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PUREGOLD

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1H23 RESULTS & PERFORMANCE

Puregold Price Club, Inc.
Presentation

Years of Serbisyong Always Panalo Para Sa Pilipino

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Pure Play Philippine Food Retailer

A Proxy for the Philippine Consumption Story

- Robust topline growth from an enterprise with the broadest consumer segments
- Healthy cash flows and a simple capital structure
- Two marquee brands in Philippine retail: Puregold stores and S&R WHs
- Beneficiary of a nation with a growing middle class and a young population
- Preferred partner of Philippine traditional retail

Puregold Enterprise

- Caters to the low income and low-middle income customers
- Lower C, D and E market
- Sari sari store customers/resellers
- Popular local and small sized SKUs
- Robust selling platform for all FMCG cos. doing business in PH

- Membership shopping model
- Catering to the upper income customers
- Class A & B and upper C segment
- Imported and large size SKUs
- Offering the best products in the world – it's retail therapy!

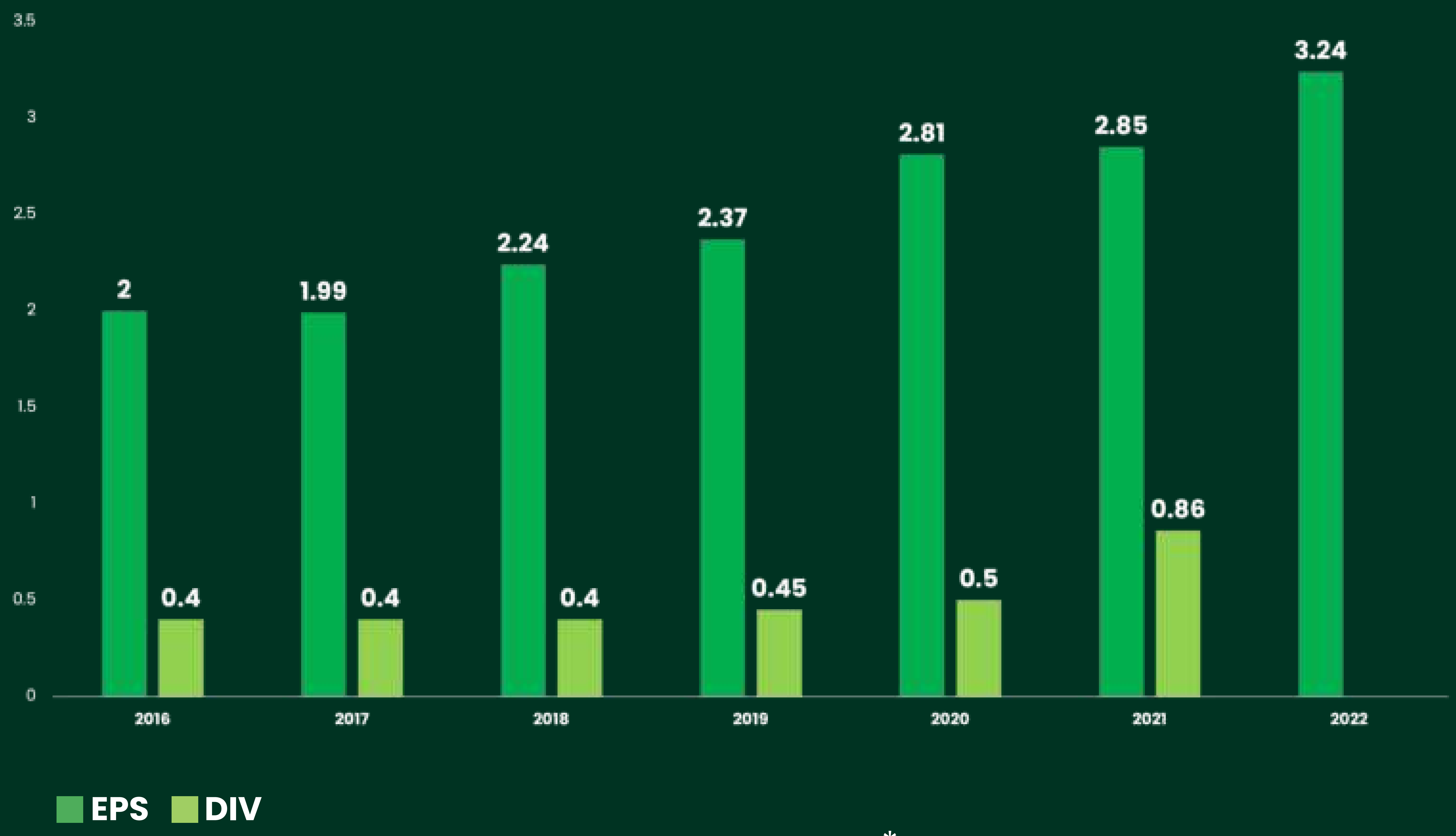
Most Chosen Retailer 2022, Kantar

Puregold recently ranked No. 1 in the Philippines as Kantar's Most Chosen Retailer.

In the shopper study, Kantar noted that Puregold consistently offers the best prices for grocery goods as it cements itself as a trustworthy supplier for Filipinos.

In addition, Puregold's impact to consumers was also driven upward by its accessibility. With over 445 stores nationwide and increasing footprint in the provinces, Puregold squarely fits the trends noticed by Kantar in that Filipinos not only consider goods prices in their retailers, but also their proximity and accessibility.

Shareholder Distribution



YEAR	EPS	DIV
2016	2	0.4
2017	1.99	0.4
2018	2.24	0.4
2019	2.37	0.45
2020	2.81	0.5
2021	2.85	0.86*
2022	3.24	
5YCAGR	**10%**	**17%**
YoY	**14%**	**72%**

* *In Dec 2022, announced a policy to declare as dividend at least 30% of income of the previous year*

1H23 Results Highlights

	CONSO REVENUE	GROSS PROFIT MARGIN %	EBITDA MARGIN %	NIAT
1H23	Php 91.2 bn	18.5%	10.0%	Php 4.4 bn
YoY	10.9%	-59 bps	-101 bps	4.8%

Macro Highlights in 2023

SNAPSHOT : PHILIPPINES

- Resilient mid-C, D and E markets
- Sustained strength from A, B and upper C markets
- Employment gains continue
- Lingering inflationary pressures
- More manageable USD-PHP FX rate
- GDP growth continues

SNAPSHOT : THE WORLD

- Inflationary pressures linger
- Soft commodities & Brent oil prices strengthening
- Continued high geopolitical uncertainties
- Slowdown (underway)
- Tightened Conditions
- El Nino phenomenon

Pillars of Growth 2023

Store Expansion

- +15% increase pace in Puregold-only stores
- more provincial areas (70% of new stores)
- Initial foray into Central Visayas (Cebu)

Increase Shopper Count

- Increase high potential shoppers
- ECommerce – "Sally", Aling Puring App & Aggregators
- Out-of-store chassis (Sari-sari Store drive)

Demand Creation

- Reboot of marketing events
  - TNAP Convention
  - HORECA Convention
  - VIPuring
- Leverage social media capabilities
- Level-up joint business & marketing plans with suppliers

Robust End-to-End Supply Chain

- "Just in Case" vs. "Just in Time'
- Improve Fresh
- Order fulfillment

Group Sustainability Objectives

- Improving corporate governance
- Mindful Retailing
- Strong community involvement

New Independent Directors

MR. EMMANUEL HERBOSA
Independent Director

Over 40 years of experience in the financial industry.

President and CEO of Development Bank of the Phils. from 2019 to 2023.

Best CEO for 2021 by the Association of Developmental Financial Institutions in Asia Pacific.

President and CEO of Philippine Import-Export Credit Agency.

President and CEO of the Philippine Guarantee Corporation (PGC), the country's principal agency for state guarantee finance.

Chief Operating Officer of Ayala Insurance Group.

Master in Business Administration from the Wharton School of the University of Pennsylvania, USA.

Graduated from De La Salle University with a degree in Industrial Management Engineering.

New Independent Directors

MR. GIL GENIO
Independent Director

Over 30 years of experience in the telecommunications and financial industries.

Over 12 years with Citibank in the Philippines, Singapore, Japan, Hong Kong, and New York, with stints in financial control, risk management, product development, treasury audit, corporate audit and market risk review.

Globe Telecom's Chief Technology and Information Officer (CTIO) from November 2015 to April 2021, as well as its Chief Strategy Officer (CSO) from 2011 to April 2021.

Independent Director at GT Capital Holdings and a former Independent Director at Insular Life Assurance Company from May 2018 to March 2022.

Master's degree in Business Management, With Distinction, from the Asian Institute of Management.

Bachelor of Science degree in Physics, Magna Cum Laude, from the University of the Philippines.

Divimart Acquisition

Opportunity

- Access to 32 locations instantly
- Fit-outs allow for faster store opening – i.e. new PG Stores within 6 months
- Leverage on a partnership to find & build more locations for PG Stores

Cost

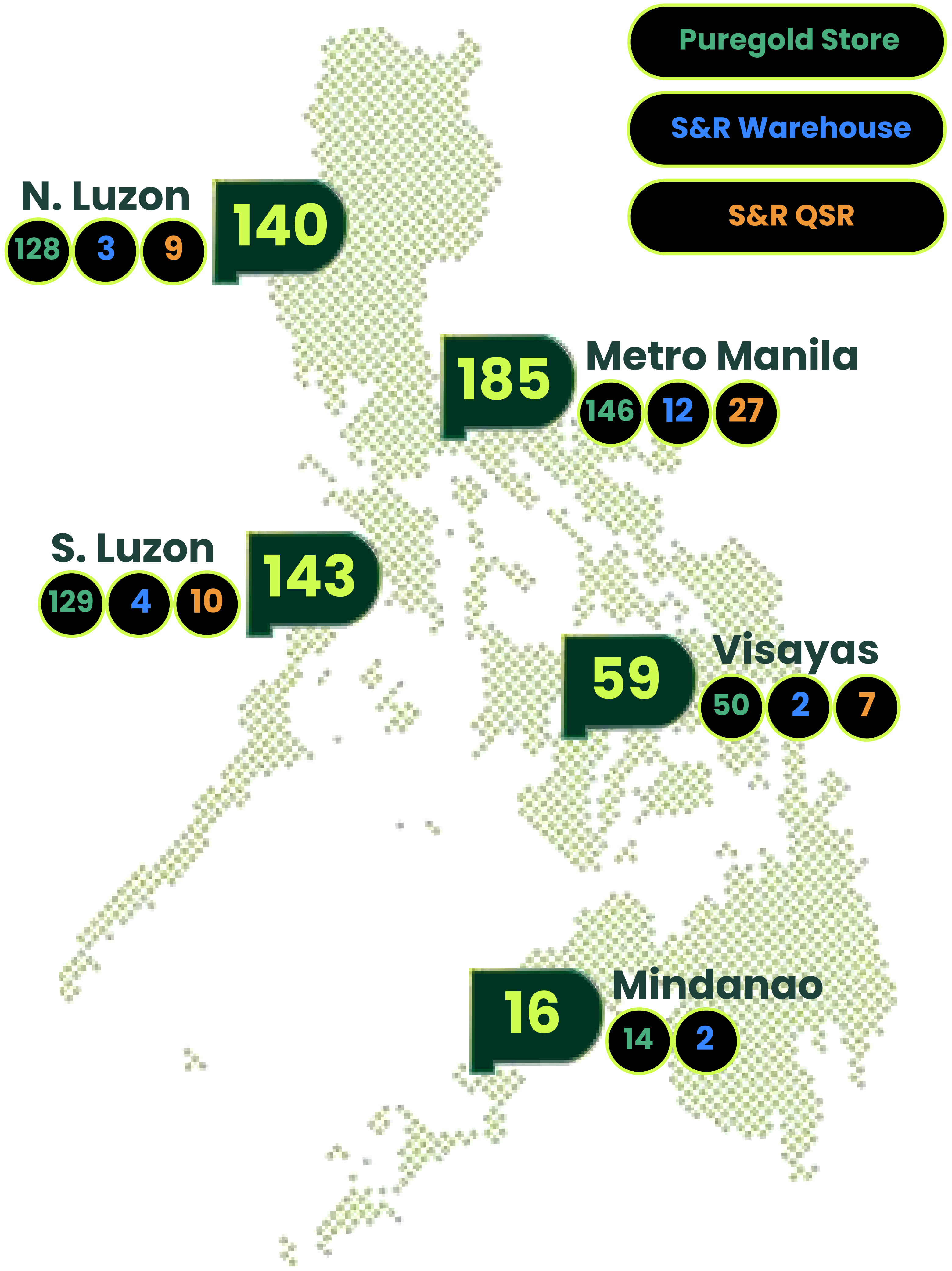
- One-time acquisition cost based on store area
- Sublease agreement co-terminus with main contract of lease or at least 10yrs
- Standard security deposits
- Appraised value of equipment applicable
- Conversion to PG Store inside-out

Transaction Overview

- Asset Sale + Sublease Agreement
- Key assets are store locations
- No purchase of land, head office, logistics capex nor IP rights
- No shares of Divimart acquired
- Inventory (as applicable) and manpower are absorbed

Store Portfolio 1H23

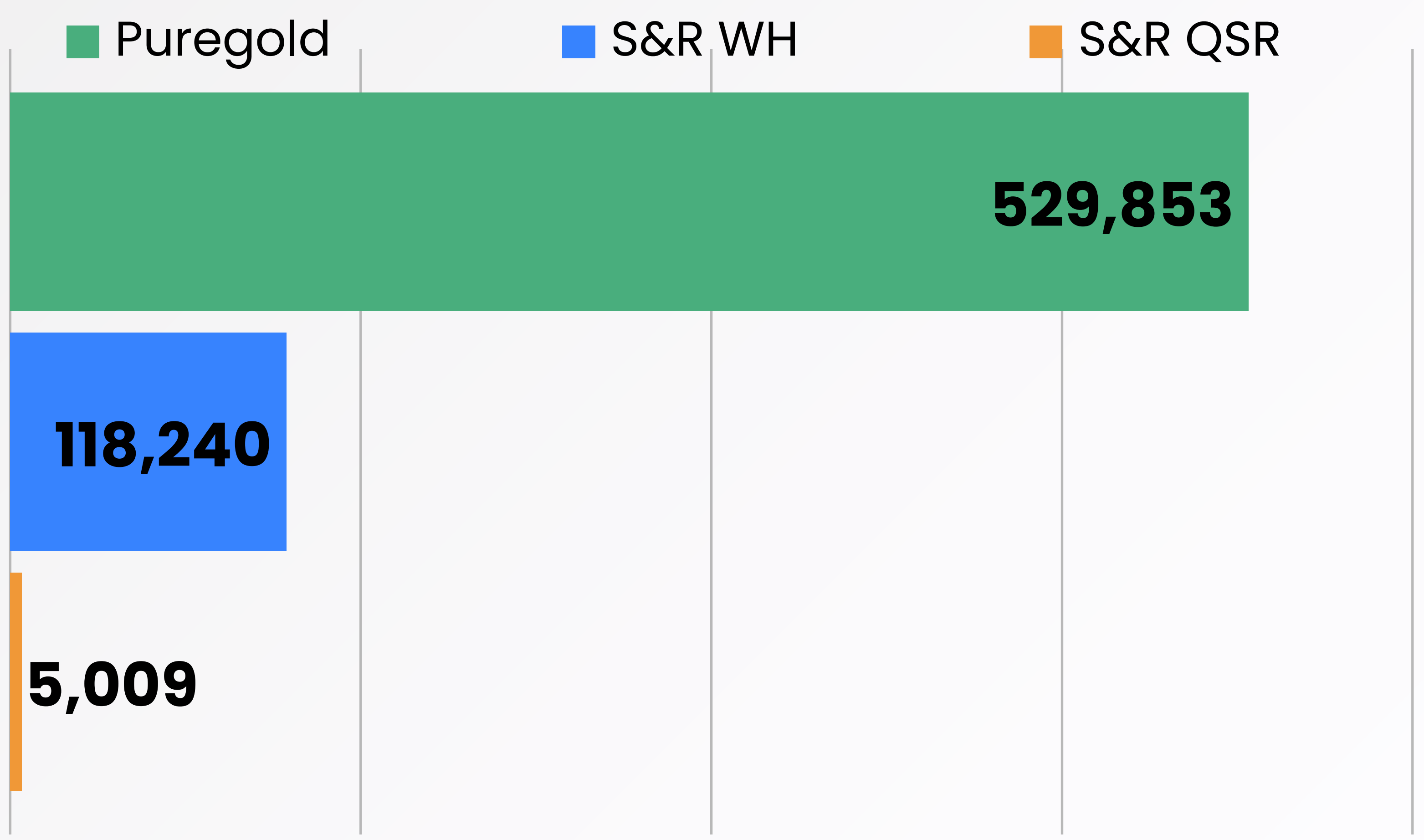
GEOGRAPHIC COVERAGE



KEY STATS

TOTAL NUMBER OF STORES	543
NO. OF STORES PER FORMAT	301 hypermarkets 99 supermarkets 67 extras 23 S&Rs 53 S&R QSRs

NET SELLING AREAS (in sqm)



NEW PG + S&R STORES 2023

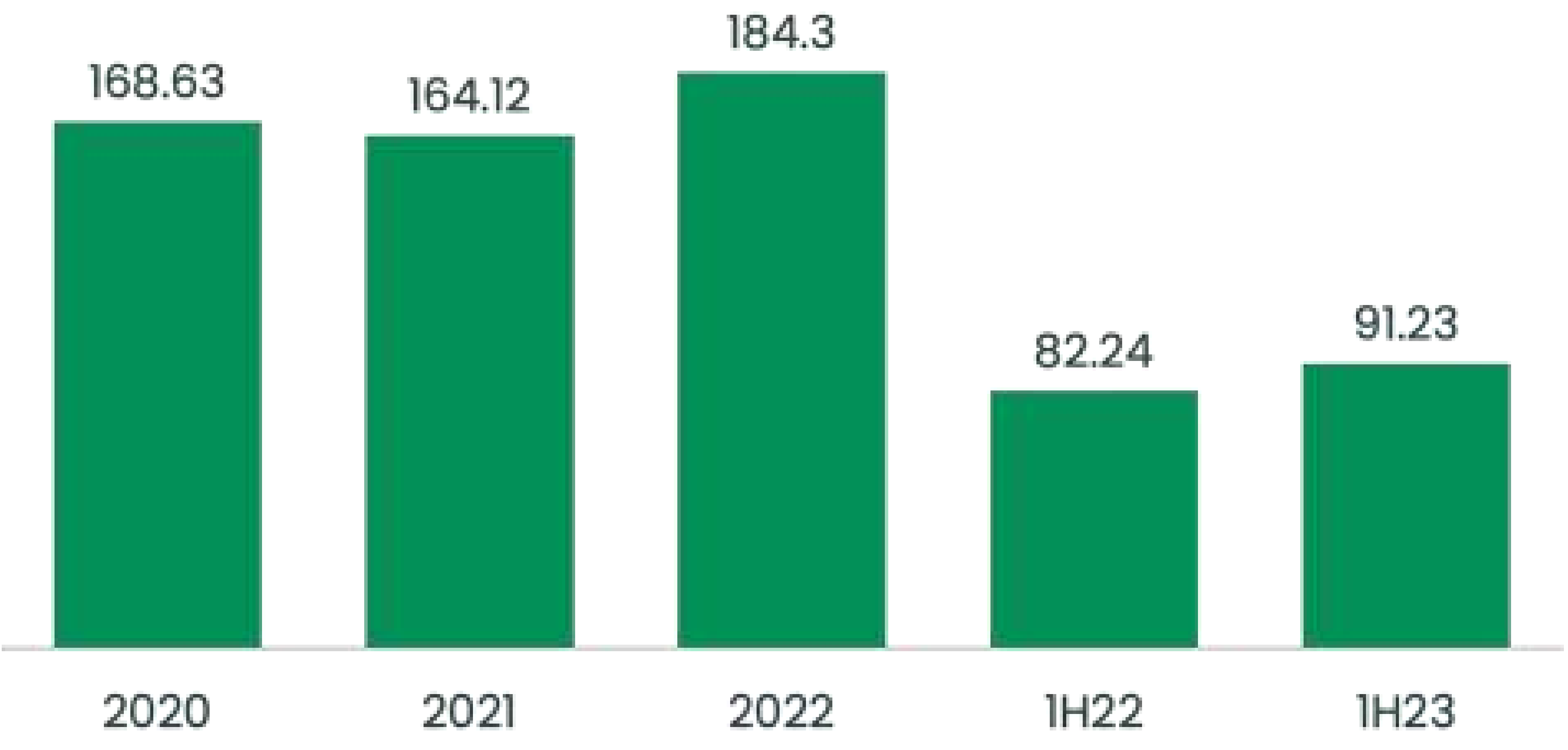
17 Doors

METRO MANILA	Puregold 88 Square, Paranaque
NORTH LUZON	Puregold-Divi, Angat
NORTH LUZON	Puregold-Divi, Mapulang Lupa
NORTH LUZON	Puregold-Divi, Morong
NORTH LUZON	Puregold-Divi, Pulilan
NORTH LUZON	Puregold-Divi, Olongapo
NORTH LUZON	Puregold San Simon, Pampanga
SOUTH LUZON	Puregold Circumferential Road
SOUTH LUZON	Puregold-Divi, Mambog
SOUTH LUZON	Puregold-Divi, Pulo
SOUTH LUZON	Puregold-Divi, San Isidro
SOUTH LUZON	S&R EVO City
VISAYAS	Puregold Canlaon
VISAYAS	Puregold Guadalupe
VISAYAS	Puregold Guiuan, Eastern Samar
VISAYAS	Puregold Mango Cebu
VISAYAS	Puregold Tanjay

Financial Performance

CONSO 1H23

NET SALES (in PHP Billions)



3YCAGR 4.5% **10.9%**

GROSS PROFIT & MARGIN (in PHP Billions)

3YCAGR 7.7% **7.5%**

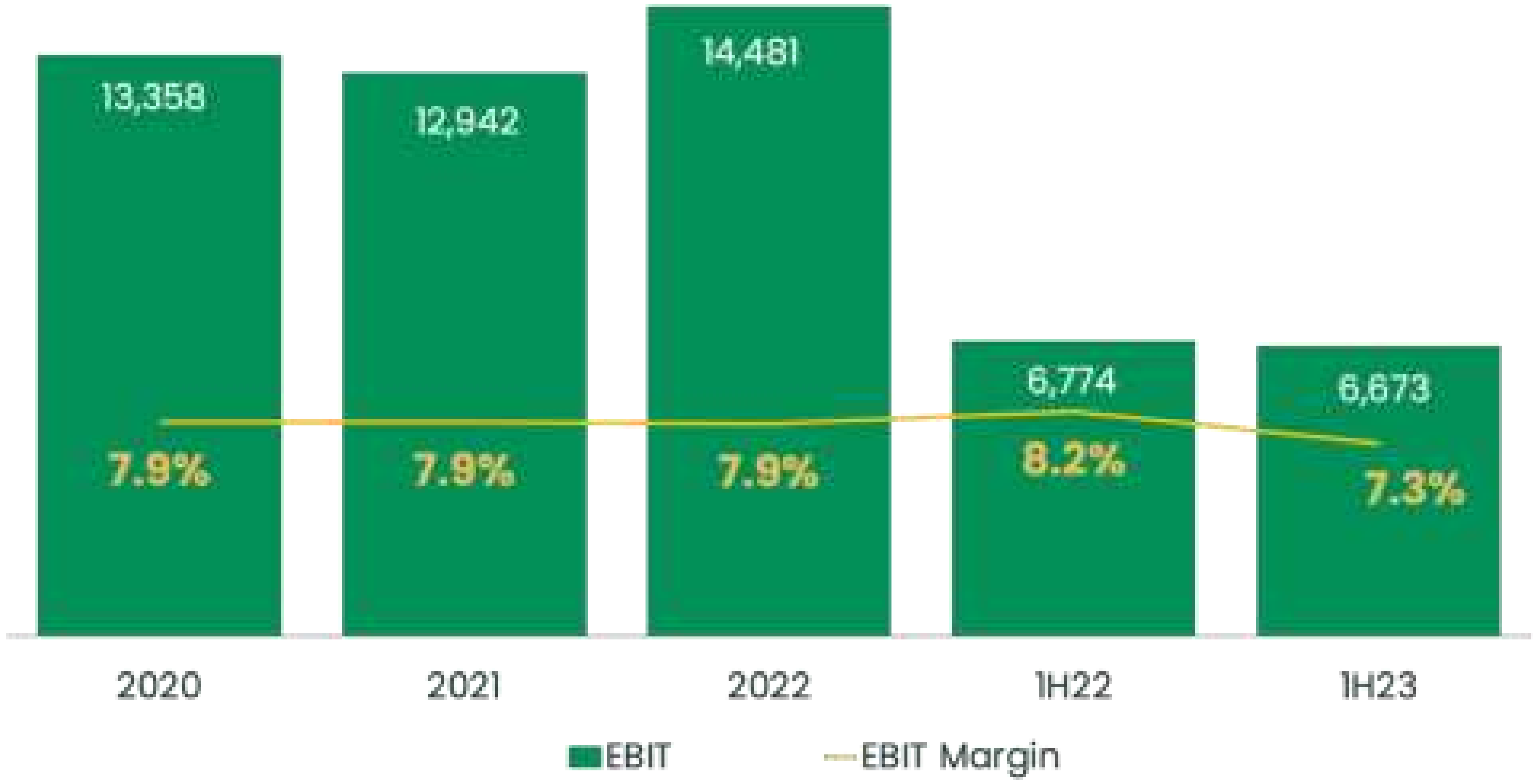
Financial Performance

CONSO 1H23

OTHER OPERATING INCOME (in PHP Millions)

▲ 3YCAGR 0.5% ▲ 3.4%

OPERATING INCOME/EBIT & MARGINS (in PHP Millions)



▲ 3YCAGR 4.1% ▽ -1.5%

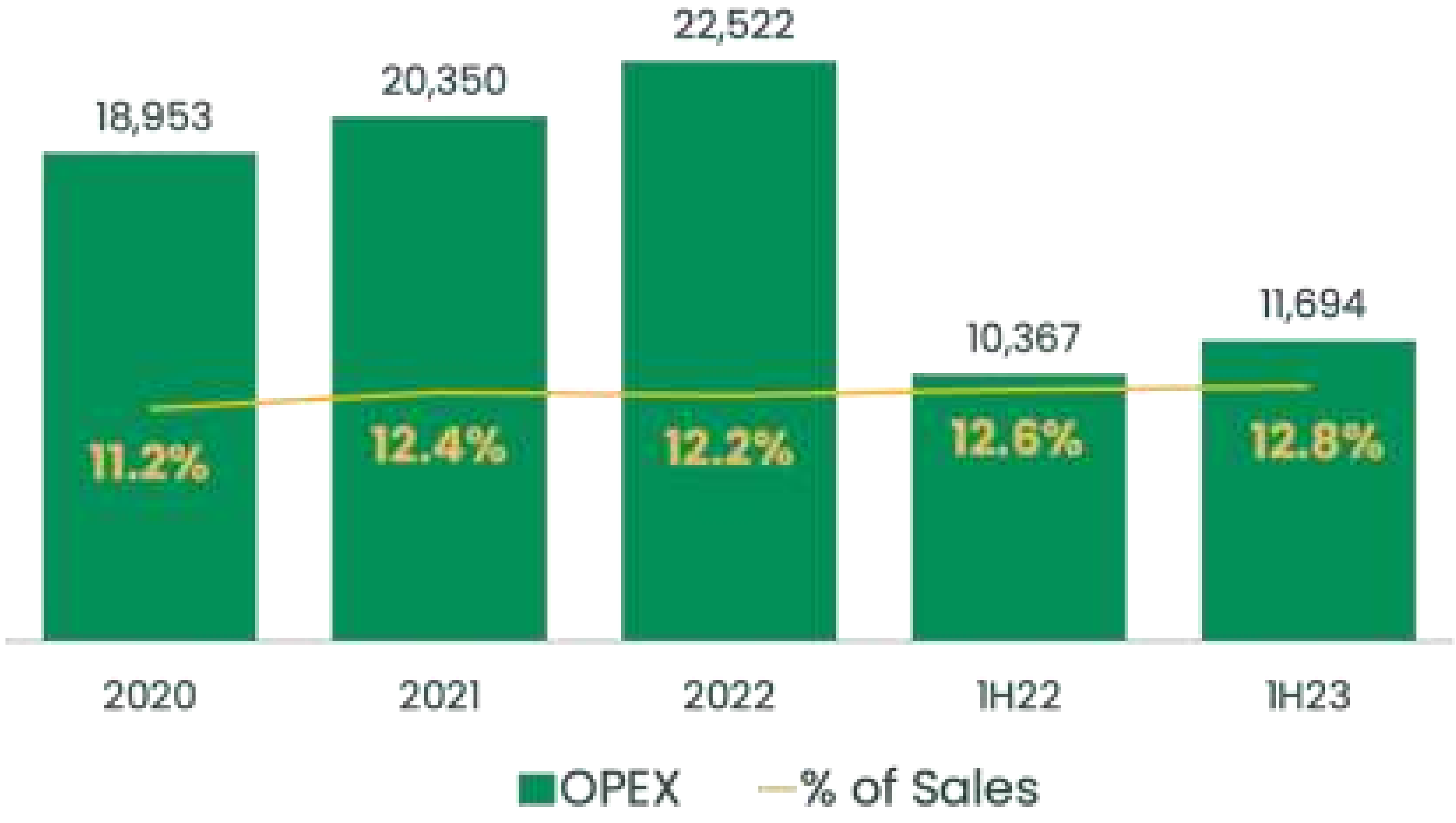
Financial Performance

CONSO 1H23

EBITDA & MARGIN (in PHP Millions)

3YCAGR 3.9% **0.7%**

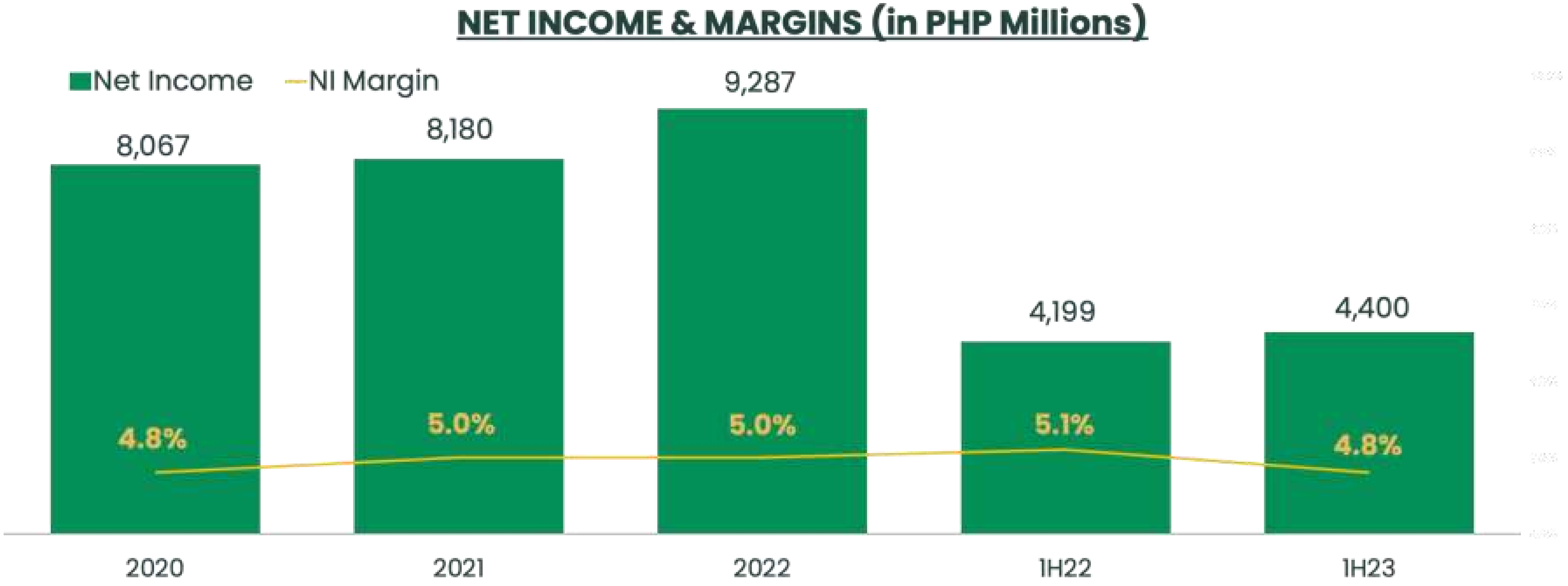
OPERATING EXPENSES (in PHP Millions)



3YCAGR 9.0% **12.8%**

Financial Performance

CONSO 1H23

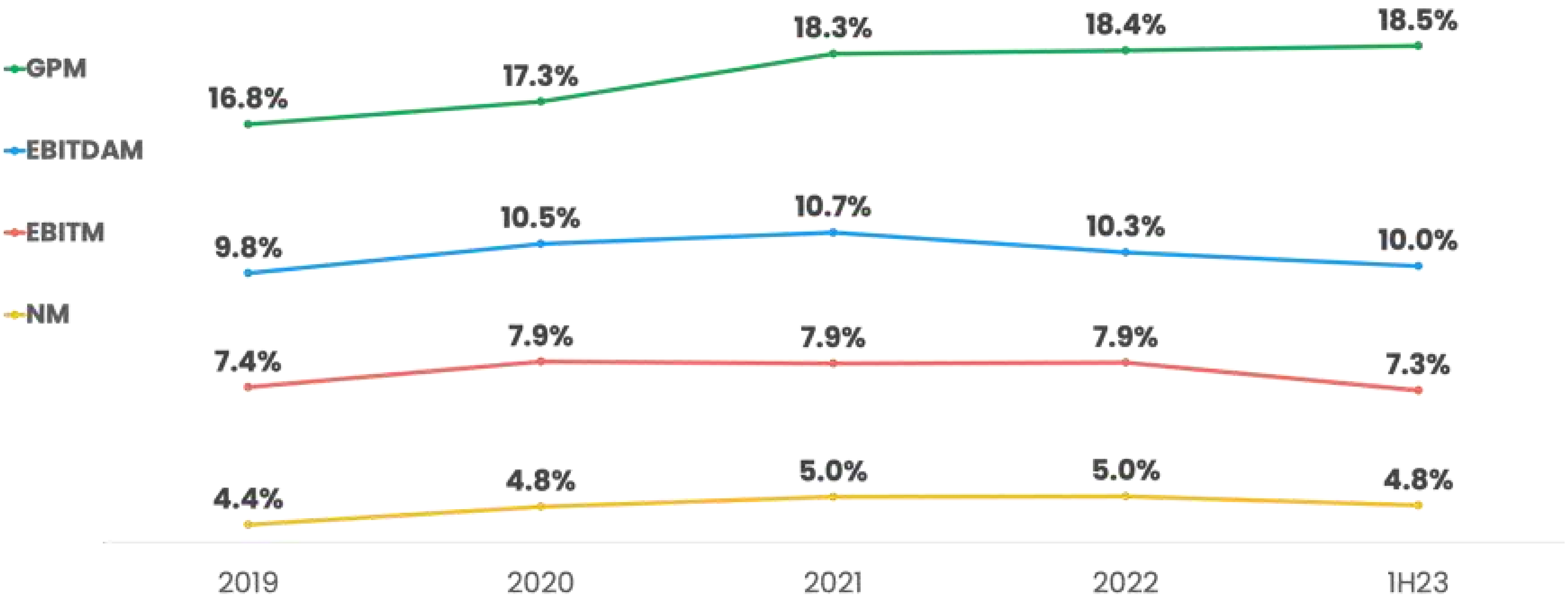


3YCAGR 7.3%

4.8%

Margins

MARGIN TRENDS



CAPEX Guidance for FY 2023

CAPEX Budget of Php 11.9 billion in 2023

Php 2.3 billion for 30 new Puregold Stores

Php 4.1 billion for 4 S&R WHs and 10 S&R QSRs

Php 3.5 billion for logistics capex

Php 2.0 billion for maintenance capex, solar projects and IT upgrades

Updated Management Guidance 2023

Consolidated Revenue Growth
8% to **10%** target

Gross Profit Margin
Puregold Stores: **15%** target
S&R WH: **22%** to **22.2%** target

Puregold CinePanalo Film Festival

The CinePanalo Film Festival marks Puregold's latest foray into integrating its sustainability and retailtainment efforts. Such an approach has allowed Puregold to reach out to the next generation of shoppers who are rediscovering the joys of heartwarming Filipino culture and stories.

The project will offer production grants to exemplary film concepts to help fund their creation. In the full-length category, a grant worth P2,500,000 each will be awarded to five select directors. In the short film category, 25 grants worth P100,000 each will be given to aspiring student directors.

Marketing & Advertising Recognitions

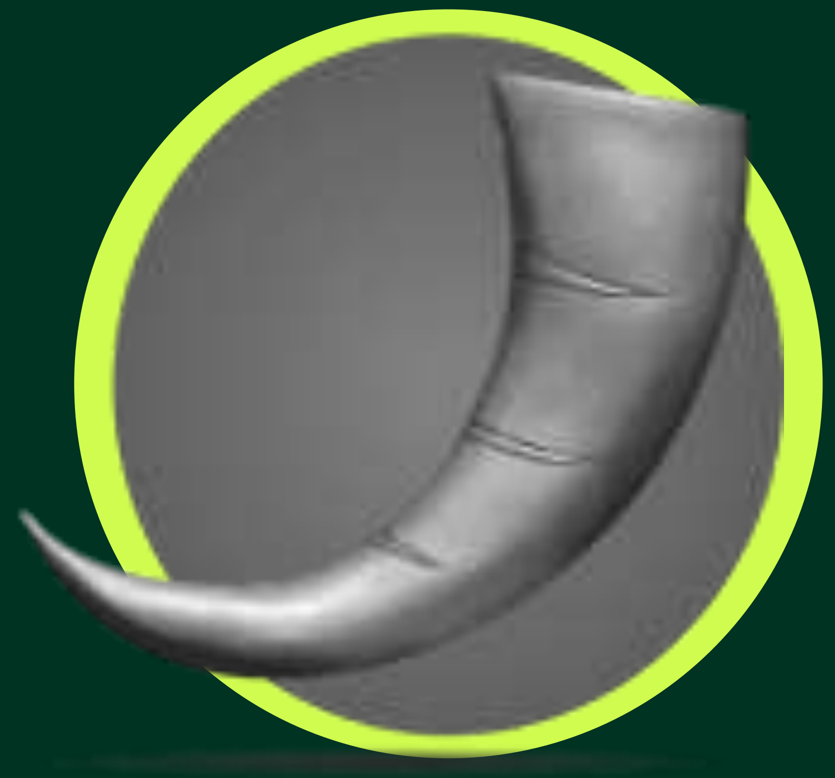
HASHTAG ASIA AWARDS

GOLD WINNER

Hashtag Asia Awards 2023
Best Social Media Campaign - TikTok

52 Weeks - TikTok Series

Marketing & Advertising Recognitions



SHORTLISTED

Asia Pacific Tambuli Awards 2023

Champions For Humanity Brand Purpose

Nasa Iyo Ang Panalo Campaign

Q&A

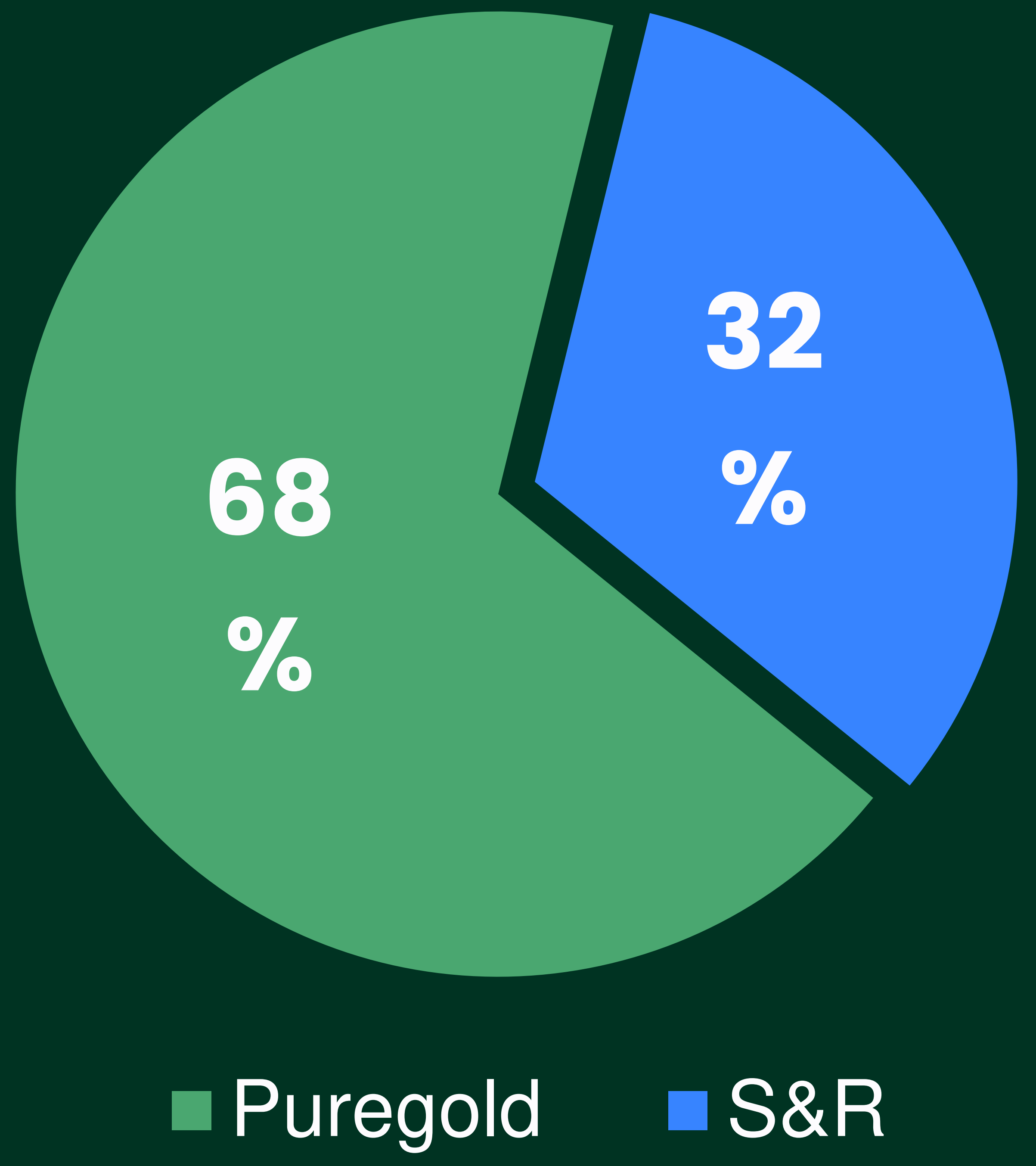
ANNEX

ANNEX

Operating Performance 1H23

	PUREGOLD	S&R Membership Shopping
Gross Profit (PHP million) & Margin (%)	**10,449 (16.8%)**	**6,403 (22.2%)**
Total Traffic (Million)	65.7	5.8
Average Net Ticket (PHP)	961	4,892
Net Sales Growth (%)	9.2%	11.4%
Traffic Growth (%)	10.6%	10.0%
Average Net Ticket Growth (%)	-6.0%	1.2%
Same Store Net Sales Growth (%)	5.9%	9.5%
Same Store Net Traffic Growth (%)	6.6%	8.1%
Same Store Ave. Net Ticket Growth (%)	-0.7%	1.3%

REVENUE CONTRIBUTION



Shopper Trends 2023

Timely and complete fulfillment

Emphasis on value

Strength of traditional channels

More “in-person”

Preference for impactful promotions

In-store Brand Refresh

Modern & dynamic Visuals

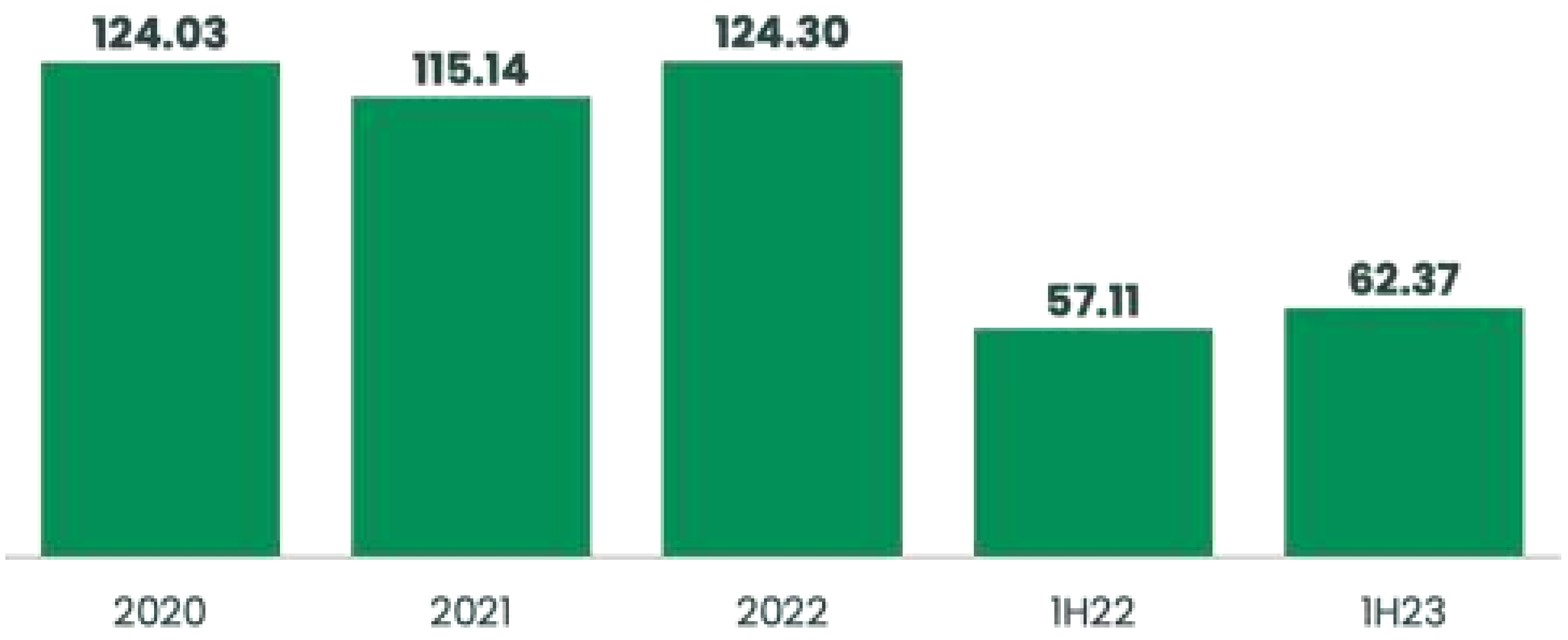
Strengthening local appeal

Communicate value for money by highlighting partner brands, categories, promos

Financial Performance 1H23

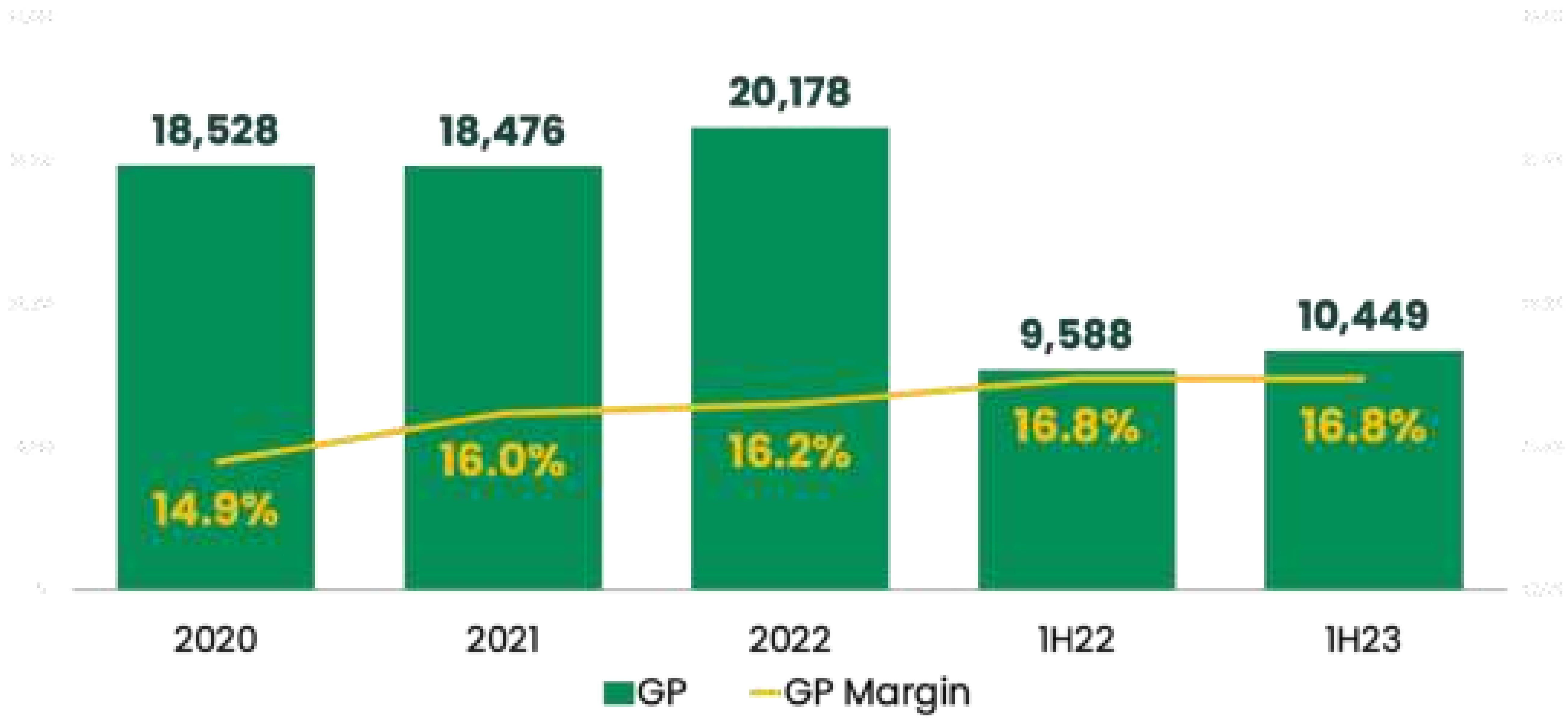
PUREGOLD ONLY 1H23

NET SALES (in PHP Billions)



3YCAGR 0.1% 9.2%

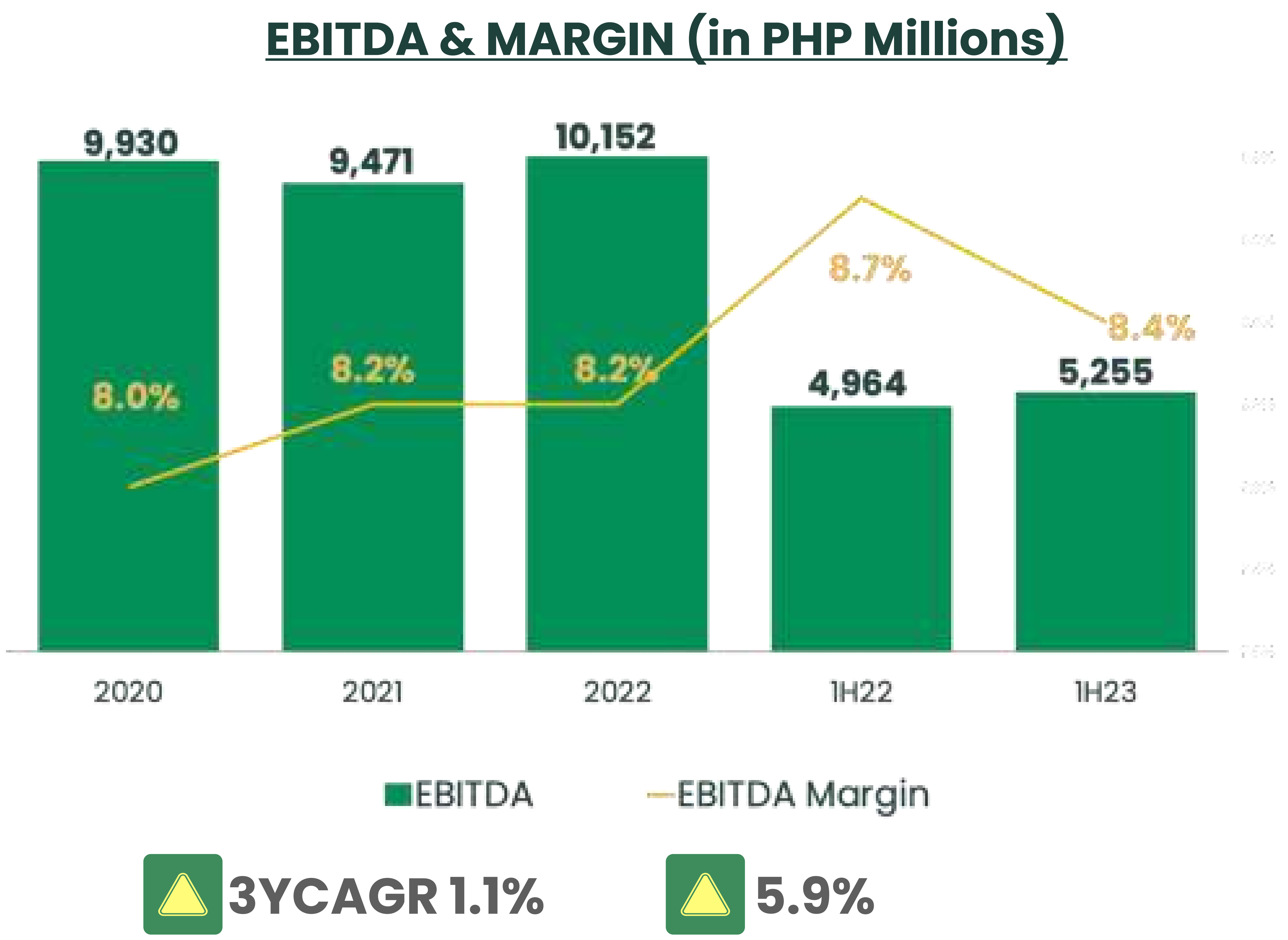
GROSS PROFIT & MARGIN (in PHP Millions)

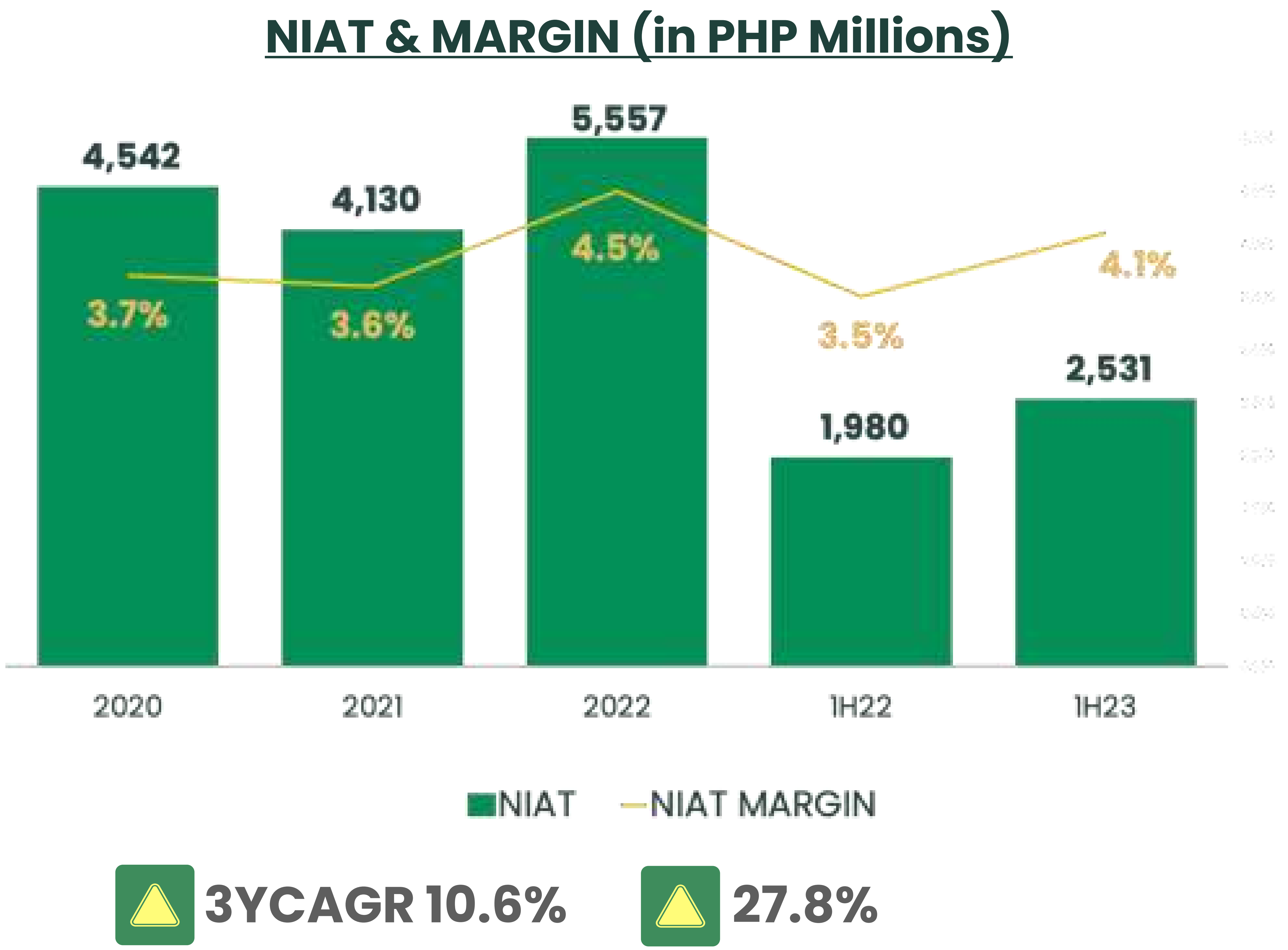


3YCAGR 4.4% 9.0%

Financial Performance 1H23

PUREGOLD ONLY 1H23

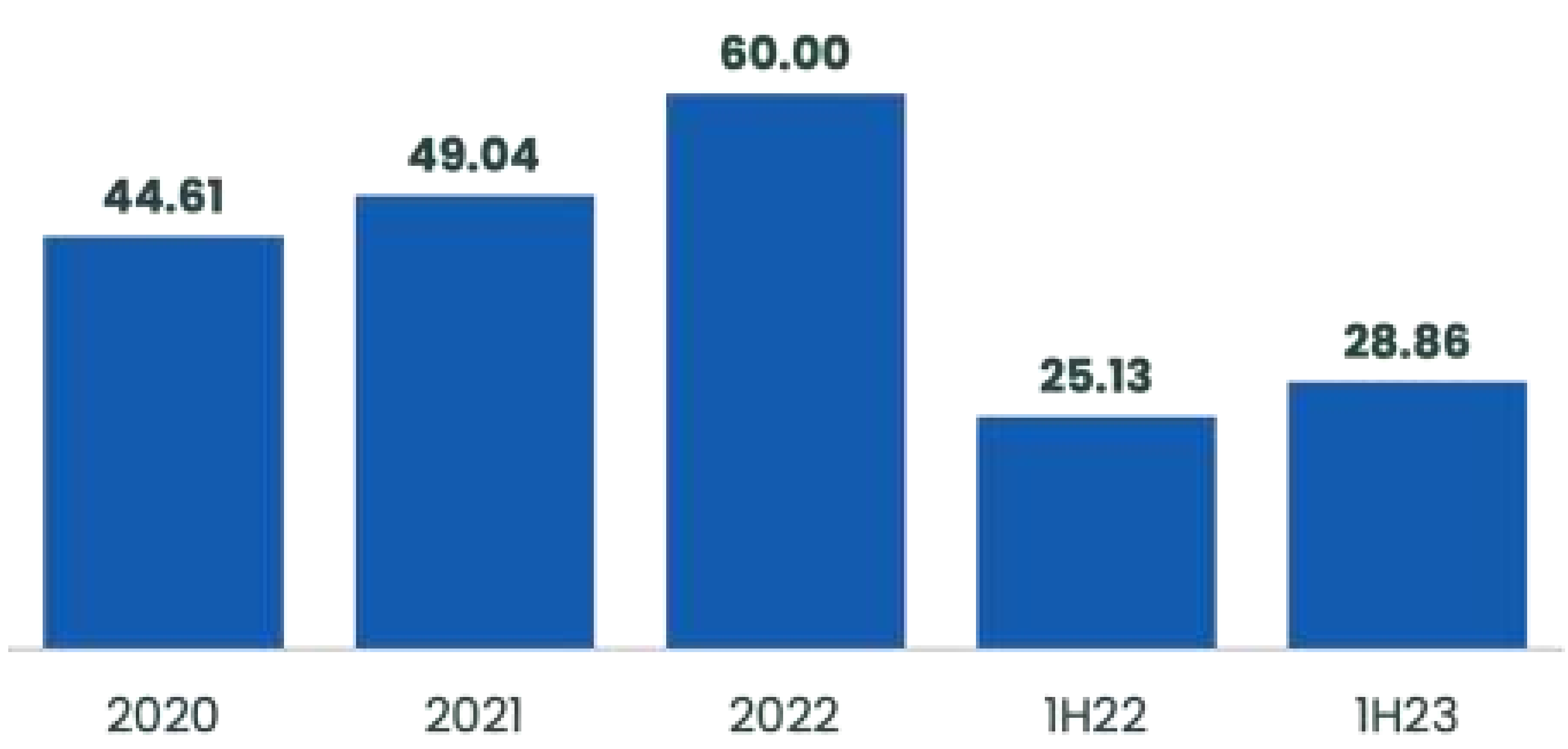




Financial Performance 1H23

S&R ONLY 1H23

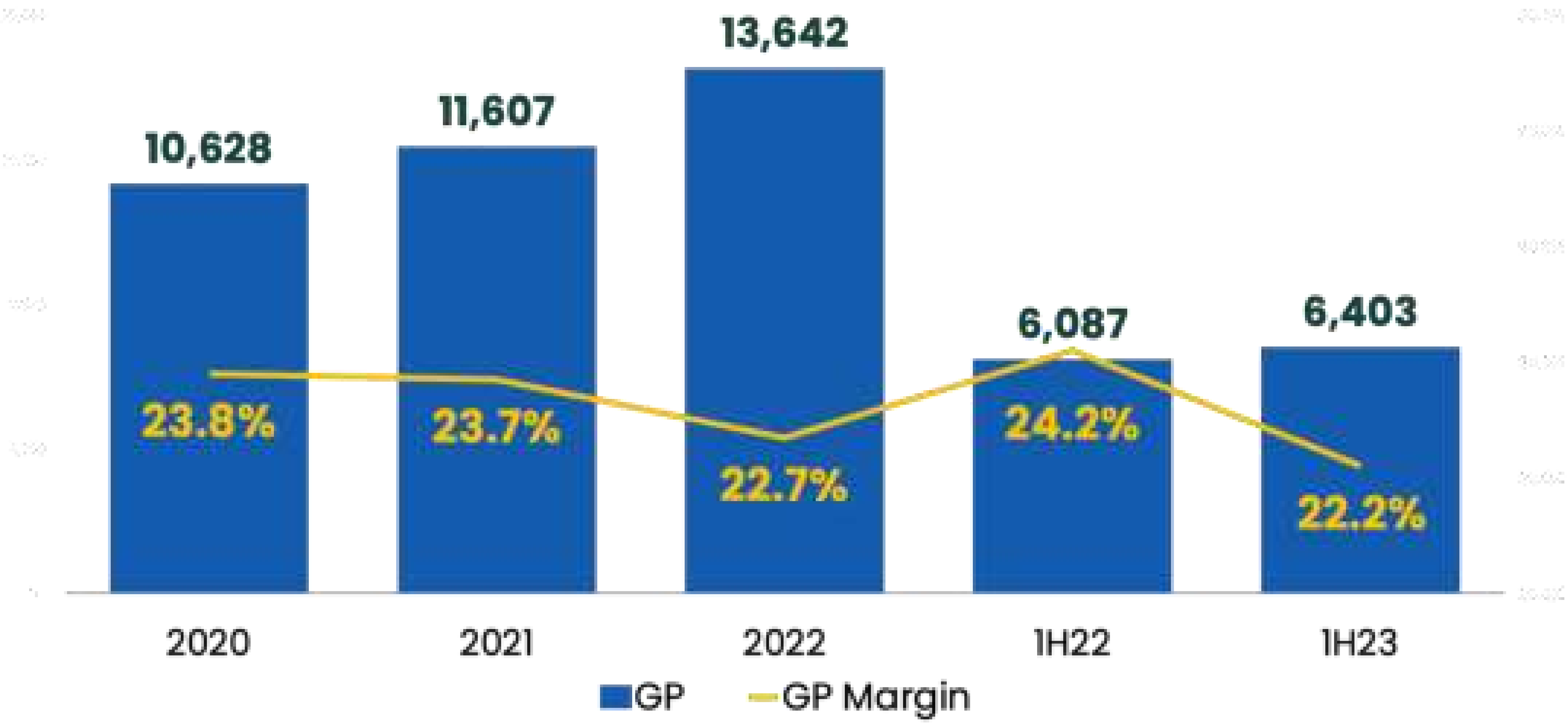
NET SALES (in PHP Billions)



3YCAGR 16.0%

14.8%

GROSS PROFIT & MARGIN (in PHP Millions)

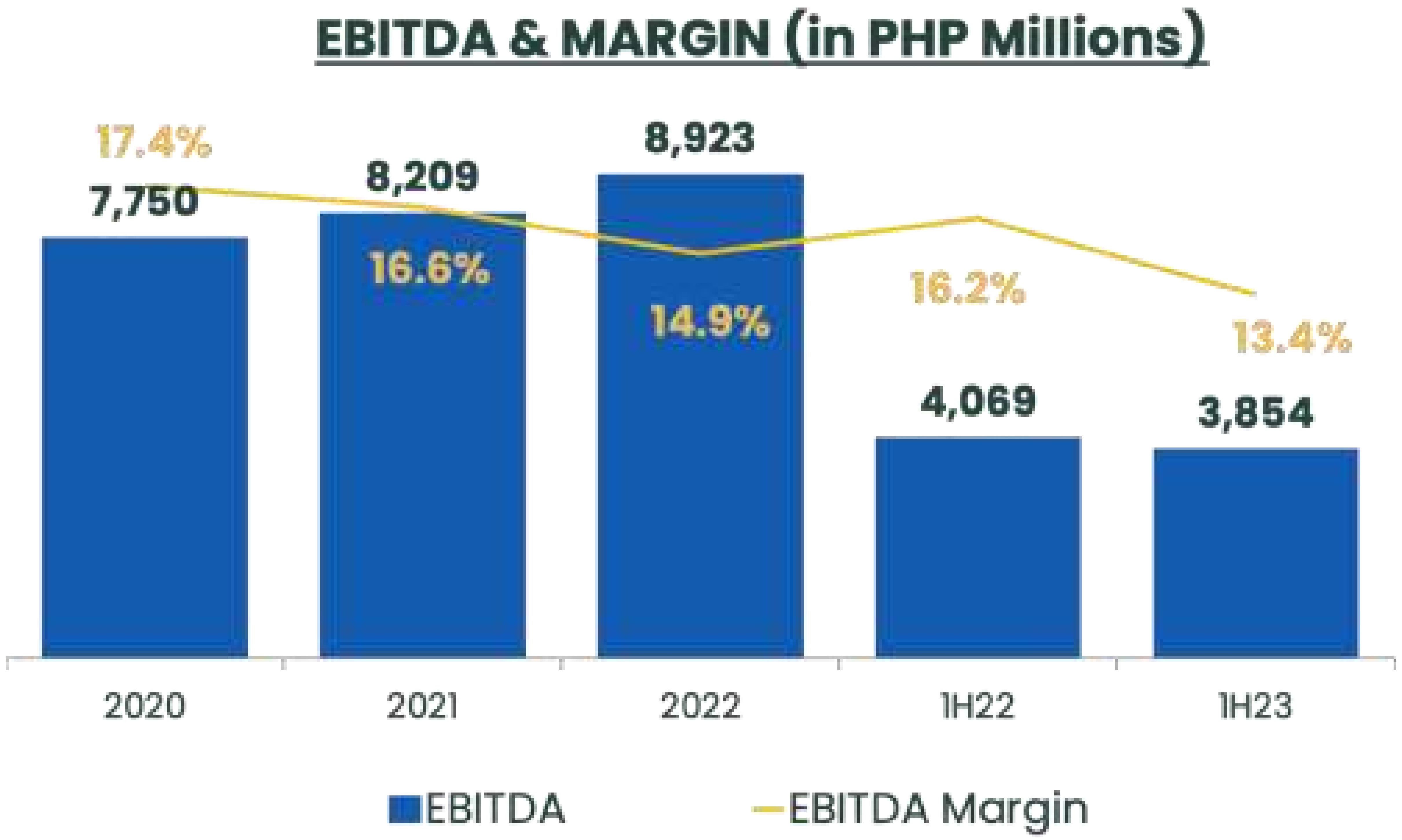


3YCAGR 13.3%

5.2%

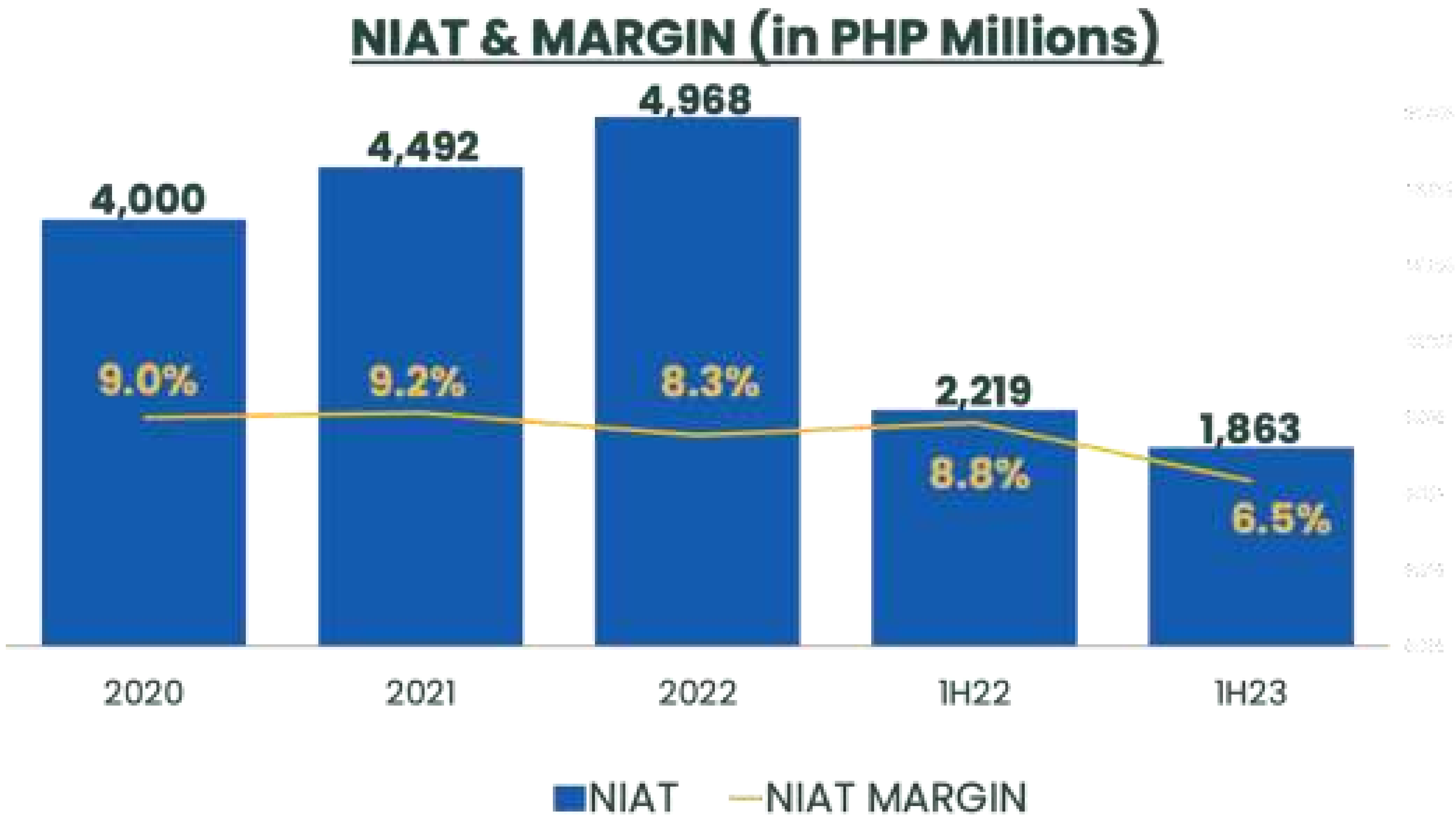
Financial Performance 1H23

S&R ONLY 1H23



3YCAGR 7.3%

-5.3%

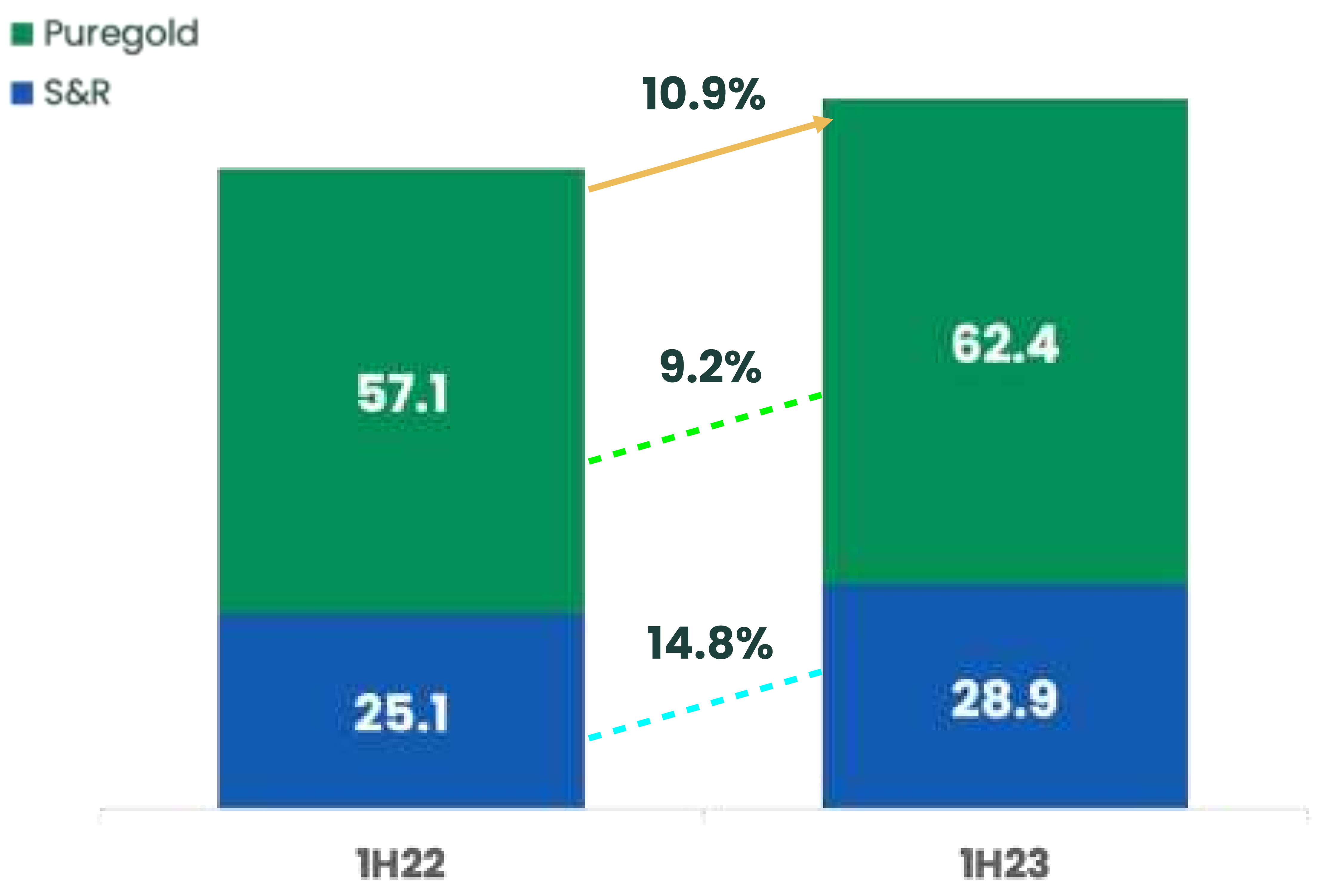


3YCAGR 11.4%

-16.0%

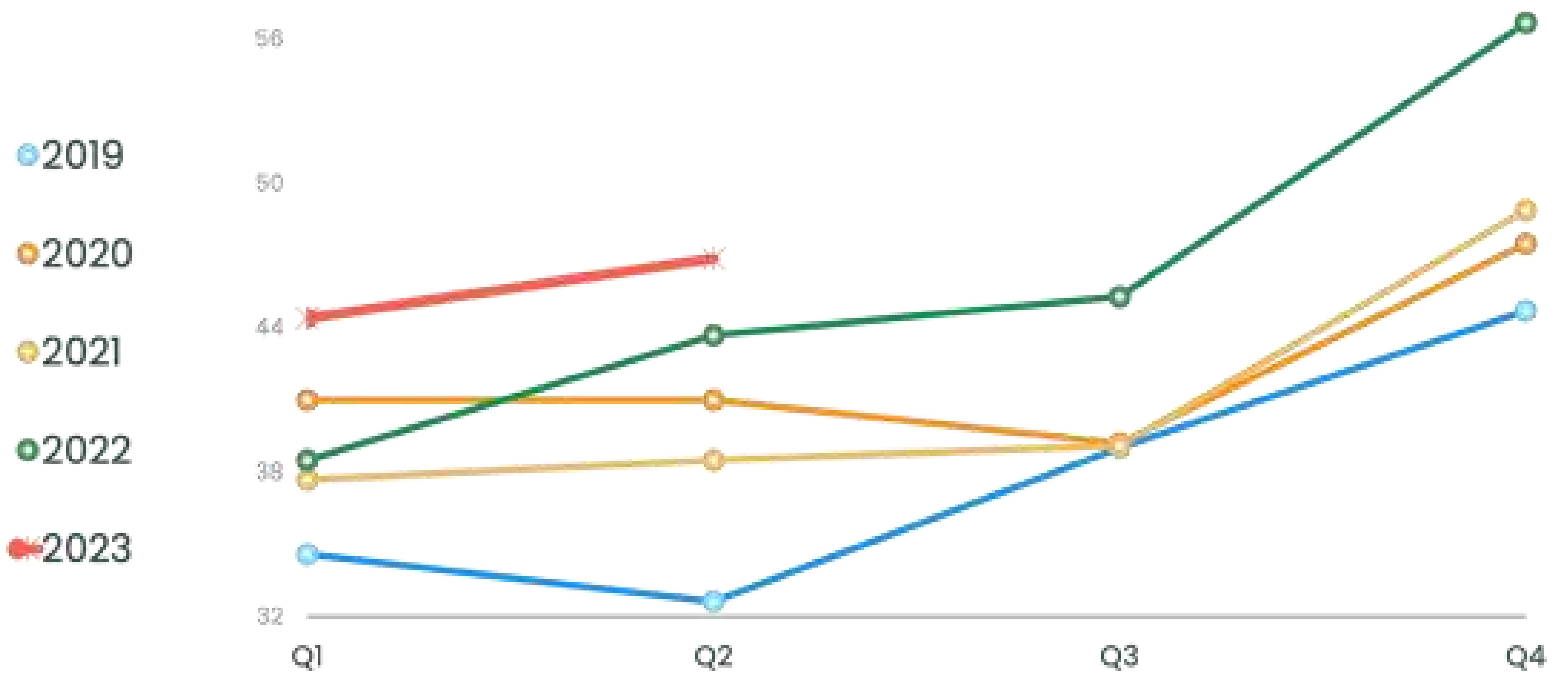
Financial Performance

NET SALES BREAKDOWN



QTR NET SALES TREND

in PHP Billions



>>Record 2Q sales. Best 1H trajectory ex-2022 reopening. Double-digit 1H sales growth YoY for the group.

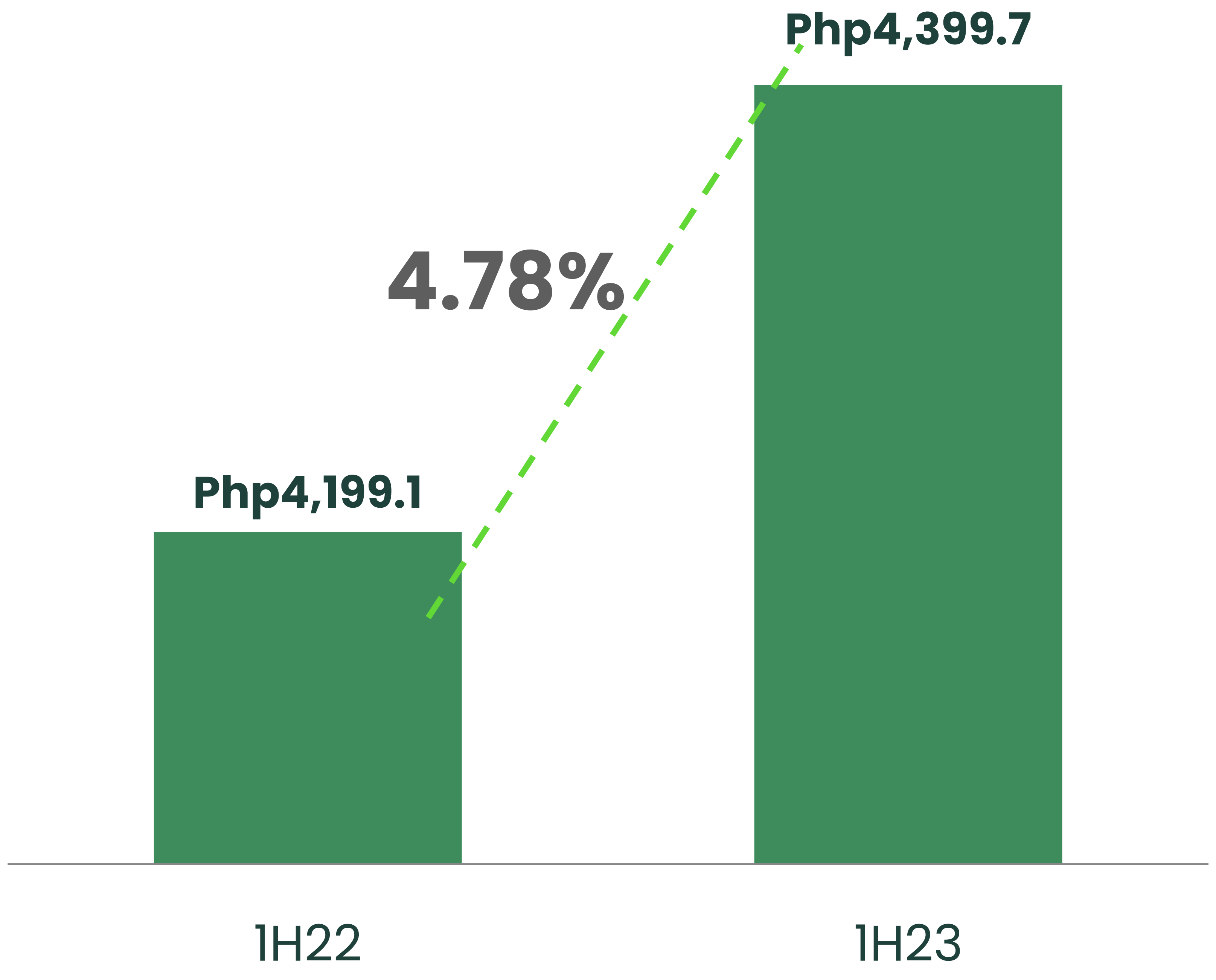
>>1H23 YoY major contributors are higher traffic in PG stores, higher traffic in S&R WHs, bigger basket in S&R WHs slightly offset by decrease in ticket size in PG stores.

>>Consumption by carded members continue to be good source of growth. Traditional Retail still strong. End-con showing biggest + in transactions.

Profitability

NET INCOME AFTER TAX

In PHP Millions



	1H23	1H22	CHANGE	
GPM GROSS PROFIT MARGIN	18.47%	19.06%	-59bps	>>Groupwide competitive pricing initiatives for market share volume growth tempered by effect of joint business plans with suppliers
EBITDAM EBITDA MARGIN	9.97%	10.98%	-101bps	>>Higher frontloaded opex due to more store expansion and increased business activities
NET MARGIN	4.82%	5.11%	-28bps	>>Compression from lower GP margin and higher opex/sales tempered by higher interest income and lower effective tax rate; Compression on GPM and EBITDAM due to growth initiatives

>>Mid single digit growth in Net Income on strong topline growth and higher Interest income as GPMs tempered and OPEX frontloaded on more expansion.

>>Compression in GP Margins in on more value pricing initiatives and promos.

>>Delayed opening of 1 S&R WH by one month. Expect 3 S&R WH openings in 2H.

>>Divimart store conversions in PG Stores already happening.   Total 45 PG Store openings in 2023 to overshoot guidance.

Financial Performance

	JUNE 2023	JUNE 2022	DEC 2022
Trade Receivables Days	2.9	2.4	3.6
Inventory Days	68.2	64.6	60.0
Trade Payables Days	29.6	21.0	30.9
Cash Conversion Cycle	41.5	46.0	32.8

Notes:
1.Average of inventory at the beginning and end of the period / cost of sales x 363 (for full year))
2.Average of trade receivables at the beginning and end of the period / net sales x 363 (for full year)
3.Average of trade payable at the beginning and end of the period / cost of sales x 363 (for full year)

Financial Performance: Actual vs. Last Year

PHP (in Thousands)	1H 2023	%	1H 2022	%	Change	%
Net Sales	P91,230,530	100.0%	P82,235,856	100.0%	P8,994,674	10.9%
Gross Profit	16,851,573	18.5%	15,675,568	19.1%	1,176,005	7.5%
Other Operating Income	1,515,553	1.7%	1,465,191	1.8%	50,363	3.4%
Operating Expenses	11,694,005	12.8%	10,366,973	12.6%	1,327,032	12.8%
Income from Operations	6,673,121	7.3%	6,773,785	8.2%	(100,664)	-1.5%
Others - net	(977,072)	-1.1%	(1,226,288)	-1.5%	249,216	-20.3%
Interest Expense - Lease	(1,337,350)	-1.5%	(1,161,126)	-1.4%	(176,224)	15.2%
Interest Expense	(285,414)	-0.3%	(256,471)	-0.3%	(28,943)	11.3%
Interest Income	631,578	0.7%	191,775	0.2%	439,804	229.3%
Other Income (Expense)	14,113	0.0%	(466)	0.0%	14,579	-3129.8%
Income Tax Expense	1,296,358	1.4%	1,348,375	1.6%	(52,017)	-3.9%
Income After Tax	**P4,399,690**	**4.8%**	**P4,199,122**	**5.1%**	**P200,568**	**4.8%**
EBITDA	*P9,099,902*	*10.0%*	*P9,033,038*	*11.0%*	*P66,864*	*0.7%*
TOTAL ASSETS	**P1.54**		**P1.46**			

Financial Position

PHP (in Thousands)	JUN 2023	JUN 2022	Change	%	DEC 2022	Change	%
Current Assets	67,575,083	64,376,267	3,198,816	5.0%	78,998,060	(11,422,977)	14.5%
Non-current Assets	P88,054,608	P74,607,294	13,447,314	18.0%	P84,799,454	3,255,153	3.8%
Total Assets	155,629,690	138,983,560	16,646,130	12.0%	163,797,514	(8,167,824)	-5.0%
Current Liabilities	16,391,583	11,674,714	4,716,869	40.4%	29,877,258	(13,485,675)	-45.1%
Non-current Liabilities	P52,193,816	P47,703,925	4,489,891	9.4%	P51,275,655	918,160	1.8%
Total Liabilities	68,585,399	59,378,639	9,206,760	15.5%	81,152,913	(12,567,514)	-15.5%
Total Equity	P87,044,292	P79,604,921	7,439,370	9.3%	P82,644,601	4,399,690	5.3%
Total Liabilities and Equity	**155,629,690**	**138,983,560**	**16,646,130**	**12.0%**	**163,797,514**	**(8,167,824)**	**-5.0%**

Cash Flows

PHP (in Thousands)	JUNE 2023	JUNE 2022
Income before income tax	**P5,696,049**	**P5,547,497**
Noncash operating items	3,405,705	3,486,374
Operating income before changes in working capital	**9,101,754**	**9,033,871**
Decrease (increase) in merchandise inventory	67,101	(4,674,356)
Decrease (increase) in other operating assets	2,346,169	(762,966)
Decrease in accounts payable & other accrued expense	(10,881,848)	(3,485,487)
Increase (decrease) in other operating liabilities	67,276	(280,649)
Cash generated from (used in) operations	**700,452**	**(169,586)**
Interest received	631,578	191,775
Income taxes paid	(1,582,129)	(1,564,587)
Retirement benefits paid	(2,801)	(7,394)
Net cash provided by (used in) operating activities	**(P252,899)**	**(P1,549,792)**

Cash Flows

PHP (in Thousands)	JUNE 2023	JUNE 2022
Additions to property and equipment	(P3,248,373)	(P1,619,625)
Increase in other investing activities	(692,888)	(3,300,279)
Net cash provided by (used in) investing activities	**(P3,941,261)**	**(P4,919,904)**
Payment on lease liabilities	(820,031)	(528,725)
Interest paid - lease liabilities	(1,337,350)	(1,161,126)
Payment for treasury shares		(70,193)
Interest paid	(277,746)	(248,803)
Dividends paid	(2,464,404)	(1,434,268)
Decrease in other non-current liabilities	(131,387)	
Net cash used in financing activities	**(P5,030,918)**	**(P3,443,115)**
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(P9,225,078)**	**(P9,912,811)**
CASH AND CASH EQUIVALENTS, BEGINNING	**P39,345,262**	**P41,311,594**
CASH AND CASH EQUIVALENTS, END	**P30,120,183**	**P31,398,784**

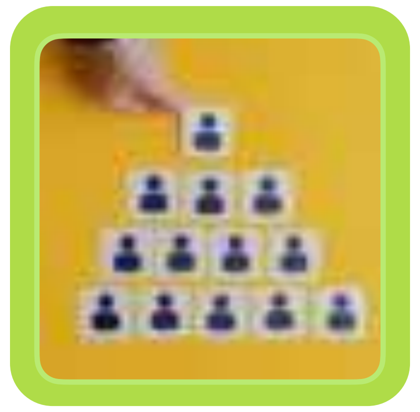
Sustainability Highlights 2022

ECONOMIC CONTRIBUTION

PHP 4.98B taxes paid to the government

PHP 3.14B employee wages and benefits

PHP 202.1M invested to community including LCCK



12,038 total no. of direct employees

0 incidents of corruption

Sustainability Highlights 2022

ENVIRONMENT PERFORMANCE

3% Clean electricity used

Rooftop Solar Power in **22** S&R Warehouse Clubs, **1** S&R Distribution Center, and **2** Puregold Stores

Gearing towards **100%** LED main lighting

29% Scope 1 and 2 GHG Emissions Reduction

101M reduction of plastic bags used in Puregold stores compared to 2018

63% of Puregold stores use paper bags and promote monthly upsizing to reduce single-use

4771MT Solid waste diverted from disposal

Rain water catchment and Gray water venture

Sustainability Highlights 2022

SOCIAL RESPONSIBILITY

56% female employees in the workforce

866 scholars graduated, **107** passed licensure exam, **312** current no. of scholars

0 legal actions or employee grievance on forced and child labor

760,000+ Puregold Sari-Sari Store members (Support local economy)

1.43M Puregold Mobile app downloads

Sustainability Highlights 2022

PUREGOLD

NASA IYO ANG PANALO