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FY23 RESULTS & PERFORMANCE

Puregold Price Club, Inc. Presentation
April 2024

Years of Serbisyong Always Panalo Para Sa Pilipino

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Pure Play Philippine Food Retailer

A Proxy for the Philippine Consumption Story

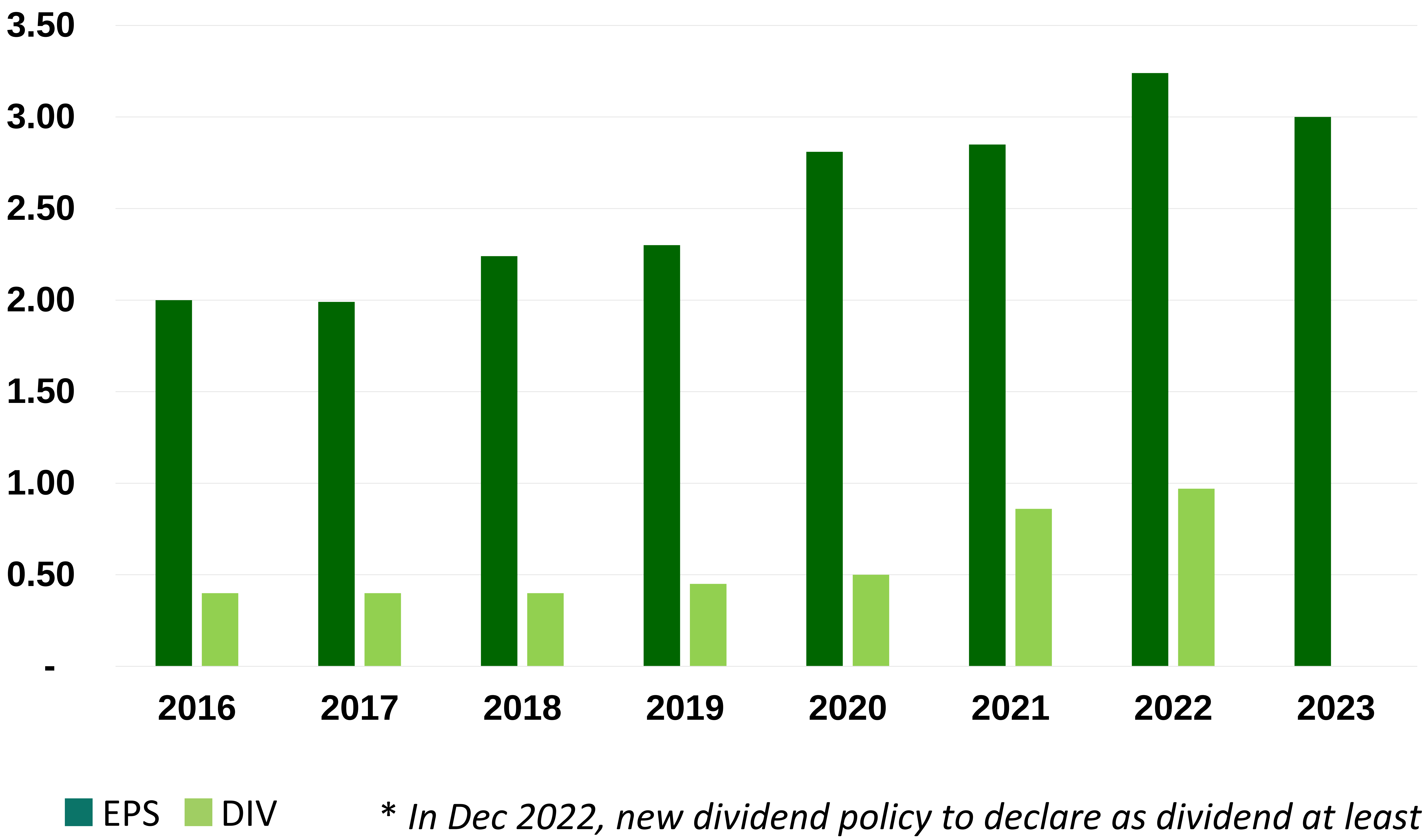
- Robust topline growth from an enterprise with the broadest consumer segments
- Healthy cash flows and a simple capital structure
- Two marquee brands in Philippine retail: Puregold stores and S&R WHs
- Beneficiary of a nation with a growing middle class and a young population
- Preferred partner of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

Shareholder Distribution



Year	EPS	DIV
2016	2.00	0.40
2017	1.99	0.40
2018	2.24	0.40
2019	2.30	0.45
2020	2.81	0.50
2021	2.85	0.86
2022	3.24	0.97
2023	2.98	
5YR CAGR	10.2%	19.4%
YoY	13.7%	12.8%

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

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 2024

More Stores

- +8% organic store expansion in more provincial areas (2nd to 4th class municipalities)
- Development and expansion of "small box" dense community centric model (300-500sqm)

More Shoppers

- High potential shopper wholesale initiatives & "salo-salo" program
- APAR expansion (from 650 to 750)
- Localized staples pricing and promo initiatives (at par or lower than benchmark competitor)
- Mobile Puregold community stores)

Bigger Baskets

- Disproportionate Fresh growth/ penetration – Frozen Meat & Fish, Poultry, Rice, Eggs, Sugar
- Cross Category Marketing & Promotions – National & Local
- Joint Business Plans for TOP 10 Suppliers

Robust Supply Chain

- End to End Supply Chain Reinvention for the Top 1.5k SKUs per region
- Efficient local assortment
- Robust Cold Chain & structure to support Fresh Plans

ESG Sustainability

- Institute good governance practices: transparency / rule of law / inclusiveness / environment / shareholder
- Org Development - Operations process review & restructuring / job levelling / succession planning / talent development & capability building / CRM digitization

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 in 2023

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

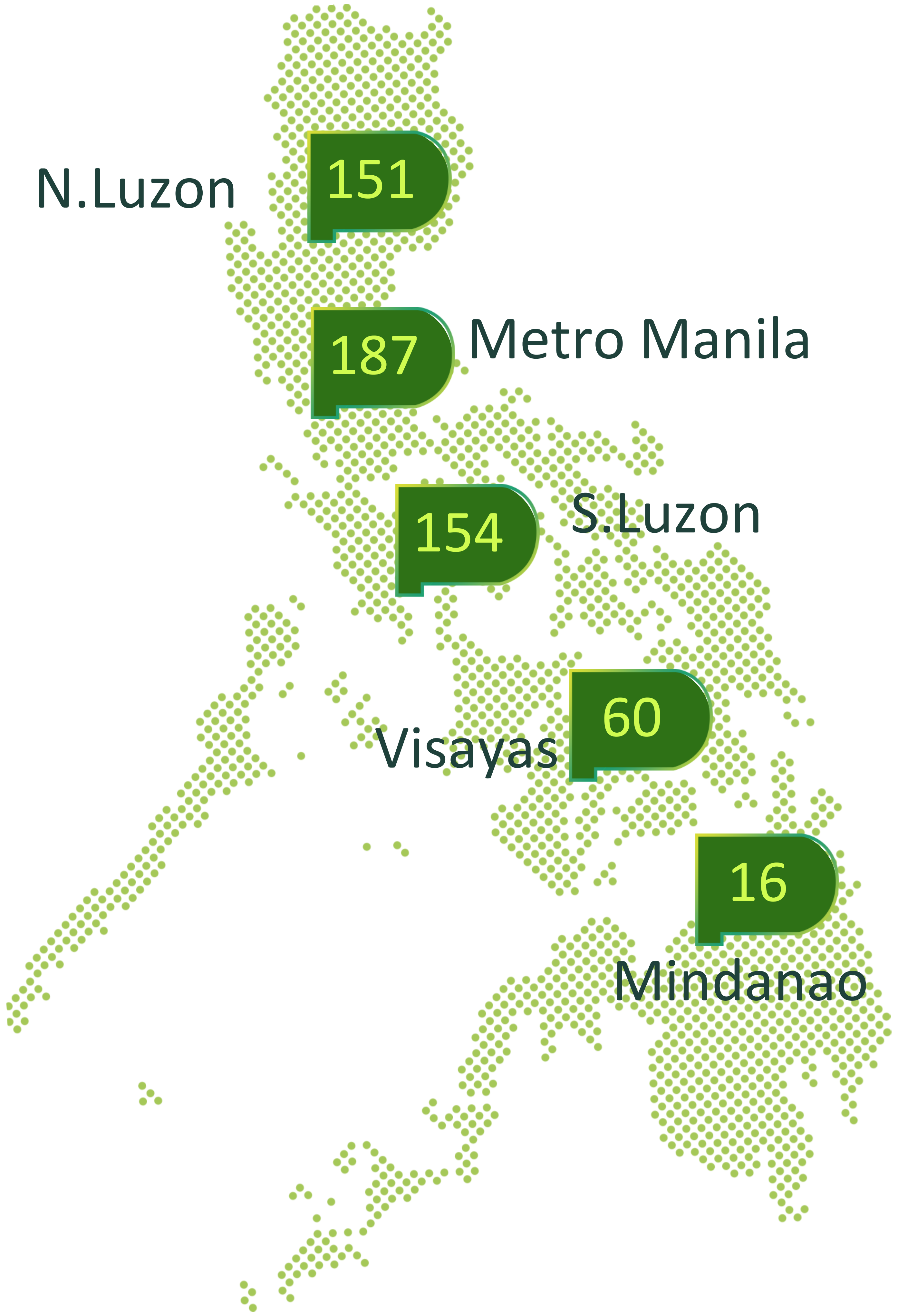
- One-time acquisition cost based on store area
- Sublease agreement co-terminus with main contract of lease or at least 10yrs
- Standard security deposits
- Appraised value of equipment applicable
- Conversion to PG Store inside-out

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 – FY 2023

GEOGRAPHIC COVERAGE



KEY STATS

TOTAL NUMBER OF STORES	**568**
NO. OF STORES PER FORMAT	323 hypermarkets 98 supermarkets 67 extra/minimart 26 S&Rs 54 S&R QSRs

	PUREGOLD	S&R	S&R QSR
Metro Manila	148	12	27
North Luzon	138	4	9
South Luzon	137	6	11
Visayas	51	2	7
Mindanao	14	2	-
Total	**488**	**26**	**54**

NEW PG + S&R STORES 2023

Opened

37 new Puregold Stores with (23 Divimart conversion) closed 1 store

4 S&R Warehouse Clubs and

3 S&R QSR.

NET SELLING AREAS (in sqm)

Puregold	552,973 sqm
S&R	132,726 sqm
QSR	5,101 sqm
Total	**690,800 sqm**

Financial Performance - FY 2023

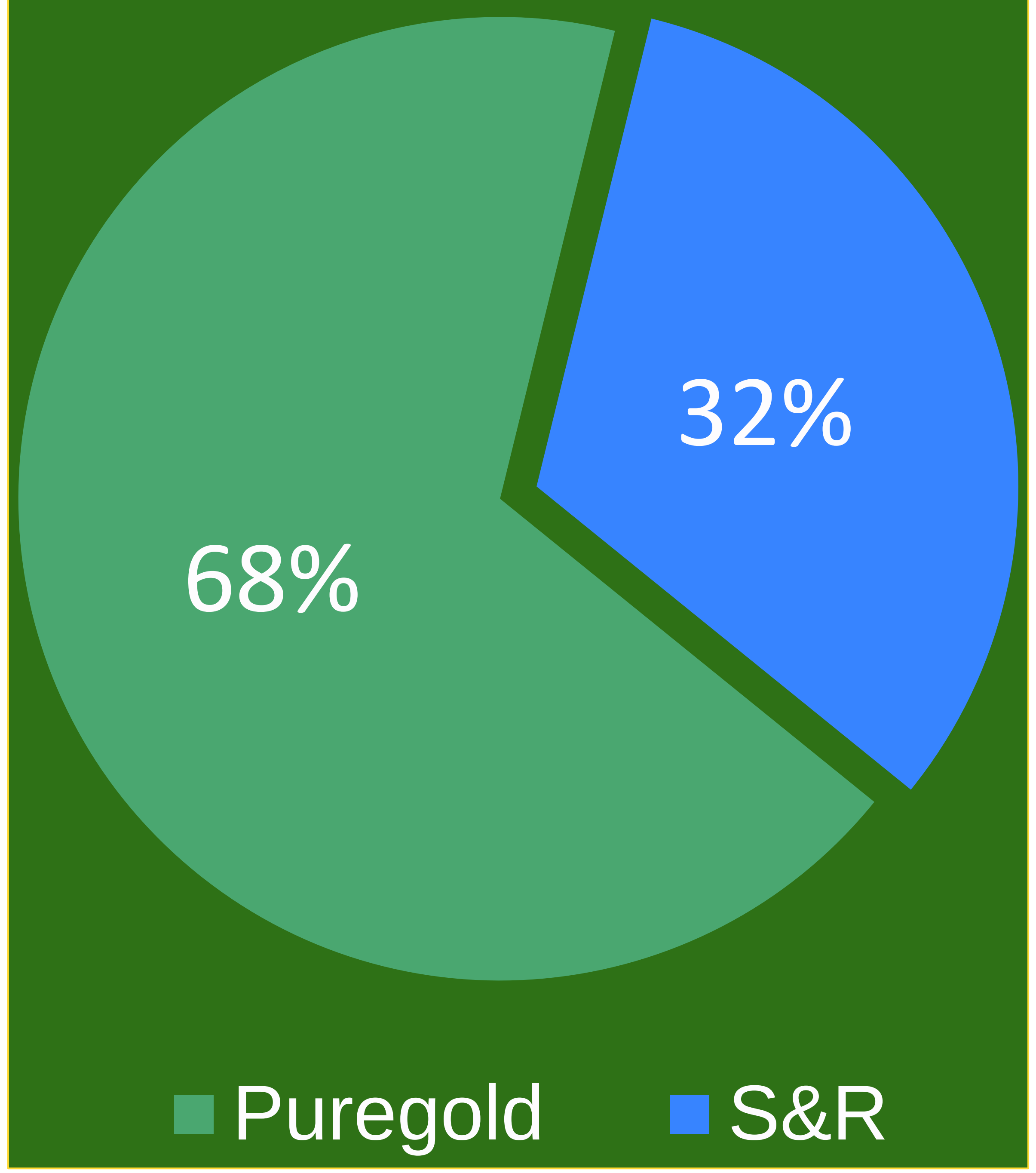
Php in thousands	Dec 2023	%	Dec 2022	%	Change	%
Net Sales	**P199,031,905**	**100.0%**	**P184,302,945**	**100.0%**	**P14,728,960**	**8.0%**
Cost of Sales	163,617,674	82.2%	150,483,272	81.6%	13,134,402	8.7%
Gross Profit	35,414,231	**17.8%**	33,819,672	**18.4%**	1,594,558	4.7%
Other Operating Income	3,275,172	1.6%	3,183,788	1.7%	91,384	2.9%
Operating Expenses	25,336,853	**12.7%**	22,522,133	**12.2%**	2,814,720	12.5%
Income from Operations	**13,352,549**	**6.7%**	**14,481,327**	**7.9%**	**(1,128,778)**	**-7.8%**
Others-net	(2,139,329)	**-1.1%**	(2,256,797)	**-1.2%**	117,468	-5.2%
Interest Expense - Lease	(2,748,880)	-1.4%	(2,389,134)	-1.3%	(359,746)	15.1%
Interest Expense	(564,945)	-0.3%	(518,685)	-0.3%	(46,261)	8.9%
Interest Income	1,302,779	0.7%	678,357	0.4%	624,422	92.0%
Other Income (Expense)	(128,283)	-0.1%	(27,336)	0.0%	(100,947)	369.3%
Income Tax Expense	2,617,699	1.3%	2,937,104	1.6%	(319,405)	-10.9%
Income After Tax	**P8,595,521**	**4.3%**	**P9,287,427**	**5.0%**	**(P691,906)**	**-7.4%**
EBITDA	***P18,391,113***	***9.2%***	***P19,074,922***	***10.3%***	***(P683,809)***	***-3.6%***
EPS	**P3.00**		**P3.24**			

Operating Performance – FY 2023

Like-for-like Growth %	Puregold		S&R	
	Dec 2023 (427 stores)	Dec 2022 (398 stores)	Dec 2023 (22 wh)	Dec 2022 (20 wh)
Net Sales	**3.3%**	4.7%	**0.6%**	11.2%
Ticket	**-1.1%**	-4.2%	**-3.2%**	7.9%
Traffic	**4.4%**	9.2%	**4.0%**	3.1%

			Traffic *(in thousands)*			Ticket		
Overall	Store Count CY	Store Count PY	Dec 2023	Dec 2022	% growth	Dec 2023	Dec 2022	% growth
Puregold	**488**	**452**	**138,068**	**125,820**	9.7%	**969**	**988**	-1.9%
S&R WH	**26**	**22**	**12,785**	**11,657**	9.7%	**4,963**	**5,141**	-3.5%

REVENUE CONTRIBUTION

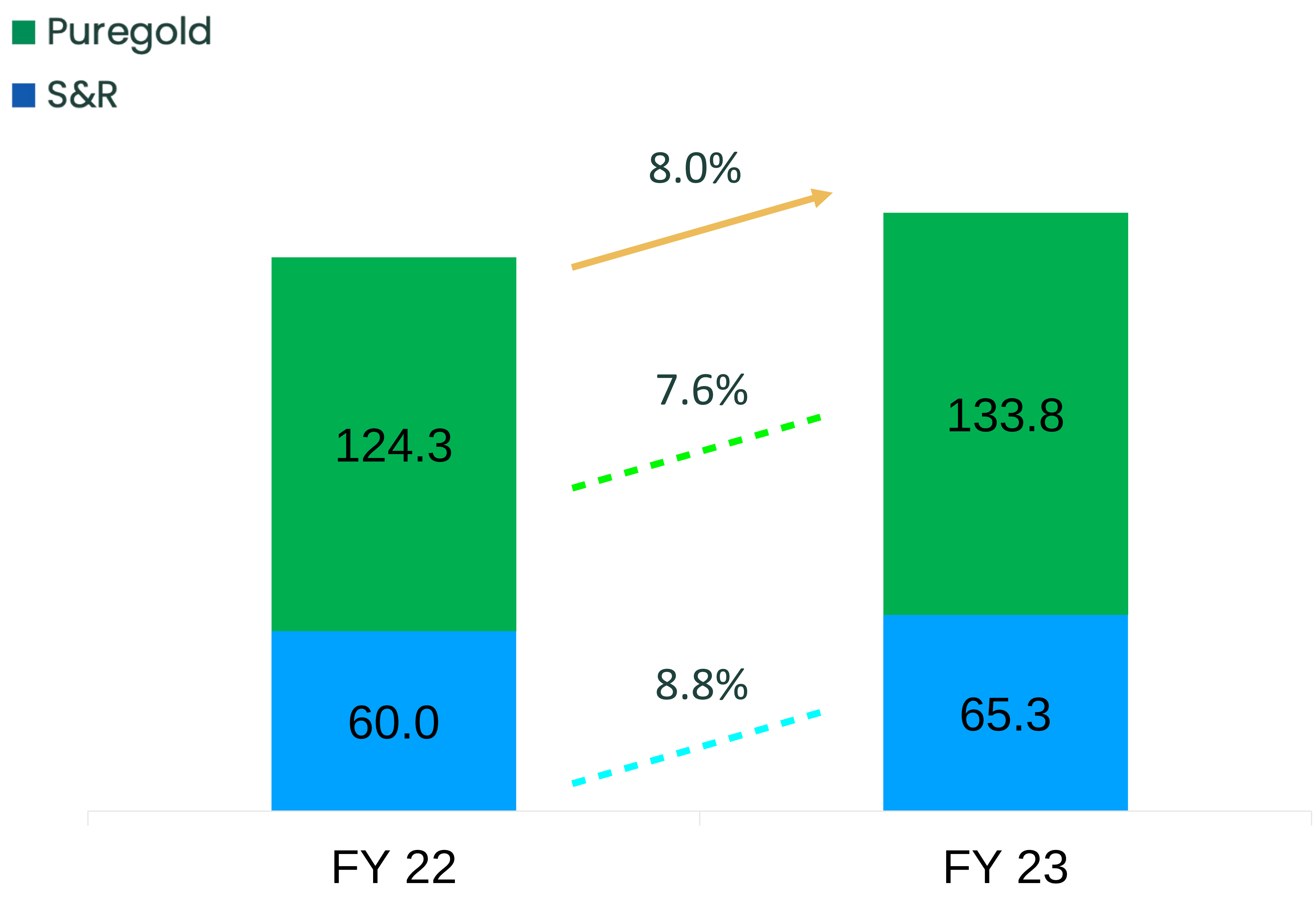


Financial Highlights – FY 2023

	CONSO REVENUE	GROSS PROFIT MARGIN %	EBITDA MARGIN %	NIAT
FY23	Php 199bn	17.8%	9.2%	Php 8.6 bn
YoY	8%	-56 bps	-111 bps	-7.4%

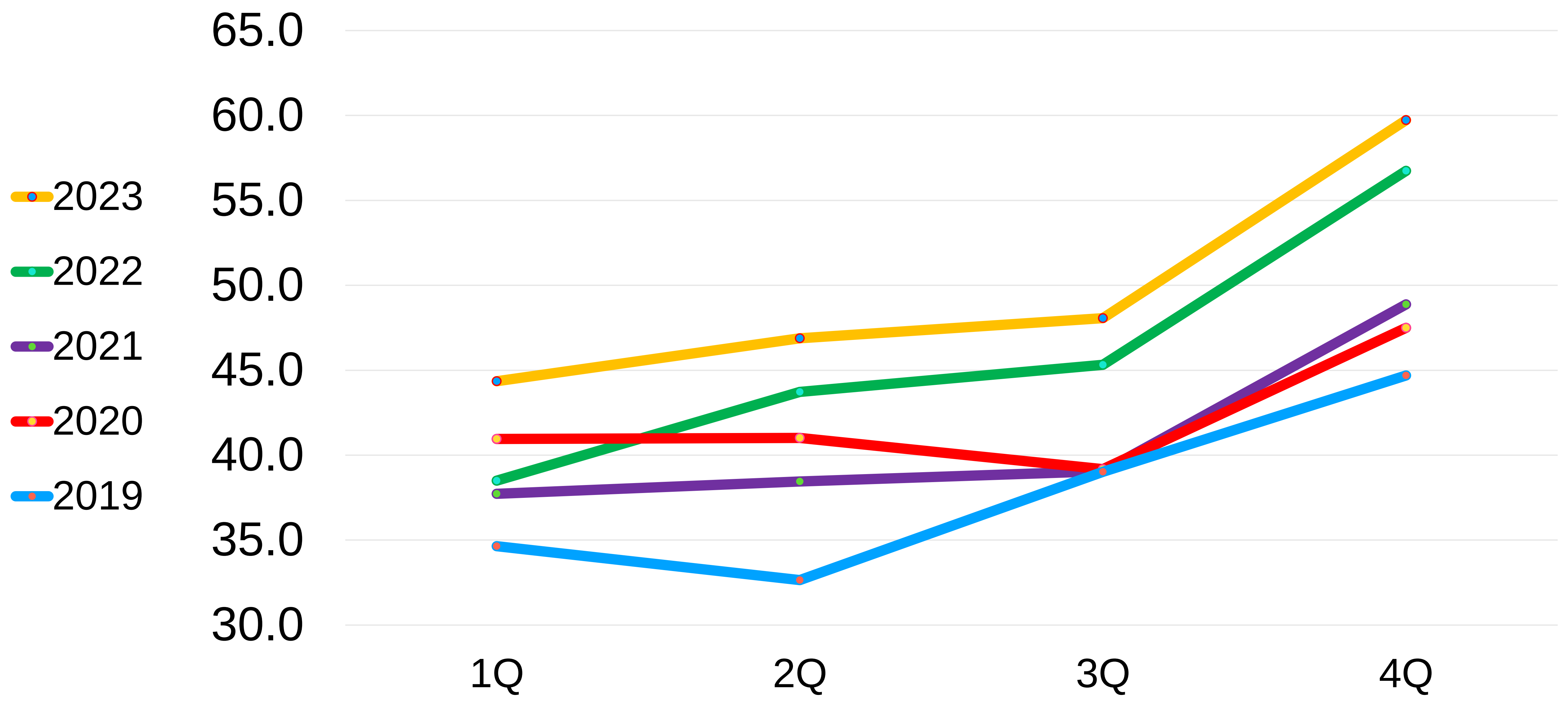
Financial Performance – Conso 2023

NET SALES BREAKDOWN



QTR NET SALES TREND

in PHP Billions

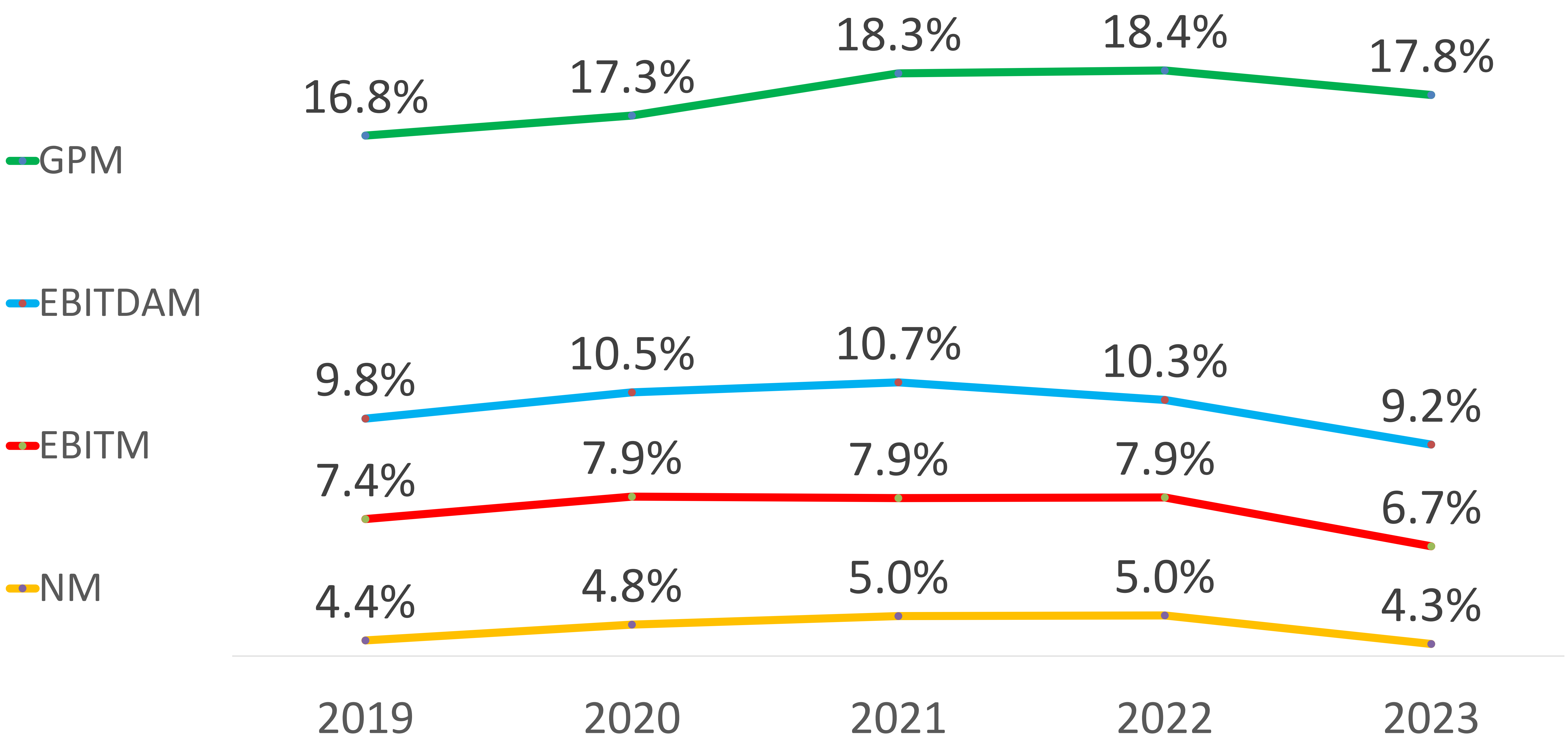


>> Record 4Q net sales. Best full year sales trajectory. High Single-digit sales growth YoY for the group.

>> 2023 YoY major contributors are higher traffic in PG store & S&R WHs, with slightly offset by decrease in ticket size in both store formats.

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

Margin Trends – Conso 2023



>> Groupwide competitive pricing initiatives for market share volume growth tempered by effect of joint business plans with suppliers

>> Higher frontloaded OPEX due to more store expansion and increased business activities as well as increased in retirement benefit expenses

>> 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

CAPEX Guidance for FY 2024

CAPEX Budget of Php 8.1 billion in 2024

Php 2.4 billion for 30 new Puregold Stores

Php 3.8 billion for 4 S&R WHs and 6S&R QSRs

Php 500 million for logistics capex

Php 1.4 billion for maintenance capex, solar projects and IT upgrades

Updated Management Guidance 2024

<u>Consolidated Revenue Growth</u>

5% to 8% target

<u>Gross Profit Margin</u>

Puregold Stores: 15.5% to 16.5% target

S&R WH: 21.5% to 22.5% target

Q&A

PUREGOLD

Thank you

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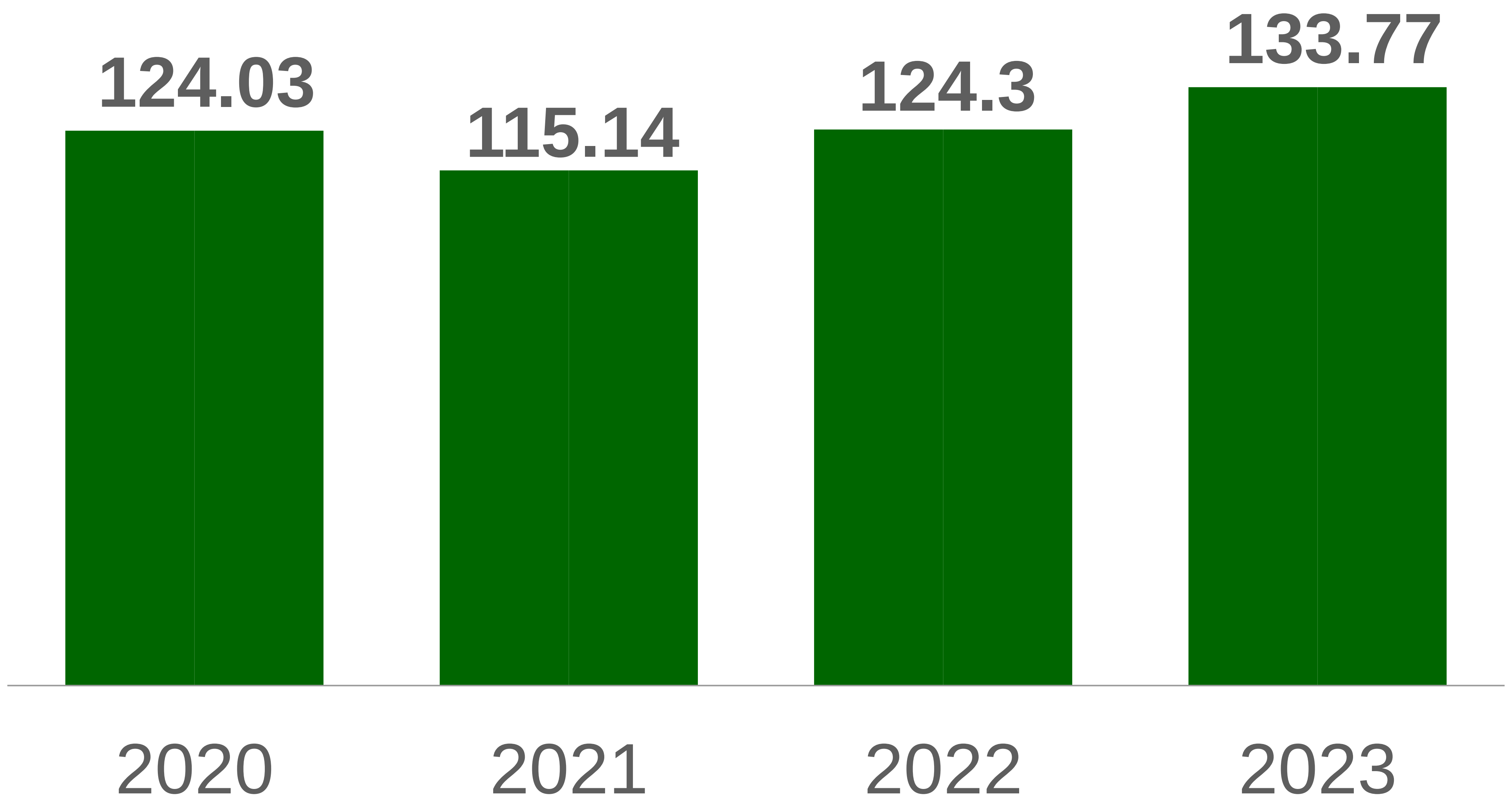
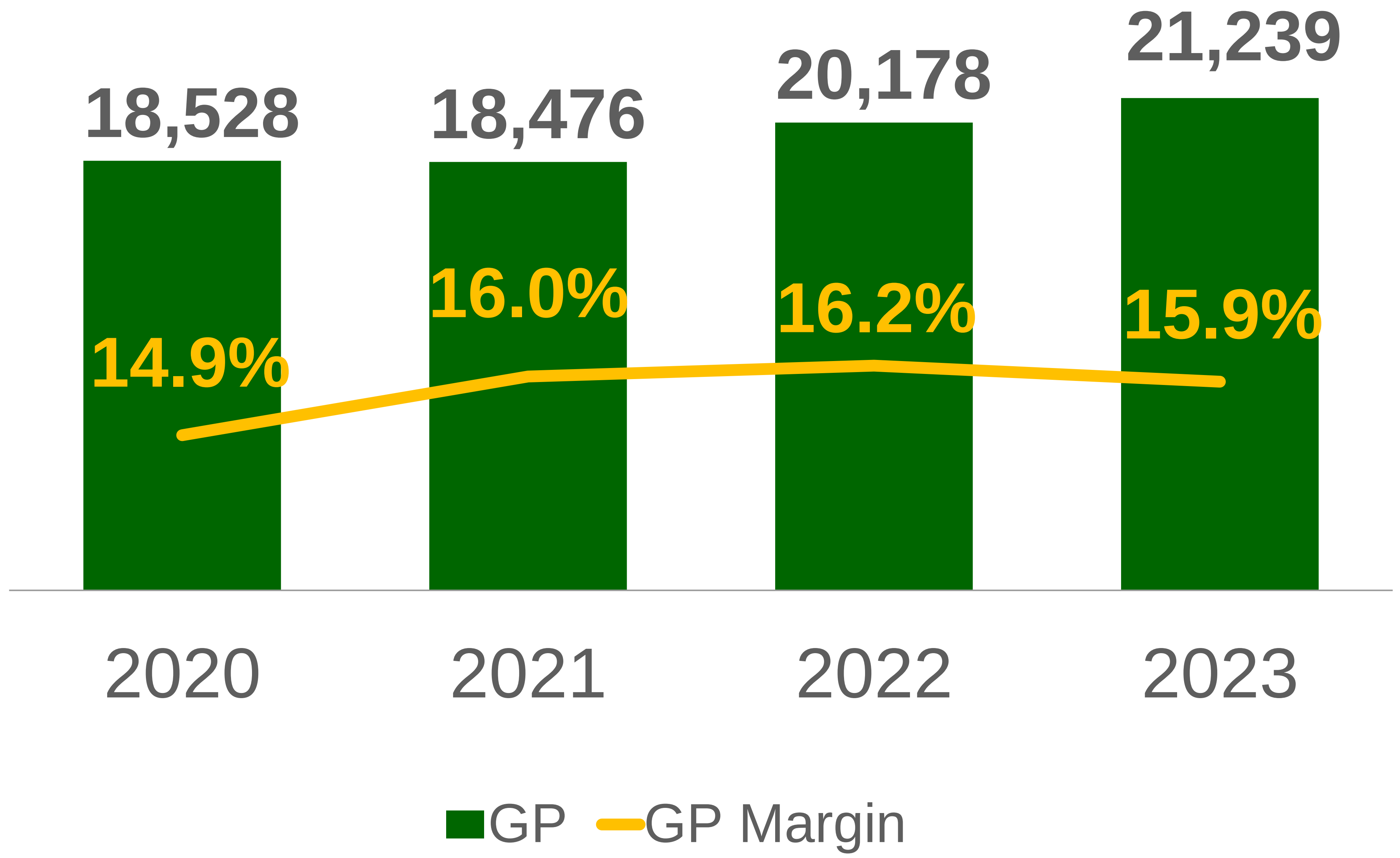
Financial Performance FY23 – PGOLD Only

NET SALES (in PHP Billions)



3YCAGR 2.6%   7.6%

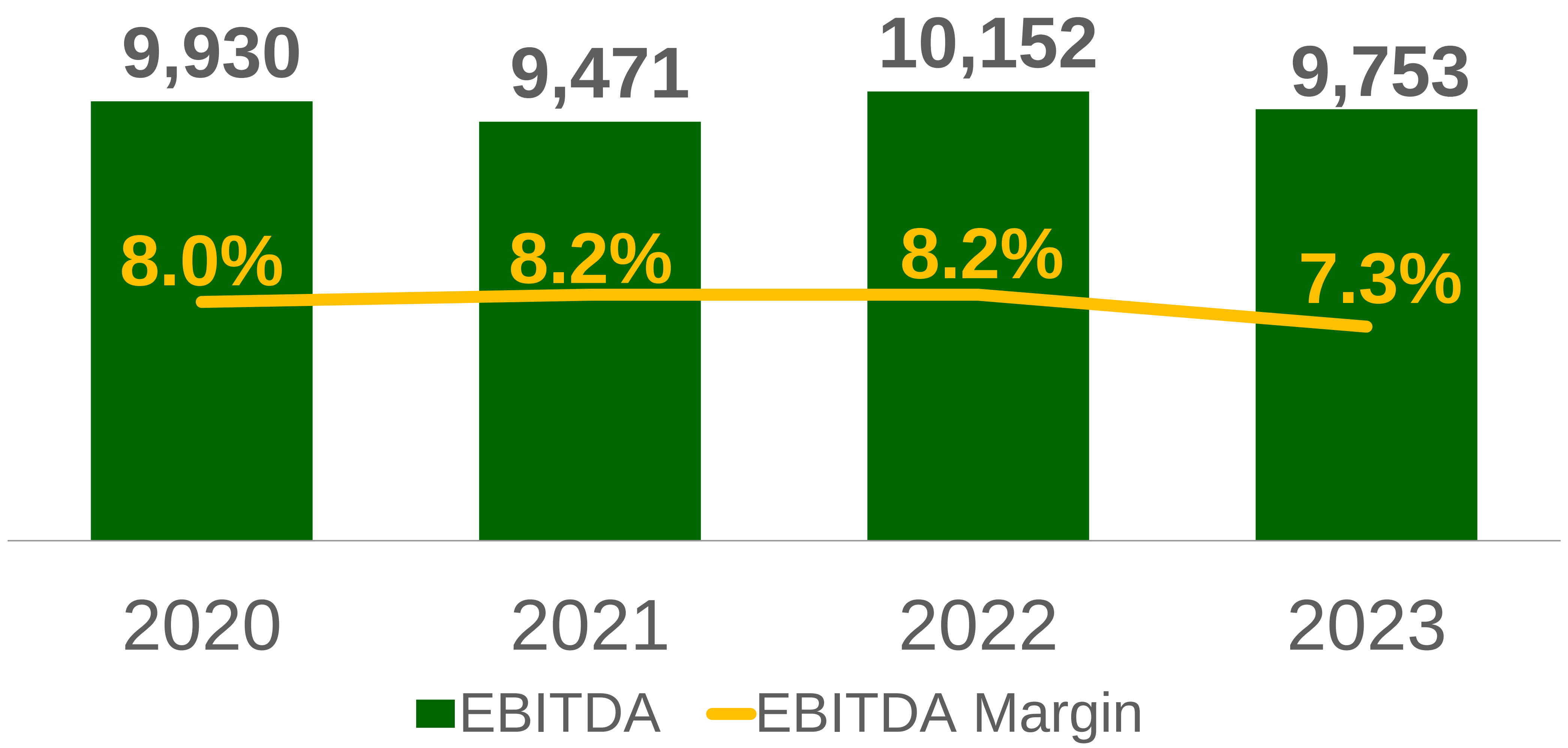
GROSS PROFIT & MARGIN (in PHP Billions)



3YCAGR 4.7%   5.3%

Financial Performance FY23 – PGOLD Only

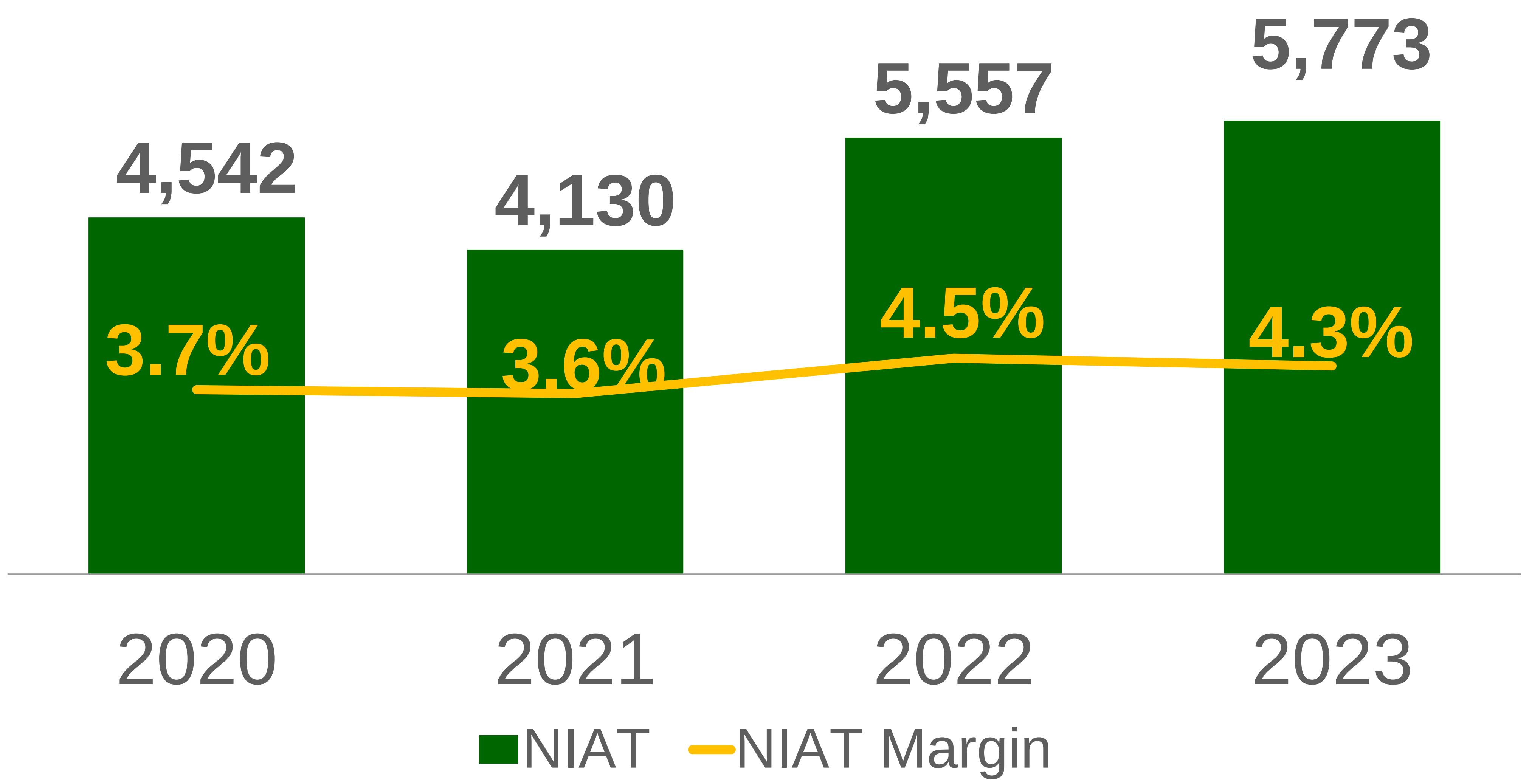
EBITDA & MARGIN (in PHP millions)



3YCAGR -0.6%

-3.9%

NET INCOME & MARGIN (in PHP Millions)

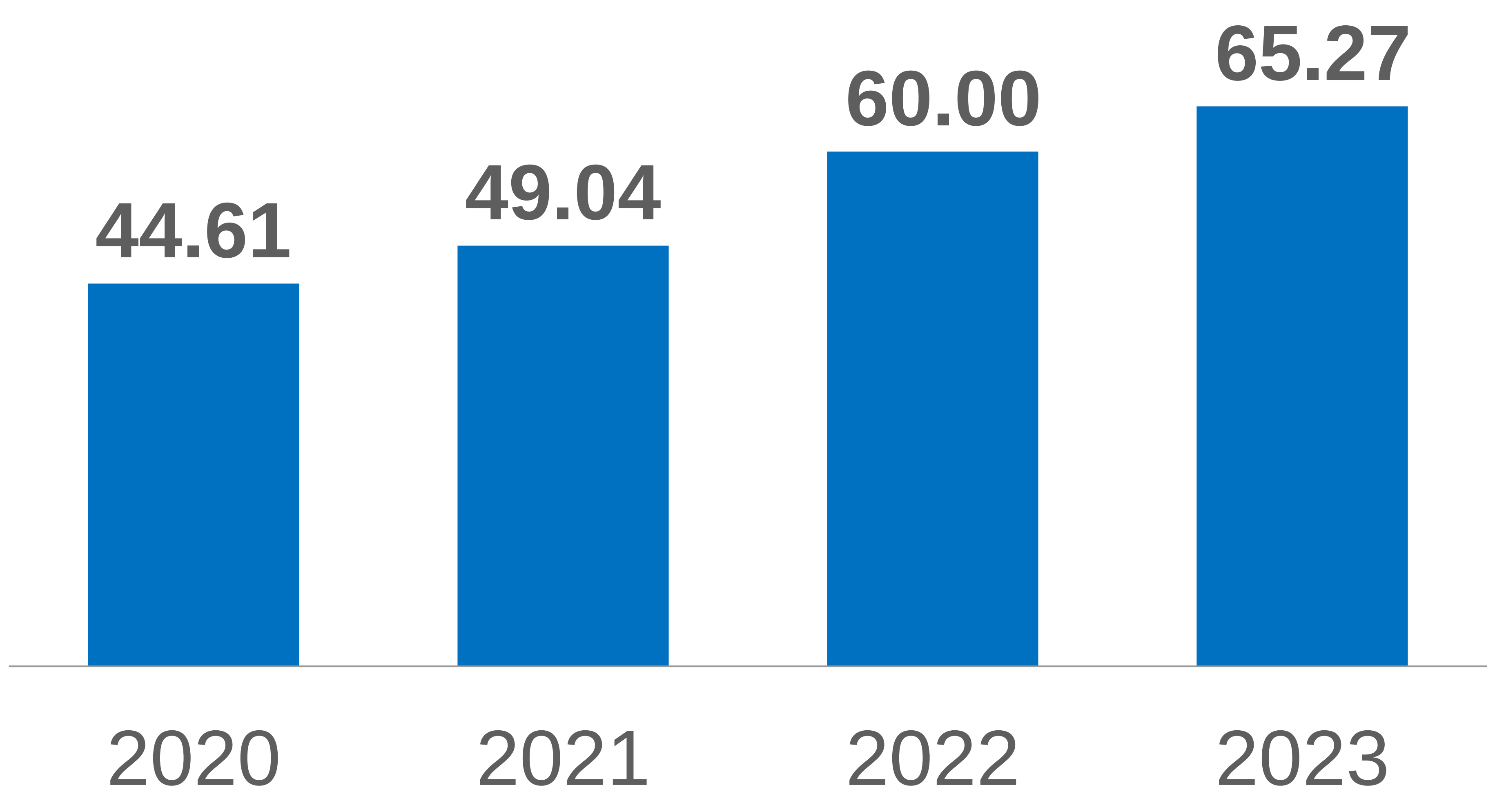


3YCAGR 8.3%

3.9%

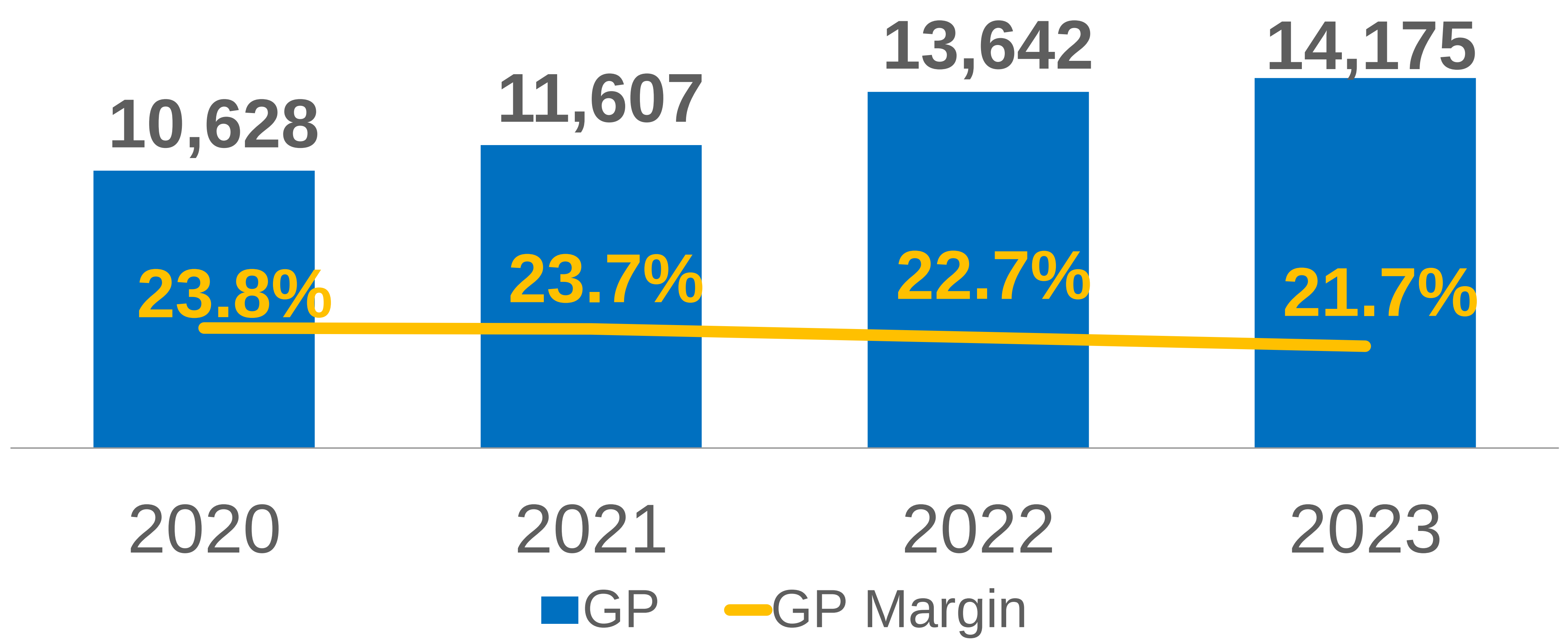
Financial Performance FY23 – S&R Only

NET SALES (in PHP Billions)



3YCAGR 13.5%   8.8%

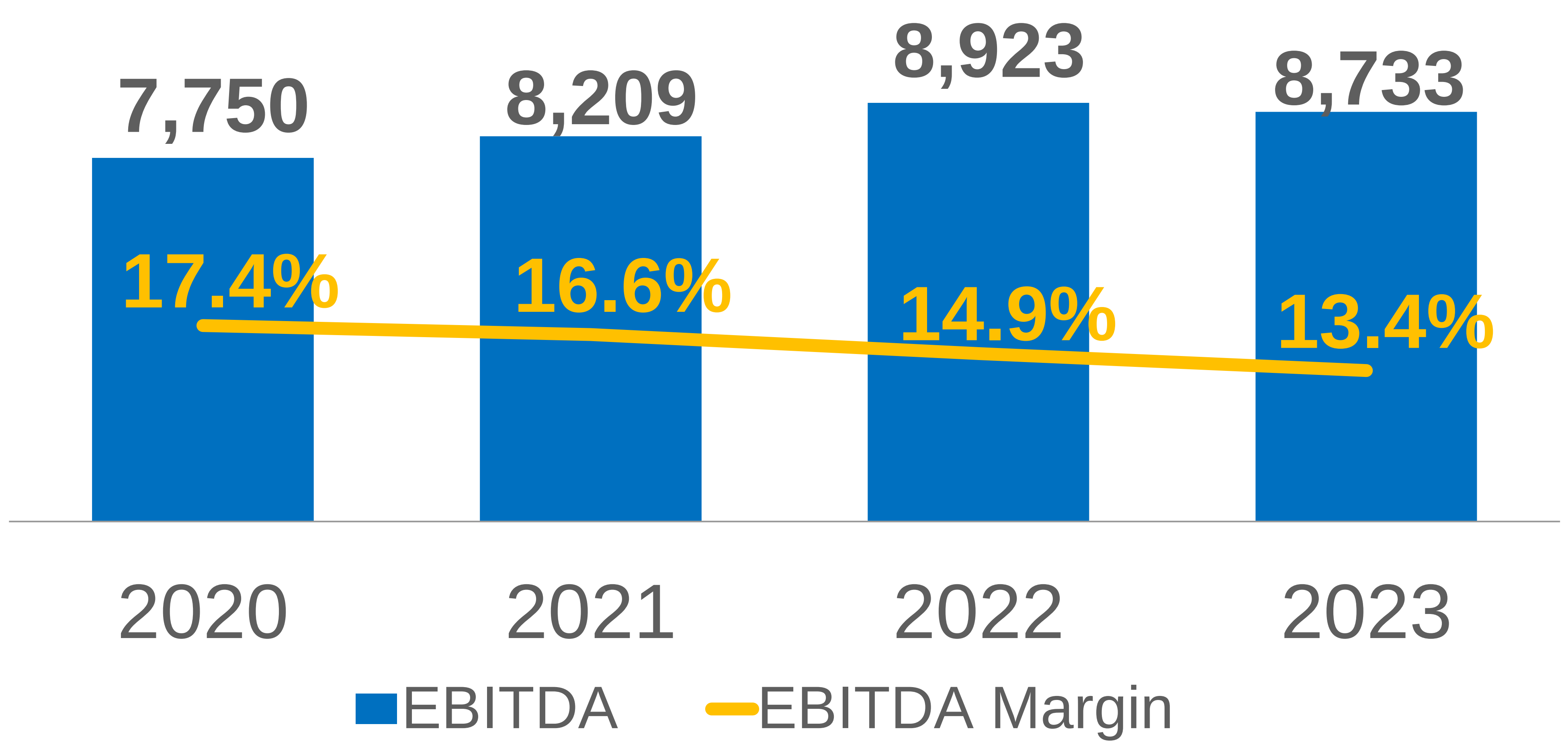
GROSS PROFIT & MARGIN (in PHP Billions)



3YCAGR 10.1%   3.9%

Financial Performance FY23 – S&R Only

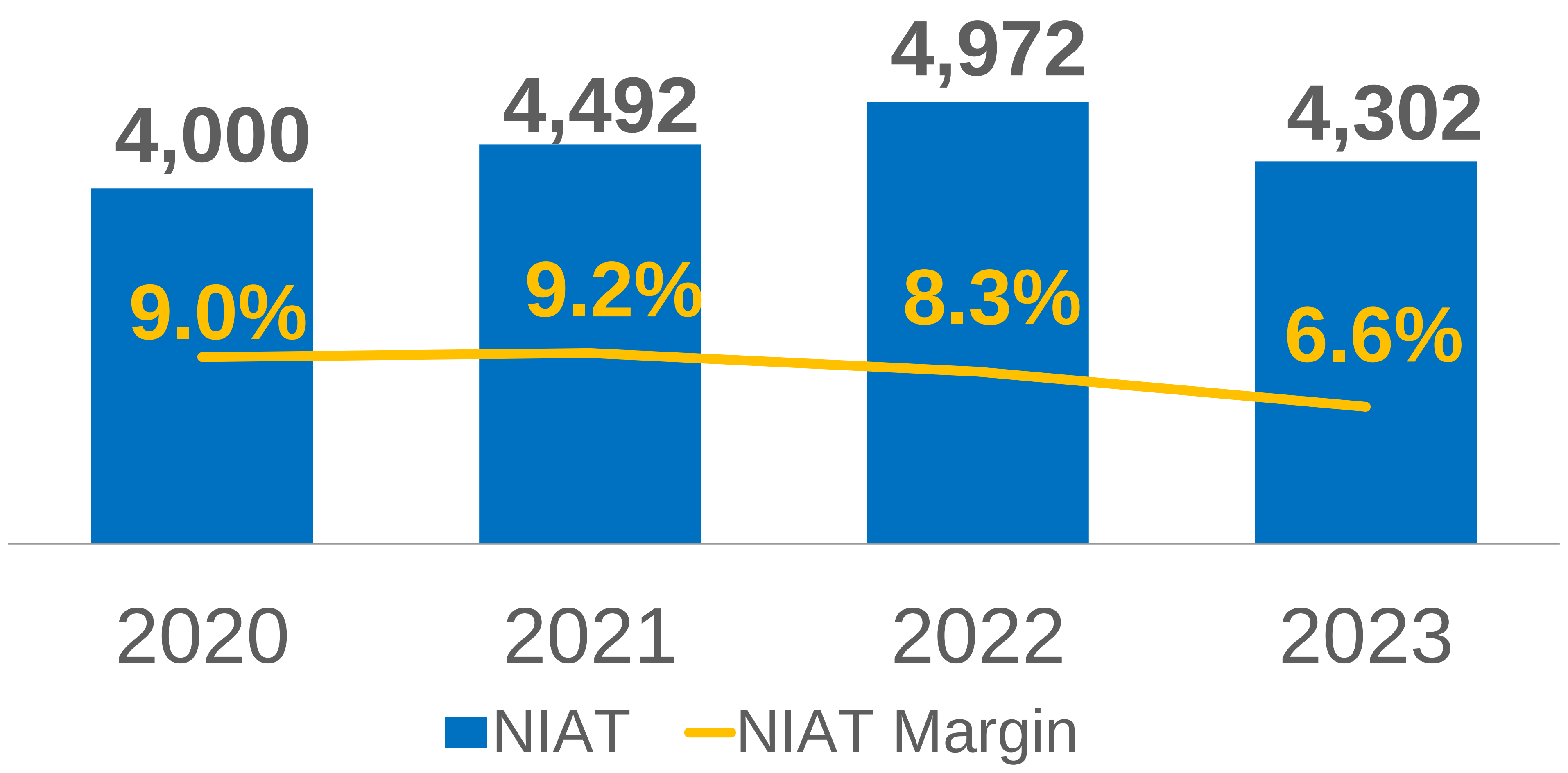
EBITDA & MARGIN (in PHP millions)



3YCAGR 3.8%

-3.0%

NET INCOME & MARGIN (in PHP Millions)



3YCAGR 2.5%

-13.5%

Financial Performance – FY 2023

	DEC 2023	DEC 2022
Trade Receivables Days	4.5	3.6
Inventory Days	61.6	60.0
Trade Payables Days	36.6	30.9
Cash Conversion Cycle	29.6	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)

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

Strengthening local appeal

Modern & dynamic Visuals

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

Sustainability Highlights 2023

ECONOMIC CONTRIBUTION

PHP 5.22B taxes paid to the government

PHP 4.5B employee wages and benefits

PHP 16.6M invested to community including LCCK

13,058 total no. of direct employees

0 incidents of corruption

Sustainability Highlights 2023

6 CLEAN WATER AND SANITATION | 7 AFFORDABLE AND CLEAN ENERGY | 11 SUSTAINABLE CITIES AND COMMUNITIES | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION | 15 LIFE ON LAND

ENVIRONMENT PERFORMANCE

20.1M Clean electricity produced

Solar Power rooftop in **26** S&R Warehouse Clubs, 1 S&R Distribution Center, and **13** Puregold Stores

100% LED main lighting

35% Scope 1 and 2 GHG Emissions Reduction

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

54% of Puregold stores use paper bags and promote monthly upsizing to reduce single-use

2093 MT Solid waste was reused while **1260 MT** was recycled

Rain water catchment and Gray water venture

Sustainability Highlights 2023

SOCIAL RESPONSIBILITY

57% female employees in the workforce

994 scholars graduated, **137** passed licensure exam, **260** current no. of scholars

0 legal actions or employee grievance on forced and child labor

827,000+ Puregold Sari-Sari Store members (Support local economy) and **1.8M** Puregold Perks Members

1.9M Puregold Mobile app downloads

Sustainability Highlights 2023