part of a supplier finance arrangement; and
 - the type and effect of non-cash changes in the carrying amounts.

The amendments also add supplier finance arrangements as an example to the existing disclosure requirements on factors a company might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities.

A company is not required to disclose comparative information for any prior reporting periods, information on carrying amounts for which suppliers already received payment and range of payment due dates as at the beginning of the annual reporting period the company first applies the amendments, and information for any interim period within the annual reporting period in which the company first applies those amendments.

Standards Issued But Not Yet Adopted

A number of amendments to standards are effective for annual periods beginning after January 1, 2024. However, the Group has not early adopted the following amended standards in preparing these consolidated financial statements. The Group is still in the process of assessing the impact of the new standards. Unless otherwise stated, none of these are expected to have a significant impact on the Group's consolidated financial statements.

Effective January 1, 2025

- PAS 21, *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability (Amendments)* clarify that a currency is exchangeable into another currency when a company is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

When a currency is not exchangeable, a company needs to estimate a spot rate. The objective in estimating the spot rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments do not specify how to estimate the spot exchange rate to meet the objective and an entity can use an observable exchange rate without adjustment or another estimation technique.

The amendments require new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements, including the nature and financial impacts of the currency not being exchangeable, the spot exchange rate used, the estimation process, and risks to the company because the currency is not exchangeable.

Earlier application is permitted. Comparative information is not restated and the effect of initially applying the amendments are adjusted to the opening balance of retained earnings, or to the cumulative amount of translation differences if the company uses a presentation currency other than its functional currency.

Effective January 1, 2026

- PFRS 9, *Financial Instruments* and PFRS 7, *Financial Instruments: Disclosures Amendments to the Classification and Measurement of Financial Instruments (Amendments)* relate to the date of recognition and derecognition, classification of financial assets, contractually linked instruments and non-recourse features, and disclosures on investments in equity instruments.

Date of Recognition and Derecognition. The amendments clarified that:

- a financial asset or financial liability is recognized on the date on which the entity becomes a party to the contractual provisions of the instrument unless the regular way exemption applies;
- a financial asset is derecognized on the date on which the contractual rights to cash flows expire or the asset is transferred; and
- a financial liability is derecognized on the settlement date, which is the date on which the liability is extinguished because the obligation specified in the contract is discharged or cancelled or expires or the liability otherwise qualifies for derecognition.

However, the amendments provide an exception for the derecognition of financial liabilities where an entity may choose to derecognize a financial liability that is settled using an electronic payment system before the settlement date if, and only if, the entity has initiated the payment instruction that resulted in:

- the entity having no practical ability to withdraw, stop or cancel the payment instruction;
- the entity having no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- the settlement risk associated with the electronic payment system is insignificant.

Entities may choose to apply the exception on a system-by-system basis.

Classification of Financial Assets. The amendments related to classification of financial assets introduces an additional test to assess whether the sole payments of principal and interest (SPPI) criterion is met for financial assets with contingent features that are not related directly to a change in basic lending risks or costs.

The amendments clarified that when a contingent feature gives rise to contractual cash flows that are consistent with a basic lending arrangement both before and after the change in contractual cash flows, but the nature of the contingent event itself does not relate directly to changes in basic lending risks and costs, the financial asset has contractual cash flows that are SPPI if, and only if, in all contractually possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms, but without such a contingent feature.

Additional disclosures are required for all financial assets and financial liabilities that have certain contingent features that are not related directly to a change in basic lending risks or costs and are not measured at fair value through profit or loss.

Contractually Linked Instruments and Non-recourse Features. The amendments clarify the key characteristics of contractually linked instruments (CLIs) and how they differ from financial assets with non-recourse features. The amendments also include factors that a company needs to consider when assessing the cash flows underlying a financial asset with non-recourse features (the 'look through' test). For example, it clarifies that a financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets; that CLIs have non-recourse features, but not all financial assets with non-recourse features are CLIs; and that the underlying pool of instruments of CLIs may include financial assets outside the scope of IFRS 9.

Disclosures on Investments in Equity Instruments. The amendments require additional disclosures for investments in equity instruments that are measured at fair value with gains or losses presented in other comprehensive income (FVOCI). The entity discloses for each class of investment the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss related to investments derecognized during the reporting period and the fair value gain or loss related to investments held at the end of the reporting period. It also discloses any transfers of the cumulative gain or loss within equity during the reporting period related to investments derecognized during that reporting period.

Earlier application is permitted. Entities may choose to early-adopt the amendments for the recognition and derecognition of financial assets and financial liabilities separately from the other amendments

- *Annual Improvements to PFRS Accounting Standards - Volume 11.* This cycle of improvements contains amendments to five standards:
 - PFRS 1, *First-time Adoption of International Financial Reporting Standards - Hedge Accounting by a First-time Adopter (Amendments)* were made to terminology on hedge accounting by a first-time adopter of PFRS to improve consistency with the requirements of PFRS 9, *Financial Instruments*. The term 'conditions' was updated to 'qualifying criteria' in line with the shift from PAS 39, *Financial Instruments: Recognition and Measurement* to PFRS 9. Specific cross-references to paragraphs in PFRS 9 containing guidance on

the qualifying criteria were added to improve understandability.

- PFRS 7, *Financial Instruments: Disclosure - Gain or Loss on Derecognition (Amendments)* replaced the reference to 'inputs that were not based on observable market data' in the obsolete paragraph 27A of PFRS 7, with reference to 'unobservable inputs' in paragraphs 72-73 of PFRS 13, *Fair Value Measurement*.
- PFRS 7, *Financial Instruments: Disclosure - Introduction, Disclosure of Difference Between Fair Value and Transaction Price, and Credit Risk Disclosures (Amendments to Guidance on implementing PFRS 7)*. The amendments:
 - clarified that the Guidance on implementing PFRS 7 does not necessarily illustrate all the requirements in the referenced paragraphs of PFRS 7;
 - made the wordings on the disclosure of deferred difference between fair value and transaction price in paragraph IG14 of PFRS 7 consistent with the requirements in paragraph 28 of PFRS 7 and with the concepts in PFRS 9, *Financial Instruments* and PFRS 13, *Fair Value Measurement*; and,
 - simplified the wordings on credit risk disclosures in paragraph IG20B that the illustration does not include financial assets that are purchased or originated credit impaired.
- PFRS 9, *Financial Instruments - Derecognition of Lease Liabilities and Transaction Price (Amendments)*. The amendments:
 - added a cross-reference to clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee applies the requirement that the difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognized in profit or loss; and
 - replaced the term 'their transaction price (as defined in IFRS 15)' with 'the amount determined by applying IFRS 15' because a receivable might be initially measured at an amount that differs from the transaction price recognized as revenue, for example, when you recognize full amount for consideration that's unconditionally receivable but at the same time recognize expected refund liability with respect to retrospective rebates. Consequently, the definition of the transaction price has been deleted.
- PFRS 10, *Consolidated Financial Statements - Determination of 'De Facto Agent' (Amendments)* revised the wording on whether a party is a de facto agent when directed by 'those that direct the activities of the investor' to be non-conclusive given this may require judgement.
- PAS 7, *Statement of Cash Flows - Cost Method (Amendments)* replaced the term 'cost method' with 'at cost' given the definition of 'cost method' has previously been removed from PFRS Accounting Standards.

Earlier application is permitted. The amendment on derecognition of lease liabilities applies only to lease liabilities extinguished on or after the beginning of the annual reporting period in which the amendment is first applied.

Effective January 1, 2027

- PFRS 17, *Insurance Contracts* replace the interim standard, PFRS 4, *Insurance Contracts*. Reflecting the view that an insurance contract combines features of both a financial instrument and a service contract, and considering the fact that many insurance contracts generate cash flows with substantial variability over a long period, PFRS 17 introduces a new approach that:
 - (a) combines current measurement of the future cash flows with the recognition of profit over the period services are provided under the contract;
 - (b) presents insurance service results (including presentation of insurance revenue) separately from insurance finance income or expenses; and
 - (c) requires an entity to make an accounting policy choice portfolio-by-portfolio of whether to recognize all insurance finance income or expenses for the reporting period in profit or loss or to recognize some of that income or expenses in other comprehensive income.

Under PFRS 17, groups of insurance contracts are measured based on fulfilment cash flows, which represent the risk-adjusted present value of the entity's rights and obligations to the policy holders, and a contractual service margin, which represents the unearned profit the entity will recognize as it provides services over the coverage period. Subsequent to initial recognition, the liability of a group of insurance contracts represents the liability for remaining coverage and the liability for incurred claims, with the fulfilment cash flows remeasured at each reporting date to reflect current estimates.

Simplifications or modifications to the general measurement model apply to groups of insurance contracts measured using the 'premium allocation approach', investment contracts with discretionary participation features, and reinsurance contracts held.

PFRS 17 brings greater comparability and transparency about the profitability of new and in-force business and gives users of financial statements more insight into an insurer's financial health. Separate presentation of underwriting and financial results will give added transparency about the sources of profits and quality of earnings.

Full retrospective application is required, unless it is impracticable, in which case the entity chooses to apply the modified retrospective approach or the fair value approach. However, if the entity cannot obtain reasonable and supportable information necessary to apply the modified retrospective approach, then it applies the fair value approach. There is also a transition option allowing presentation of comparative information about financial assets using a classification overlay approach on a basis that is more consistent with how PFRS 9 will be applied in future reporting periods. Early application is permitted for entities that apply PFRS 9 *Financial Instruments* on or before the date of initial application of PFRS 17.

- PFRS 18, *Presentation and Disclosure in Financial Statements* will replace PAS 1, *Presentation of Financial Statements* and aims to provide greater consistency in presentation of the income and cash flow statements, and more disaggregated information.
 - *A more Structured Income Statement.* PFRS 18 promotes a more structured income statement. It introduces a newly defined 'operating profit or loss' and 'profit or loss before financing and income tax' subtotals, and a requirement for all income and expenses to be classified into three new distinct categories

operating, investing, and financing - based on a company's main business activities. PFRS 18 also requires companies to analyze their operating expenses directly on the face of the income statement - either by nature, by function or on a mixed basis. Companies need to choose the presentation method that provides the 'most useful structured summary' of those expenses. New disclosures apply if any operating expenses are presented by function.

- *Management-defined performance measures.* PFRS 18 provides a definition for management-defined performance measures (MPMs) and introduces specific disclosure requirements. MPMs are subtotals of income and expenses that are used in public communications outside the financial statements, communicate management's view of an aspect of the financial performance of the entity as a whole and are not a required subtotal or a common income and expense subtotal listed in PFRS 18. For each MPM presented, companies will need to explain in a single note to the financial statements why the measure provides useful information and how it is calculated, and to reconcile it to an amount determined under PFRS Accounting Standards.
- *Greater disaggregation of information.* PFRS 18 provides enhanced guidance on how companies group information in the financial statements, including newly defined roles of the primary financial statements and the notes, principles of aggregation and disaggregation based on shared and non-shared characteristics, and specific guidance for labelling and describing items in a way that faithfully represents an item's characteristics.

PFRS 18 also now require goodwill to be presented as a line item in the statement of financial position.

Consequential amendments to PAS 7, *Statement of Cash Flows* requires the use of the operating profit or loss subtotal as the starting point when presenting operating cash flows under the indirect method and eliminate the options for classifying interest and dividend cash flows.

PFRS 18 also amends PAS 33, *Earnings per Share* to permit companies to disclose additional amounts per share using as numerator a required income and expenses total or subtotal, a common subtotal listed in PFRS 18 or an MPM disclosed by the entity.

PFRS 18 applies for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. It applies retrospectively in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*. Specific reconciliations are required to be disclosed. Eligible entities including venture capital organizations, mutual funds and some insurers will be allowed to change their election for measuring investments in associates and joint ventures from equity method to fair value through profit or loss.

Deferral of the local implementation of Amendments to PFRS 10 and PAS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*.

- PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)* address an inconsistency between the requirements in PFRS 10 and in PAS 28, in dealing with the sale or contribution of assets between an investor and its associate or

joint venture.

The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Originally, the amendments apply prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. However, on January 13, 2016, the Financial Reporting Standards Council decided to postpone the effective date of these amendments until the International Accounting Standards Board has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

Consolidation

The consolidated financial statements incorporate the financial amounts of the Parent Company and its subsidiaries. Subsidiaries are entities over which the Parent Company has control. The Parent Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date that control commences until the date that control ceases. All intra-group transactions, balances, income and expenses are eliminated upon consolidation. Unrealized losses on intragroup transactions are eliminated, unless the transaction provides evidence of an impairment of the assets transferred.

Business Combinations

The Company accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired and the liabilities assumed. Transaction costs are expensed as incurred.

Common Control Business Combinations

Business combinations involving entities under common control are business combinations in which all of the entities are controlled by the same party both before and after the business combination. The Group accounts for such business combinations in accordance with the guidance provided by the Philippine Interpretations Committee Question and Answer (PIC Q&A) No. 2011-02, *PFRS 3.2 Common Control Business Combinations*.

The purchase method of accounting is used, if the transaction was deemed to have commercial substance from the perspective of the reporting entity. In determining whether the business combination has commercial substance, factors such as the underlying purpose of the business combination and the involvement of parties other than the combining entities such as the non-controlling interest, shall be considered. In cases where the transaction has no commercial substance, the business combination is accounted for using the pooling of interests method.

In applying the pooling of interests method, the Group follows PIC Q&A No. 2012-01, *PFRS 3.2 - Application of the Pooling of Interests Method for Business Combinations of Entities under Common Control in Consolidated Financial Statements*, which provides the following guidance:

- The assets and liabilities of the acquired company for the reporting period in which the common control business combinations occur, are included in the Group's consolidated financial statements at their carrying amounts from the

actual date of the acquisition. No adjustments are made to reflect the fair values or recognize any new assets or liabilities at the date of the combination. The only adjustments would be to harmonize accounting policies between the combining entities;

- No 'new' goodwill is recognized as a result of the business combination. The excess of the cost of business combinations over the net carrying amounts of the identifiable assets and liabilities of the acquired company is considered as equity adjustment from business combinations, included under "Additional Paid-in Capital" account in the equity section of the statements of financial position; and
- As a policy, no restatement of financial information in the Group's consolidated financial statements for periods prior to the transaction is made.

Asset Acquisition

Recognition and Initial Measurement

The Group recognizes assets acquired and liabilities assumed at cost, which is the consideration transferred to the seller, including direct acquisition-related transaction costs, on the acquisition date. In an asset acquisition, goodwill is not recognized. If the consideration transferred exceeds the fair value of the acquired assets, this may indicate that not all assets have been recognized or that pre-existing relationships being settled through the transaction should be accounted for separately.

Measurement of Assets and Liabilities

The cost of the acquired assets and liabilities assumed is determined by the amount of consideration transferred by the acquirer to the seller, which includes cash, other monetary assets, or liabilities incurred, as well as direct transaction costs. The cost is allocated to the assets acquired based on their relative fair values at the acquisition date. Unless contrary evidence exists, the acquisition cost is assumed to equal the fair value of the net assets acquired.

For most asset acquisitions, the exchange of monetary assets (such as cash) provides an objective basis for determining the fair value of the assets acquired. As such, if the consideration transferred is in the form of cash or other monetary assets, the acquisition cost is based on the amount paid, in addition to the direct transaction costs incurred. When liabilities are incurred or equity interests are issued, these amounts are recognized at the acquisition date.

Allocation of Acquisition Cost

The cost of an asset acquisition may differ from the fair value of the acquired assets and liabilities. Significant differences between the cost of an asset acquisition and the fair value of the assets and liabilities may indicate that certain assets or liabilities have not been properly recognized or that the transaction involves separate arrangements that should be accounted for apart from the asset acquisition. After determining the acquisition cost, it is allocated to the individual assets based on their relative fair values.

Subsequent Measurement

The subsequent accounting for each asset and liability is based on its nature and is independent of the manner of its acquisition. The measurement basis (whether cost or fair value) applied during the acquisition does not impact the subsequent accounting treatment of the acquired assets or liabilities.

Statement of Cash Flows

The Group has chosen to prepare the consolidated statement of cash flows using the indirect method, which presents cash flows from operating activities as the income from operations adjusted for non-cash transactions, deferrals or accruals of past or

future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows. Interest paid on loans is presented as a financing activity. The Group has chosen to present dividends paid to its stockholders as a financing activity cash flow. In the cash flow statement, the Group has classified the principal portion of lease payments, as well as the interest portion, within financing activities. Lease payments are split between interest and principal portions in the cash flow statement. Lease payments for short-term leases, lease payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability are classified as cash flows from operating activities. The Group has classified cash flows from operating leases as operating activities.

Segment Reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Group determines and presents operating segments based on the information that is internally provided to the Chairman and the President, collectively as the Group's chief operating decision maker. The Group assessed that its retailing business as a whole represents a single segment.

Financial Instruments

Financial Assets

Financial assets are recognized when the Group becomes a party to the contractual provisions of a financial instrument. Financial assets are derecognized when the rights to receive cash flows from the financial assets expire, or if the Group transfers the financial asset to another party and does not retain control or substantially all risks and rewards of the asset. Regular-way purchases and sales of financial assets in the normal course of business are accounted for at settlement date (i.e., the date that the asset is delivered to or by the Group). At initial recognition, the Group measures its financial assets at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset.

Financial instruments are recognized initially at fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated as fair value through profit or loss (FVTPL), includes transaction costs. A trade receivable without significant financing component is initially measured at the transaction price.

After initial recognition, the Group classifies its financial assets as subsequently measured at either i) amortized cost, ii) fair value through other comprehensive income (FVOCI) or iii) FVTPL on the basis of both:

- The Group's business model for managing the financial assets
- The contractual cash flow characteristics of the financial asset

Subsequent to initial recognition, financial assets are measured as described below. At each balance sheet date, the Group assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognizes a loss allowance for expected credit losses for financial assets measured at either amortized costs or at fair value through other comprehensive income. If, at the

reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 months of expected credit losses. If, at the reporting date, the credit risk on a financial instrument has increased significantly since initial recognition, the Group measures the loss allowance for the financial instrument at an amount equal to the lifetime expected credit losses. The Group always measures the loss allowance at an amount equal to lifetime expected credit losses for receivables.

A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience, credit assessment and including forward-looking information.

The information analyzed by the Group includes the following, among others:

- actual and expected significant changes in the political, regulatory and technological environment of the debtor or in its business activities.
- payment record - this includes overdue status as well as a range of variables about payment ratios.
- existing and forecast changes in the business, financial and economic conditions.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligation to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the debtor is past due more than 90 days on any material credit obligation to the Group.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Receivables are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, the financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Financial Assets at Amortized Cost

Financial assets are measured at amortized cost if both i) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and ii) 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.

A financial asset measured at amortized cost is initially recognized at fair value plus transaction cost directly attributable to the asset. After initial recognition, the carrying

amount of the financial asset measured at amortized cost is determined using the effective interest method, less any impairment losses.

Financial assets at amortized cost are classified as current assets when the Group expects to realize the asset within 12 months from reporting date. Otherwise, these are classified as noncurrent assets.

Cash and cash equivalents, receivables, time deposits and security deposits are included in this category (see Notes 4, 5, 8, and 14).

Financial Assets at FVTPL

When any of the above-mentioned conditions for classification of financial assets are not met, a financial asset is classified as FVTPL and measured at fair value with changes in fair value recognized in profit or loss.

A financial asset measured at FVTPL is recognized initially at fair value and its transaction cost is recognized in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognized in the consolidated statement of income for the reporting period in which it arises.

The Group may, at initial recognition, irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

Debt financial assets that do not meet the amortized cost criteria, or that meet the criteria but the Group has chosen to designate as FVTPL at initial recognition, are measured at fair value through profit or loss.

Equity investments are classified as FVTPL, unless the Group designates an investment that is not held for trading as FVOCI at initial recognition.

As of March 31, 2025 and December 31, 2024, the Group has not designated any debt instrument that meets the amortized cost criteria as FVTPL.

Financial assets at FVTPL are carried at fair value and gains and losses on these instruments are recognized as "Unrealized valuation gain (loss) on financial assets at FVTPL" in the consolidated statement of comprehensive income. Interest earned on these investments is reported in the consolidated statement of comprehensive income under 'Interest income' while dividend income is reported in the consolidated statement of comprehensive income under "Others" when the right of payment has been established. Quoted market prices, when available, are used to determine the fair value of these financial instruments. If quoted market prices are not available, their fair values are estimated based on market observable inputs.

The Group's investments in government securities, equity securities and short-term investments are included under this category (see Note 7).

Financial Liabilities

Financial liabilities are recognized when the Group becomes a party to the contractual provisions of a financial instrument. Financial liabilities are derecognized when the Group's obligations specified in the contract expire or are discharged or cancelled.

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

The Group classifies all financial liabilities as subsequently measured at amortized

cost, except for:

- (a) financial liabilities designated by the Group at initial recognition as at fair value through profit or loss, when doing so results in more relevant information.
- (b) financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.
- (c) contingent consideration recognized by the Group in a business combination which shall subsequently be measured at fair value with changes recognized in profit or loss.
- (d) financial guarantee contracts and commitments to provide a loan at a below-market interest rate which are initially measured at fair value and subsequently at the higher of amortized amount and amount of loss allowance.

Any difference between the proceeds and redemption value is recognized in the income statement over the period of the loans and short-term borrowings using the effective interest method.

Financial liabilities are classified as current liabilities unless the Group has a right to defer settlement of the liability for at least 12 months after the balance sheet date.

Trade and other payables, long-term loans, lease liabilities, due to related parties and deposits from tenants are generally included in this category.

Fair Value Measurements

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

The fair value of an asset or 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.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

Cash and Cash Equivalents

Cash includes cash in banks, cash on hand and cash equivalents. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from dates of placement and are subject to an insignificant risk of change in value.

Merchandise Inventories

Merchandise inventories are stated at the lower of cost and NRV. Cost is determined using the moving average method. Costs comprise of purchase price, including duties, transport and handling costs, and other incidental expenses incurred in bringing the merchandise inventories to their present location and condition.

NRV is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

Property and Equipment

Property and equipment, excluding land and construction in progress, are carried at cost less accumulated depreciation and impairment losses, if any. Land is carried at cost. Construction in progress represents structures under construction and is stated at cost. This includes the costs of construction and other direct costs. Construction in progress is not depreciated until such time that the relevant assets are ready for use.

Initially, an item of property and equipment is measured at its cost, which comprises its purchase price and any directly attributable costs of bringing the asset to the location and condition for its intended use. Subsequent expenditures are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance, will flow to the Group. All other subsequent expenditures are recognized in profit or loss.

Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets as follows:

	Number of Years
Building	15 - 30
Furniture and fixtures	3 - 20
Office and store equipment	2 - 15
Leasehold improvements	15 - 20 or term of the lease, whichever is shorter

The useful lives and depreciation method are reviewed at each reporting date to ensure that they are consistent with the expected pattern of economic benefits from those assets.

The useful lives and depreciation method are reviewed at each reporting date to ensure that they are consistent with the expected pattern of economic benefits from those assets.

When an asset is disposed or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and accumulated depreciation and impairment losses, if any, are removed from the accounts and any resulting gain or loss arising from the retirement or disposal is recognized in profit or loss.

The cost and accumulated depreciation and impairment losses, if any, of fully depreciated assets that are used in operations are retained in the accounts.

Investment in Associates and Joint Arrangements

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is defined as the power to participate in the financial and operating policy decisions of the entity but not control or joint control over those policies. Associates are accounted for using the equity method.

Investment in joint arrangements is classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. Joint operations arise where the Group has both rights to the assets and obligations for the liabilities relating to the arrangement and, therefore, the Group accounts for its share of assets, liabilities, revenue and expenses. Joint ventures arise where the Group has rights to the net assets of the arrangement and, therefore, the Group equity accounts for its interest.

Under the equity method, investment in associates and joint ventures is measured initially at cost and subsequently adjusted for post-acquisition changes in the Group's share of the net assets of the investment (net of any accumulated impairment in the value of individual investments). Where necessary, adjustments are made to the financial amounts of the associates and joint ventures to ensure consistency with the accounting policies of the Group. Unrealized gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of Group's stake in these investments. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred.

Intangible Assets

Goodwill and Impairment of Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in the net fair value of the identifiable assets, liabilities and assumed contingent liabilities at the date of acquisition. It is carried at cost less accumulated impairment losses. Goodwill on acquisitions of joint ventures and associates is included in the carrying amount of the investment. For the purposes of impairment testing, goodwill is allocated to each of the cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of a business combination. Goodwill is allocated to a cash-generating unit (or group of cash-generating units) representing the lowest level within the Group at which the goodwill is monitored for internal management purposes and is never larger than an operating segment before aggregation. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the cash-generating unit may be impaired. Goodwill on acquisitions of associates and joint ventures is assessed for impairment as part of the investment whenever there is an indication that the investment may be impaired. An impairment loss is recognized for the amount by which the cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of a cash-generating unit's fair value less costs of disposal or its value in use. An impairment loss is allocated first to reduce the carrying amount of the goodwill and then to the other assets of the cash generating unit pro rata on the basis of the carrying amount of each asset. An impairment loss recognized for goodwill is not reversed in subsequent periods.

Other Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the

date of acquisition. Following initial recognition, intangible assets are carried at cost less amortization and any impairment losses. Intangible assets with finite lives are amortized on a straight-line basis over their useful lives of 15 to 20 years for computer software and licenses and 20 years for leasehold rights and tested for impairment whenever there is an indication that they may be impaired. The amortization period and method are reviewed at each financial year-end.

Impairment of Non-current Assets Other than Goodwill

The Group assesses whether there is any indication that the property and equipment, right-of-use assets, investments, and intangible assets with finite lives may be impaired. The Group performs impairment testing where there are indicators of impairment. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less cost of disposal, and value in use. When the recoverable amount is less than the carrying amount, an impairment loss is recognized immediately in the Group's profit or loss.

A reversal of an impairment loss is recognized immediately as a credit to the Group's profit or loss. 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. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years.

Employee Benefits

Short-term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Retirement Benefits Cost

The Group's net obligation in respect of the defined benefit plan is calculated by estimating the amount of the future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed on a periodic basis by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan, if any.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plan are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss.

The Group has a non-contributory multi-employer plan which is accounted for as a defined benefit plan. The Group is not required to pre-fund the future defined benefits payable under the Retirement Plan before they become due. For this reason, the amount and timing of contributions to the Retirement Fund to support the defined benefits are at the Group's discretion. However, in the event a defined benefit claim arises and the Retirement Fund is insufficient to pay the claim, the shortfall will then be due and payable by the Group to the Retirement Fund.

The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Equity

Capital Stock

Capital stock is classified as equity. Incremental costs directly attributable to the issuance of capital stock are recognized as a deduction from equity, net of any tax effects.

Additional Paid-in Capital

The amount of contribution in excess of par value is accounted for as "Additional paid-in capital." Additional paid-in capital also arises from additional capital contributions from the shareholders. Additional paid-in capital also includes excess of book value of the net assets acquired over the consideration paid for acquired entity.

Retained Earnings and Dividend Distribution

Retained earnings include current and prior years' results, net of transactions with shareholders and dividends declared, if any.

Dividend distribution to the Group's shareholders is recognized as a liability and deducted from equity in the Group's consolidated statements of financial position in the period in which the dividends are approved and declared by the Group's BOD.

Treasury Stock

Own equity instruments which are reacquired are carried at cost and are deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. When the shares of stock are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is charged to additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares of stock were issued and to retained earnings for the remaining balance.

Other Comprehensive Income

Other comprehensive income are items of income and expense (including reclassification adjustments, if any) such as remeasurements of defined benefit plans that are not recognized in profit or loss as required or permitted by the related accounting standards.

Revenue Recognition

The Group identifies each distinct performance obligation to transfer goods (or bundle of goods) or services. The Group recognizes revenue when (or as) it satisfies a performance obligation by transferring the control of goods or services to the customer. The transaction price is the amount of consideration the Group expects to receive under the arrangement. The Group concluded that it is acting as principal for

all its revenue arrangements below, except for concession fee income.

- *Merchandise Sales* - The Group generally recognizes sale of merchandise at the point of sale when customer takes possession of goods and tenders payment. At point of sale, the performance obligation is satisfied because control of the merchandise transfers to the customer. Revenue is recorded at the point of sale based on the transaction price on the merchandise tag, net of any applicable discounts, sales taxes and refunds. For e-commerce sales, the Group recognizes sales upon delivery of goods through its online channel.
- *Concession Fee Income* - The Group enters into certain agreements with concessionaires that offer goods to the Group's customers. In exchange, the Group receives payment in the form of commissions based on a specified percentage of the merchandise sales. The Group serves as agent in these contracts and recognizes the net amount earned as commissions in the period in which the event or condition that triggers the payment occurs.
- *Membership* - The Group charges a membership fee to its customers. The fee allows the customer to shop in the Group's stores for the duration of the membership, which is generally 1-2 years. The Group recognizes the fee in the period in which it occurs.
- *Gift Certificates* - The Group recognizes revenue from the sale of gift certificates when the gift certificate is redeemed by customer.
- *Other Income* - The Group recognizes various incidental income in the period in which the services/goods were rendered/delivered.
- *Reward Points* - The Group allocates a portion of the consideration received to loyalty points. This allocation is based on the relative stand-alone selling prices. The stand-alone selling price is estimated based on the equivalent value given when the points are redeemed by the customer and the likelihood of redemption, as evidenced by the Group's historical experience. A contract liability is recognized for revenue relating to the loyalty points at the time of the initial sales transaction. Revenue from the loyalty points is recognized when the points are redeemed by the customer. Revenue for loyalty points that are not expected to be redeemed is recognized in proportion to the pattern of rights exercised by customers.

Contract Balances

Receivables

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

The sales activities of the Group do not result in a material amount of unperformed obligations of the Group and, therefore, no contract assets are recognized separately from receivables.

Contract Liabilities

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

The Group does enter into transactions with customers where contract liabilities

result from consideration being received from the customer prior to the Group satisfying its performance obligations. These contract liabilities are presented on the statement of financial position and in the notes as unredeemed gift certificate liabilities.

Cost and Expense Recognition

The Group's cost of sales includes the direct costs of sold merchandise, which includes custom, taxes, duties and inbound shipping costs, inventory shrinkage and adjustments and reserves for excess, aged and obsolete inventory. Cost of sales also includes certain distribution center costs.

Vendor Rebates and Allowances

The Group receives various types of cash consideration from vendors, principally in the form of rebates, based on purchasing or selling certain volumes of product, time-based rebates or allowances, which may include product placement allowances or exclusivity arrangements covering a predetermined period of time, price protection rebates and allowances for retail price reductions on certain merchandise and salvage allowances for product that is damaged, defective or becomes out-of-date.

Such vendor rebates and allowances are recognized based on a systematic and rational allocation of the cash consideration offered to the underlying transaction that results in progress by the Group's toward earning the rebates and allowances, provided the amounts to be earned are probable and reasonably estimable. Otherwise, rebates and allowances are recognized only when predetermined milestones are met. The Group recognizes product placement allowances also as a reduction of cost of sales in the period in which the product placement is completed. Time-based rebates or allowances are recognized as a reduction of cost of sales over the performance period on a straight-line basis. All other vendor rebates and allowances are recognized as a reduction of cost of sales when the merchandise is sold or otherwise disposed.

Operating Expenses

Operating expenses constitute costs of administering the business. These are recognized as incurred.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physical distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:

- the Group has the right to operate the asset; or
- the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single component.

As a Lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred and an estimate of costs to dismantle and remove or restore the underlying asset or the site on which it is located, less any incentives received.

The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rates as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Variable Lease Payments

Variable lease payments not based on an index or rate are not part of the lease liability. These include payments linked to a lessee's performance derived from the underlying asset. Such payments are recognized in profit or loss in the period in which the event or condition that triggers those payments occurs.

Lease Modifications as a Lessee

The Group accounts for a lease modification as a separate lease if both the modification increases the scope of the lease by adding the right to use one or more underlying assets and the consideration for the lease increases by an amount commensurate with the standalone price and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group allocates the consideration in the modified contract based on stand-alone prices, determines the lease term and remeasures the lease liability by discounting the revised lease payments using a revised discount rate. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. The Group recognizes in profit or loss any gain or loss relating to the partial or full termination of the lease. The Group makes a corresponding adjustment to the right-of-use asset for all other lease modifications.

COVID-19-Related Rent Concessions

The Group elected to apply an optional practical expedient for rent concessions that are a direct consequence of COVID-19. The lessee is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The practical expedient apply to the reduction in lease payments relates to payments due on or before June 30, 2021; and no other substantive changes have been made to the terms of the lease.

Short-term Leases and Leases of Low-value Assets

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a Lessor

When the Group act as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risk and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies exemption described above, then it classifies sub-lease as operating lease.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of other income.

Borrowing Costs

Borrowing costs are recognized as expenses when incurred, except to the extent capitalized. Borrowing costs are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized.

Income Taxes

Current tax and deferred tax are recognized in the consolidated statements of income except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

Uncertainties related to taxes that are not income taxes are recognized and measured in accordance with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* unless they are dealt with specifically in another standard.

Current Tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred Tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- with respect to taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits - Minimum Corporate Income Tax (MCIT) and unused tax losses - Net Operating Loss Carryover (NOLCO), to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, and the carryforward benefits of MCIT and NOLCO can be utilized, except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- with respect to deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against

which the temporary differences can be utilized.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year 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.

Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

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

Value Added Tax (VAT)

Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of "Prepaid expenses and other current assets" or "Trade and other payables" in the consolidated statements of financial position.

Basic and Diluted Earnings Per Share (EPS)

Basic EPS is computed by dividing net income by the weighted average number of common shares outstanding during the period, after retroactive adjustment for stock dividend declared in the current period, if any. Diluted EPS is also computed in the same manner as the aforementioned, except that, the net income and the number of common shares outstanding is adjusted for the effects of all potential dilutive debt or equity instruments.

Related Parties

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

Provisions and Contingencies

A provision is recognized when the Group has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made on the amount of the obligation.

Provisions are revisited at each reporting date and adjusted to reflect the current best estimate. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pretax rate that reflects the current market assessment of the time value of money, and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable.

Events After the Reporting Date

Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are recognized in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

4. Cash and Cash Equivalents

This account consists of:

	<i>Note</i>	March 2025	December 2024
Cash on hand		P328,981,646	P1,188,869,181
Cash in banks	30	12,525,128,332	18,753,754,097
Money market placements	30	7,235,078,682	5,888,941,755
		P20,089,188,660	P25,831,565,033

Cash in banks earn annual interest at the respective bank deposit rates.

Money market placements are highly liquid investments that are readily convertible into cash and are subjected to insignificant risk of changes in value. These investments have maturity dates of an average of 30 days with annual interest rates ranging from 4.0% to 5.8% in December 2024 and 4.5% to 5.6% in March 2025.

Interest income earned from cash in banks and money market placements totaled P363.5 million and P313.0 million in March 2025 and 2024, respectively.

5. Receivables

This account consists of:

	<i>Note</i>	March 2025	December 2024
Trade receivables	24	P1,517,501,250	P4,929,925,279
Less allowance for impairment losses		7,462,327	7,462,327
		1,510,038,923	4,922,462,952
Nontrade receivables	24	2,961,152,873	1,254,313,530
	30	P4,471,191,796	P6,176,776,482

Trade receivables generally have a one-to-30-day credit terms.

Non-trade receivables consist mainly of accrued vendor allowance income, rent due from store tenants and e-wallet balance.

6. Merchandise Inventories

This account consists of groceries and other consumer products (canned goods, housewares, toiletries, dry goods, food products, etc.) held for sale in the ordinary course of business on wholesale or retail basis.

The Group's merchandise inventories at cost amounted to P31.8 billion and P29.4 billion as at March 31, 2025 and December 31, 2024, respectively.

Inventory charged to the cost of sales amounted to P42.2 billion and P38.1 billion in March 2025 and 2024, respectively (see Note 19).

7. Financial Assets at Fair Value Through Profit or Loss

This account consists of:

	Note	March 2025	December 2024
Held-for-trading:			
Short-term investments	23, 30	P14,901,435,916	P15,256,652,738
Government securities	23, 30	4,579,062,733	4,579,062,733
Equity securities		45,283,402	42,465,103
		P19,525,782,051	P19,878,180,574

The movements in the balances of financial assets at fair value through profit or loss are as follows:

March 2025

	January 1	Additions	Sale	Gain	(Loss)	March 31
Cost						
Short-term investments	P15,256,652,738	P3,226,360,188	(P3,536,543,247)	P -	(P45,033,763)	P14,901,435,916
Government securities	4,579,062,733	-	-	-	-	4,579,062,733
Equity securities	42,465,103	-	-	2,818,299	-	45,283,402
	P19,878,180,574	P3,226,360,18	(P3,536,543,247)	P2,818,299	(P45,033,763)	19,525,782,051

December 2024

	January 1	Additions	Sale	Gain	(Loss)	December 31
Cost						
Short-term investments	P -	P14,970,251,175	P -	P286,401,563	P -	P15,256,652,738
Government securities	4,588,450,000	-	-	-	(9,387,267)	4,579,062,733
Equity securities	37,689,942	163,054	-	4,612,107	-	42,465,103
	P4,626,139,942	P14,970,414,229	P -	P291,013,670	(P9,387,267)	P19,878,180,574

Interest income on government securities amounted to P49.4 million in March 2025 and 2024.

Dividend income on equity securities amounted to P1.2 million and P1.0 million in March 2025 and 2024, respectively (see Note 23).

8. Other Financial Assets at Amortized Cost

The Group has placements in time deposits with terms of more than three (3) months to less than one (1) year, which bears interest from 5.00% to 5.65% (see Note 30).

The Group recognized other financial assets at amortized cost amounting to P6.4 billion and P4.6 billion as at March 31, 2025 and December 31, 2024, respectively.

9. Prepaid Expenses and Other Current Assets

This account consists of:

	March 2025	December 2024
Advances to suppliers	P1,686,928,311	P2,558,254,912
Prepaid expenses	1,261,166,789	506,376,483
Deferred input VAT	30,180,871	38,340,456
Input VAT	256,562,660	6,106,248
Creditable withholding tax	750,919	97,088
	P3,235,589,550	P3,109,175,187

Advances to suppliers will be applied against inventory purchases in 2025.

Deferred input VAT consists of the unamortized portion of accumulated input taxes as of December 31, 2021, related to capital asset purchases exceeding P1 million and unpaid services. This may be applied against future output VAT when realized or paid.

The details of prepaid expenses are as follows:

	March 2025	December 2024
Taxes and licenses	P846,398,218	P166,621,721
Insurance	143,748,397	130,374,015
Advertising and promotion	140,126,994	90,378,827
Supplies	31,964,967	44,402,904
Repairs and maintenance	15,027,674	19,595,268
Others	83,900,539	55,003,748
	P1,261,166,789	P506,376,483

10. Investments in Associate and Joint Ventures

The details of this account are as follows:

	March 2025	December 2024
Associate	P422,745,311	P422,745,311
Joint ventures	100,423,852	100,423,852
	P523,169,163	P523,169,163

Investment in Associate

In 2013, the Group through Entenso acquired 49.34% equity interest in San Roque Supermarkets, a local entity that operates a chain of supermarkets in Metro Manila and nearby areas.

The changes in the carrying amount of the investment in associate are as follows:

	March 2025	December 2024
Balance at beginning of the year	P422,745,311	P422,745,311
Share in net loss*	-	-
Balance at end of year	P422,745,311	P422,745,311

The information presented below summarizes the financial information of San Roque and shows the reconciliation of the Group's share in net assets of such investee to the carrying amount of its investment.

	December 2024
Percentage of ownership	49.34%
Current assets	P616,432,205
Noncurrent assets	614,919,810
Current liabilities	(447,509,713)
Noncurrent liabilities	(490,065,792)
Net assets	293,776,510
Group's share in net assets	144,949,330
Goodwill	276,058,136
Unrecognized share in net loss in prior years	1,737,845
Other*	-
Carrying amount of interest in associate	P422,745,311
Net sales	P3,756,605,107
Net loss	(2,855,869)
Group's share in net loss	(P1,409,086)

*Unrecognized prior period adjustments based on unaudited amounts

Investment in Joint Venture

AyaGold Retailers, Inc.

In 2013, the Group through Entenso partnered with Varejo Corp., an entity engaged in operations of small convenience stores, to incorporate a new company, AyaGold Retailers, Inc. (AyaGold). This is the joint venture vehicle for the investment in and operation of mid-market supermarkets and to pursue other investment opportunities in the Philippine retail sector as may be agreed by both parties.

AyaGold was incorporated in the Philippines on July 8, 2013 and started its operation on July 31, 2015 with the opening of its first supermarket called "Merkado" which is located in U.P. Town Center. The second supermarket opened on December 14, 2017.

The Group and its partner each initially invested P60.0 million or acquired 50% interest in AyaGold by subscribing to 6,000,000 common shares at P1.0 par value and 54,000,000 redeemable preferred shares at P1.0 par value. In February 2018, each party invested additional P32.5 million for 32,500,000 common shares at P1.0 par value.

The redeemable preferred shares shall have the following features: voting rights; participating in dividends declaration for common shares and may be entitled to such dividends as may be determined and approved by the Board of Directors; entitled to receive out of the assets of the joint venture available for distribution to the parties, before any distribution of assets is made to holders of common shares, distributions in the amount of the issue value per outstanding redeemable preferred share, plus declared and unpaid dividends to the date of distribution; and redeemable at the option of the joint venture.

Pure Commerce, Inc.

In 2022, the Group through Entenso partnered with 917Ventures Inc., to incorporate a new company, Pure Commerce, Inc. (Pure Commerce). This is the joint venture vehicle for the operation of an online grocery and e-commerce platform.

The Group and its partner each initially invested P62.5 million or acquired 50% interest in Pure Commerce by subscribing to 62,500,000 common shares at P1.0 par value.

On February 15, 2023, the Board approved to cease the Pure Commerce's operations, effective March 31, 2023 and for the Company to remain dormant until new business plans are finalized. The carrying amount of the investment and advances in Pure Commerce amounted to nil as at March 31, 2025 and December 31, 2024.

The changes in the carrying amount of the investment in joint ventures are as follows:

	March 2025	December 2024
Balance at beginning of year	P100,423,852	P100,423,852
Share in net loss	-	-
Balance at end of year	P100,423,852	P100,423,852

11. Property and Equipment

The movements in this account are as follows:

	Building	Furniture and Fixtures	Office and Store Equipment	Leasehold Improvements	Land	Construction in Progress	Total
Cost							
Balance, January 1, 2024	P8,070,256,433	P4,342,431,022	P15,155,263,553	P19,921,587,140	P7,570,827,145	P2,926,334,674	P57,986,699,967
Additions	521,178,233	279,450,767	1,047,693,766	642,464,599	-	5,160,429,252	7,651,216,617
Reclassifications/Adjustments	633,336,298	65,869,608	1,114,576,322	1,979,727,854	-	(3,771,592,607)	21,917,475
Disposals	-	(2,128,902)	(80,299,233)	-	-	-	(82,428,135)
Balance, December 31, 2024	9,224,770,964	4,685,622,495	17,237,234,408	22,543,779,593	7,570,827,145	4,315,171,319	65,577,405,924
Additions	52,428,236	89,820,317	169,575,494	48,264,825	-	960,883,204	1,320,972,076
Reclassifications/Adjustments	(10,211,089)	5,566,922	46,398,515	96,036,228	-	(137,803,255)	(12,679)
Disposals	-	(1,215,196)	(59,223,354)	-	-	-	(60,438,550)
Balance, March 31, 2025	9,266,988,111	4,779,794,538	17,393,985,063	22,688,080,646	7,570,827,145	5,138,251,268	66,837,926,771
Accumulated Depreciation							
Balance, January 1, 2024	2,478,343,794	2,678,018,938	11,043,799,069	6,308,732,812	-	-	22,508,894,613
Depreciation	280,941,582	226,249,118	1,114,667,238	1,309,247,515	-	-	2,931,105,453
Reclassifications	(864,005)	(3,076,505)	(13,626,353)	(8,903,138)	-	-	(26,470,001)
Disposals	-	(2,120,209)	(80,298,937)	-	-	-	(82,419,146)
Balance, December 31, 2024	2,758,421,371	2,899,071,342	12,064,541,017	7,609,077,189	-	-	25,331,110,919
Depreciation	79,462,397	61,624,115	291,527,158	347,904,520	-	-	780,518,190
Reclassifications/Adjustments	-	-	-	-	-	-	-
Disposals	-	(1,214,979)	(59,128,415)	-	-	-	(60,343,394)
Balance, March 31, 2025	2,837,883,768	2,959,480,478	12,296,939,760	7,956,981,709	-	-	26,051,285,715
Carrying Amount							
December 31, 2024	P6,466,349,593	P1,786,551,153	P5,172,693,391	P14,934,702,404	P7,570,827,145	P4,315,171,319	P40,246,295,005
March 31, 2025	P6,429,104,343	P1,820,314,060	P5,097,045,303	P14,731,098,937	P7,570,827,145	P5,138,251,268	P40,786,641,056

Interest expense on loans capitalized as part of property and equipment amounted to P3.4 million and P2.6 million in March 2025 and 2024, respectively (see Note 16).

During the period, the Group received cost discounts from contractors on certain capitalized costs related to the acquisition and development of property, plant, and equipment. These discounts were applied to the initial cost of the respective assets. The adjustments in the cost of the assets are presented together with the reclassifications in the above table. The adjustment was recognized in the period in which the discount was granted.

Borrowing costs are capitalized using a general financing rate of 4.1%. This rate is applied to the expenditures for the qualifying assets during the construction.

12. Right-of-Use Assets

The movements in this account are as follows:

	March 2025	December 2024
Cost		
Balance at January 1	P52,438,396,023	P49,253,060,461
Additions	1,861,470,248	4,248,456,100
Terminated leases	(608,033,700)	(603,393,193)
Derecognition of right-of-use assets	(194,624,213)	(342,778,472)
Modifications to leases	(91,035,416)	(116,948,873)
Balance at end of period	53,406,172,942	52,438,396,023
Accumulated Depreciation		
Balance at January 1	19,944,407,366	17,576,979,477
Depreciation	753,267,619	2,766,985,285
Derecognition of right-of-use assets	(194,624,212)	(342,778,472)
Terminated leases	(119,931,149)	(56,778,924)
Balance at end of period	20,383,119,624	19,944,407,366
Carrying Amount at end of period	P33,023,053,318	P32,493,988,657

The right-of-use ("ROU") assets mainly pertain to leases of stores and also include leases of parcels of land, warehouses, distribution centers and parking spaces.

13. Goodwill and Other Intangibles

This account consists of:

	March 2025	December 2024
Goodwill	P14,902,423,321	P14,902,423,321
Trademark	3,709,660,547	3,709,660,547
Customer relationships	889,452,981	889,452,981
Computer software and licenses - net	254,248,482	239,501,216
Leasehold rights - net	47,319,772	48,476,710
	P19,803,105,103	P19,789,514,775

Goodwill acquired in business combinations represents the excess of the purchase price over the fair value of net identifiable assets of acquired subsidiaries which

represent the separate CGUs expected to benefit from that business combination.

The cost of goodwill allocated to the CGUs as at March 31, 2025 and December 31, 2024 follows:

	Amount
Kareila	P12,079,473,835
Budgetlane Supermarkets	837,974,199
Gant	742,340,804
Daily Commodities, Inc. and First Lane Super Traders Co., Inc. (DCI and FLSTCI)	685,904,317
Company E	358,152,015
Black & White (B&W) Supermart	187,203,888
Puregold Junior Supermarket, Inc. (PJSI)	11,374,263
	P14,902,423,321

Trademark and customer relationships acquired through business combination represent the fair values at the date of acquisition of Kareila, which is the CGU for these intangibles.

The Group believes that there is currently no foreseeable limit to the period over which the trademark and customer relationships are expected to generate net cash inflows, and therefore they are assessed to have an indefinite useful life.

CGUs to which goodwill and other intangibles with indefinite lives have been allocated are tested for impairment annually or more frequently if there are indications that a particular CGU might be impaired. Cash flow projections used in determining recoverable amounts include the lease payments in both the explicit forecast period and in terminal value. The recoverable amounts for the CGUs have been determined based on value in use.

VIU

Value in use is determined using discounted cash flow projections that generally cover a period of five years and are based on the financial plans approved by the Company's management. The key assumptions for the value-in-use calculations relate to the weighted average cost of capital (discount rate), sales growth, operating margin and growth rate (terminal value). Sales growth and operating margin are based on the Company's historical experience. Discount rate and terminal growth rate are based on reliable external information. The discount rates reflect the key assumptions used in the cash flow projections. The pre-tax discount rates ranged between 10.1% to 10.5% in 2024 and 8.5% and 8.7% in 2023. The sales growth rates and operating margins used to estimate future performance are based on past performance and experience of growth rates and operating margins achievable in the Company's markets. The average annual compound sales growth rate applied in the projected periods is 5.0% for all the CGUs. The average operating margins applied in the projected periods is 5.3% for the CGUs. The terminal value to extrapolate cash flows beyond the explicit forecast period is 3.5% for the CGUs.

Key assumptions relating to CGUs to which a significant amount of goodwill or intangible assets with indefinite useful lives is allocated are as follows:

	Pre-tax Discount Rate		Growth Rate (Terminal Value)	
	2024	2023	2024	2023
Kareila	10.1%	8.6%	3.5%	3.6%
Budgetlane Supermarkets	10.2%	8.7%	3.5%	3.6%
Gant	10.5%	8.6%	3.5%	3.6%
DCI and FLSTCI	10.4%	8.5%	3.5%	3.6%

As at March 31, 2025, management assessed that a reasonably possible change in key assumptions of B&W Supermart would result in the headroom being reduced to nil if growth rate decreased by 1.2%.

Computer Software and Licenses

The movements in computer software and licenses are as follows:

	March 2025	December 2024
Cost		
Balance at January 1	P724,584,873	P608,636,302
Additions	31,849,837	115,948,571
Balance at end of period	756,434,710	724,584,873
Accumulated Amortization		
Balance at January 1	485,083,657	421,412,297
Amortization*	17,102,571	63,671,360
Balance at end of period	502,186,228	485,083,657
Carrying Amount end of period	P254,248,482	P239,501,216

*Presented as part of "Depreciation and amortization" under "Operating expenses" in the consolidated statements of comprehensive income

Leasehold Rights

The movements in leasehold rights are as follows:

	March 2025	December 2024
Cost		
Balance at January 1	P90,955,005	P75,955,005
Additions	-	15,000,000
Balance at end of period	90,955,005	90,955,005
Accumulated Amortization		
Balance at January 1	42,478,295	37,913,045
Amortization*	1,156,938	4,565,250
Balance at end of period	43,635,233	42,478,295
Carrying Amount end of period	P47,319,772	P48,476,710

*Presented as part of "Depreciation and amortization" under "Operating expenses" in the consolidated statements of comprehensive income.

On January 25, 2013, the Parent Company entered into a memorandum of agreement with various parties that paved the way for the acquisition of five stores previously owned and operated by the parties. Under the agreement, the parties

agreed to sell to the Parent Company all merchandise inventories, equipment, furniture and fixtures as well as granting of rights to lease the buildings owned by parties for a period of 20 years. As a result of the transaction, the Parent Company recognized the excess of the purchase price over the fair value of tangible assets acquired as leasehold rights, which is amortized on a straight-line basis over the lease term.

14. Other Noncurrent Assets

This account consists of:

	<i>Note</i>	March 2025	December 2024
Security deposits	30	P2,845,600,162	P2,809,245,853
Advances to contractors		473,765,769	490,788,701
Accrued rent income		27,618,647	26,421,756
Others		7,879,160	7,879,160
		P3,354,863,738	P3,334,335,470

Security deposits consist of payments for leases that are refundable at the end of the lease term.

Advances to contractors pertain to payments made in advance for the construction of new stores. These are expected to be utilized upon completion of the construction of stores.

15. Trade and Other Payables

This account consists of:

	<i>Note</i>	March 2025	December 2024
Trade	24, 30	P15,658,555,207	P21,569,506,577
Nontrade:	24, 30	1,839,239,488	1,918,853,278
Withholding taxes payable		250,385,084	265,908,951
Dividends payable	24	-	-
Accrued expenses:	30		
Manpower agency services		1,057,713,186	1,258,802,146
Fixed assets	25	548,555,465	769,473,614
Utilities		355,005,183	311,506,395
Rent		242,802,630	268,341,726
Supplies		21,512,942	69,271,924
Others		517,085,274	465,765,436
		P20,490,854,459	P26,897,430,047

The average credit terms on purchases of certain goods from suppliers is 30 days.

Non-trade payables consist of claims arising from billed expenditures in relation to operations other than purchases of goods. These include mainly unreleased checks, reward points liability, and retention payable.

16. Long-term Loans

This account consists of:

	Note	March 2025	December 2024
Unsecured Peso Denominated			
Fixed-rate Notes of Parent Company		P11,520,000,000	P11,520,000,000
Fixed-rate Notes of a subsidiary		5,200,000,000	5,200,000,000
		16,720,000,000	16,720,000,000
Unamortized Debt Issue Cost			
		(59,702,061)	(63,535,920)
	30	16,660,297,939	16,656,464,080
Current portion		(120,000,000)	(120,000,000)
Noncurrent portion		P16,540,297,939	P16,536,464,080

Fixed-rate Notes of Parent Company

On September 30, 2020, the Parent Company raised P12.0 billion from the issuance of fixed-rate corporate notes for its store network expansion. This consists of P7-billion notes that have a seven-year tenor and P5-billion notes that have a 10-year tenor with interest rate of 4.0% and 4.5%, respectively. The notes are payable annually at 1.0% of the original amount or P120.0 million and the remainder payable upon maturity.

The notes are subject to certain affirmative and negative covenants such as those relating to merger and consolidation, declaration of dividends and maintenance of financial ratios of at least 1.0x current ratio and not more than 2.5x debt-to-equity ratio, among others. The Parent Company is compliant with the loan covenants as at March 31, 2025 and December 31, 2024.

Long-term Loans of Subsidiary

In 2024, Kareila obtained a total bank loans amounting to P4.0 billion that has a three-year tenor and P1.2 billion loans that has a five-year tenor with interest rate of 5.50% to 5.75%. The loans were obtained primarily to finance the acquisition of inventory and to support Kareila's short-term working capital needs. The principal is due as a single payment at the end of the loan term. No periodic principal repayments are required during the term.

The contractual maturities of the long-term loans are discussed in Note 30.

The movements in debt issue cost are as follows:

	March 2025	December 2024
Balance at beginning of the year	P63,535,920	P78,871,360
Amortization	(3,833,859)	(15,335,440)
Balance at end of the year	P59,702,061	P63,535,920

Interest expense charged to profit or loss amounted to P206.1 million and P138.3 million in March 2025 and 2024, respectively.

Interest expense capitalized as part of property and equipment is discussed in Note 11.

17. Other Current Liabilities

This account consists of:

	<i>Note</i>	March 2025	December 2024
Deposits from tenants	30	P302,458,441	P303,610,308
Unredeemed gift certificates		174,511,965	203,370,788
Unearned income from suppliers		154,094,272	131,169,143
VAT payable		55,730,867	77,711,655
Others	30	16,861,211	10,711,569
		P703,656,756	P726,573,463

Deposits represent amounts paid by the store tenants for the lease of store spaces which are refundable upon termination of the lease.

Unredeemed gift certificates represent members' claims for issued yet unused gift certificates. These will be closed to sales account upon redemption and are due and demandable anytime.

Unearned income from suppliers represents payments received in advance for rebates and allowances which are recognized over the period of benefit.

Contract Liabilities

The Group identified its unredeemed gift certificates as contract liabilities as of March 31, 2025 and December 31, 2024. These represent the Group's obligation to provide goods or services to the customers for which the Group has received consideration from the customers.

Below is the roll-forward of contract liabilities:

	March 2025	December 2024
Beginning balance	P203,370,788	P187,213,233
Add receipts	97,383,981	480,201,089
Less sales recognized	126,242,804	464,043,534
Ending balance	P174,511,965	P203,370,788

Others consist of commission payable and unearned rent income.

18. Revenue from Contract with Customers

The Group generates revenue primarily from trading goods such as consumer products (canned goods, housewares, toiletries, dry goods, food products, etc.) on a wholesale and retail basis. The revenue from contracts with customers is disaggregated by revenue streams.

	<i>Note</i>	March 2025	March 2024
Net sales from stores		P52,417,988,962	P47,317,536,804
Concession fee income	21	413,856,002	356,584,269
Membership fee income	21	178,927,564	183,119,688
Revenue from contract with customers		P53,010,772,528	P47,857,240,761

19. Cost of Sales

This account for the periods ended consists of:

	Note	March 2025	March 2024
Beginning inventory	6	P29,404,917,109	P27,308,803,049
Add purchases		44,528,749,523	40,352,054,975
Total goods available for sale		73,933,666,632	67,660,858,024
Less ending inventory	6	31,771,563,025	29,597,916,497
		P42,162,103,607	P38,062,941,527

20. Leases

Lessee

The Group leases parcels of land, stores, warehouses, distribution centers, and parking spaces. The lease terms range from 3 years to 40 years, which are generally renewable based on certain terms and conditions. Rental payments are fixed monthly or per square meter subject to 1.0%-10.0% escalation or percentage of store sales, whichever is higher. Variable lease payments that depend on sales are recognized in profit or loss in the period in which the condition that triggers those payments occurs.

Lease liabilities included in the consolidated statements of financial position are as follows:

	March 2025	December 2024
Due within one year	P1,463,506,332	P1,360,069,036
Due beyond one year	42,892,963,001	42,131,216,785
	P44,356,469,333	P43,491,285,821

The movements in lease liabilities are as follows:

	Note	March 2025	December 2024
Balance at January 1		P43,491,285,821	P41,725,797,212
Additions		1,818,576,619	4,078,927,268
Repayments		(1,092,652,275)	(4,481,620,138)
Accretion of interest expense		781,892,330	2,878,994,118
Terminations		(551,597,744)	(593,863,766)
Modifications		(91,035,418)	(116,948,873)
Balance at end of period	30	P44,356,469,333	P43,491,285,821

The Group derecognized right-of-use (ROU) assets amounting to P608 million and P603 million and the corresponding lease liabilities amounting to P552 million and P594 million, in March 2025 and December 2024, respectively. This is related to the termination of certain lease agreements in March 2025 and December 2024 due to closed stores and transition to new lessors.

Net gains of P59.5 million and P2.1 million resulting from these terminations were recognized under "Other Charges - net" in the consolidated statements of

comprehensive income in March 2025 and 2024, respectively (see Note 23).

The maturity analysis of the undiscounted lease payments are as follows:

	March 2025	December 2024
Less than one year	P4,367,083,802	P4,466,017,547
One to five years	17,981,599,721	17,937,490,129
More than five years	59,013,316,655	59,658,573,041
	P81,362,000,178	P82,062,080,717

The following are the amounts recognized in profit or loss:

	March 2025	March 2024
Variable lease payments not included in the measurement of lease liabilities	P52,058,886	P111,797,283
Expenses related to leases of low-value assets	106,267,030	6,658,714
Expenses related to short-term leases	6,822,642	6,122,465
Total rent expense	165,148,558	124,578,462
Interest accretion on lease liabilities	781,892,330	710,189,563
Depreciation charge for right-of-use assets	753,267,619	682,030,520
Gain from lease terminations	59,462,016	2,070,850

Low-value assets pertain mainly to credit card terminals and G4s cash solutions technology.

Security deposits under "Other noncurrent assets" in the consolidated statements of financial position amounted to P2.8 billion as at March 31, 2025 and December 31, 2024, respectively (see Note 14).

As Lessor

The Group subleases a portion of its stores to various lessees. The lease terms range from 1 year to 10 years, which are generally renewable based on certain terms and conditions. Rental payments are fixed monthly or percentage of store sales, whichever is higher. Variable lease payments that depend on sales are recognized in profit or loss in the period in which the condition that triggers those payments occurs.

Rent income recognized in profit or loss amounted to P124.2 million and P123.9 million in March 2025 and 2024, respectively (see Note 21).

The scheduled maturities of non-cancellable minimum future rental collections:

	March 2025	December 2024
Less than one year	P342,574,337	P331,235,860
One to two years	270,906,393	267,383,007
Two to three years	150,062,831	143,060,655
Three to four years	117,142,700	115,977,384
Four to five years	77,643,273	80,275,489
More than five years	1,168,666,320	1,178,716,572
	P2,126,995,854	P2,116,648,967

21. Other Revenue

This account consists of:

	Note	March 2025	March 2024
Concession fee income	18	P413,856,002	P356,584,269
Membership fee income	18	178,927,564	183,119,688
Rent income	20	124,202,243	123,935,374
Miscellaneous		188,915,225	83,137,297
		P905,901,034	P746,776,628

Miscellaneous consist of delivery fee income, income from sale of used packaging materials, e-wallet rebates and other individually insignificant items.

22. Operating Expenses

This account consists of:

	Note	March 2025	March 2024
Depreciation and amortization	11, 12, 13	P1,545,230,032	P1,308,022,403
Manpower agency services		1,348,699,081	1,222,346,944
Salaries and wages		935,790,204	838,272,437
Communication, light and water		898,196,066	762,547,400
Taxes and licenses		338,376,273	311,957,557
Security services		283,496,335	302,773,056
Repairs and maintenance		269,512,112	227,402,273
Store and office supplies		207,398,315	187,793,476
Transportation		186,416,158	136,534,622
Advertising and marketing		171,144,472	165,523,950
Rent	20	165,148,558	124,578,462
Credit card charges		153,570,975	134,475,270
SSS/Medicare and HDMF contributions		105,466,592	89,730,367
Retirement benefits cost	25	85,755,548	70,604,505
Insurance		85,755,548	70,604,505
Janitorial and messengerial services		71,499,339	58,470,313
Representation and entertainment		69,421,118	55,606,538
Fuel and oil		46,125,350	41,440,059
Other selling expenses		40,083,676	40,033,492
Input VAT on exempt sales		28,324,181	27,318,187
Professional fees		17,284,964	18,579,536
Royalty	24	17,276,756	15,777,237
Donations and contributions		4,359,883	-
Miscellaneous		199,102,498	184,981,892
		P7,187,678,486	P6,324,769,976

23. Others

This account consists of:

	Note	March 2025	March 2024
Gain from lease terminations	20	P59,462,016	P2,070,850
Foreign exchange gains (loss)		(46,772,501)	9,452,203
Unrealized valuation gain on financial assets at FVTPL	7	2,818,299	4,427,553
Dividend income	7	1,159,774	977,272
Bank charges		(82,928)	(71,702)
		P16,584,660	P16,856,176

24. Related Party Transactions

Other than the items disclosed in Note 1, 9, 10, 11 and 14, the Group's significant transactions and balances with related parties as at March 31, 2025 and December 31, 2024 are as follows:

Related Party	Year	Note	Amount of Transactions for the Period	Trade Receivable (see Note 5)	Non Trade Receivable (see Note 5)	Trade Payable (see Note 15)	Nontrade Payable, Loans and Lease Liabilities (see Notes 15, 16 and 20)	Due to Related Parties	Terms	Conditions
Parent										
Dividends	2025		P -	P -	P -	P -	P -	P -	Due and demandable	Unsecured
	2024		-	-	-	-	-	-	Due and demandable	Unsecured
Entities under Common Control										
Leases	2025	a	359,626,382	-	-	-	5,820,480,932	-	Due and demandable	Unsecured; no impairment
	2024		352,243,856	-	873,183	-	5,666,129,849	-		
Purchase of inventories	2025		809,686,114	-	-	296,155,471	-	-	Due and demandable	Unsecured
	2024		844,891,153	-	-	734,478,746	-	-		
Sale of merchandise	2025		253,201,920	503,331,041	-	-	-	-	Due and demandable	Unsecured; no impairment
	2024		79,183,893	279,155,948	-	-	-	-		
Security deposits	2025	a	9,496,999	-	209,047,843	-	199,359	-	Due and demandable	Unsecured; no impairment
	2024		11,971,251	-	207,547,359	-	105,511	-		
Management fee	2025		4,449,964	-	-	-	4,240,612	-	Due and demandable	Unsecured
	2024		5,428,053	-	-	-	3,461,542	-		
Fixed asset	2025		1,340,634	-	129,047,758	-	148,661	-	Due and demandable	Unsecured
	2024		-	-	133,315,395	-	148,661	-		
Loans	2025	c	2,938,454	-	-	-	2,945,454	-	Due and demandable	
	2024		8,258	-	-	-	-	-		
Expense reimbursement	2025		96,649,697	-	39,395,293	2,444,683	9,535,449	-	Due and demandable	Unsecured
	2024		78,080,430	-	18,568,169	-	39,957,719	-		
Stockholder										
Royalty expense	2025	b	17,276,756	-	-	-	-	17,267,868	30 years and subject to renewal	Unsecured
	2024		15,777,237	-	-	-	-	57,743,189		
Leases	2025	a	7,398,514	-	-	-	-	-		
	2024		7,661,183	-	-	-	-	-		
Key Management Personnel										
Short-term benefits	2025		72,997,751	-	-	-	-	-		
	2024		54,610,435	-	-	-	-	-		
Total	2025			P503,331,041	P377,490,894	P298,600,154	P5,837,550,467	P17,267,868		
Total	2024			P279,155,948	P360,304,106	P734,478,746	P5,709,803,282	P57,743,189		

a. Leases - Group as a Lessee

The Group leases certain stores from related parties. Lease terms range from 3 to 42 years, which are generally renewable based on certain terms and conditions. Rental payments are fixed monthly or per square meter subject to 1.0%-7.0% escalation.

b. License Agreement

On August 15, 2011, the Parent Company entered into a license agreement for the use of trademark and logo. In exchange, the Parent Company pays the owner royalty based on a percentage of sales.

c. Loans

This pertains to loans from Puregold Finance for the Parent Company's employees.

Amounts owed by and owed to related parties are to be settled in cash.

25. Other Noncurrent Liabilities

This account consists of:

	<i>Note</i>	March 2025	December 2024
Retirement benefits liability		P1,993,061,286	P2,003,434,701
Accrued fixed assets - net of current	15	218,544,912	289,808,552
		P2,211,606,198	P2,293,243,253

a. *Retirement Benefits*

The Parent Company and its subsidiaries has a funded, noncontributory, defined benefit plan covering all of its permanent employees. Contributions and costs are determined in accordance with the actuarial studies made for the plan. Annual cost is determined using the projected unit credit method. The Group's latest actuarial valuation date is December 31, 2024. Valuations are obtained on a periodic basis.

Salient Provisions of the Retirement Plan

Normal Retirement (Minimum Retirement Law, RA 7641)

The plan provides retirement benefits under Republic Act No. 7641 (the Act) upon compulsory retirement at the age of sixty-five (65) or upon optional retirement at age sixty (60) or more but not more than age sixty-five (65) with at least five (5) years in service. The benefits as required by the Act are equivalent to at least one-half month (1/2) month salary for every year of service, a fraction of at least six (6) months being considered as one (1) whole year. The term one-half (1/2) month salary shall mean: (a) 50% of the pay salary; (b) one-twelfth (1/12) of the thirteenth (13th) month pay; and (c) one-twelfth (1/12) cash equivalent of not more than five (5) days of service incentive leaves.

On January 23, 2023, the Parent entity adopted a formal retirement plan with updates on the compulsory retirement benefit and the voluntary retirement benefit scheme. The plan provides retirement benefits upon the compulsory retirement at the age of sixty-five (65) or upon voluntary retirement at age sixty (60) or more but not more than age sixty-five (65) with at least five (5) years

in service. This is a multi-employer retirement plan, non-contributory, which provides a retirement benefit ranging from 22.5 days pay up to 45 days pay for every year of service.

The reconciliation of the liability recognized in the consolidated statements of financial position is as follows:

	March 2025	December 2024
Present value of defined benefit obligation	P2,025,301,399	P2,035,674,814
Fair value of plan assets	(32,240,113)	(32,240,113)
Retirement benefits liability	P1,993,061,286	P2,003,434,701

The following table shows reconciliation from the opening balances to the closing balances for present value of defined benefit obligation:

	March 2025	December 2024
Balance at January 1	P2,035,674,814	P2,051,601,544
Included in Profit or Loss		
Current service cost	-	223,241,318
Interest cost	-	115,141,625
Past service cost	-	-
	-	338,382,943
Benefits paid/Transfer to Affiliated Company	(10,373,415)	(7,376,461)
Included in Other Comprehensive Income		
Remeasurements gain:		
Actuarial losses (gains) arising from:		
Financial assumptions	-	(22,455,648)
Demographic assumptions	-	(232,067,563)
Experience adjustments	-	(92,410,001)
	-	(346,933,212)
Balance at end of period	P2,025,301,399	P2,035,674,814

The movements in the fair value of plan assets are as follows:

	March 2025	December 2024
Beginning of the year	P32,240,113	P30,869,172
Interest income	-	1,889,193
Remeasurement loss	-	(518,252)
End of the period	P32,240,113	P32,240,113

The movements in cumulative actuarial gains or loss, before income tax effect, recognized in other comprehensive income are as follows:

	March 2025	December 2024
Beginning of year	(P987,552,593)	(P641,137,633)
Actuarial gain (losses) for the year	-	(346,414,960)
Ending balance	(P987,552,593)	(P987,552,593)

The cumulative actuarial gain or loss, net of income tax effect, amounted to P751.6 million as at March 31, 2025 and December 31, 2024, which are presented as "Retirement benefits reserve" in the equity section of the consolidated statements of financial position.

The Group's plan assets consist of the following:

	March 2025	December 2024
Cash in banks	P205,076	P205,076
Debt instruments - government securities	11,936,317	11,936,317
Trust fees payable	(6,679)	(6,679)
Other receivables	20,105,399	20,105,399
	P32,240,113	P32,240,113

On February 17, 2014, the Parent Company entered into a multi-employer retirement plan agreement with a trust group. The Parent Company made an initial cash contribution of P25.0 million pesos.

The Group does not expect to contribute to the plan in 2025.

The following were the principal actuarial assumptions at the reporting date:

	December 2024
Discount rate	6.07%
Future salary increases	8.00%

Assumptions regarding future mortality have been based on published statistics and mortality tables.

The weighted average duration of the defined benefit obligation as at December 31, 2024 is 23.0 years.

Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

December 2024	Increase	Decrease
Discount rate (1% movement)	(P461,510,134)	P355,615,486
Future salary increase rate (1% movement)	447,439,425	(352,900,742)

It should be noted that the changes assumed to be reasonably possible at the valuation date are open to subjectivity, and do not consider more complex scenarios in which changes other than those assumed may be deemed to be more reasonable.

These defined benefit plans expose the Group to actuarial risks, such as longevity risk, interest rate risk, and market (investment) risk. The Retirement Plan Trustee has no specific matching strategy between the plan assets and the plan liabilities.

The 10-year maturity analysis of the benefit payments:

	December 2024				
	Carrying Amount	Contractual Cash Flows	Within 1 Year	Within 1 - 5 Years	Within 5 - 10 Years
Defined benefit obligation	P2,035,674,814	P397,300,687	P82,359,981	P54,304,947	P260,635,759

b. Accrued Fixed Assets

Accrued fixed assets pertains to the remaining obligations for the purchase of a parcel of land, which is payable until 2027. The current portion amounting to P263.5 million and P266.1 million as at March 31, 2025 and December 31, 2024 is included in "Trade and other payables" account (see Note 15).

26. Income Taxes

The components of income tax expense are as follows:

	March 2025	March 2024
Current tax expense	P799,535,962	P773,847,607
Deferred tax benefit	(23,310,294)	(45,759,901)
	P776,225,668	P728,087,706

The reconciliation of the income tax expense computed at the statutory income tax rate to the actual income tax expense as shown in profit or loss is as follows:

	March 2025	March 2024
Income before income tax	P3,415,584,928	P3,207,410,110
Income tax expense at the statutory income tax rates:		
Regular - 25%	P849,037,146	P797,690,373
Special - 5%	695,621	528,593
Income tax effects of:		
Interest income subject to final tax	(101,944,431)	(89,374,166)
Dividend income exempt from tax	(289,943)	(244,318)
Nondeductible interest expense	22,875,275	21,695,564
Nontaxable income	(704,575)	(3,514,158)
Nondeductible other expenses	6,424,840	952,360
Changes in unrecognized DTA/DTL	131,735	353,458
	P776,225,668	P728,087,706

Changes in unrecognized DTA/DTL pertains to the unrecognized DTA related to PFRS 16.

The components of the Group's deferred tax assets (DTA) net of deferred tax

liabilities (DTL) in respect to the following temporary differences are shown below:

	March 2025		December 2024	
	Amount	DTA (DTL)	Amount	DTA (DTL)
PFRS 16*	P11,573,041,509	P2,922,738,139	P11,473,517,165	P2,897,857,051
Retirement benefits liability	2,979,867,933	744,966,983	2,989,595,449	747,398,862
NOLCO	41,032,182	10,258,046	41,032,182	10,258,046
Allowance for impairment losses on receivables	7,462,327	1,865,582	7,462,327	1,865,582
MCIT	859,191	859,191	859,191	859,191
Recognition of DTA due to merger	389,731	97,433	389,731	97,433
DTA	14,602,652,873	3,680,785,374	14,512,856,045	3,658,336,165
Fair value of intangible assets from business combination	(4,599,113,528)	(1,149,778,382)	(4,599,113,528)	(1,149,778,382)
Actuarial gain	(982,687,883)	(245,671,971)	(982,687,883)	(245,671,971)
Accrued rent income	(25,968,414)	(6,492,104)	(26,421,756)	(6,605,439)
DTL	(5,607,769,825)	(1,401,942,457)	(5,608,223,167)	(1,402,055,792)
Net	P8,994,883,048	P2,278,842,917	P8,904,632,878	P2,256,280,373

*Excluding net lease liabilities of PPCI Subic which is subject to SBMA tax rules

The realization of these deferred tax assets is dependent upon future taxable income that temporary differences and carry forward benefits are expected to be recovered or applied.

27. Equity

Capital Stock and Additional Paid-in Capital

The Parent Company's authorized, issued and outstanding common shares are as follows:

	March 2025	December 2024
Common shares - P1 par value		
Authorized	3,000,000,000	3,000,000,000
Issued	2,904,214,086	2,904,214,086
Treasury shares	(38,627,680)	(38,627,680)
	2,865,586,406	2,865,586,406

The initial public offering of the Parent Company's shares with an offer price of P12.5 per share resulted in the issuance of 500,000,000 common shares in 2011. The additional paid-in capital net of direct transaction costs amounted to P5.2 billion.

On May 28, 2012, the Parent Company issued 766,406,250 of its common shares in exchange for 100% equity interest in Kareila. The fair value of the shares at acquisition date was P21.5 per share. The additional paid-in capital net of direct transaction costs amounted to P15.7 billion.

On January 16, 2019, the Parent Company conducted a P4.7 billion top up placement of 104,300,000 million common shares at a price of P45.0 per share. The Parent Company completed the placement upon approval of the BOD. The additional shares were issued on March 5, 2019.

Treasury Stock

The movement on this account is as follows:

	March 2025	December 2024
Balance at beginning of year	38,627,680	38,627,680
Additions	-	-
Balance at end of period	38,627,680	38,627,680

The Group's treasury stock consists of:

	March 2025	December 2024
Parent Company's treasury stock	24,076,471	24,076,471
Treasury stock due to merger	14,551,209	14,551,209
Balance at end of period	38,627,680	38,627,680

On February 26, 2013, the SEC approved the application for merger of the Parent Company, PJSI and Gant. As a consideration for the said merger, the Parent Company issued shares of stocks equivalent to 16,911,162 shares at P26.6 per share. As a result, 16,911,006 shares of the total shares issued held by the Parent Company were recognized as treasury stock.

On December 18, 2014, the BOD approved to buy back the Parent Company's shares up to 1,000,000,000 or approximately 30,000,000 shares within one year from the approval or until November 4, 2015. The Parent Company bought 1,025,000 shares with acquisition cost of P37.8 million as treasury stock.

On March 12, 2015, the SEC approved the application of merger of the Parent Company and Company E. As a consideration for the said merger, the Parent Company issued shares of stocks equivalent to 2,045,465 shares at par value. Considering that the ultimate owner of Company E is the Parent Company, the shares issued were recognized as treasury stock.

On November 22, 2017, SEC approved the application of the merger of Parent Company, Goldtempo Group Incorporated, Daily Commodities, Inc., and First Lane Super Traders Co., Inc. As a consideration for the merger, the Parent Company issued shares of stocks equivalent to 14,551,209 shares at P39.0 per share. Considering that the ultimate owner is the Parent Company, the shares issued were recognized as treasury stock.

In 2021, the Company reacquired 1,145,000 of its shares with acquisition cost of P41.3 million as treasury stock.

In 2022, the Company reacquired 2,950,000 of its shares with acquisition cost of P97.0 million as treasury stock.

Retained Earnings

Dividends Declaration

On December 20, 2022, the Group's BOD approved the declaration of a regular dividend of P0.86 per share on record date of January 10, 2023 and payment date of January 20, 2023. The total amount of dividends is P2.5 billion.

On December 11, 2023, the Group's BOD approved the declaration of a regular dividend of P0.97 per share on record date of December 27, 2023 and payment date of January 18, 2024. The total amount of dividends is P2.8 billion.

On May 14, 2024, the Group's BOD approved the declaration of a regular dividend of P0.90 per share on record date of May 29, 2024 and payment date of June 21, 2024. The total amount of dividends is P2.6 billion.

On April 8, 2025, the Group's BOD approved the declaration of regular dividend and special dividend of 1.09 per share and P0.72 per share, respectively. The regular dividend has record date of April 30, 2025 and payment date of May 27, 2025. The special dividend has record date of September 2, 2025 and payment date of September 26, 2025. The total amount of dividends is P5.21 billion.

Appropriation

On December 2, 2024, KMC's BOD approved the appropriation of P26,120,000,000 from the current retained earnings as of December 31, 2024, for future store expansion. The expansion plan includes construction of twenty-six (26) new warehouses, new distribution center, and other renovation projects expected to be completed in a period of five (5) years.

On December 2, 2024, SPI and HPI's BOD approved the appropriation of P450,000,000 and P4,000,000 from the current retained earnings as of December 31, 2024, for future store expansion and major renovation projects. The expansion plan includes construction of twenty-five (25) new quick service restaurants expected to be completed in a period of five (5) years.

As of December 31, 2024, the Parent Company's BOD approved the appropriation of P15,000,000,000 from the current retained earnings for future store expansion and renovations. The expansion plan includes construction of one hundred fifty (150) new stores expected to be completed in a period of five (5) years.

28. Segment Information

The Group operates through stores in several locations. The combined financial statements of all stores are reviewed by the Chief Operating Decision Maker on a monthly basis and assesses the Group's profitability and financial position of the whole retail business. The Group is engaged in the retail and wholesale trading of merchandise such as dry goods, food and other merchandise.

Accordingly, management has assessed that the Group, as a whole, is considered as a single business and hence there are no operating segments required to be disclosed under PFRS 8, *Operating Segments*.

29. Basic/Diluted EPS

Basic/Diluted EPS is computed as follows:

	Note	March 2025	March 2024
Net income (a)		P2,639,359,260	P2,479,322,404
Weighted average number of ordinary shares (b)	27	2,865,586,406	2,865,586,406
Basic/diluted EPS (a/b)		P0.92	P0.87

As at March 31, 2025 and December 31, 2024, the Group has no dilutive debt or equity instruments.

30. Financial Risk and Capital Management Objectives and Policies

Objectives and Policies

The Group has significant exposure to the following financial risks primarily from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Interest Rate Risk
- Other Market Price Risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks, and the Group's management of capital.

The Group's principal financial instruments include cash and cash equivalents and investments in trading securities. These financial instruments are used to fund the Group's operations and capital expenditures.

The BOD has overall responsibility for the establishment and oversight of the Group's risk management framework. They are responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. All risks faced by the Group are incorporated in the annual operating budget. Mitigating strategies and procedures are also devised to address the risks that inevitably occur so as not to affect the Group's operations and detriment forecasted results. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit Risk

Credit risk represents the risk of loss the Group would incur if credit customers and counterparties fail to perform their contractual obligations.

Exposure to credit risk is monitored on an ongoing basis. Credit is not extended beyond authorized limits. Credit granted is subject to regular review, to ensure it remains consistent with the customer's credit worthiness and appropriate to the anticipated volume of business.

Receivable balances are being monitored on a regular basis to ensure timely execution of necessary intervention efforts.

The credit risk for security deposits was considered negligible since these accounts have high probability of collection and there is no current history of default.

Financial information on the Group's maximum exposure to credit risk without considering the effects of collaterals and other risk mitigation techniques is presented below.

	Note	March 2025	December 2024
Cash in banks and cash equivalents	4	P19,760,207,014	P24,642,695,852
Receivables - net	5	4,471,191,796	6,176,776,482
Short-term investments	7	14,901,435,916	15,256,652,738
Government securities	7	4,579,062,733	4,579,062,733
Time deposits	8	6,438,170,102	4,556,715,889
Security deposits*	14	2,845,600,162	2,809,245,853
		P52,995,667,723	P58,021,149,547

*Included under noncurrent assets.

The credit quality of the Group's financial assets based on its historical experience is as follows:

	As of March 31, 2025			Total
	Grade A	Grade B	Grade C	
Cash in banks and cash equivalents	P19,760,207,014	P -	P -	P19,760,207,014
Receivables - net	3,048,441,859	1,422,749,937	-	4,471,191,796
Short-term investments	14,901,435,916	-	-	14,901,435,916
Government securities	4,579,062,733	-	-	4,579,062,733
Time deposits	6,438,170,102	-	-	6,438,170,102
Security deposits*	2,845,600,162	-	-	2,845,600,162
	P51,572,917,786	P1,422,749,937	P -	P52,995,667,723

*Included under noncurrent assets.

	As of December 31, 2024			Total
	Grade A	Grade B	Grade C	
Cash in banks and cash equivalents	P24,642,695,852	P -	P -	P24,642,695,852
Receivables - net	4,211,303,124	1,965,473,358	-	6,176,776,482
Short-term investments	15,256,652,738	-	-	15,256,652,738
Government securities	4,579,062,733	-	-	4,579,062,733
Time deposits	4,556,715,889	-	-	4,556,715,889
Security deposits*	2,809,245,853	-	-	2,809,245,853
	P56,055,676,189	P1,965,473,358	P -	P58,021,149,547

*Included under noncurrent assets.

The Group has assessed the credit quality of the following financial assets that are neither past due nor impaired as high grade:

- a. Cash in bank and cash equivalents were assessed as high grade since these are deposited in reputable banks with good credit standing, which have a low profitability of insolvency and can be withdrawn anytime. The credit quality of these financial assets is considered to be high grade.
- b. Trade receivables were classified as standard grade, since these pertain to receivables considered as unsecured from third parties with good paying habits. Non-trade receivables from suppliers relating to rental, display allowance and concession and advances to contractors were assessed as standard grade since these are automatically deducted from the outstanding payables to suppliers and contractors. Advances to employees were assessed as standard grade as these are paid through salary deductions and have a high probability of collections.

- c. Financial assets at fair value through profit or loss were assessed as high grade since these are government securities and placed in entities with good favorable credit standing.
- d. Security deposits were assessed as high grade since these have a high profitability of collection and there is no history of default.

The Group applies the simplified approach using provision matrix in providing for ECL which permits the use of the lifetime expected loss provision for trade and other receivables. The expected loss rates are based on the Group's historical observed default rates. The historical rates are adjusted to reflect current and forward-looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. However, given the short period exposed to credit risk, the impact of this macroeconomic factor identified has not been considered significant within the reporting period.

The aging of receivables at the reporting date is as follows:

	March 2025		December 2024	
	Gross Amount	Impairment	Gross Amount	Impairment
Current	P3,068,291,287	P -	P4,211,303,124	P -
Past due 1 - 30 days	48,458,017	-	660,629,594	-
Past due 31 - 60 days	38,335,288	-	415,211,323	-
More than 60 days	1,323,569,531	7,462,327	897,094,768	7,462,327
	P4,478,654,123	P7,462,327	P6,184,238,809	P7,462,327

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by forecasting projected cash flows and maintaining balance between continuity of funding and flexibility in operations. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational working capital requirements. Management closely monitors the Group's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal requirements.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	As at March 31, 2025				
	Carrying Amount	Contractual Cash Flows	1 Year or Less	More than 1 Year - 5 Years	More than 5 Years
Financial Liabilities					
Trade and other payables*	P19,977,011,397	P19,977,011,397	P19,977,011,397	P -	P -
Due to related parties	17,267,868	17,267,868	17,267,868	-	-
Lease liabilities	44,356,469,333	81,362,000,178	4,367,083,802	17,981,599,721	59,013,316,655
Long-term loans including current portion**	16,660,297,939	19,341,166,450	899,623,704	13,786,590,424	4,654,952,322
Accrued fixed assets	482,002,890	640,849,920	320,424,960	320,424,960	-
Other current liabilities***	319,319,652	319,319,652	319,319,652	-	-

*excluding statutory payables to the government and current portion of accrued fixed assets (see Notes 15 and 25)

**contractual cash flows include future interest payment

***excluding deferred income, unredeemed gift certificates and VAT payable

	As at December 31, 2024				
	Carrying Amount	Contractual Cash Flows	1 Year or Less	More than 1 Year - 5 Years	More than 5 Years
Financial Liabilities					
Trade and other payables*	P26,365,404,166	P26,365,404,166	P26,365,404,166	P -	P -
Due to related parties	57,743,189	57,743,189	57,743,189	-	-
Lease liabilities	43,491,285,821	82,062,080,717	4,466,017,547	17,937,490,129	59,658,573,041
Long-term loans including current portion**	16,656,464,080	19,534,029,299	900,887,829	13,926,853,773	4,706,287,697
Accrued fixed assets	555,925,480	720,956,160	320,424,960	400,531,200	-
Other current liabilities***	314,321,877	314,321,877	314,321,877	-	-

*excluding statutory payables to the government and current portion of accrued fixed assets (see Notes 15 and 25)

**contractual cash flows include future interest payment

***excluding deferred income, unredeemed gift certificates and VAT payable

Interest Rate Risk

Interest rate risk is the risk that future cash flows from a financial instrument (cash flow interest rate risk) or its fair value (fair value interest rate risk) will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk on interest earned on cash deposits in banks and money market placements. The cash deposits and money market placement with variable rates expose the Group to cash flow interest rate risk. The Group is not exposed to interest rate risk on long-term loans with fixed rates which are carried at amortized cost. The Group's policy is to obtain the most favorable interest available and effectively managing the interest rate risk.

The interest rate profile of the Group's interest-bearing financial instruments is as follows:

	March 2025	December 2024
Financial assets at amortized cost:		
Cash in banks	P12,525,128,332	P18,753,754,097
Money market placements	7,235,078,682	5,888,941,755
Time deposits	6,438,170,102	4,556,715,889
Financial assets at fair value through profit or loss:		
Short-term investments	14,901,435,916	15,256,652,738
Government securities	4,579,062,733	4,579,062,733
	P45,678,875,765	P49,035,127,212

Sensitivity Analysis

A 2.0% increase in interest rates would have increased equity and net income by P68.5 million and P73.6 million in March 2025 and December 2024, respectively. A 2.0% decrease in interest rates would have had the equal but opposite effect. Assuming a 10.0% interest rate and on the basis that all other variables remain constant.

Other Market Price Risk

The Group's market price risk arises from its investments in trading securities carried at fair value. The Group manages its risk arising from changes in market price by monitoring the changes in the market price of the investments.

Capital Management

The Group's objectives when managing capital are to increase the value of shareholders' investment and maintain steady growth by applying free cash flow to selective investments. The Group set strategies with the objective of establishing a versatile and resourceful financial management and capital structure.

The Group's President has overall responsibility for monitoring of capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Group's external environment and the risks underlying the Group's business operations and industry.

The Group defines capital as paid-up capital, additional paid-in capital, remeasurements and retained earnings as shown in the consolidated statements of financial position.

There were no changes in the Group's approach to capital management during the year.

The Group is not subject to externally imposed requirements.

Fair Values of Financial Assets and Liabilities

The methods and assumptions used by the Group in estimating the fair value of financial asset and other financial liabilities are:

Cash and Cash Equivalents, Receivables, Trade and Other Payables, Due to Related Parties and Other Current Liabilities

The carrying amounts approximate their fair values due to the relatively short-term maturities of these instruments.

Financial Assets at FVTPL

The fair values are based on observable market inputs for government securities, quoted market prices and short-term investments in an active market for equity securities.

Security Deposits

The carrying amount approximates its fair value as the effect of discounting is not considered material.

Long-term Loans, Lease Liabilities and Accrued Fixed Assets

The carrying amounts approximate their fair values because the difference between the interest rates of these instruments and the prevailing market rates for similar instruments is not considered significant.

Fair Value Hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from pricewills).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at March 31, 2025 and December 31, 2024, the Group's investments in equity securities classified as financial assets at fair value through profit or loss (FVTPL) are categorized under Level 1 of the fair value hierarchy, while the investments in government securities and short-term investments are classified under Level 2.