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SEC Registration Number

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(Company's Full Name)

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[illegible][illegible][illegible]

(Business Address: No. Street City/Town/Province)

CANDY H. DACANAY-DATUON

(632) 8523-3055

(Company Telephone Number)

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Month

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Day

SEC FORM 17-A

(Form Type)

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(Secondary License Type, If Applicable)

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Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowing

□ □ □ □ □

Domestic

Foreign

SEC Personnel concerned

[illegible]

File Number

LCU

[illegible]

Document ID

Cashier

STAMPS

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SEC FORM 17-A, AS AMENDED
ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. **December 31, 2023**

For the fiscal year ended

2. **A199813754**

SEC Identification Number 24015

3. **201-277-095**

BIR Tax Identification No.

4. **PUREGOLD PRICE CLUB, INC.**

Exact name of the issuer as specified in its charter

5. **Manila, Philippines**

Province, Country or other jurisdiction of
incorporation or organization



6. (SEC Use Only)

Industry Classification Code

7. **No. 900 Romualdez St., Paco, Manila**

Address of principal office

1007

Postal Code

8. **09178612459**

Issuer's telephone number, including area code

9. **None**

Former name, former address, and former fiscal year, if changed since the last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the
RSA

Title of Each Class

Number of Shares of Common Stock Outstanding
and Amount of Debt Outstanding

Common Stocks

2,880,137,615

Treasury Shares

24,076,471

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

Yes [x] No []

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange, Common Stock

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 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 that the registrant was required to file such reports);

Yes [x] No []

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

Yes ☒ No ☐

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form.

Shares held by non-affiliates as of December 31, 2023	Market Value per Share as of December 31, 2023 (Non-Affiliates)	Total Market Value as of December 31, 2023
1,001,626,551	P26,943,754,221.90	P78,123,358,913.40

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

- Management Discussion and Analysis (**Annex "A"**) – incorporated as reference for Item 6.
- 2023 Consolidated Audited Financial Statements (**Annex "B"**) – incorporated as reference for Items 2 (viii), 7, and 12.
- 2023 Sustainability Report (**Annex "C"**) - incorporated as reference for Item 2 (xiii).
- Business Profile of the members of the Board of Directors and Management Team (**Annex "D"**) – incorporated as reference for Item 9.
- List of Registered Trademarks (**Annex "E"**) – incorporated as reference for Item 1 (2) (ix).



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PART I: BUSINESS AND GENERAL INFORMATION

Item 1. Business

(A) Description of Business

PUREGOLD PRICE CLUB, INC. (*"Puregold" or the "Company"*) operates various retail formats throughout the Philippines. It started operating on September 8, 1998, in its first store in Mandaluyong City, Philippines. Currently, it has 568 retail stores carrying the brand names "Puregold" or "S&R," with a combined 690,800 square meters of net selling area. Puregold also has several joint ventures with third parties operating other types of supermarkets, namely "San Roque Supermarkets" and "Merkado."

As of December 31, 2023, the Company has a total of 604 retail stores consisting of:

488	Puregold Stores
26	S&R Membership Shopping Warehouse
54	S&R New York Style Pizza (QSR)
33	San Roque Supermarkets
3	Merkado Supermarkets

They are divided into four store models:

323	Hypermarket
134	Supermarket
29	Extras
38	Minimart
26	Membership Warehouses
54	Quick-Service Restaurants

The Company is present all over the Philippines:

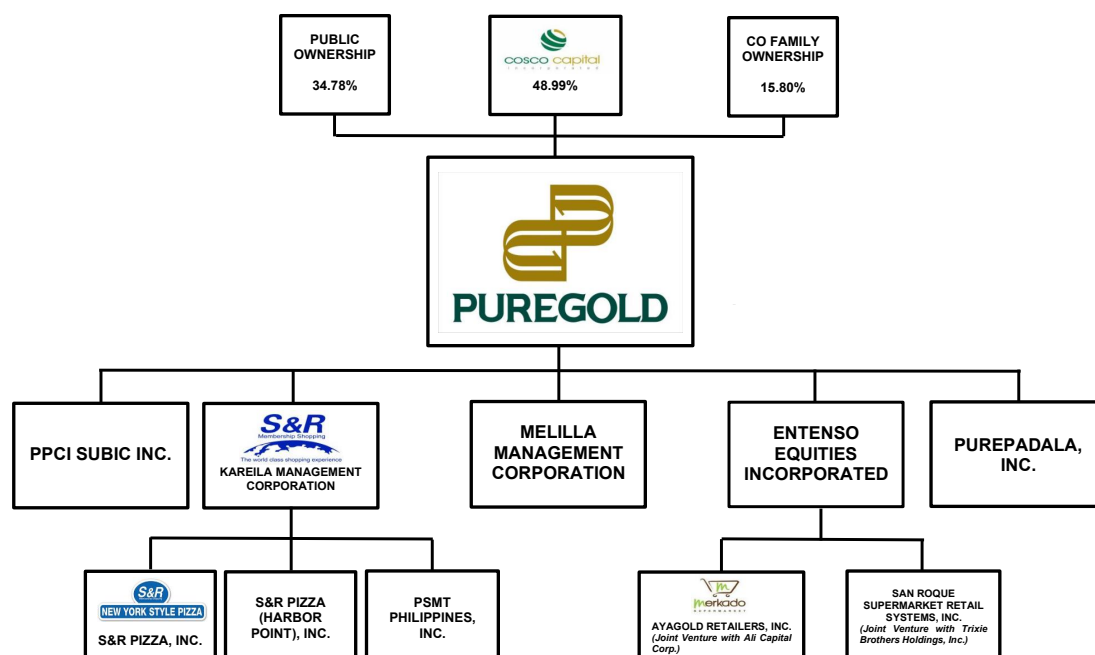
34%	208 stores	National Capital Region
26%	156 stores	North Luzon
27%	164 stores	South Luzon
10%	60 stores	Visayas
3%	16 stores	Mindanao

The Company has five wholly-owned subsidiaries:

1. Kareila Management Corporation ("S&R") S&R was incorporated on July 6, 2004 with SEC Registration No. CS200410268, and has a principal office at 32nd Street, 5th Avenue, Bonifacio Global City, Taguig City, 1630.
2. Entenso Equities, Inc. ("Entenso") Entenso was incorporated on May 22, 2013 with SEC Registration No. CS201309444 and has a principal office at No. 900 Romualdez St., Paco, Manila 1007. Entenso has joint venture agreements with San Roque operating 30 San Roque supermarkets, and with Ali Capital Corp. operating three "Merkado" supermarkets.
3. PPCI Subic, Inc. It operates a Puregold store inside Subic Bay Economic Zone, Olongapo City, Zambales. It was incorporated on May 31, 2012 with SEC Registration No. CS201210170, and has a principal office at Fertuna Anchor Mall, Subic Bay Freeport Zone, Zambales 2200.

4. Purepadala, Inc. It was incorporated on October 19, 2018 with SEC Registration No. CS201823695, and has a principal office at No. 900 Romualdez St., Paco, Manila 1007. It was established in 2018 with P50 million capital stock. It is intended to operate the remittance service within the network and platform of Puregold.
5. Melilla Management Corporation It was incorporated on November 11, 2013 with SEC Registration No. CS201321607 and has a principal office at No. 900 Romualdez St., Paco, Manila 1007. Melilla holds leasehold rights to operate supermarkets in various locations in Cebu—Linao, Talisay City, Cebu City, Guadalupe City, and Consolacion, Cebu.

Puregold's Corporate Map is presented below:



After 13 years in operation and 72 stores, Puregold went public on October 5, 2011, with an IPO price of P12.50 per share. Since its incorporation, the Company and its subsidiaries have never been a subject or involved in bankruptcy, receivership, or similar proceedings.

In 2023, Puregold and its subsidiaries were not involved in any material reclassification, merger, consolidation, or purchase or sale of significant assets not in the ordinary course of business.

(2) Business of Issuer

(i) Principal Products or Services – The Company is operating retail stores in various formats:

Hypermarkets

- primarily located in major commercial centers and transportation hubs
- offers a wide variety of food and non-food products
- caters to retail customers and resellers
- caters to *Tindahan ni Aling Puring* ("TNAP") members
- with 2,000 to 2,500 average net selling space
- offers more than 25,000 stock-keeping units (SKU)

Supermarket

- primarily located in residential areas
- offers a higher proportion of food to non-food products
- smaller stores than a hypermarket
- with 800 square meter average net selling space
- 8,000 to 12,000 SKU product assortment

Minimart

- smallest store format, serves as a community store
- selling fast-moving essential goods to high-density neighborhoods
- offers a more limited number of products
- selling top-selling SKUs ranging from 4,000 to 5,000
- around 250 square meters of average net selling space

S&R Exclusive Membership Warehouse

- adopted a warehouse club concept
- most of the products are offered in club packs
- majority of the merchandise is imported brand names mainly sourced from the United States
- with 2,000 to 2,500 average net selling space

Merkado

- with up to 2,000 square meters of the selling area
- offers up to 16,000 SKUs product assortment
- mall-based hypermarkets

San Roque Supermarkets

- located in the Metro Manila area, Rizal and Bulacan provinces
- with up to 1,500 selling area
- offers up to 16,000 SKUs of product assortment

(ii) Percentage of Sales or Revenues from Foreign Sales

The Company, or its subsidiaries, has no branch or sale outside the Philippines.

(iii) Distribution Method

The Company replenishes and distributes its merchandise to various stores in the following manners:

- a. Direct-to-store delivery – about 68% of the inventory is delivered directly to the stores by the suppliers, with an average 7-day lead time from receipt of purchase orders.
- b. Cross-dock facilities – about 32% of the suppliers who cannot deliver to the stores directly deliver their products to two outsourced cross-dock facilities for onward distribution to Puregold stores.
- c. Store-to-store transfer – as needed, Puregold transfers goods from a large store to a small store.
- d. Importation - S&R imports 45% to 55% of its products. It currently operates nine distribution centers.

(iv) New Products or Services

On June 20, 2023, the Company acquired 14 Divimart Supermarkets and converted them to Puregold stores. These 14 stores are in (1) Angat, Bulacan (2) Mapulang Lupa, Pandi, Bulacan (3) Morong, Bataan (4) Cabanatuan City, Nueva Ecija (5) Olongapo City (6) San Isidro, Taytay, Rizal (7) San Miguel, Pasig City (8) Manggahan, General Trias, Cavite (9) Mambog, Bacoar, Cavite (10) Pulo, Cabuyao, Laguna (11) Tayuman, Manila (12) Aliaga, Nueva Ecija (13) San Juan, Taytay, Rizal (14) Pulilan, Bulacan. As of December 31, 2023, 25 Divimart supermarkets had been converted to Puregold stores.

(v) Competition

SM Supermarkets, Savemore, SM Hypermarkets, Shopwise/Rustan's, Robinsons, Metro Gaisano, and Walter-Mart are among the top and dominant market participants in the retail sector. But smaller formats like Alfamart of SM group are also becoming our strong competitors; likewise, the online retailers, Lazada, Shopee, Zalora, Grab Food, Food Panda, and Metromart.

Landers has the same membership shopping format as S&R. It offers imported as well and caters to the "A" and "B" class segments of our population.

(vi) Suppliers

With over 2,000 regular suppliers, the Company's supplier base is diversified between local suppliers such as Universal Robina Corporation, Monde Nissin, Century Pacific Food, Inc., and multinational corporations such as Nestle, Unilever, and Procter & Gamble. The Company selects its suppliers using several criteria, including product assortment and quality, the Company's market share in a particular supplier's location, brand reputation, supplier capacity, Company business plans and budgets, logistic possibilities, and compliance with the Company's economic principles.

S&R sources the majority of its merchandise from global vendors who have been supplying to membership clubs worldwide.

The Company's business is not dependent on any single supplier. The Company's three largest food suppliers are Nestlé Philippines, Universal Robina Corporation, and Monde Nissin. The Company's three largest non-food suppliers are Procter & Gamble, Unilever Philippines, and Colgate.

(vii) Customers

The Company is not reliant on a single or few customers but on the buying public in general. The Company divides its customers into retail consumers and resellers:

- a. Retail consumers – Puregold targets consumers with an average income of P12,000 to P80,000 per month, Class “C” and “D”, while S&R is targeting the “A” and “B” market segments with an average income of over P80,000 per month.
- b. Resellers are small to medium-sized sari-sari stores and canteens, restaurants, caterers, bakeries, convenience, and drug stores.

(viii) Related Party Transactions

For the Company's Related Party Transactions, please refer to the 2023 Consolidated Audited Financial Statements (Annex “B”).

(ix) Trademarks

As of December 31, 2023, the Company has secured the registration of 83 tradenames and trademarks from the Intellectual Property Office of the Philippines. All the registrations of tradenames and brands, including the expiration dates, are in accordance with the pertinent laws on intellectual property rights. For the list of tradenames and trademarks, please refer to List of Trademarks (Annex “E”).

(x) Government Approval

In 2023, the Company secured all the necessary permits and licenses to construct or operate retail stores from both the national government and the local government units where each store is located.

It also secured the necessary permits to sell products that require special inspection permits from various government agencies, such as the National Meat and Inspection Service, Food and Drug Administration, and Department of Trade and Industry.

(xi) Government Regulations

The Company is subject to normal government regulations related to opening a commercial business, including securing occupancy, business permits, importation permits, and special licenses for certain products like meat and poultry, alcohol products, and cleaning materials.

In 2023, the Company's operations went back to their usual store hours. The government lifted its COVID-19 restrictions on people's mobility.

(xii) Research and Development

None.

(xiii) Compliance with Environmental Laws

The Company estimates its annual cost for maintaining and renewing the ECCs and other environmental permits for its existing stores to be about P33 million.

Please refer to the Company's Sustainability Report (Annex "C") for more details on its compliance with environmental laws.

(xiv) Employees

The Company has around 13,421 employees as of December 31, 2023. The following table sets out specific details of the employees by location and functions:

Location	Puregold	Merkado	San Roque	Entenso	S&R
Stores	7,468	37	58	-	4,282
Head Office	934	-	105	5	532
Total	8,402	37	163	5	4,814

Rank	Puregold	Merkado	San Roque	Entenso	S&R
Executive	12	-	4	-	25
Senior Manager	25	-	-	-	118
Manager	354	1	10	2	280
Officer	770	3	22	1	-
Supervisor	3,713	12	9	2	1,299
Rank & File	3,520	21	118	-	3,081
Consultant	8	-	-	-	11
Total	8,402	37	163	5	4,814

Puregold anticipates employing approximately 1,000 employees within the next 12 months for the planned 25 to 30 Puregold stores. S&R plans to hire 256 new employees for the planned 12 QSRs and 360 employees for 2 S&R warehouses. The Company does not expect to encounter any difficulty sourcing the workforce for these additional positions.

The Company believes that its relations with its employees are generally good. The Company did not experience work stoppages or strikes in 2023 and in the past five years due to employee strife. The Company currently has no labor union nor any collective bargaining agreement with any group of employees.

(xv) Major Risks

The Company considers the following significant risks that may have a potentially adverse effect on its financial condition and operation:

- (a) Changes in consumer behavior may affect the Company's operation and profitability.*

The Company always aspires to give consumers a shopping experience that is satisfying to their wants and needs and, at the same time, affordable. When consumers come to our stores, we make sure they get a wide range of product assortment and other things that can make their store experience appealing to them. However, due to social changes like the emergence of online sellers and other community stores, worsening traffic, widespread diseases, and the effects of natural calamities like volcano eruptions, floods, and storms, customers may not visit our stores as frequently as they used to. The Company is seeing these changes in consumer behavior affecting its operation.

However, the Company has positioned itself to take advantage of digital shopping by making its delivery network called “Sally.” Sally is a mobile application that will allow customers to shop online and have the merchandise delivered. Further, we see our big stores as our advantage to this set-up because they can become our delivery hubs. Merchandise can quickly be delivered to our consumers wherever they are in the Philippines.

Aside from an excellent digital network, the Company is banking on our reliable employees on the ground to make this delivery of the merchandise to our customers as satisfying as the real store experience.

(b) The Company may experience difficulty in implementing its growth strategy.

The Company’s growth depends on its plan to continue building stores and successfully operating stores in new locations in the Philippines. Successful implementation of this strategy depends upon, among other things:

- favorable economic conditions and regulatory environment.
- the identification and acquisition of suitable sites for store locations.
- its ability to purchase or lease appropriate real estate for store locations.
- its ability to open new stores on time.
- its ability to continue to attract customers to its stores.
- the hiring, training, and retention of skilled store personnel.
- the identification and relocation of experienced store management personnel.
- the effective management of inventory to meet the needs of its stores on a timely basis.
- the availability of sufficient levels of cash flow or necessary financing to support the Company’s expansion.
- the ability to successfully address competitive merchandising, distribution, and other challenges connected with expansion into new geographic areas and markets.

Failure by the Company to successfully implement its growth strategy due to any of the reasons identified above may have a material adverse effect on its financial condition and the results of operations.

However, the Company believes it is well-positioned to take advantage of continued growth opportunities in the Philippine retail market. The Philippines has one of the lowest penetration rates in Asia in the modern food retail sector, which comprises organized store formats such as hypermarkets and supermarkets.

(c) The Company may not be able to maintain or improve store sales.

The Company may not be able to maintain or increase the recent increase in store sales.

The Company, however, plans to continue to improve and renovate existing stores by upgrading them to address the changing needs and preferences of customers and enhance their overall shopping experience. These efforts include, among others, re-modeling store layouts by optimizing or expanding the sales floor areas of existing stores

to improve the visitor traffic further, optimally positioning promotional items, and continually maintaining and upgrading store decor. The Company believes that these efforts make the stores more attractive to customers and contribute to customer loyalty and the Puregold brand name.

(d) New stores may place a greater burden on the Company's existing resources and adversely affect its business.

The Company's proposed expansion will place increased demands on its operational, managerial, financial, and administrative support. These high demands could cause the Company to operate the business less effectively, which could cause deterioration in the financial performance of its existing stores. New store openings in markets where the Company has current stores may also reduce sales volumes at its existing stores in those markets. Also, the Company, or its third-party vendors and suppliers, may not be able to adapt its distribution, management information, and other operating systems to supply products to new stores at competitive prices adequately. Any expansion may adversely affect the efficiency of the Company's existing operations and the quality of its customer service and may materially affect its financial condition and results of operations.

(e) The Company may face increased competition from other retailers and e-commerce companies in the Philippines.

The retail industry in the Philippines is highly competitive. The intensity of the race in the Philippine retail industry varies from region to region, with Metro Manila generally considered the most competitive market in the Philippines. Metro Manila is the Company's largest market in terms of revenue. The Company's growth depends on its ability to attract and retain customers, predict consumer trends, and upgrade its facilities. Current competitors with several hypermarkets, supermarkets, department stores, and malls include the SM Group, Metro Gaisano, and Robinsons Supermarket. These stores compete with the Company based on product selection, product quality, customer service, price, store location, or a combination of these factors. Also, some competitors are aggressively expanding their number of stores or their product offerings. There can be no assurance that the Company will be able to compete successfully against current competitors or new entrants.

Almost all the prominent retail players in the Philippines developed their digital platforms and delivery services to respond to the social changes brought about by the COVID-19 pandemic. Some of the well-known suppliers also developed their e-commerce. Major online sellers like Lazada and Shopee, who used to sell clothes, gadgets, and housewares, now sell basic commodities and groceries on their platforms to cater to customers who do not want to leave their houses for essential grocery shopping.

The Company believes that its ability to achieve a strong track record of growth has primarily been due to a business model that emphasizes the following: (1) a multi-format offering of stores, (2) strategic store locations, and (3) efficient and scalable operations. The Company believes that this business model differentiates it from its competitors and places it in a position to achieve further expansion. The Company has strategically located stores tailored to maximize coverage and penetration of its targeted market segments. The Company offers distinct store formats suitable for different localities, such as commercial or residential areas. In terms of location, the Company assesses, through informal market

research, whether a proposed store will be within the catchment area and easily accessible by its target customers. The Company believes that its careful selection of store locations and focus on specific markets has enabled it to build brand strength and loyalty across its targeted customer base.

The Company is continuously improving its online platform and delivery services. It recognizes that increased competition with online resellers may affect the Company's business and profitability in the future. Thus, the Company is keen to improve its e-commerce platform and delivery services continuously.

(f) The Company's retail business depends on its ability to source and sell the appropriate product mix to suit consumer preferences.

The Company's success depends on its ability to source and sell products that meet its standards for quality and appeal to customers' preferences. A small number of the Company's employees are primarily responsible for sourcing products that meet the Company's specifications and identifying and responding to changing customer preferences. Failure to source and market such products or accurately forecast changing customer preferences could decrease the number of customer transactions at the Company's stores and decrease the amount customers spend when they visit these stores.

Consumer demand for the Company's products is directly affected by consumer preferences. Consumer preferences in the markets in which the Company operates or intends to operate may cease to favor the Company's store formats or the products offered by the Company due to changes in lifestyle and dietary preferences or as a result of national or regional economic conditions. Similarly, local conditions may cause customer preferences to vary from region to region. Suppose the Company's management cannot quickly identify and adapt to such changes in consumer preferences. In that case, consumer demand for the Company's products may decline, which could have a material adverse effect on the Company's business, financial condition, and results of operations.

However, the Company has an advanced management information technology system that allows real-time monitoring of critical business information from merchandising, inventory, and point-of-sale data to customers to financial management systems and business intelligence. This system enables the Company to improve its operational efficiency and adjust product offerings in line with market demand based on the sales data accumulated by its information systems. The system also enables automated order replenishment and ensures the just-in-time delivery of products from suppliers. As a result, the Company's management information system is a pivotal contributor to the Company's growth, providing an in-depth understanding of local demographics and responding quickly to changing consumer preferences.

(g) The success of the Company's business depends partly on its ability to develop and maintain good relationships with its current and future suppliers.

The sourcing of the Company's products depends partly on its relations with its suppliers. The Company has had long working relationships with many multinational companies such as Procter & Gamble, Unilever, Nestlé, Del Monte, and other global companies, which provide approximately 30% of its in-store merchandise. The Company also has long working relationships with domestic companies such as San Miguel Corporation, Century

Pacific Food, and Universal Robina Corporation. If the Company is unable to maintain these relationships, it may not be able to continue to source products at competitive prices that both meet its standards and appeal to its customers.

To mitigate this risk, the Company intends to continue entering into strategic partnerships and other business relationships with its suppliers, tenants, and other business partners, such as established real estate developers, to raise its brand awareness and support its growth objectives. The Company also aims to continue developing its relationships with these suppliers, tenants, and other business partners to capitalize on further opportunities for synergy and consolidate critical relationships. Also, the Company intends to enhance its unique relationship with its customers by further improving its TNAP program, sharing store management practices with resellers, and putting them in contact with key suppliers. The Company also plans to continue providing customer loyalty incentives to strengthen its market position across its broad customer base.

(h) The Company may experience difficulties in expanding into the Visayas and Mindanao.

Expansion into these areas exposes the Company to operational, logistical, and other business risks in new territories. Due to local requirements and process differences, the Company may find it difficult to obtain regulatory or local government approvals for new stores in these areas. The Company may also experience difficulty building the “Puregold” brand name in these new areas. The Company may experience difficulty in supply, distribution, transportation, or inventory management issues due to the limited presence of large retailers and the underdevelopment of distribution networks. Any problems the Company experiences concerning its business presence in the Visayas and Mindanao areas could materially affect its growth strategy, financial condition, and results of operations.

However, with the Company’s well-recognized brand that has become associated with low prices, value, and a wide assortment of goods, the Company believes it can manage the risk and successfully expand in the Visayas and Mindanao Region. The Company believes this substantial brand equity attracts customers to the Company’s newly opened stores within a shorter period than brands that are not as well-recognized and contributes to the Company’s ability to achieve profitability from new stores within a short period.

Item 2. Properties

As of December 31, 2023, the Company owns or leases the following properties:

(a) Puregold’s real properties:

Location	Owned parcels of land	Owned buildings	Leased parcels of land	Leased buildings
North Luzon	2	28	31	121
South Luzon	8	31	34	112
Metro Manila	2	34	38	122
Visayas	2	2	3	51
Mindanao	-	3	3	12
Total Number	14	98	109	418
Total Square Meters	37,328.57	346,183.55	337,222.56	818,150.41

(b) S&R's real properties:

Location	Owned parcels of land	Owned buildings	Leased parcels of land	Leased buildings
North Luzon	-	4	4	-
South Luzon	1	6	6	-
Metro Manila	-	12	12	-
Visayas	-	2	2	-
Mindanao	-	2	2	-
Total Number	1	26	22	-
Total Square Meters	20,871	270,029.47	456,616.58	-

The Company uses its properties for retail operations. There is no mortgage, lien, or encumbrance over any of the properties owned by the Company that may limit or restrict its ownership or usage.

Lease provisions are mutually agreed upon by the parties and are based on the Company's general standards regarding rental, period, and other stipulations. Lease periods are, on average, up to 25 years. Rental rates depend on the location and the condition of the property. All lease renewals are upon mutual agreement of the parties.

Item 3. Legal Proceedings

There is no material pending legal (civil, criminal, or arbitrary) proceeding in which the Company is involved, or any of its property is a subject except for minor cases that are incidental to its business.

Item 4. Submission of Matters to a Vote of Security Holders

No other matters were submitted to the vote of security holders in 2023 except for those submitted to the vote of stockholders during its Annual Meeting held on May 9, 2023.

PART II: OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common and Related Stockholder Matters

(A) Shares of Stock

The Company's common stock trades on the Philippine Stock Exchange under "PGOLD." The quarterly high and low of stock prices (in Philippine Peso) for the last two fiscal years and in 2023 are stated below:

Period	2021		2022		2023	
	High	Low	High	Low	High	Low
1 st Quarter	41.05	34.20	39.35	31.80	36.20	31.80
2 nd Quarter	40.90	31.65	37.75	30.10	33.40	30.10
3 rd Quarter	44.50	37.90	36.00	28.25	30.00	28.25
4 th Quarter	44.50	36.35	35.50	26.70	29.75	26.70

-As of December 31, 2023, the Company's share is trading at P26.90 per share.

(B) Stockholders

The Company's top 20 stockholders as of December 31, 2023:

Shareholders	Number of Shares	Percentage of Outstanding Voting Shares
1 Cosco Capital, Inc.	1,410,867,188	48.58%
2 PCD Nominee Corp. (Non-Filipino)	518,287,557	17.84%
3 PCD Nominee Corp. (Filipino)	483,539,325	16.65%
4 Lucio L. Co	211,088,022	7.26%
5 Susan P. Co	178,242,585	6.13%
6 Ferdinand Vincent P. Co	26,709,460	0.92%
7 Pamela Justine P. Co	26,709,460	0.92%
8 Entenso Equities, Inc.	14,551,209	0.50%
9 Camille Clarisse P. Co	8,155,288	0.28%
10 Katrina Marie P. Co - Go	1,200,000	0.04%
11 Leonardo B. Dayao and/or Marcosa B. Dayao	739,925	0.02%
12 Edwin U. Lim	25,000	0.01%
13 Elvira M. Cruz and/or Bernardo A. Cruz	8,000	0.00%
14 Mary Rose M. Ong	3,000	0.00%
15 Henry C. Ong ITF Enrico Luis M. Ong	2,000	0.00%
16 Regina Capital Dev. Corp. 000351	2,000	0.00%
17 Pacifico B. Tacub	1,600	0.00%
18 Antonio B. Ramos	1,000	0.00%
19 Theresita O. Tan	1,000	0.00%
20 Racquel Joy O. Young	1,000	0.00%

(C) Dividends

The Company's dividends from 2012 to 2023 are as follows:

Declaration Date	Amount and Type of Dividend (R-regular, S-special)	Record Date	Payment Date
May 8, 2012	S – P0.20 per share	May 22, 2012	June 5, 2012
December 27, 2012	R – P0.10 and S – P0.10 per share	January 14, 2013	February 7, 2013
December 16, 2013	R – P0.20 and S – P0.10 per share	January 6, 2014	January 30, 2014
December 18, 2014	R – P0.20 and S – P0.10 per share	January 12, 2015	February 5, 2015
December 18, 2015	R – P0.20 and S – P0.10 per share	January 8, 2016	January 18, 2016
December 22, 2016	R – P0.20 and S – P0.10 per share	January 12, 2017	January 20, 2017
December 15, 2017	R – P0.20 and S – P0.20 per share	January 2, 2018	January 26, 2018
February 1, 2019	R – P0.20 and S – P0.20 per share	February 15, 2019	March 1, 2019
December 18, 2020	R – P0.25 and S – P0.20 per share	January 8, 2021	January 29, 2021
December 21, 2021	R – P0.25 and S – P0.25 per share	January 10, 2022	February 1, 2022
December 20, 2022	R – P0.86 per share	January 10, 2023	January 20, 2023
December 11, 2023	R – P0.97 per share	December 27, 2023	January 18, 2024

Cash dividends are upon the declaration of the Board of Directors, but no stockholders' approval is required. Declaration of cash dividend depends on the Company's available cash and profitability. The Company has not yet declared stock or property dividends; it would require approval from stockholders and the Securities and Exchange Commission.

(4) Recent Sales of Securities

None.

Item 6. Management's Discussion and Analysis or Plan of Operation

Please refer to the Company's Management's Discussion and Analysis or Plan of Operation (Annex "A").

Item 7. Financial Statements

Please refer to the 2023 Consolidated Audited Financial Statements of the Company (Annex "B").

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

PART III: CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers

The Company has nine members on the Board of Directors: two females and seven males; six of them are regular directors, and three are independent directors. No director of the Company concurrently serves as a director in five or more listed companies.

	Name	Age	Citizenship	Position
1	Ms. Susan Co	66	Filipino	Chairman of the Board
2	Mr. Lucio Co	69	Filipino	Regular / Executive Director
3	Mr. Ferdinand Vincent Co	42	Filipino	President
4	Ms. Pamela Justine Co	39	Filipino	Regular / Executive Director
5	Mr. Leonardo Dayao	80	Filipino	Regular / Executive Director
6	Mr. Jack Huang	70	Filipino	Regular / Non-Executive Director
7	Mr. Jaime Dela Rosa	79	Filipino	Independent Director
8	Mr. Gil Genio	64	Filipino	Independent Director
9	Mr. Emmanuel Herbosa	70	Filipino	Independent Director

The Company has two Board Advisors, namely, Mr. Levi Labra and Mr. Roberto Juanchito Dispo.

For the Directors' business profile, please refer to Business Profiles of Directors and Key Officers (Annex "D").

(ii) Corporate Officers and Key Officers

The Company's Corporate and Key Officers are as follows:

	Name	Age	Citizenship	Position
1	Ms. Susan Co	66	Filipino	Chairman of the Board
2	Mr. Ferdinand Vincent Co	42	Filipino	President
3	Mr. Lucio Co	69	Filipino	Executive Director
4	Mr. Anthony Sy	63	Filipino	President - S&R
5	Mr. Antonio Delos Santos	51	Filipino	Vice – President for Operations
6	Mr. Joseph Sy	60	Filipino	Vice – President for Operations
7	Mr. Renato Bechayda	56	Filipino	Vice – President for Operations
8	Ms. Denise Maria Carolino	60	Filipino	Vice – President for Administration
9	Ms. Maricel Cambe	50	Filipino	Vice – President for Financial Accounting
10	Mr. Kenneth Tiu	48	Filipino	Vice – President for Accounts Payables
11	Ms. Emelda Bechayda	57	Filipino	Vice – President for Treasury
12	Ms. Gisela Altura	54	Filipino	S&R Financial Comptroller
13	Ms. Grace Sy	60	Filipino	Treasurer

14	Ms. Elvira Gutierrez	53	Filipino	Vice – President for Human Resources
15	Mr. Edgar Tacorda	47	Filipino	Internal Auditor
16	Mr. Andres Santos	73	Filipino	Legal Counsel
17	Ms. Baby Gerlie Sacro	45	Filipino	Corporate Secretary
18	Mr. Candy Dacanay Datuon	45	Filipino	Assistant Corporate Secretary, Compliance Officer and Data Protection Officer
19	Mr. John Marson Hao	42	Filipino	Investor Relations Officer and Sustainability Officer

Please refer to the Business Profile of Directors and Key Officers (Annex “D”) for the officers' business profiles).

Significant Employees

All employees of the Company are expected to make a significant contribution to the business's operation. The Company's business is not highly dependent on the services of certain key personnel.

Family Relationships

1. Mr. Lucio L. Co and Mrs. Susan P. Co are husband and wife.
2. Mr. Ferdinand Vincent P. Co and Ms. Pamela Justine P. Co are children of Mr. and Mrs. Co.

Involvement in Certain Legal Proceedings

As of December 31, 2023, and in the past five years, the Company has no director, executive officer, or principal officer who is involved in any of the following:

- (1) Bankruptcy case.
- (2) Convicted by final judgment of any criminal proceeding, domestic or foreign.
- (3) The subject of any order, judgment, or decree of any court of competent jurisdiction permanently or temporarily enjoining, barring, suspending, or otherwise limiting his involvement in any type of business, securities, commodities, or banking activities.
- (4) Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body or a domestic or foreign exchange or other organized trading market or self-regulatory organization to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended or vacated.

Please refer to the Company's 2023 Consolidated Audited Financial Statements (Annex “B”) for the discussion of its Related Party Transactions.

No director has resigned or declined to stand for re-election to the board of directors since the last annual meeting of security holders because of a disagreement with the Company on any matter relating to the Company's operations, policies, or practices.

Item 10. Executive Compensation

(A) Summary Compensation Table

The Company pays its employees a fixed monthly compensation, subject to periodic performance reviews. The board members receive per diem allowances of P100,000.00 per board meeting and P20,000.00 per committee meeting.

The total annual compensation of the President and the four most highly compensated officers amounted to P17,075,532 in 2022 and P32,921,667 in 2023. Please see the table below:

(A) Summary Compensation Table

Name and Position	Year	Salary	Bonus	Other Annual Compensation
Ms. Susan P. Co (Chairman)				
Mr. Lucio L. Co (Regular Director)				
Mr. Ferdinand Vincent P. Co (President)				
Mr. Antonio E. Delos Santos (Vice-President for Operations)				
Ms. Jenny L. Jacintos (Merchandising Manager)				
Aggregate compensation of the President and the four most highly compensated officers	2022	17,075,532	-	-
	2023	32,921,667	-	-
	2024			
	Projected	33,406,584	-	-
Aggregate compensation paid to all other officers and managers	2022	162,355,052	-	-
	2023	180,541,097	-	-
	2024			
	Projected	198,595,207	-	-

(2) Standard Arrangements

The Company has no standard arrangements according to which the directors are compensated, directly or indirectly, for any services provided as directors except for per diem allowances.

(3) Other Arrangements

The Company has no other arrangements according to which the directors are compensated, directly or indirectly, for any services provided as directors except for per diem allowances.

(4) Employment Contracts and Termination of Employment and Change-in-Control Arrangements

All employees, including executive and principal officers, have employment contracts with the Company, consistent with the country's existing labor laws. The Company has a retirement plan consistent with current labor laws.

Item 11. Security Ownership of Certain Records and Beneficial Owners and Management

As of December 31, 2023, the Company has 2,904,214,086 Issued Common Shares, 24,076,471 Treasury Shares, and 2,880,137,615 Outstanding Common Shares.

1. Security ownership of more than 5% of the stock of the Company as of December 31, 2023:

Title of Class	Name, Address of record owner	Relationship with the Company	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of shares held	% of Outstanding Voting Shares
Common	Cosco Capital, Inc. No. 900 Romualdez St., Paco, Manila	Stockholder/ Parent Company	Parent Company	Filipino	1,410,867,188	48.99%
Common	Ms. Susan P. Co No. 900 Romualdez St., Paco, Manila	Stockholder/ Chairman	Record owner herself	Filipino	178,242,585	6.13%
Common	Mr. Lucio L. Co, No. No. 900 Romualdez St., Paco, Manila	Stockholder/ Director	Record owner himself	Filipino	211,088,022	7.26%
Common	PCD Nominee Corp. (Non-Filipino) Makati City	Stockholder/ Not related	Acting for various clients	Non-Filipino	518,287,557	17.84%
Common	PCD Nominee Corp. (Filipino) Makati City	Stockholder/ Not related	Acting for various clients	Filipino	483,539,325	16.65%

2. Security Ownership of Directors and Executive Officers of the Company as of December 31, 2023:

Title of Class	Name of Beneficial Owner	Nature of Beneficial Ownership	Citizenship	Number of shares	% of Outstanding Voting Shares
Common	Ms. Susan Co Chairman	Direct	Filipino	178,242,585	6.13%
Common	Mr. Lucio Co Director	Direct	Filipino	211,088,022	7.26%
Common	Mr. Ferdinand Vincent Co	Direct	Filipino	26,709,460	0.93%

	President				
Common	Mr. Leonardo Dayao Executive Director	Direct	Filipino	739,925	0.02%
Common	Ms. Pamela Justine Co Executive Director	Direct	Filipino	26,709,460	0.93%
Common	Mr. Jack Huang Non-Executive Director	Direct	Filipino	15,000	0.00%
Common	Mr. Jaime Dela Rosa Independent Director	Direct	Filipino	1	0.00%
Common	Mr. Emmanuel Herbosa Independent Director	Direct	Filipino	100	0.00%
Common	Mr. Gil Genio Independent Director	Direct	Filipino	161,100	0.01%
Common	Ms. Kenneth Tiu VP for Accounts Payables	Direct	Filipino	10,000	0.00%
Common	Ms. Candy Dacanay Datuon Assistant Corporate Secretary	Direct	Filipino	4,100	0.00%
Common	Mr. Anthony Sy S&R President	Direct	Filipino	-	-
Common	Mr. Antonio Delos Santos VP for Operations	Direct	Filipino	-	-
Common	Mr. Joseph Sy VP for Operations	Direct	Filipino	-	-
Common	Mr. Renato Bechayda VP for Operations	Direct	Filipino	-	-
Common	Mr. Denise Maria Carolino VP for Administration	Direct	Filipino	-	-
Common	Ms. Maricel Cambe VP for Financial Accounting	Direct	Filipino	-	-
Common	Ms. Emelda Bechayda VP for Treasury	Direct	Filipino	-	-
Common	Ms. Gisela Altura S&R Comptroller	Direct	Filipino	-	-
Common	Ms. Grace Sy Treasurer	Direct	Filipino	-	-
Common	Ms. Elvira Gutierrez VP for Human Resources	Direct	Filipino	-	-
Common	Mr. Edgar Tacorda Internal Auditor	Direct	Filipino	-	-
Common	Mr. Andres Santos Legal Counsel	Direct	Filipino	-	-
Common	Ms. Baby Gerlie Sacro Corporate Secretary	Direct	Filipino	-	-
Common	Mr. John Marson Hao Investor Relations and Sustainability Officer	Direct	Filipino	-	-

3. Mr. and Mrs. Lucio and Susan Co do not have any voting trust agreement for their ownership of more than 5% of the Company's stock.
4. There has been no change in the control of the Company in the last fiscal period.
5. Foreign ownership level as of December 31, 2023:

518,287,557 common shares, or 17.84% of the outstanding capital stock

Item 12. Certain Relationships and Related Transactions

For the Company's Related Party Transactions, please refer to the 2023 Consolidated Audited Financial Statements (Annex "B").

PART IV: CORPORATE GOVERNANCE

- (a) The Company ensures compliance with its Corporate Governance Manual. It has a Corporate Governance Committee, headed by an Independent Director, that oversees the general obedience to the Manual from the board level down to the managers and officers of the subsidiaries.

The Company will adopt a specific evaluation system that will establish or determine the level of compliance of the Board of Directors and top-level management with the Corporate Governance Manual.

- (b) On July 25, 2014 and May 26, 2017, the Company adopted a Corporate Governance Manual, incorporated therein are the leading practices on good corporate governance. On September 22, 2020, the Company also adopted a Material Related Party Transaction Policy, which guides the Board and the management in its dealings with related parties. The Corporate Governance Committee ensures adherence with the Revised Corporate Governance Manual, while the Audit Committee guarantees the Company's compliance with the Material Related Party Transaction Policy.

The Company annually submits a Corporate Governance Report (I-ACGR) to the Securities and Exchange Commission and Philippine Stock Exchange and posts it on its website. The I-ACGR details how the board and management operate the Company with integrity, transparency, and accountability.

- (c) There were no deviations from the Revised Corporate Governance Manual.
- (d) The Company will continue to strengthen its compliance with the principles and leading practices of good corporate governance.

The Company held seven board meetings in 2023. The record of attendance of the directors is as follows:

	No. of Board Meetings Held/Attended	No. of Audit Committee Meetings Held/Attended	No. of Corporate Governance Committee Meetings Held/Attended	Total
Ms. Susan P. Co	7/7	Not Member	1/1	100%
Mr. Lucio L. Co	7/7	Not Member	Not Member	100%
Mr. Ferdinand Vincent P. Co	7/7	Not Member		
Mr. Leonardo B. Dayao	7/7	4/4	1/1	100%
Ms. Pamela Justine P. Co	7/7	4/4	Not Member	100%
Mr. Jack E. Huang	7/7	Not Member	Not Member	100%
Mr. Jaime S. Dela Rosa (ID)	7/7	4/4	Not Member	60%
Mr. Emmanuel G. Herbosa (ID)	7/7	4/4	1/1	100%

Mr. Gil B. Genio (ID)

7/7

4/4

1/1

80%

The Audit Committee held four meetings in 2023. All members of the Committee attended those meetings. The Corporate Governance Committee held one online meeting in 2023. All members of the Committee attended those meetings.

On June 13, 2023, the Company engaged the services of the Philippine Chamber of Commerce and Industry (PCCI) to conduct an Annual Corporate Governance Training for all directors and key officers.

PART V: EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

Please see the below Annexes:

Annex “A” – 2023 Management Discussion and Analysis of Financial Position
Annex “B” – 2023 Consolidated Audited Financial Statements
Annex “C” – 2023 Sustainability Report
Annex “D” – Business Profile of Directors and Key Officers
Annex “E” – List of Trademarks

Summary of 2023 material Board Resolutions and Management Actions reported through SEC Form 17-C:

Date of Board Meeting	Items Approved by the Board of Directors
March 28, 2023	2022 Consolidated Audited Financial Statements
April 4, 2023	2023 Annual Stockholders’ Meeting and the nominees for the election of directors
May 9, 2023	First Quarter Consolidated Financial Report for 2023; Result of 2023 Annual Stockholders’ Meeting (Approval of the Minutes of the Previous Meeting and Ratification of Acts and Resolutions of the Board of Directors and Management in 2022; Approval of 2022 Annual Report and Audited Financial Statements; Re-Appointment of RG Manabat & Company as External Auditor of the Company and subsidiaries with up to 7.1 million fees; Election of Mr. Lucio L. Co, Ms. Susan P. Co, Mr. Ferdinand Vincent P. Co, Ms. Pamela Justine P. Co, Mr. Leonardo B. Dayao, and Mr. Jack Huang as Regular Directors and the Election of Mr. Jaime S. Dela Rosa, Mr. Gil B. Genio, and Mr. Emmanuel G. Herbosa as Independent Directors.) Result of Organizational Meeting and Appointment of Committee Memberships: Election of Officers: Chairman: Ms. Susan P. Co President: Mr. Ferdinand Vincent P. Co Treasurer: Ms. Grace E. Sy Finance Managers: Ms. Maricel Cambe & Mr. Kenneth N. Tiu Corporate Secretary: Ms. Baby Gerlie I. Sacro Assistant Corporate Secretary, Data Privacy Officer & Compliance Officer: Ms. Candy H. Dacanay Lead Independent Director: Mr. Jaime S. Dela Rosa Investor Relations Officer: Mr. Victor John G. Dizon Sustainability Officer: Mr. John Marson T. Hao Election of Committee Members: <u>Executive Committee</u> Chairman: Ms. Susan P. Co Members: Mr. Lucio L. Co, Mr. Ferdinand Vincent P. Co, Ms. Pamela Justine P. Co, Mr. Leonardo B. Dayao

Audit Committee

Chairman: Mr. Jaime S. Dela Rosa (Independent Director)

Members: Mr. Gil B. Genio (Independent Director), Mr. Emmanuel G. Herbosa (Independent Director), Mr. Leonardo B. Dayao, Ms. Pamela Justine P. Co

Corporate Governance Committee

Chairman: Mr. Emmanuel G. Herbosa (Independent Director)

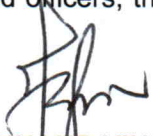
Members: Mr. Jaime S. Dela Rosa (Independent Director), Mr. Gil B. Genio (Independent Director), Mr. Leonardo B. Dayao, Ms. Pamela Justine P. Co.

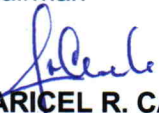
June 20, 2023	Acquisition of 14 DiviMart Supermarkets, including its leasehold improvements, furniture, fixtures, equipment, and merchandise inventory, from Mr. Harry Uy and Ms. Vivian Ong Juanitas.
July 24, 2023	Second Quarter Consolidated Financial Report for 2023; Appointment of the following Officers: Ms. Maricel Cambe as Vice-President for Financial Accounting, Mr. Kenneth Tiu as Vice-President for Accounts Payable, and Ms. Emelda Bechayda as Vice-President for Treasury.
October 23, 2023	Third Quarter Consolidated Financial Report for 2023.
December 11, 2023	Regular Cash Dividend Declaration of P0.97 per share; Renewal of the Company's Buy-Back Program of 5 Billion Pesos for the next twelve (12) months or for the year 2024.

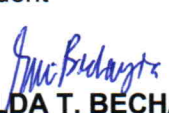
SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this **2023 ANNUAL REPORT (SEC 17-A) OF PUREGOLD PRICE CLUB, INC.** is signed on behalf of the issuer by the undersigned officers, thereunto duly authorized, in the City of Manila, Philippines, on April 12, 2024.


SUSAN P. CO
Chairman


FERDINAND VINCENT P. CO
President


MARICEL R. CAMBE
Vice-President for Financial Accounting


EMELDA T. BECHAYDA
Vice-President for Treasury


BABY GERLIE I. SACRO
Corporate Secretary


CANDY H. DACANAY – DATUON
Assistant Corporate Secretary &
Compliance Officer

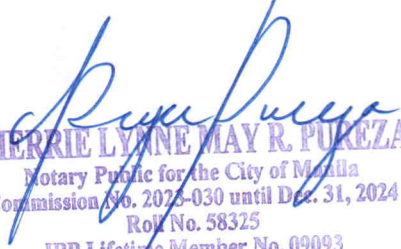
15 APR 2024

SUBSCRIBED AND SWORN to before me this _____ in
the City of Manila, Philippines, affiants exhibited to me competent proof of their
respective identities.

SUSAN P. CO
FERDINAND VINCENT P. CO
MARICEL R. CAMBE
EMELDA T. BECHAYDA
BABY GERLIE I. SACRO
CANDY H. DACANAY – DATUON

TIN ID No. 100-053-331
TIN ID No. 208-381-185
SSS ID No. 33-2448409-5
SSS ID No. 04-0649915-0
TIN ID No. 201-538-302
TIN ID No. 233-200-394

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Book No. 39
Series of 2024


CHERRIE LYNN MAY R. PUREZA
Notary Public for the City of Manila
Commission No. 2023-030 until Dec. 31, 2024
Roll No. 58325
IBP Lifetime Member No. 09093
PTR No. 1515456/01-02-2024/Mia.
MCLE Compliance No. VII-0008868/02-11-22
No. 900 Romualdez St., Paco, Manila

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

The following discussion and analysis of the Group's results of operations, financial condition and certain trends, risks and uncertainties that may affect the Group's business should be read in conjunction with the auditors' reports and the Group's 2023 audited consolidated financial statements and notes attached herewith as Annex "B".

Key Performance Indicators

The key performance indicators of the Group as at and for the last three (3) years ended December 31 are as follows:

	2023	2022	2021
Current Ratio ⁽¹⁾	2.74:1	2.64:1	3.84:1
Asset to Equity Ratio ⁽²⁾	1.94:1	1.98:1	1.85:1
Debt to Equity Ratio ⁽³⁾	0.94:1	0.98:1	0.85:1
Debt to Total Assets ⁽⁴⁾	0.49:1	0.50:1	0.46:1
Book Value per Share ⁽⁵⁾	P30.84	P28.84	P26.31
	2023	2022	2021
Earnings per Share ⁽⁶⁾	P3.00	P3.24	P2.85
Price Earnings Ratio ⁽⁷⁾	8.97x	10.77x	13.78x
Return on Assets ⁽⁸⁾	5.1%	6.1%	6.0%
Return on Equity ⁽⁹⁾	10.1%	11.7%	11.4%

- (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) Net income after tax over Weighted Average Common Shares Outstanding
- (7) Market Value per Share over Earnings per Share
- (8) Net income after tax over Average Total Assets
- (9) Net income after tax over Total Equity

Results of Operations:

For the year ended December 31, 2023, the Group earned a consolidated net income of P8,596 million at 4.3% net margin and a decrease of 7.4% from P9,287 million at 5.0% net margin in 2022.

The Group's financial performance is presented below for the last three (3) comparative years ended December 31:

(In millions)	2023			2022			2021	
		% to Sales	% Change		% to Sales	% Change		% to Sales
Net Sales	P199,032	100.0%	8.0%	P184,303	100.0%	12.3%	P164,125	100.0%
Cost of Sales	163,618	82.2%	8.7%	150,483	81.6%	12.3%	134,042	81.7%
Gross Profit	35,414	17.8%	4.7%	33,820	18.4%	12.4%	30,083	18.3%
Other Operating Income	3,275	1.6%	2.9%	3,184	1.7%	-0.8%	3,210	2.0%
Gross Income	38,689	19.4%	4.6%	37,003	20.1%	11.1%	33,293	20.3%
Operating Expenses	25,337	12.7%	12.5%	22,522	12.2%	10.7%	20,350	12.4%
Operating Income	13,353	6.7%	-7.8%	14,481	7.9%	11.9%	12,942	7.9%
Other income(expenses)	(2,139)	-1.1%	-5.2%	(2,257)	-1.2%	-1.5%	(2,290)	-1.4%
Net Income before tax	11,213	5.6%	-8.3%	12,225	6.6%	14.8%	10,652	6.5%
Income tax expense	2,618	1.3%	-10.9%	2,937	1.6%	18.8%	2,472	1.5%
Net Income after tax	P8,596	4.3%	-7.4%	P9,287	5.0%	13.5%	P8,180	5.0%

Comparative years 2023 and 2022

Net Sales

For the year ended December 31, 2023, the Group posted a consolidated net sales of P199,032 million for an increase of P14,729 million or 8.0% compared to P184,303 million in 2022. Net sales grew due to sales contribution from full operation of 2022 new stores and revenue contribution from 2023 newly opened stores of both Puregold and S&R.

Like for like consolidated sales performance indicators of the group for the year ended December 31 are as follow:

	PGOLD	S&R
Net Sales	3.4%	0.6%
Net Ticket	-1.0%	-3.2%
Traffic	4.4%	4.0%

Gross Profit

For the year ended December 31, 2023, the Group realized an increase of 4.7% in consolidated gross profit from P33,820 million in 2022 at 18.4% margin to P35,414 million at 17.8% margin in 2022, driven by strong and continuing suppliers' support through trade discounts in the form of rebates and conditional discounts granted during the year. Current year margin is slightly lower compared to prior year, primarily due to the aggressive store expansion and slight gross margin compression to remain competitive and grow market share.

Other Operating Income

Other operating income slightly increased by P91 million or 2.9% from P3,184 million in 2022 to P3,275 million in 2023. This is attributable to increase in membership and other miscellaneous income during the year.

Operating Expenses

Operating expenses increased by P2,815 million or 12.5% from P22,522 million in December 31, 2022 to P25,337 million in 2023. Increase in the account is primarily due to full operation of 2022 new stores and expenses from the 2023 newly opened stores. In 2023, the Parent Company adopted the Group's multi-employer retirement plan resulting to a significant increase in retirement expense.

Other Expense - net

Other expenses net of other income amounted to P2,139 million and P2,257 million in December 31, 2023 and 2022, 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. Decrease in the account was primarily due to increase on interest income from short term investments during the year.

Net Income

For the year ended December 31, 2023, the Group earned a consolidated net income of P8,596 million at 4.3% net margin and a decrease of 7.4% from P9,287 million at 5.0% net margin in 2022.

Comparative years 2022 and 2021

Net Sales

For the year ended December 31, 2022, the Group posted a consolidated net sales of P184,303 million for an increase of P20,178 million or 12.3% compared to P164,125 million in 2021. Net sales grew due to sales contribution from full operation of 2021 new stores and revenue contribution from 2022 newly opened stores of both Puregold and S&R.

Like for like consolidated sales performance indicators of the group for the year ended December 31 are as follow:

	PGOLD	S&R
Net Sales	4.5%	11.2%
Net Ticket	-4.3%	7.9%
Traffic	9.2%	3.1%

Gross Profit

For the year ended December 31, 2022, the Group realized an increase of 12.4% in consolidated gross profit from P30,083 million in 2021 at 18.3% margin to P33,820 million at 18.4% margin in 2022, driven by strong and continuing suppliers' support through trade discounts in the form of rebates and conditional discounts granted during the year.

Other Operating Income

Other operating income slightly decreased by P26 million or 0.8% from P3,210 million in 2021 to P3,184 million in 2022. This is attributable to decline in concession income due to lower concession sales during the year.

Operating Expenses

Operating expenses increased by P2,172 million or 10.7% from P20,350 million in December 31, 2021 to P22,522 million in 2022. Increase in the account is primarily due to full operation of 2021 new stores and expenses from the 2022 newly opened stores, specifically manpower, utilities, supplies, transportation, fuel and advertising expenses.

Other Expense - net

Other expenses net of other income amounted to P2,257 million and P2,290 million in December 31, 2022 and 2021, 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.

Net Income

For the year ended December 31, 2022, the Group earned a consolidated net income of P9,287 million at 5.0% net margin and an increase of 13.5% from P8,180 million at 5.0% net margin in 2021. This was principally driven by the continuous organic expansion of the Group's grocery retail outlets, management effort to improve gross margins and sustained strategic cost and expense management.

Financial Position

The Group's consolidated financial position as at December 31, 2023, 2022 and 2021 are presented below:

	2023			2022			2021	
(In millions)		% to Total Assets	% Change		% to Total Assets	% Change		% to Total Assets
Cash & Cash Equivalents	P41,985	24.4%	6.7%	P39,345	24.0%	-4.8%	P41,312	29.6%
Receivables – net	4,669	2.7%	32.3%	3,529	2.2%	61.9%	2,179	1.6%
Merchandise inventory	27,309	15.9%	-3.2%	28,215	17.2%	30.9%	21,559	15.5%
Investments in trading securities	4,626	2.7%	7.6%	4,299	2.6%	13892.7%	31	0.0%
Prepaid expenses and other current assets	602	0.4%	-83.3%	3,610	2.2%	324.3%	851	0.6%
Total Current Assets	79,192	46.1%	0.2%	78,998	48.2%	19.8%	65,931	47.3%
Investments in associate and joint ventures	523	0.3%	-21.0%	662	0.4%	4.0%	637	0.5%
Property and equipment- net	35,478	20.7%	17.3%	30,235	18.5%	31.1%	23,070	16.5%
Intangibles and goodwill	19,727	11.5%	0.2%	19,690	12.0%	-0.1%	19,703	14.1%
Right-of-use assets – net	31,676	18.4%	5.8%	29,950	18.3%	14.2%	26,217	18.8%
Deferred tax assets – net	2,016	1.2%	33.1%	1,515	0.9%	13.5%	1,334	1.0%
Other noncurrent assets	3,109	1.8%	13.1%	2,748	1.7%	8.1%	2,543	1.8%
Total Noncurrent Assets	92,529	53.9%	9.1%	84,799	51.8%	15.4%	73,503	52.7%
	P171,721	100.0%	4.8%	P163,798	100.0%	17.5%	P139,434	100.0%
Accounts payable and accrued expenses	P25,547	14.9%	-4.7%	P26,793	16.4%	85.8%	P14,423	10.3%
Short-term loans payable	-	0.0%	0.0%	-	0.0%	0.0%	-	0.0%
Income tax payable	859	0.5%	-0.8%	866	0.5%	1.5%	854	0.6%
Due to related parties	53	0.0%	7.6%	49	0.0%	7.9%	46	0.0%
Current maturities of long - term loans, net of debt issue costs	120	0.1%	0.0%	120	0.1%	0.0%	120	0.1%
Lease liabilities due within one year	1,272	0.7%	-3.9%	1,323	0.8%	21.2%	1,092	0.8%
Other current liabilities	1,016	0.6%	40.0%	726	0.4%	11.6%	651	0.5%
Total Current Liabilities	28,867	16.8%	-3.4%	29,877	18.2%	73.9%	17,185	12.3%
Long-term loans - net of current maturities and debt issue costs	11,441	6.7%	-0.9%	11,546	7.0%	-0.9%	11,650	8.4%
Lease liabilities	40,454	23.6%	6.7%	37,897	23.1%	12.0%	33,827	24.3%
Other noncurrent liabilities	2,588	1.5%	41.2%	1,833	1.1%	41.5%	1,295	0.9%
Total Noncurrent Liabilities	54,483	31.7%	6.3%	51,276	31.3%	9.6%	46,773	33.5%
Total Liabilities	83,351	48.5%	2.7%	81,153	49.5%	26.9%	63,958	45.9%
Capital stock	2,904	1.7%	0.0%	2,904	1.8%	0.0%	2,904	2.1%
Additional paid in capital	25,374	14.8%	0.0%	25,374	15.5%	0.0%	25,362	18.2%
Remeasurements of retirement liability - net of tax	491	0.3%	-15.6%	582	0.4%	284.8%	151	0.1%
Treasury stock, at cost	(210)	-0.1%	0.0%	(210)	-0.1%	86.2%	(113)	-0.1%
Retained earnings	59,810	34.8%	10.8%	53,994	33.0%	14.5%	47,171	33.8%
Total Equity	88,370	51.5%	6.9%	82,645	50.5%	9.5%	75,476	54.1%
	P171,721	100.0%	4.8%	P163,798	100.0%	17.5%	P139,434	100.0%

Comparative Years 2023 and 2022

Current Assets

As at December 31, 2023 and 2022, total current assets amounted to P79,192 million or 46.1% of total assets and P78,998 million or 48.2% of total assets, respectively, for an increase of P194 million or 0.2% as at December 31, 2023.

Cash and cash equivalents as at December 31, 2023 amounted to P41,985 million or 24.4% of total assets and increased by P2,640 million or 6.7% compared to previous year-end balance. Increase in the Group's cash position was attributable mainly to increase in cash generated from operations during the year, net of settlement of trade and non-trade payables, payment for cash dividend, investment on government securities and capital expenditures for 2023 new organic stores.

Receivables amounted to P4,669 million and P3,529 million as at December 31, 2023 and 2022 or 2.7% and 2.2% of total assets, respectively. The increase was due to increase in sales during the year.

Merchandise inventory amounted to P27,309 million or 15.9% of total assets at the end of 2023 and P28,215 million or 17.2% of total assets in 2022.

Investments in trading securities amounted to P4,626 million and P4,299 million as at December 31, 2023 and 2022, respectively. The increase was due to purchase of government bonds and net of disposals during the year.

Prepaid expenses and other current assets amounted to P602 million and P3,610 million as at December 31, 2023 and 2022, respectively. The decrease was mainly due to full application during the year of advance payment made to suppliers in prior year.

Noncurrent Assets

As at December 31, 2023 and 2022, total noncurrent assets amounted to P92,529 million or 53.9% of total assets and P84,799 million or 51.8% of total assets, respectively, for an increase of P7,729 million or 9.1% as at December 31, 2023.

Investments in associate and joint ventures amounted to P523 million and P662 million as at December 31, 2023 and 2022, respectively.

Net book values of property and equipment increased by P5,243 million or 17.3% from P30,235 million in December 2022 to P35,478 million in December 2023. The increase was mainly due to additions made during the year intended for newly established/operating stores.

Right-of-use asset amounted to P31,676 million or 18.4% of total assets and P29,950 million or 18.3% of total assets as at December 31, 2023 and 2022, respectively. The increase was mainly due to new lease contracts for newly opened stores..

Deferred tax assets – net amounted to P2,016 million or 1.2% of total assets and P1,515 million or 0.9% of total assets as at December 31, 2023 and 2022, respectively, for an increase of 33.1% or P501 million. The increase was due to recognition of deferred tax in retirement expense and compliance with PFRS 16 – Leases.

Intangibles and goodwill amounted to P19,727 million as at December 31, 2023 and P19,690 million as at December 31, 2022.

Other noncurrent assets amounted P3,109 million as at December 31, 2023 and P2,748 million as at December 31, 2022.

Current Liabilities

As at December 31, 2023 and 2022, total current liabilities amounted to P28,867 million or 16.8% of total assets and P29,877 million or 18.2% of total assets, respectively, for a decrease of P1,010 million or 3.4% as at December 31, 2023.

Accounts payable and accrued expenses amounted to P25,547 million and P26,793 million as at December 31, 2023 and 2022, respectively, and decreased by P1,246 million or 4.7% as of December 2023. The decrease was primarily due to settlement of trade and nontrade liabilities.

Income tax payable amounted to P859 million and P866 million as at December 31, 2023 and 2022, respectively.

Due to related parties, representing royalty fees, amounted to P53 million for the year ended December 2023 and P49 million for the year ended December 2022.

Lease liabilities due within one year amounted to P1,272 million and P1,323 million as at December 31, 2023 and 2022, respectively. This pertains to current portion of lease liabilities.

Other current liabilities increased by P291 million or 40.0% from P726 million in December 2022 to P1,016 million in December 2023. The increase was mainly due to recognition of VAT liability for the year ended December 2023.

Noncurrent Liabilities

As at December 31, 2023 and 2022, total noncurrent liabilities amounted to P54,483 million or 31.7% of total assets and P51,276 million or 31.3% of total assets, respectively, for an increase of P3,208 million or 6.3% as at December 31, 2022.

Lease liabilities amounted to P40,454 million or 23.6% of total assets and P37,897 million or 23.1% of total assets as at December 31, 2023 and 2022, respectively, or an increase of P2,557 million or 6.7% due to new stores opened during the year.

Long-term debt – net of current maturities and debt issue costs amounted to P11,441 million and P11,546 million as at December 31, 2023 and 2022, respectively, for a decrease of P105 million. In 2020, the Group issued a P12 billion long-term notes payable to various banks with interest rates ranging from 4.00% to 4.51% and terms of 7 and 10 years.

Other noncurrent liabilities amounted to P2,588 million and P1,833 million as at December 31, 2023 and 2022, respectively. The increase was mainly due to recognition of retirement liability based on the newly adopted multi-employer retirement plan of the Group.

Equity

As at December 31, 2023 and 2022, total equity amounted to P88,370 million and P82,645 million, respectively, for an increase of P5,725 million or 6.9%.

Capital stock amounted to P2,904 million as at December 31, 2023 and 2022.

Additional paid in capital amounted to P25,374 million as at December 31, 2023 and 2022.

Retained earnings amounted to P59,810 million and P53,994 million as at December 31, 2023 and 2022, respectively, or an increase of P5,816 million or 10.8% due to income made during the year, net of dividend declared.

Comparative Years 2022 and 2021

Current Assets

As at December 31, 2022 and 2021, total current assets amounted to P78,998 million or 48.2% of total assets and P65,931 million or 47.3% of total assets, respectively, for an increase of P13,067 million or 19.8% as at December 31, 2022.

Cash and cash equivalents as at December 31, 2022 amounted to P39,345 million or 24.0% of total assets and decreased by P1,966 million or 4.8% compared to previous year-end balance. Decrease in the Group's cash position was attributable mainly to the net settlement of trade and non-trade payables, payment for cash dividend, investment on government securities and capital expenditures for 2022 new organic stores.

Receivables amounted to P3,529 million and P2,179 million as at December 31, 2022 and 2021 or 2.2% and 1.6% of total assets, respectively. The increase was due to increase in sales during the year.

Merchandise inventory amounted to P28,215 million or 17.2% of total assets at the end of 2022 and P21,559 million or 15.5% of total assets in 2021. Total inventory increased by P6,656 million or 30.9% principally due to increase in Puregold and S&R stores stocking requirements for existing and new operating stores.

Investments in trading securities amounted to P4,299 million and P31 million as at December 31, 2022 and 2021, respectively. The increase of P4,269 million was due to purchase of government bonds during the year.

Prepaid expenses and other current assets amounted to P3,610 million and P851 million as at December 31, 2022 and 2021, respectively. The increase was mainly due to advance payment to suppliers and prepayment on tax expenses.

Noncurrent Assets

As at December 31, 2022 and 2021, total noncurrent assets amounted to P84,799 million or 51.8% of total assets and P73,503 million or 52.7% of total assets, respectively, for an increase of P11,296 million or 15.4% as at December 31, 2022.

Investments in associate and joint ventures amounted to P662 million and P637 million as at December 31, 2022 and 2021, respectively.

Net book values of property and equipment increased by P7,166 million or 31.1% from P23,070 million in December 2021 to P30,235 million in December 2022. The increase was mainly due to additions made during the year intended for newly established/operating stores. This also includes the net book value of property and equipment from the acquisition of PSMT amounting to P4.3 billion.

Right-of-use asset amounted to P29,950 million or 18.3% of total assets and P26,217 million or 18.8% of total assets as at December 31, 2022 and 2021, respectively. The increase was mainly due to new lease contracts for newly opened stores as well as the acquired assets from the acquisition of PSMT.

Deferred tax assets – net amounted to P1,515 million or 0.9% of total assets and P1,334 million or 1.0% of total assets as at December 31, 2022 and 2021, respectively, for an increase of 13.5% or P180 million. The increase was due to recognition of deferred tax in retirement expense and compliance with PFRS 16 – Leases.

Intangibles and goodwill amounted to P19,690 million as at December 31, 2022 and P19,703 million as at December 31, 2021.

Other noncurrent assets amounted P2,748 million as at December 31, 2022 and P2,543 million as at December 31, 2021.

Current Liabilities

As at December 31, 2022 and 2021, total current liabilities amounted to P29,877 million or 18.2% of total assets and P17,185 million or 12.3% of total assets, respectively, for an increase of P12,692 million or 73.9% as at December 31, 2022.

Accounts payable and accrued expenses amounted to P26,793 million and P14,423 million as at December 31, 2022 and 2021, respectively, and increased by P12,370 million or 85.8% as of December 2022. The increase was mainly due to increase in inventory and dividend payable as of December 2022 and consolidation of outstanding payables from the acquisition of PSMT.

Income tax payable amounted to P866 million and P854 million as at December 31, 2022 and 2021, respectively.

Due to related parties, representing royalty fees, amounted to P49 million for the year ended December 2022 and P46 million for the year ended December 2021.

Lease liabilities due within one year amounted to P1,323 million and P1,092 million as at December 31, 2022 and 2021, respectively. This pertains to current portion of lease liabilities.

Other current liabilities increased by P75 million or 11.6% from P651 million in December 2021 to P726 million in December 2022. The increase was mainly due to recognition of deferred income from suppliers intended for future promotional activities.

Noncurrent Liabilities

As at December 31, 2022 and 2021, total noncurrent liabilities amounted to P51,276 million or 31.3% of total assets and P46,773 million or 33.5% of total assets, respectively, for an increase of P4,503 million or 9.6% as at December 31, 2021.

Lease liabilities amounted to P37,897 million or 23.1% of total assets and P33,827 million or 24.3% of total assets as at December 31, 2022 and 2021, respectively, or an increase of P4,070 million or 12.0% due to new stores opened during the year and consolidation of acquired lease contracts from PSMT.

Long-term debt – net of current maturities and debt issue costs amounted to P11,546 million and P11,650 million as at December 31, 2022 and 2021, respectively, for a decrease of P105 million. In 2020, the Group issued a P12 billion long-term notes payable to various banks with interest rates ranging from 4.00% to 4.51% and terms of 7 and 10 years.

Other noncurrent liabilities amounted to P1,833 million and P1,295 million as at December 31, 2022 and 2021, respectively. The increase was due recognition of unpaid noncurrent portion of purchased asset. This was partially offset by the decrease in retirement liabilities due to recognition of gain on changes in financial assumptions recognized under other comprehensive income as of December 2022.

Equity

As at December 31, 2022 and 2021, total equity amounted to P82,645 million and P75,476 million, respectively, for an increase of P7,169 million or 9.5%.

Capital stock amounted to P2,904 million as at December 31, 2022 and 2021.

Additional paid in capital amounted to P25,374 million and P25,362 million as at December 31, 2022 and 2021, respectively.

Retained earnings amounted to P53,994 million and P47,171 million as at December 31, 2022 and 2021, respectively, or an increase of P6,823 million or 14.5% due to income made during the year, net of dividend payments.

Cash Flows

The following table sets forth the Group's statements of cash flows for the last three (3) years ended December 31:

<i>(In millions)</i>	2023	2022	2021
Net cash provided by operating activities	P18,739	P13,215	P14,996
Net cash used in investing activities	(8,790)	(9,186)	(1,337)
Net cash used in financing activities	(7,309)	(5,996)	(5,072)
Net increase in cash and cash equivalents	P2,640	(P1,967)	P8,587

Cash flows from operating activities

Net cash provided by operating activities amounted to P18,739 million, P13,215 million and P14,996 million for the years ended December 31, 2023, 2022 and 2021, respectively. This was mainly due to increase in operating income driven by aggressive store expansion.

Cash flows used in investing activities

Net cash used in investing activities amounted to P8,790 million, P9,186 million and P1,337 million for the years ended December 31, 2023, 2022 and 2021, respectively. Capital expenditures for acquisitions of equipment, furniture & fixtures, lands, construction of buildings and improvements on leased assets amounted to P7,632 million in 2023 and P5,269 million in 2022.

Cash flows from (used in) financing activities

Net cash used in financing activities amounted to P7,309 million, P5,996 million and P5,072 million for the years ended December 2023, 2022 and 2021, respectively. This pertains to lease payments and dividends paid.

Capital Expenditures

The table below sets out the Group's capital expenditures in 2023, 2022 and 2021 (note 10 of AFS).

<i>(In millions)</i>	For the years ended December 31,		
	2023	2022	2021
Office and store equipment	P1,028	P692	P841
Furniture and fixtures	362	199	203
Leasehold improvements	1,000	337	843
Building	319	211	130
Land	872	1,442	320
Construction in progress	4,051	2,388	1,345
Total	P7,632	P5,269	P3,682

The Group has historically funded its capital expenditures through internally generated funds derived from operating cash flows augmented by bank loans if and when necessary. The

group's low leverage ratios would enable the parent company to raise additional equity or debt capital fundings from the capital market to finance strategic business acquisition possibilities should the opportunity arise.

Financial Risk Management 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
- Foreign Currency Risk

The Group's financial risk management objectives and policies are discussed in Note 29 of the Group's audited consolidated financial statements.

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 holidays.

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GROUP INFORMATION

www.puregold.com.ph

(02) 548-7110

Mobile Number

Nr. of stockholders	
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2nd Tuesday of May

December 31

CONTACT PERSON INFORMATION

Maricel R. Cambe

mrcambe@puregold.com.ph

(02) 548-7110

CONTACT PERSON's ADDRESS	
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TELEPHONE	CITY
TELETYPE	STATE
TELEX	ZIP
TELEFAX	

900 Romualdez, Street, Paco, Manila

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

PUREGOLD PRICE CLUB, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023, 2022 and 2021

With Independent Auditors' Report



**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

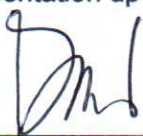
The management of **Puregold Price Club, Inc. and Subsidiaries** (the "Group"), is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, as at and for year ended December 31, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

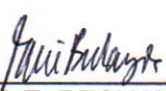
R. G. Manabat & Co., the independent auditor appointed by the Board of Directors, has audited the financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the Board of Directors, has expressed its opinion on the fairness of presentation upon completion of such audit.



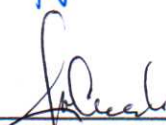
SUSAN P. CO
Chairman



FERDINAND VINCENT P. CO
President



EMELDA T. BECHAYDA
VP for Treasury



MARICEL R. CAMBE
VP for Financial Accounting

Signed this 15th day of APR 15 2024 2024

APR 15 2024

SUBSCRIBED AND SWORN to before me this day of _____ 2024, affiants exhibiting to me their respective TIN as follows

Name	TIN
Susan P. Co	100-053-331
Ferdinand Vincent P. Co	208-381-185
Emelda T. Bechayda	121-551-251
Maricel R. Cambe	184-996-223

Doc No. 321
Page No. 65
Book No. 10
Series of 2024


ATTY. PETER ANTHONY T. MALLARI
Notary Public until December 31, 2024
Notarial Commission # 2023-210
1155 Gen. Luna St., Ermita Manila
IBP # 317318, Roll # 77587 TIN: 133-031-552
PTR # 1527774 / 1-02-2024 Mla 1-3-2024
MCLE VIII# 0002695



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REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Puregold Price Club, Inc. and Subsidiaries
900 Romualdez Street
Paco, Manila

Opinion

We have audited the consolidated financial statements of Puregold Price Club, Inc. and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2023, and notes, comprising a summary of material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2023, in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Goodwill and Other Intangibles with Indefinite Lives Refer to Note 12 to the consolidated financial statements.

The risk

The Group acquired through business combinations goodwill and other intangibles with indefinite lives totaling P19.5 billion. The Group tests for impairment annually by comparing the recoverable amounts to the carrying amounts.

We considered this as a key audit matter because assessment process is complex, involves significant management judgements and is based on key assumptions on expected future market and economic conditions, revenue growth, margin developments, discount rates and (terminal) growth rates from management.

Our response

We performed the following audit procedures, among others, around impairment testing of goodwill and other intangibles with indefinite lives:

- We obtained the Group's discounted cash flow model that tests the carrying value of goodwill.
- We evaluated the reasonableness of key assumptions used by management in deriving the recoverable amount. These procedures included using our own internal valuation specialist to evaluate the key inputs and assumptions for growth and discount rates.
- We reviewed the cash flows used, with comparison to recent performance, trend analysis and market expectations, and by reference to prior year's forecast, where relevant, and assessing whether the Group has achieved them.
- We evaluated the adequacy of the disclosures in respect of impairment of goodwill and other intangibles with indefinite lives in the consolidated financial statements.

Revenue Recognition (P201.4 billion)

Refer to Note 17 to the consolidated financial statements.

The risk

Revenue is not complex but it is an important measure to evaluate the Group's performance, which increases the risk of material misstatement that revenue may be inappropriately recognized.



Our Response

We performed the following audit procedures, among others, on revenue recognition:

- We evaluated and assessed the revenue recognition policies of the Group in accordance with PFRS 15, *Revenue from Contracts with Customers*.
- We evaluated and assessed the design and operating effectiveness of the key controls over the revenue process.
- We involved our information technology specialists to assist in the audit of automated controls, including interface controls among different information technology applications for the evaluation of the design and operating effectiveness of controls over the recording of revenue transactions.
- We vouched, on a sample basis, sales transactions to supporting documentation such as the proof of payment or delivery, to ascertain that the revenue recognition criteria are met.
- We tested, on a sample basis, sales transactions for a selected period before and after year-end to supporting documentation such as the proof of payment or delivery, to assess whether these transactions are recorded in the correct reporting period.
- We tested journal entries posted in revenue accounts based on high risk criteria, including inspection of the source documentation to assess the validity of the business rationale and substantiation of corroborating evidence.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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



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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Dindo Marco M. Dioso.

R.G. MANABAT & CO.

DINDO MARCO M. DIOSO

Partner

CPA License No. 0095177

Tax Identification No. 912-365-765

BIR Accreditation No. 08-001987-030-2022

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PTR No. MKT 10075179

Issued January 2, 2024 at Makati City

April 15, 2024

Makati City, Metro Manila

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

		December 31	
	Note	2023	2022
ASSETS			
Current Assets			
Cash and cash equivalents	4	P41,985,314,006	P39,345,261,577
Receivables - net	5	4,669,290,509	3,528,534,693
Merchandise inventories	6	27,308,803,049	28,214,691,119
Financial assets at fair value through profit or loss	7	4,626,139,942	4,299,380,312
Prepaid expenses and other current assets	8	602,155,608	3,610,192,152
Total Current Assets		79,191,703,114	78,998,059,853
Noncurrent Assets			
Investment in associate and joint ventures - net	9	523,169,163	661,884,696
Property and equipment - net	10	35,477,805,354	30,235,011,571
Goodwill and other intangibles	12	19,726,802,814	19,690,050,733
Right-of-use assets - net	11	31,676,080,984	29,949,574,410
Deferred tax assets - net	25	2,015,624,231	1,514,818,425
Other noncurrent assets	13, 19	3,109,336,767	2,748,114,642
Total Noncurrent Assets		92,528,819,313	84,799,454,477
		P171,720,522,427	P163,797,514,330
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	14, 23, 29	P25,546,874,423	P26,792,821,120
Lease liabilities due within one year	19	1,271,652,922	1,322,639,880
Income tax payable		859,093,590	866,441,753
Current portion of long-term loans	15	120,000,000	120,000,000
Due to related parties	23	53,269,546	49,497,532
Other current liabilities	16	1,016,466,075	725,857,583
Total Current Liabilities		28,867,356,556	29,877,257,868
Noncurrent Liabilities			
Lease liabilities due beyond one year	19	40,454,144,290	37,897,091,551
Noncurrent portion of long-term loans	15	11,441,128,640	11,545,793,200
Other noncurrent liabilities	24	2,588,011,748	1,832,770,412
Total Noncurrent Liabilities		54,483,284,678	51,275,655,163
Total Liabilities		83,350,641,234	81,152,913,031
Equity			
Capital stock	26	2,904,214,086	2,904,214,086
Additional paid-in capital		25,373,547,130	25,373,547,130
Retirement benefits reserve		491,315,609	581,938,236
Treasury stock		(209,597,201)	(209,597,201)
Retained earnings		59,810,401,569	53,994,499,048
Total Equity		88,369,881,193	82,644,601,299
		P171,720,522,427	P163,797,514,330

See Notes to the Consolidated Financial Statements.

PUREGOLD PRICE CLUB, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years Ended December 31				
	<i>Note</i>	2023	2022	2021
NET SALES	17	P199,031,904,535	P184,302,944,650	P164,124,835,299
COST OF SALES	6, 18	163,617,673,968	150,483,272,460	134,042,067,009
GROSS INCOME		35,414,230,567	33,819,672,190	30,082,768,290
OTHER REVENUE	17, 19, 20	3,275,172,027	3,183,788,425	3,209,751,218
TOTAL GROSS INCOME AND OTHER REVENUE		38,689,402,594	37,003,460,615	33,292,519,508
OPERATING EXPENSES	21	25,336,853,222	22,522,133,140	20,350,317,319
INCOME FROM OPERATIONS		13,352,549,372	14,481,327,475	12,942,202,189
OTHER CHARGES				
Interest expense	15, 19	3,313,825,011	2,907,818,153	2,784,113,290
Interest income	4, 7	(1,302,778,953)	(678,357,411)	(399,200,942)
Share in losses of associate and joint ventures	9	187,325,380	37,163,734	-
Others - net	22	(59,042,494)	(9,827,933)	(94,528,066)
		2,139,328,944	2,256,796,543	2,290,384,282
INCOME BEFORE INCOME TAX		11,213,220,428	12,224,530,932	10,651,817,907
PROVISION FOR INCOME TAX				
Current		3,120,096,350	3,192,461,050	2,649,687,385
Deferred		(502,397,257)	(255,356,976)	(177,891,241)
	25	2,617,699,093	2,937,104,074	2,471,796,144
NET INCOME		8,595,521,335	9,287,426,858	8,180,021,763
OTHER COMPREHENSIVE INCOME				
<i>Item that will not be reclassified subsequently to profit or loss</i>				
Remeasurements of retirement benefits	24	(120,863,764)	560,492,711	371,012,567
Tax effect		30,241,137	(129,778,755)	(101,154,102)
		(90,622,627)	430,713,956	269,858,465
TOTAL COMPREHENSIVE INCOME		P8,504,898,708	P9,718,140,814	P8,449,880,228
Basic and diluted earnings per share	28	P3.00	P3.24	P2.85

See Notes to the Consolidated Financial Statements.

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

Years Ended December 31							
	Note	Capital Stock	Additional Paid-in Capital	Retirement Benefits Reserve	Treasury Stock	Retained Earnings	Total Equity
Balance at January 1, 2021		P2,904,214,086	P25,361,670,581	(P118,634,185)	(P71,253,489)	P40,425,722,939	P68,501,719,932
Total Comprehensive Income for the Year							
Net income for the year		-	-	-	-	8,180,021,763	8,180,021,763
Other comprehensive income		-	-	269,858,465	-	-	269,858,465
		-	-	269,858,465	-	8,180,021,763	8,449,880,228
Transactions with Owners of the Parent Company							
26							
Treasury shares - at cost		-	-	-	(41,339,729)	-	(41,339,729)
Cash dividends		-	-	-	-	(1,434,268,203)	(1,434,268,203)
		-	-	-	(41,339,729)	(1,434,268,203)	(1,475,607,932)
Balance at December 31, 2021		2,904,214,086	25,361,670,581	151,224,280	(112,593,218)	47,171,476,499	75,475,992,228
Total Comprehensive Income for the Year							
Net income for the year		-	-	-	-	9,287,426,858	9,287,426,858
Other comprehensive income		-	-	430,713,956	-	-	430,713,956
		-	-	430,713,956	-	9,287,426,858	9,718,140,814
Transaction with Owners of the Parent Company							
26							
Treasury shares - at cost		-	-	-	(97,003,983)	-	(97,003,983)
Cash dividends		-	-	-	-	(2,464,404,309)	(2,464,404,309)
		-	-	-	(97,003,983)	(2,464,404,309)	(2,561,408,292)
Other							
Effect of acquisition of a subsidiary	1	-	11,876,549	-	-	-	11,876,549
Balance at December 31, 2022		2,904,214,086	25,373,547,130	581,938,236	(209,597,201)	53,994,499,048	82,644,601,299
Total Comprehensive Income for the Year							
Net income for the year		-	-	-	-	8,595,521,335	8,595,521,335
Other comprehensive income		-	-	(90,622,627)	-	-	(90,622,627)
		-	-	(90,622,627)	-	8,595,521,335	8,504,898,708
Transaction with Owners of the Parent Company							
26							
Cash dividends		-	-	-	-	(2,779,618,814)	(2,779,618,814)
Balance at December 31, 2023		P2,904,214,086	P25,373,547,130	P491,315,609	(P209,597,201)	P59,810,401,569	P88,369,881,193

See Notes to the Consolidated Financial Statements.

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

		Years Ended December 31		
	Note	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		P11,213,220,428	P12,224,530,932	P10,651,817,907
Adjustments for:				
Depreciation and amortization	10, 11, 12, 21	5,020,019,254	4,564,410,149	4,633,632,273
Interest expense	15, 19	3,313,825,011	2,907,818,153	2,784,113,290
Retirement benefits cost	21, 24	904,911,727	272,768,815	286,572,205
Interest income	4, 7	(1,302,778,953)	(678,357,411)	(399,200,942)
Share in losses of associate and joint ventures	9	187,325,380	37,163,734	-
Gain from lease terminations	19, 22	(46,836,234)	(4,593,117)	(27,660,711)
Loss (Gain) from insurance claims	22	-	1,587,440	(6,378,701)
Dividend income	7, 22	(1,400,010)	(1,119,623)	(983,255)
Unrealized valuation loss (gain) on financial assets at fair value through profit or loss	22	(6,405,009)	323,662	(3,212,598)
Loss (gain) on sale of financial assets	7	(6,524,397)	-	5,291,597
Gain from rent concessions	19, 22	-	-	(61,760,915)
Operating income before changes in working capital		19,275,357,197	19,324,532,734	17,862,230,150
Decrease (increase) in:				
Receivables	1	(1,046,361,968)	(1,282,972,367)	497,355,362
Merchandise inventories	1	973,603,762	(6,656,058,157)	(640,312,675)
Prepaid expenses and other current assets		2,820,437,626	(3,079,418,919)	(610,673,562)
Increase (decrease) in:				
Trade and other payables	1	(1,893,857,852)	7,059,118,773	37,376,057
Due to related parties		3,772,014	3,629,099	(3,700,084)
Other current liabilities		290,608,492	76,778,290	140,217,186
Cash generated from operations		20,423,559,271	15,445,609,453	17,282,492,434
Income taxes paid		(2,887,894,838)	(2,898,180,651)	(2,682,366,321)
Interest received		1,208,385,105	678,357,411	399,200,942
Retirement benefits paid	24	(5,050,016)	(10,401,509)	(3,317,374)
Net cash provided by operating activities		18,738,999,522	13,215,384,704	14,996,009,681
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to:				
Financial assets at fair value through profit or loss	7	(1,300,000,000)	(4,268,978,190)	-
Property and equipment	1, 10, 24	(7,412,851,985)	(4,147,357,466)	(3,665,291,732)
Intangibles	12	(94,929,765)	(36,962,943)	(32,665,649)
Investment in associate and joint ventures	9	-	(62,500,000)	-
Other noncurrent assets	13	(361,222,125)	(169,342,638)	(50,798,935)
Payment of direct costs on leases	11	-	(400,000,000)	-
Cash paid on acquisition of business/assets, net of cash acquired	1	(613,740,541)	(102,918,152)	-
Insurance claims	22	-	(1,587,440)	6,378,701
Proceeds from disposal of:				
Property and equipment	10	4,771,768	2,707,372	25,993,167
Computer software	12	-	71,512	-
Financial assets at fair value through profit or loss	7	986,169,776	-	2,378,570,451
Dividends received	7	1,400,010	1,119,623	983,255
Net cash used in investing activities		(8,790,402,862)	(9,185,748,322)	(1,336,830,742)

Forward

Years Ended December 31				
	Note	2023	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayments of lease:	19			
Interest expense		(P2,748,879,538)	(P2,389,133,602)	(P2,269,146,910)
Principal amount		(1,157,494,319)	(1,452,214,242)	(834,868,613)
Payments of:				
Cash dividends	26	(2,464,404,309)	(1,434,268,203)	(1,291,356,633)
Interest expense		(552,096,159)	(503,349,112)	(514,966,380)
Liability on land purchase	24	(265,669,906)	-	-
Repayment of long-term loans	15	(120,000,000)	(120,000,000)	(120,000,000)
Acquisition of treasury shares	26	-	(97,003,983)	(41,339,729)
Net cash used in financing activities		(7,308,544,231)	(5,995,969,142)	(5,071,678,265)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
		2,640,052,429	(1,966,332,760)	8,587,500,674
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR				
		39,345,261,577	41,311,594,337	32,724,093,663
CASH AND CASH EQUIVALENTS AT END OF YEAR				
	4	P41,985,314,006	P39,345,261,577	P41,311,594,337

See Notes to the Consolidated Financial Statements

PUREGOLD PRICE CLUB, INC. AND SUBSIDIARIES
NOTES TO THE 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 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	
	2023	2022
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 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 P613.7million 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 ending 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.

For the month ended December 31, 2022, PSMT contributions to the Group's revenue and net income are negligible. If the acquisition had occurred on January 1, 2022, the effect on consolidated revenue net income is also negligible.

2. Basis of Preparation

The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS are based on International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). PFRS which are issued by the Philippine Financial and Sustainability Reporting Standards Council (FSRSC), consist of PFRS, 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 April 4, 2024.

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 19)

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 19 and 20)

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 P472.0 million, P501.3 million and P364.5 million in 2023, 2022 and 2021, 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 29)

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 P4.7 billion and P3.5 billion as at December 31, 2023 and 2022, 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 P27.3 billion and P28.2 billion as at December 31, 2023 and 2022, respectively.

Impairment of Goodwill and Other Intangibles with Indefinite Lives (Note 12)

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 December 31, 2023 and 2022.

Impairment of Non-financial Assets Other than Goodwill

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 December 31, 2023 and 2022.

As at December 31, 2023 and 2022, the following are the carrying amounts of nonfinancial assets:

	<i>Note</i>	2023	2022
Right-of-use assets - net	11	P31,676,080,984	P29,949,574,410
Property and equipment - net	10	35,477,805,354	30,235,011,571
Investment in associate and joint ventures	9	523,169,163	661,884,696
Computer software and licenses, and leasehold rights	12	225,265,965	188,513,884

Estimating Realizability of Deferred Tax Assets (Note 25)

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 December 31, 2023 and 2022, the Group recognized deferred tax assets amounting to P2.0 billion and P1.5 billion, respectively.

Estimating Retirement Benefits Liability (Note 24)

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 24.

Retirement benefits liability amounted to P2.0 billion and P1.0 billion as at December 31, 2023 and 2022, respectively.

3. Summary of Material Accounting Policies

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

Adoption of Amendments to Standards, and Frameworks

The Company has adopted the following new standards, amendments to standards and interpretations starting January 1, 2023 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption did not have any significant impact on the Company's separate financial statements.

- *Definition of Accounting Estimates (Amendments to PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors).* To clarify the distinction between changes in accounting policies and changes in accounting estimates, the amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an accounting estimate is developed to achieve the objective set out by an accounting policy. Developing an accounting estimate includes both selecting a measurement technique and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remain unchanged. The amendments also provide examples on the application of the new definition.

The amendments will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the amendments are applied.

- *Disclosure of Accounting Policies (Amendments to PAS 1 Presentation of Financial Statements and PFRS Practice Statement 2 Making Materiality Judgements).* The amendments are intended to help companies provide useful accounting policy disclosures. The key amendments to PAS 1 include:
 - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
 - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments to PFRS Practice Statement 2 includes guidance and additional examples on the application of materiality to accounting policy disclosures, assisting companies to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

The Group reviewed the accounting policies and although the amendments did not result in any changes to the accounting policies themselves, updates were made to the accounting policy information disclosed in Note 3 Material Accounting Policies in certain instances in line with the amendments.

- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to PAS 12 Income Taxes).* The amendments clarify that the initial recognition exemption does not apply to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning obligations.

For leases and decommissioning liabilities, the associated deferred tax assets and liabilities will be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other appropriate component of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

- *International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12 Income Taxes).* The amendments provide a temporary mandatory exception from accounting for deferred tax that arises from legislation implementing the Pillar Two model rules published by the Organisation for Economic Co-operation and Development, including tax law that implements qualified domestic minimum top-up taxes described in those rules. Under the relief, a company:
 - discloses that it has applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes;
 - discloses separately its current tax expense (income) related to Pillar Two income taxes; and
 - in periods in which Pillar Two legislation is enacted or substantively enacted but not yet in effect, discloses known or reasonably estimable information that helps users of financial statements understand the entity's exposure to Pillar Two income taxes arising from that legislation.

Standards Issued but Not Yet Adopted

A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2023. However, the Company has not early adopted the following new or amended standards in preparing these separate financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Company's separate financial statements.

Effective January 1, 2024

- *Lease Liability in a Sale and Leaseback (Amendments to PFRS 16 Leases).* The 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 effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. Under PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of PFRS 16.

- *Classification of Liabilities as Current or Noncurrent – 2020 amendments and Non-Current Liabilities with Covenants – 2022 amendments (Amendments to PAS 1, Presentation of Financial Statements).* 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.

The amendments will apply retrospectively for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. Entities that have early applied the 2020 amendments may retain application until the 2022 amendments are applied. Entities that will early apply the 2020 amendments after issue of the 2022 amendments must apply both amendments at the same time.

- *Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures).* The 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.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with early application permitted. However, 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.

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.

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 and security deposits are included in this category.

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 at 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 at FVTPL at initial recognition, are measured at fair value through profit or loss.

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

As of December 31, 2023 and 2022, the Group has not designated any debt instrument that meets the amortized cost criteria as at 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 and equity securities 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 an unconditional 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 12 months. 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.

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:

	Note	2023	2022
Cash on hand		P1,397,565,448	P1,706,298,317
Cash in banks	29	16,394,013,918	12,567,230,455
Money market placements	29	24,193,734,640	25,071,732,805
		P41,985,314,006	P39,345,261,577

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 1.6% to 5.7% in 2023, 0.2% to 7.0% in 2022, and 0.3% to 3.1% in 2021.

Interest income earned from cash in banks and money market placements totaled P1.1 billion, P563.1 million and P383.6 million in 2023, 2022 and 2021, respectively.

5. Receivables

This account consists of:

	Note	2023	2022
Trade receivables	23	P2,685,739,566	P2,303,649,634
Less allowance for impairment losses		7,462,327	7,462,327
		2,678,277,239	2,296,187,307
Nontrade receivables	23	1,991,013,270	1,232,347,386
	29	P4,669,290,509	P3,528,534,693

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

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

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 P27.3 billion and P28.2 billion as at December 31, 2023 and 2022, respectively.

Inventory charged to the cost of sales amounted to P163.6 billion, P150.5 billion and P134.0 billion in 2023, 2022 and 2021, respectively (see Note 18).

7. Financial Assets at Fair Value through Profit or Loss

This account consists of:

	Note	2023	2022
Held-for-trading:	22, 29		
Government securities		P4,588,450,000	P4,268,095,378
Equity securities		37,689,942	31,284,934
		P4,626,139,942	P4,299,380,312

The Group recognized a gain (loss) on sale of government securities amounting to P6.5 million and nil in 2023 and 2022, respectively (see Note 22).

Interest income on government securities amounted to P190.4 million and P115.2 million in 2023 and 2022, respectively.

Dividend income on equity securities amounted to P1.4 million and P1.1 million in 2023 and 2022, respectively (see Note 22).

8. Prepaid Expenses and Other Current Assets

This account consists of:

	2023	2022
Prepaid expenses	P472,393,220	P479,578,036
Deferred input VAT	127,577,222	209,036,870
Input VAT	375,089	83,642,167
Creditable withholding tax	1,810,077	1,547,079
Advances to suppliers	-	2,836,388,000
	P602,155,608	P3,610,192,152

Advances to suppliers were applied in full against the inventory purchases in 2023.

Deferred input VAT consists of the unamortized portion of accumulated input taxes on purchases until December 31, 2021 of capital assets more than P1 million and unpaid services which can be applied against future output VAT when realized or paid.

The details of prepaid expenses are as follows:

	2023	2022
Taxes and licenses	P182,732,640	P226,139,184
Insurance	145,873,654	134,310,071
Advertising and promotion	49,045,850	65,622,592
Supplies	23,442,201	8,855,876
Repairs and maintenance	21,902,328	1,778,528
Others	49,396,547	42,871,785
	P472,393,220	P479,578,036

9. Investment in Associate and Joint Ventures

The details of this account are as follows:

	2023	2022
Associate	P422,745,311	P446,276,872
Joint ventures	100,423,852	215,607,824
	P523,169,163	P661,884,696

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:

	2023	2022
Balance at beginning of the year	P446,276,872	P461,152,697
Share in net loss*	(23,531,561)	(14,875,825)
Balance at end of year	P422,745,311	P446,276,872

*2023 includes share in net losses in prior years.

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.

	2023	2022*
Percentage of ownership	49.34%	49.34%
Current assets	P674,615,728	P588,231,947
Noncurrent assets	728,202,454	788,394,248
Current liabilities	(554,969,634)	(515,403,272)
Noncurrent liabilities	(546,259,147)	(555,578,813)
Net assets	301,589,401	305,644,110
Group's share in net assets	148,804,210	150,804,804
Goodwill	276,058,136	276,058,136
Unrecognized share in net loss in prior years	-	19,413,932
Other*	(2,117,035)	-
Carrying amount of interest in associate	P422,745,311	P446,276,872
Net sales	P3,852,491,645	P3,778,025,380
Net loss	(6,465,835)	(30,149,625)
Group's share in net loss	(P3,190,243)	(P14,875,825)

*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.

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

	2023	2022
Balance at beginning of year	P215,607,824	P175,395,733
Cost of investment during the year	-	62,500,000
Share in net loss	(115,183,972)	(22,287,909)
Balance at end of year	P100,423,852	P215,607,824

	2023	2022
Unrecognized share in net loss current year	P -	P47,321,164
Unrecognized share in net loss prior years	-	43,211,692

Also, Entenso recognized share in net losses of Pure Commerce in excess of the cost of investment and advances amounting to P48.6 million as part of the commitment under the JV agreement. This is included in "Trade and other payables" under "Nontrade" in the consolidated statements of financial position.

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 and P62.5 million as at December 31, 2023 and 2022.

10. 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, 2022	P7,013,817,178	P3,461,013,603	P12,191,542,305	P15,789,109,297	P1,256,633,289	P627,576,233	P40,339,691,905
Additions (Note 24,17)	210,570,302	199,333,598	692,164,763	336,504,272	1,441,751,941	2,388,359,571	5,268,684,447
Transfer in (Note 1)	-	219,459,884	143,357,231	907,108,385	4,000,000,000	-	5,269,925,500
Reclassifications	310,238,096	12,221,396	222,060,344	311,515,463	-	(928,219,359)	(72,184,060)
Disposals	-	(1,774,873)	(20,883,461)	(14,334,133)	-	-	(36,992,467)
Balance, December 31, 2022	7,534,625,576	3,890,253,608	13,228,241,182	17,329,903,284	6,698,385,230	2,087,716,445	50,769,125,325
Additions	319,111,230	361,514,378	1,028,187,721	999,951,468	872,441,915	4,050,769,781	7,631,976,493
Reclassifications/Adjustments	217,394,627	92,858,502	938,174,334	1,591,732,388	-	(3,212,151,552)	(371,991,701)
Disposals	(875,000)	(2,195,466)	(39,339,684)	-	-	-	(42,410,150)
Balance, December 31, 2023	8,070,256,433	4,342,431,022	15,155,263,553	19,921,587,140	7,570,827,145	2,926,334,674	57,986,699,967
Accumulated Depreciation							
Balance, January 1, 2022	1,964,428,295	2,065,048,182	8,957,253,337	4,283,454,278	-	-	17,270,184,092
Depreciation	250,038,745	202,719,652	1,011,450,433	828,477,154	-	-	2,292,685,984
Transfer in (Note 1)	-	219,442,922	143,334,810	644,004,835	-	-	1,006,782,567
Reclassifications	1,027,662	(1,213,381)	(6,253,715)	5,185,640	-	-	(1,253,794)
Disposals	-	(1,759,691)	(20,836,360)	(11,689,044)	-	-	(34,285,095)
Balance, December 31, 2022	2,215,494,702	2,484,237,684	10,084,948,505	5,749,432,863	-	-	20,534,113,754
Depreciation	263,724,091	230,841,225	959,307,269	888,287,315	-	-	2,342,159,900
Reclassifications/Adjustments	-	(35,137,354)	34,384,061	(328,987,366)	-	-	(329,740,659)
Disposals	(874,999)	(1,922,617)	(34,840,766)	-	-	-	(37,638,382)
Balance, December 31, 2023	2,478,343,794	2,678,018,938	11,043,799,069	6,308,732,812	-	-	22,508,894,613
Carrying Amount							
December 31, 2022	P5,319,130,874	P1,406,015,924	P3,143,292,677	P11,580,470,421	P6,698,385,230	P2,087,716,445	P30,235,011,571
December 31, 2023	P5,591,912,639	P1,664,412,084	P4,111,464,484	P13,612,854,328	P7,570,827,145	P2,926,334,674	P35,477,805,354

Interest expense on loans capitalized as part of property and equipment amounted to P11.1 million, P10.9 million and P17.0 million in 2023, 2022 and 2021, respectively (see Note 15).

The cost of fully depreciated property and equipment that are still being used in the Group's operations amounted to P9.8 billion and P8.3 billion as at December 31, 2023 and 2022, respectively.

The unpaid balance on the additions to the cost of property and equipment in 2022 pertains mainly to the accrued fixed assets in Note 24.

11. Right-of-Use Assets

The movements in this account are as follows:

	2023	2022
Cost		
Balance at January 1	P45,252,414,144	P39,180,627,913
Additions	4,914,098,524	5,007,531,886
Transfer in (Note 1)	-	1,538,374,493
Modifications to leases	(164,580,173)	(167,530,577)
Terminated leases	(114,911,930)	(89,464,681)
Derecognition of right-of-use assets	(633,960,104)	(217,124,890)
Balance at December 31	49,253,060,461	45,252,414,144
Accumulated Depreciation		
Balance at January 1	15,302,839,734	12,964,084,205
Depreciation	2,640,856,225	2,243,691,702
Derecognition of right-of-use assets	(355,172,913)	(217,124,890)
Terminated leases	(28,248,910)	(27,584,943)
Transfer in (Note 1)	-	339,773,660
Other	16,705,341	-
Balance at December 31	17,576,979,477	15,302,839,734
Carrying Amount at December 31	P31,676,080,984	P29,949,574,410

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.

The ROU additions in 2023 include payments totaling P219 million for leasehold rights on Divimart store locations while those for 2022 include payments totaling P400 million for leasehold rights on several properties in the Central Visayas region where some of the new stores are situated. These are considered direct costs in obtaining the lease agreements and included as part of the cost of ROU.

12. Goodwill and Other Intangibles

This account consists of:

	2023	2022
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	187,224,005	147,196,673
Leasehold rights – net	38,041,960	41,317,211
	P19,726,802,814	P19,690,050,733

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 details of goodwill are as follows:

	2023	2022
Kareila	P12,079,473,835	P12,079,473,835
Budgetlane Supermarkets	837,974,199	837,974,199
Gant	742,340,804	742,340,804
Daily Commodities, Inc. and First Lane Super Traders Co., Inc. (DCI and FLSTCI)	685,904,317	685,904,317
Company E	358,152,015	358,152,015
Black & White (B&W) Supermart	187,203,888	187,203,888
Puregold Junior Supermarket, Inc. (PJSI)	11,374,263	11,374,263
	P14,902,423,321	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 Company 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 Group'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 Group'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 8.5% to 8.7% in 2023 and 10.6% to 11.11% in 2022. 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 Group's markets. The average annual compound sales growth rates applied in the projected periods ranged between 5.0% and 6.0% for the CGUs. The average operating margins applied in the projected periods ranged between 2.0% and 6.0% for the CGUs. The terminal value to extrapolate cash flows beyond the explicit forecast period is 5.4% 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)	
	2023	2022	2023	2022
Kareila	8.6%	11.1%	3.6%	5.4%
Budgetlane Supermarkets	8.7%	11.1%	3.6%	5.4%
Gant	8.6%	11.1%	3.6%	5.4%
DCI and FLSTCI	8.5%	11.1%	3.6%	5.4%

As at December 31, 2023, 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:

	2023	2022
Cost		
Balance at January 1	P514,306,537	P477,456,094
Additions	94,329,765	36,962,943
Disposal/adjustments	-	(112,500)
Balance at December 31	608,636,302	514,306,537
Accumulated Amortization		
Balance at January 1	367,109,863	320,751,386
Amortization*	54,302,434	46,399,465
Disposal/adjustments	-	(40,988)
Balance at December 31	421,412,297	367,109,863
Carrying Amount At December 31	P187,224,005	P147,196,674

*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:

	2023	2022
Cost		
Balance at January 1	P75,355,005	P75,355,005
Additions	600,000	-
Balance at December 31	75,955,005	75,355,005
Accumulated Amortization		
Balance at January 1	34,037,794	30,190,044
Amortization*	3,875,251	3,847,750
Balance at December 31	37,913,045	34,037,794
Carrying Amount at December 31	P38,041,960	P41,317,211

**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.

13. Other Noncurrent Assets

This account consists of:

	Note	2023	2022
Security deposits	29	P2,625,607,951	P2,322,579,554
Advances to contractors		452,881,103	397,317,446
Accrued rent income	20, 25	22,968,553	20,338,482
Others		7,879,160	7,879,160
		P3,109,336,767	P2,748,114,642

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.

14. Trade and Other Payables

This account consists of:

	Note	2023	2022
Trade	23, 29	P17,561,775,652	P16,511,333,099
Nontrade	23, 29	2,026,205,071	1,137,842,437
Dividends payable	26, 29	2,779,618,814	2,464,404,309
Withholding taxes payable		288,000,534	279,208,001
Advances from a stockholder	23, 29	-	4,000,000,000
Accrued expenses:	29		
Manpower agency services		1,062,347,946	920,481,837
Fixed assets	10, 24	881,161,832	568,897,009
Utilities		220,906,451	224,156,868
Rent		218,716,856	155,371,231
Supplies		118,848,880	116,091,602
Others		389,292,387	415,034,727
		P25,546,874,423	P26,792,821,120

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.

Advances from a stockholder pertain to cash advances made to PSMT for the purchase of a parcel of land. The outstanding amount is non-interest bearing, payable on demand and will be settled in cash. There are no guarantees (see Note 23).

15. Long-term Loans

This account consists of:

	Note	2023	2022
Unsecured Peso Denominated			
Fixed-rate Notes of Parent Company		P11,640,000,000	P11,760,000,000
Unamortized Debt Issue Cost		(78,871,360)	(94,206,800)
	29	11,561,128,640	11,665,793,200
Less current portion		(120,000,000)	(120,000,000)
Noncurrent portion		P11,441,128,640	P11,545,793,200

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 Company is compliant with the loan covenants as at December 31, 2023 and 2022.

The contractual maturities of the long-term loans are discussed in Note 29.

The movements in debt issue cost are as follows:

	2023	2022
Balance at beginning of the year	P94,206,800	P109,542,239
Additions	-	-
Amortization	(15,335,440)	(15,335,439)
Balance at end of the year	P78,871,360	P94,206,800

Interest expense charged to profit or loss amounted to P565.0 million, P518.7 million and P515.0 million in 2023, 2022 and 2021, respectively.

Interest expense capitalized as part of property and equipment is discussed in Note 10.

Changes in Liabilities Arising from Financing Activities:

The movements and balances of this account are as follows:

	Long Term Loans Payable	Dividend Payable (Notes 14 and 26)	Lease Liabilities	Total
Balance at January 1, 2023	P11,665,793,200	P2,464,404,309	P39,219,731,431	P53,349,928,940
Changes from financing cash flows:				
Payment of loans	(120,000,000)	-	-	(120,000,000)
Lease payments	-	-	(3,906,373,857)	(3,906,373,857)
Payment of dividends	-	(2,464,404,309)	-	(2,464,404,309)
Total changes from financing cash flows	(120,000,000)	(2,464,404,309)	(3,906,373,857)	(6,490,778,166)
Other changes:				
<i>Liability-related</i>				
Additions	-	-	4,120,812,073	4,120,812,073
Transfer in	-	-	-	-
Amortization of debt issue cost	15,335,440	-	-	15,335,440
Other lease adjustments	-	-	2,291,627,565	2,291,627,565
Declaration of dividends	-	2,779,618,814	-	2,779,618,814
Total liability-related changes	15,335,440	2,779,618,814	6,412,439,638	9,207,393,892
Balance at December 31, 2023	P11,561,128,640	P2,779,618,814	P41,725,797,212	P56,066,544,666

	Long Term Loans Payable	Dividend Payable (Notes 14 and 26)	Lease Liabilities	Total
Balance at January 1, 2022	P11,770,457,761	P1,434,268,203	P34,918,966,090	P48,123,692,054
Changes from financing cash flows:				
Payment of loans	(120,000,000)	-	-	(120,000,000)
Lease payments	-	-	(3,841,347,844)	(3,841,347,844)
Payment of dividends	-	(1,434,268,203)	-	(1,434,268,203)
Total changes from financing cash flows	(120,000,000)	(1,434,268,203)	(3,841,347,844)	(5,395,616,047)
Other changes:				
<i>Liability-related</i>				
Additions	-	-	4,535,955,067	4,535,955,067
Transfer in	-	-	1,513,818,279	1,513,818,279
Amortization of debt issue cost	15,335,439	-	-	15,335,439
Other lease adjustments	-	-	2,092,339,839	2,092,339,839
Declaration of dividends	-	2,464,404,309	-	2,464,404,309
Total liability-related changes	15,335,439	2,464,404,309	8,142,113,185	10,621,852,933
Balance at December 31, 2022	P11,665,793,200	P2,464,404,309	P39,219,731,431	P53,349,928,940

16. Other Current Liabilities

This account consists of:

	Note	2023	2022
Deposits from tenants	19, 29	P271,071,123	P251,437,954
VAT payable		307,898,418	5,896,011
Unredeemed gift certificates		187,213,233	189,892,979
Unearned income from suppliers		177,793,421	215,824,384
Commission payable	29	71,059,866	62,659,291
Others	29	1,430,014	146,964
		P1,016,466,075	P725,857,583

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 December 31, 2023 and 2022. 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 as at December 31:

	2023	2022
Beginning balance	P189,892,979	P204,842,310
Add receipts	379,667,289	382,653,710
Less sales recognized	382,347,035	397,603,041
Ending balance	P187,213,233	P189,892,979

17. 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>	2023	2022	2021
Net sales from stores		P199,031,904,535	P184,302,944,650	P164,124,835,299
Concession fee income	20	1,632,540,665	1,743,522,470	2,030,608,968
Membership fee income	20	778,436,637	670,476,386	617,841,418
Revenue from contract with customers		P201,442,881,837	P186,716,943,506	P166,773,285,685

18. Cost of Sales

This account for the years ended December 31 consists of:

	<i>Note</i>	2023	2022	2021
Beginning inventory	6	P28,214,691,119	P21,558,632,962	P20,918,320,287
Add purchases		162,711,785,898	157,139,330,617	134,682,379,684
Total goods available for sale		190,926,477,017	178,697,963,579	155,600,699,971
Less ending inventory	6	27,308,803,049	28,214,691,119	21,558,632,962
		P163,617,673,968	P150,483,272,460	P134,042,067,009

19. 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:

	2023	2022
Due within one year	P1,271,652,922	P1,322,639,880
Due beyond one year	40,454,144,290	37,897,091,551
	P41,725,797,212	P39,219,731,431

The movements in lease liabilities are as follows:

	Note	2023	2022
Balance at January 1	P39,219,731,431	P34,918,966,090	
Additions	4,120,812,073	4,535,955,067	
Transfer in (Note 1)	-	1,513,818,279	
Accretion of interest expense	2,748,879,538	2,389,133,602	
Repayments	(3,906,373,857)	(3,841,347,844)	
Terminations	(133,499,254)	(72,013,313)	
Modifications	(323,752,719)	(224,780,450)	
Balance at December 31	29 P41,725,797,212	P39,219,731,431	

The maturity analysis of the undiscounted lease payments as at December 31:

	2023	2022
Less than one year	P4,023,543,806	P3,765,152,786
One to five years	15,804,458,793	14,926,559,695
More than five years	51,622,714,550	51,611,205,935
	P71,450,717,149	P70,302,918,416

The following are the amounts recognized in profit or loss:

	2023	2022
Variable lease payments not included in the measurement of lease liabilities*	P565,093,102	P655,173,058
Expenses related to leases of low-value assets	25,271,464	29,537,679
Expenses related to short-term leases	20,448,762	8,571,885
Total rent expense	610,813,328	693,282,622
Interest accretion on lease liabilities	2,748,879,538	2,389,133,602
Depreciation charge for right-of-use assets	2,640,856,225	2,243,691,702
Gain (loss) from lease terminations	46,836,234	4,593,117

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 P2.6 billion and P2.3 billion as at December 31, 2023 and 2022, respectively.

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 P472.0 million, P501.3 million and P364.5 million in 2023, 2022 and 2021, respectively (see Note 20).

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

	2023	2022
Less than one year	P315,926,540	P273,377,461
One to two years	259,576,750	129,561,045
Two to three years	106,008,911	90,247,977
Three to four years	88,247,081	61,240,232
Four to five years	71,836,843	49,216,568
More than five years	1,187,250,601	974,404,082
	P2,028,846,726	P1,578,047,365

20. Other Revenue

This account consists of:

	Note	2023	2022	2021
Concession fee income	17	P1,632,540,665	P1,743,522,470	P2,030,608,968
Membership fee income	17	778,436,637	670,476,386	617,841,418
Rent income	19	472,034,786	501,337,594	364,546,034
Miscellaneous		392,159,939	268,451,975	196,754,798
		P3,275,172,027	P3,183,788,425	P3,209,751,218

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

21. Operating Expenses

This account consists of:

	<i>Note</i>	2023	2022	2021
Depreciation and amortization	10, 11, 12	P5,020,019,254	P4,564,410,149	P4,633,632,273
Manpower agency services		4,440,761,660	3,764,669,180	3,510,188,962
Communication, light and water		3,240,654,666	3,172,571,318	2,415,601,655
Salaries and wages		3,045,095,189	2,683,910,259	2,337,430,784
Security services		1,140,059,725	1,040,650,849	1,065,779,102
Taxes and licenses		1,143,057,821	1,018,664,555	962,824,841
Retirement benefits cost	24	904,911,727	272,768,815	286,572,205
Advertising and marketing		633,075,764	564,778,557	464,246,519
Store and office supplies		866,390,052	819,558,765	636,149,811
Repairs and maintenance		861,921,252	706,700,802	685,309,791
Rent	19	610,813,328	693,282,622	596,034,492
Transportation		578,654,742	507,247,761	426,350,865
Credit card charges		546,422,521	585,387,582	479,227,953
SSS/Medicare and HDMF contributions		306,726,922	247,187,601	213,835,772
Insurance		272,757,787	249,498,342	232,779,599
Janitorial and messengerial services		223,713,896	199,832,069	195,688,239
Input VAT on exempt sales		214,427,231	206,969,582	203,180,491
Other selling expenses		211,242,882	191,829,474	178,727,573
Representation and entertainment		181,699,709	152,851,109	132,869,776
Fuel and oil		165,919,048	175,771,439	97,327,650
Royalty	23	66,586,933	61,871,915	57,335,542
Donations and contributions		11,608,252	55,763,357	1,000,000
Professional fees		70,075,359	43,684,770	32,197,150
Miscellaneous		580,257,502	542,272,268	506,026,274
		P25,336,853,222	P22,522,133,140	P20,350,317,319

22. Others

This account consists of:

	<i>Note</i>	2023	2022	2021
Foreign exchange gains		P225,223	P8,333,528	P2,087,451
Gain from lease terminations	19	46,836,234	4,593,117	27,660,711
Bank charges		(2,348,379)	(2,307,233)	(2,263,968)
Gain (loss) from insurance claims		-	(1,587,440)	6,378,701
Dividend income	7	1,400,010	1,119,623	983,255
Unrealized valuation gain (loss) on financial assets at FVTPL	7	6,405,009	(323,662)	3,212,598
Gain from rent concessions	19	-	-	61,760,915
Gain (loss) from sale of financial assets	7	6,524,397	-	(5,291,597)
		P59,042,494	P9,827,933	P94,528,066

23. 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 are as follows:

Related Party	Year	Note	Amount of Transactions for the Year	Trade Receivable (see Note 5)	Non Trade Receivable (see Note 5)	Trade Payable (see Note 14)	Nontrade Payable, Loans and Lease Liabilities (see Notes 14, 15 and 19)	Due to Related Parties	Terms	Conditions
Parent										
Dividends	2023		P1,368,541,172	P -	P -	P -	P1,368,541,172	P -	Due and demandable	Unsecured
	2022		1,213,345,782	-	-	-	1,213,345,782	-	Due and demandable	Unsecured
Entities under Common Control										
Leases	2023		1,435,233,162	-	675,925	-	5,914,731,850	-	Due and demandable	Unsecured; no impairment
	2022	a	1,330,904,364	-	2,775,453	-	5,970,886,420	-	Original maturity of less than 3 months	Unsecured
Short-term investments	2023		-	-	-	-	-	-	Due and demandable	Unsecured
	2022	4	-	-	-	-	-	-	Due and demandable	Unsecured
Purchase of (advances for) inventories	2023		4,224,885,924	-	-	623,531,962	-	-	Due and demandable	Unsecured
	2022		4,097,690,503	-	-	(10,615,529)	-	-	Due and demandable	Unsecured; no impairment
Sale of merchandise	2023		219,362,017	297,220,752	-	-	-	-	Due and demandable	Unsecured; no impairment
	2022		67,484,602	67,578,142	-	-	-	-	Due and demandable	Unsecured; no impairment
Security deposits	2023		45,126,075	-	19,662	-	1,225,038	-	Due and demandable	Unsecured; no impairment
	2022	a	13,833,993	-	39,603	-	216,738	-	Due and demandable	Unsecured; no impairment
Advances	2023		75,990,243	-	-	-	-	-	Due and demandable	Unsecured; impaired
	2022		116,000,000	-	-	-	-	-	Due and demandable	Unsecured
Management fee	2023		18,708,226	-	-	-	3,982,137	-	Due and demandable	Unsecured
	2022		13,457,786	-	-	-	2,023,780	-	Due and demandable	Unsecured
Fixed asset	2023		9,972,531	-	136,570,848	-	-	-	Due and demandable	Unsecured
	2022		17,526,059	-	140,920,710	-	-	-	Due and demandable	Unsecured
Loans	2023		2,491,576	-	-	-	2,491,576	-	Due and demandable	Unsecured
	2022	c	2,496,492	-	-	-	2,496,492	-	Due and demandable	Unsecured
Expense reimbursement	2023		331,678,813	-	16,796,025	-	45,403,052	-	Due and demandable	Unsecured
	2022		241,874,471	-	11,988,770	-	21,372,305	-	Due and demandable	Unsecured
Stockholder										
Advances	2023	d	-	-	-	-	-	-	Due and demandable	Unsecured
	2022		-	-	-	-	4,000,000,000	-	Due and demandable	Unsecured
Royalty expense	2023		66,586,933	-	-	-	-	53,269,546	30 years and subject to renewal	Unsecured
	2022	b	61,871,915	-	-	-	-	49,497,532	30 years and subject to renewal	Unsecured
Leases	2023		27,978,752	-	-	-	-	-	Due and demandable	Unsecured
	2022	a	26,396,704	-	-	-	-	-	Due and demandable	Unsecured
Key Management Personnel										
Short-term benefits	2023		50,063,679	-	-	-	-	-	Due and demandable	Unsecured
	2022		44,947,303	-	-	-	-	-	Due and demandable	Unsecured
Total	2023			P297,220,752	P154,062,460	P623,531,962	P7,336,374,825	P53,269,546		
Total	2022			P67,578,142	P155,724,536	(P10,615,529)	P11,210,341,517	P49,497,532		

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.

d. Advances from a Stockholder

This amount pertains to the advances from a stockholder to PSMT which were used for the acquisition of three (3) parcels of land located in Brgy. Tambo, Paranaque City with an aggregate area of 10,913.59 square meters.

The amount outstanding is non-interest bearing, payable on demand and will be settled in cash.

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

Significant Related Party Transactions and Balances Eliminated During Consolidation

a. Receivables and Sales of the Parent Company from/to the subsidiaries:

	2023	2022
Sales	P1,507,608	P192,000
Trade receivable	1,507,608	192,000

b. Dividend receivable of the Parent Company from KMC:

	Amount of Transaction	2023	2022
Dividend receivable	P1,491,655,123	P1,491,655,123	P1,238,459,174

24. Other Noncurrent Liabilities

This account consists of:

	Note	2023	2022
Retirement benefits liability		P2,020,732,372	P999,821,130
Accrued fixed assets - net of current	10, 14	567,279,376	832,949,282
		P2,588,011,748	P1,832,770,412

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, 2023. 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 as at December 31 is as follows:

	2023	2022
Present value of defined benefit obligation	P2,051,601,544	P1,029,323,469
Fair value of plan assets	(30,869,172)	(29,502,339)
Retirement benefits liability	P2,020,732,372	P999,821,130

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

	2023	2022
Balance at January 1	P1,029,323,469	P1,325,171,983
Included in Profit or Loss		
Current service cost	236,633,376	205,938,976
Past service cost	561,386,378	-
Interest cost	109,207,808	68,347,388
	907,227,562	274,286,364
Benefits paid/Transfer to affiliated Company	(5,050,016)	(8,636,498)
Included in Other Comprehensive Income		
Remeasurements gain:		
Actuarial losses (gains) arising from:		
Financial assumptions	357,183,550	(457,870,576)
Demographic assumptions	-	-
Experience adjustments	(237,083,021)	(103,627,804)
	120,100,529	(561,498,380)
Balance at December 31	P2,051,601,544	P1,029,323,469

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

	2023	2022
Beginning of the year	P29,502,339	P29,873,021
Interest income	2,130,069	1,517,549
Remeasurement gain (loss)	(763,236)	(1,888,231)
End of the year	P30,869,172	P29,502,339

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

	2023	2022
Beginning of year	(P762,001,397)	(P201,508,686)
Actuarial gain (losses) for the year	120,863,764	(560,492,711)
Ending balance	(P641,137,633)	(P762,001,397)

The cumulative actuarial gain or loss, net of income tax effect, amounted to P491.3 million and P581.9 million as at December 31, 2023 and 2022, respectively, which are presented as "Retirement benefits reserve" in the equity section of the consolidated statements of financial position.

The Group's plan assets as at December 31 consist of the following:

	2023	2022
Cash in banks	P591,957	P14,821
Debt instruments - government securities	16,418,120	15,743,510
Trust fees payable	(9,813)	(8,547)
Other receivables	13,868,908	13,752,555
	P30,869,172	P29,502,339

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 2023.

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

	2023	2022
Discount rate	6.12%	7.22%
Future salary increases	8.00%	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, 2023 and 2022 is 23.2 years and 17.6 years, respectively.

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:

2023

	Increase	Decrease
Discount rate (1% movement)	(P410,198,010)	P315,474,143
Future salary increase rate (1% movement)	397,894,281	(313,197,792)

2022

	Increase	Decrease
Discount rate (1% movement)	(P128,857,791)	P103,606,529
Future salary increase rate (1% movement)	126,515,768	(103,797,515)

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:

	2023				
	Carrying Amount	Contractual Cash Flows	Within 1 Year	Within 1 - 5 Years	Within 5 - 10 Years
Defined benefit obligation	P2,051,601,544	P423,397,233	P67,600,128	P53,645,812	P302,151,293

	2022				
	Carrying Amount	Contractual Cash Flows	Within 1 Year	Within 1 - 5 Years	Within 5 - 10 Years
Defined benefit obligation	P1,029,323,469	P393,224,101	P64,802,941	P81,466,610	P246,954,550

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 (see Note 10). The current portion amounting to P276.6 million and P288.4 million as at December 31, 2023 and 2022 is included in "Trade and other payables" account (see Note 14).

25. Income Taxes

The components of income tax expense are as follows:

	2023	2022	2021
Current tax expense	P3,120,096,350	P3,192,461,050	P2,649,687,385
Deferred tax benefit	(502,397,257)	(255,356,976)	(177,891,241)
	P2,617,699,093	P2,937,104,074	P2,471,796,144

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:

	2023	2022	2021
Income before income tax	P11,213,220,428	P12,224,530,932	P10,651,817,907
Income tax expense at the statutory income tax rates:			
Regular - 25%	P3,159,833,695	P3,352,341,131	P2,820,882,695
Special - 5%	1,778,211	3,048,313	2,838,680
Income tax effects of:			
Dividend income exempt from tax	(376,792,451)	(313,023,209)	(170,455,314)
Interest income subject to final tax	(321,768,228)	(167,896,798)	(99,014,425)
Nondeductible other expenses	59,705,211	16,224,388	8,667,030
Nondeductible interest expense	77,554,584	36,097,624	22,329,670
Nontaxable income	(2,026,441)	(2,485,932)	(5,165,428)
Changes in unrecognized DTA/DTL	21,045,611	12,798,557	-
Effect of change in tax rate	-	-	(108,286,764)
Other income subject to final tax	(1,631,099)	-	-
	P2,617,699,093	P2,937,104,074	P2,471,796,144

Changes in unrecognized DTA/DTL pertains to the unrecognized DTA related to PFRS 16 – net of Melilla.

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:

	2023		2022	
	Amount	DTA (DTL)	Amount	DTA (DTL)
PFRS 16*	P10,643,953,381	P2,660,988,345	P9,667,413,096	P2,416,853,273
Retirement benefits liability	2,661,587,294	665,396,824	1,762,485,397	440,621,349
Allowance for impairment losses on receivables	7,462,327	1,865,582	7,462,327	1,865,582
Recognition of DTA due to merger	389,731	97,433	389,731	97,433
DTA	13,313,392,733	3,328,348,184	11,437,750,551	2,859,437,637
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	(638,299,344)	(159,574,836)	(759,024,837)	(189,756,209)
Accrued rent income	(13,482,940)	(3,370,735)	(20,338,482)	(5,084,621)
DTL	(5,250,895,812)	(1,312,723,953)	(5,378,476,847)	(1,344,619,212)
Net	P8,062,496,921	P2,015,624,231	P6,059,273,704	P1,514,818,425

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

The aggregate current and deferred tax relating to items recognized directly in equity amounted to P2.6 billion and P2.8 billion in 2023 and 2022, respectively.

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.

26. Equity

Capital Stock and Additional Paid-in Capital

The Parent Company's authorized, issued and outstanding common shares as at December 31 are as follows:

	2023	2022	2021
Common shares - P1 par value			
Authorized	3,000,000,000	3,000,000,000	3,000,000,000
Issued	2,904,214,086	2,904,214,086	2,904,214,086
Treasury shares	(38,627,680)	(38,627,680)	(35,677,680)
	2,865,586,406	2,865,586,406	2,868,536,406

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.

On February 20, 2019, the BOD approved the increase in the authorized capital stock of the Parent Company from 3,000,000,000 shares to 5,000,000,000 shares with par value of P1.0 per share. The shareholders approved the amendment to the articles of incorporation on May 14, 2019.

Treasury Stock

The Group's treasury shares as at December 31 are as follows:

	2023	2022	2021
Balance at beginning of year	38,627,680	35,677,680	34,532,680
Additions	-	2,950,000	1,145,000
Balance at end of year	38,627,680	38,627,680	35,677,680

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

On December 18, 2020, the Group's BOD approved the declaration of a regular dividend of P0.3 per share and special dividend of P0.2 per share on record date of January 8, 2021 and payment date of January 29, 2021. The total amount of dividends is P1.3 billion.

On December 21, 2021, the Group's BOD approved the declaration of a regular dividend of P0.3 per share and special dividend of P0.3 per share on record date of January 10, 2022 and payment date of February 1, 2022. The total amount of dividends is P1.4 billion.

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.

27. 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*.

28. Basic/Diluted EPS

Basic/Diluted EPS is computed as follows:

	2023	2022	2021
Net income (a)	P8,595,521,335	P9,287,426,858	P8,180,021,763
Weighted average number of ordinary shares (b)	2,865,586,406	2,866,536,406	2,869,095,989
Basic/diluted EPS (a/b)	P3.00	P3.24	P2.85

As at December 31, 2023, 2022 and 2021, the Group has no dilutive debt or equity instruments.

29. 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	2023	2022
Cash in banks and cash equivalents	4	P40,587,748,558	P37,638,963,260
Receivables – net	5	4,669,290,509	3,528,534,693
Financial assets at fair value through profit or loss	7	4,626,139,942	4,299,380,312
Security deposits*	13	2,625,607,951	2,322,579,554
		P52,508,786,960	P47,789,457,819

**Included under noncurrent assets.*

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

	As of December 31, 2023			Total
	Grade A	Grade B	Grade C	
At amortized cost:				
Cash in banks and cash equivalents	P40,587,748,558	P -	P -	P40,587,748,558
Receivables – net	3,770,949,373	898,341,136	-	4,669,290,509
Financial assets at fair value through profit or loss	4,626,139,942	-	-	4,626,139,942
Security deposits*	2,625,607,951	-	-	2,625,607,951
	P51,610,445,824	P898,341,136	P -	P52,508,786,960

*Included under noncurrent assets.

	As of December 31, 2022			Total
	Grade A	Grade B	Grade C	
At amortized cost:				
Cash in banks and cash equivalents	P37,638,963,260	P -	P -	P37,638,963,260
Receivables – net	1,117,240,088	2,411,294,605	-	3,528,534,693
Financial assets at fair value through profit or loss	4,299,380,312	-	-	4,299,380,312
Security deposits*	2,322,579,554	-	-	2,322,579,554
	P45,378,163,214	P2,411,294,605	P -	P47,789,457,819

*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:

	2023		2022	
	Gross Amount	Impairment	Gross Amount	Impairment
Current	P3,769,863,323	P -	P2,067,455,493	P -
Past due 1 - 30 days	427,763,286	-	868,450,913	-
Past due 31 - 60 days	9,947,767	-	150,171,047	-
More than 60 days	469,178,460	7,462,327	449,919,567	7,462,327
	P4,676,752,836	P7,462,327	P3,535,997,020	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 December 31, 2023					
	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*	P24,982,288,964	P24,982,288,964	P24,982,288,964	P -	P -
Due to related parties	53,269,546	53,269,546	53,269,546	-	-
Lease liabilities	41,725,797,212	71,450,717,149	4,023,543,806	15,804,458,793	51,622,714,550
Long-term loans including current portion**	11,561,128,640	14,107,817,263	617,377,004	8,524,241,649	4,966,198,610
Accrued fixed assets	844,303,179	1,041,381,120	320,424,960	720,956,160	-
Other current liabilities***	343,561,003	343,561,003	343,561,003	-	-

*excluding statutory payables to the government and current portion of accrued fixed assets (see Note 24)

**contractual cash flows include future interest payment

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

As at December 31, 2022					
	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*	P26,225,235,420	P26,225,235,420	P26,225,235,420	P -	P -
Due to related parties	49,497,532	49,497,532	49,497,532	-	-
Lease liabilities	39,219,731,431	70,302,918,416	3,765,152,786	14,926,559,695	51,611,205,935
Long-term loans including current portion**	11,665,793,200	14,619,020,133	506,389,883	8,874,812,000	5,237,818,250
Accrued fixed assets	1,121,326,981	1,361,806,080	320,424,960	1,041,381,120	-
Other current liabilities***	314,244,209	314,244,209	314,244,209	-	-

*excluding statutory payables to the government and current portion of accrued fixed assets (see Note 24)

**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:

	2023	2022	2021
Financial assets:			
Cash in banks	P16,394,013,918	P12,567,230,455	P8,298,899,619
Money market placements	24,193,734,640	25,071,732,805	32,445,645,484
Government securities	4,588,450,000	4,268,095,378	-
	P45,176,198,558	P41,907,058,638	P40,744,545,103

Sensitivity Analysis

A 2.0% increase in interest rates would have increased equity and net income by P67.8 million, P62.9 million and P61.1 million in 2023, 2022 and 2021, 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 and quoted market prices 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 December 31, 2023 and 2022, the Group's investment in financial assets at FVTPL for equity securities and government securities are classified as Level 1 and 2, respectively.



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**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY SUPPLEMENTARY INFORMATION FOR FILING
WITH THE SECURITIES AND EXCHANGE COMMISSION**

The Board of Directors and Stockholders
Puregold Price Club, Inc. and Subsidiaries
900 Romualdez Street
Paco, Manila

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Puregold Price Club, Inc. and Subsidiaries (the "Group") as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 included in this Form 17-A, and have issued our report thereon dated April 15, 2024.

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements of the Group taken as a whole. The supplementary information included in the following accompanying additional components is the responsibility of the Group's management. Such additional components include:

- Supplementary Schedules of Annex 68-J
- Map of Conglomerate
- Reconciliation of Retained Earnings Available for Dividend declaration of the Company

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)



This supplementary information is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

R.G. MANABAT & CO.

A handwritten signature in black ink, appearing to be 'D. Dioso', written over a horizontal line.

DINDO MARCO M. DIOSO

Partner

CPA License No. 0095177

Tax Identification No. 912-365-765

BIR Accreditation No. 08-001987-030-2022

Issued June 27, 2022; valid until June 27, 2025

PTR No. MKT 10075179

Issued January 2, 2024 at Makati City

April 15, 2024

Makati City, Metro Manila

PUREGOLD PRICE CLUB, INC. AND SUBSIDIARIES
SCHEDULE A. FINANCIAL ASSETS

Name of Issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Valued based on market quotation at balance sheet date	Income received and accrued
Various banks/Cash and cash equivalents	N/A	P40,587,748,558	P40,587,748,558	P1,112,381,124*
Various customers and suppliers/Receivables - net	N/A	4,669,290,509	4,669,290,509	-
Various lessors/Security deposit	N/A	1,829,521,459	1,829,521,459	-
Bureau of Treasury (BTR)/Government securities	4,588,450,000	4,588,450,000	4,562,423,303	190,397,830
Various publicly-listed companies/Equity securities	959,578	37,689,942	37,689,942	6,405,009**
		P51,712,700,468	P51,686,673,771	P1,309,183,963

Notes:

*This represents interest income earned, net of final tax.

** This represents unrealized valuation loss on trading securities.

PUREGOLD PRICE CLUB, INC. AND SUBSIDIARIES**SCHEDULE B. AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND
PRINCIPAL STOCKHOLDERS (OTHER THAN AFFILIATES).**

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not Current	Balance at end of period
Mr. Lucio L. Co - Chairman	P2,397,623	P4,530,035	(P2,397,812)	P -	P4,529,846	P -	P4,529,846
Various employees	4,323,503	7,970,524	(3,373,273)	-	8,920,754	-	8,920,754
	P6,721,126	P12,500,559	(P5,771,085)	P -	P13,450,600	P -	P13,450,600

PUREGOLD PRICE CLUB, INC. AND SUBSIDIARIES**SCHEDULE C. AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE
CONSOLIDATION OF SEPARATE FINANCIAL STATEMENTS**

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not Current	Balance at end of period
Kareila Management Corporation	P1,238,459,174	P1,538,593,054	(P1,232,762,444)	P -	P1,544,289,784	P -	P1,544,289,784
Puregold Price Club, Inc.	192,000	141,599,275	(32,641,565)	-	109,149,710	-	109,149,710
	P1,238,651,174	P1,680,192,329	(P1,265,404,009)	P -	P1,653,439,494	P -	P1,653,439,494

PUREGOLD PRICE CLUB, INC. AND SUBSIDIARIES
SCHEDULE D. LONG TERM DEBT

Title of Issue and type of obligation	Lender	Outstanding Balance	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Interest Rates	Number of Periodic Installments	Final Maturity
Long-term debt	China Banking Corporation	P3,355,343,750	P35,000,000	P3,320,343,750	4.5%	N/A	September 30, 2030
	Development Bank of the Philippines	2,896,339,286	30,000,000	2,866,339,286	4.0%	N/A	September 30, 2027
	Keb Hana Bank	482,991,071	5,000,000	477,991,071	4.0%	N/A	September 30, 2027
	Land Bank of the Philippines	1,448,169,643	15,000,000	1,433,169,643	4.0%	N/A	September 30, 2027
	Land Bank of the Philippines	1,446,588,462	15,000,000	1,431,588,462	4.5%	N/A	September 30, 2030
	Metropolitan Bank & Trust Co.	965,714,286	10,000,000	955,714,286	4.0%	N/A	September 30, 2027
	Shinhan Bank	482,991,071	5,000,000	477,991,071	4.0%	N/A	September 30, 2027
	The Insular Life Assurance Company, Ltd.	482,991,071	5,000,000	477,991,071	4.0%	N/A	September 30, 2027
Totals		P11,561,128,640	P120,000,000	P11,441,128,640			

PUREGOLD PRICE CLUB, INC. AND SUBSIDIARIES

SCHEDULE E. INDEBTEDNESS TO RELATED PARTIES (LONG TERM LOANS FROM RELATED PARTIES)

Name of Related Parties	Balance at beginning of period	Balance at end of period
-------------------------	--------------------------------	--------------------------

NOT APPLICABLE

PUREGOLD PRICE CLUB, INC. AND SUBSIDIARIES

SCHEDULE F. GUARANTEES OF SECURITIES OF OTHER ISSUERS

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding (i)	Amount owned by person for which statement is filed	Nature of guarantee
--	---	---	---	---------------------

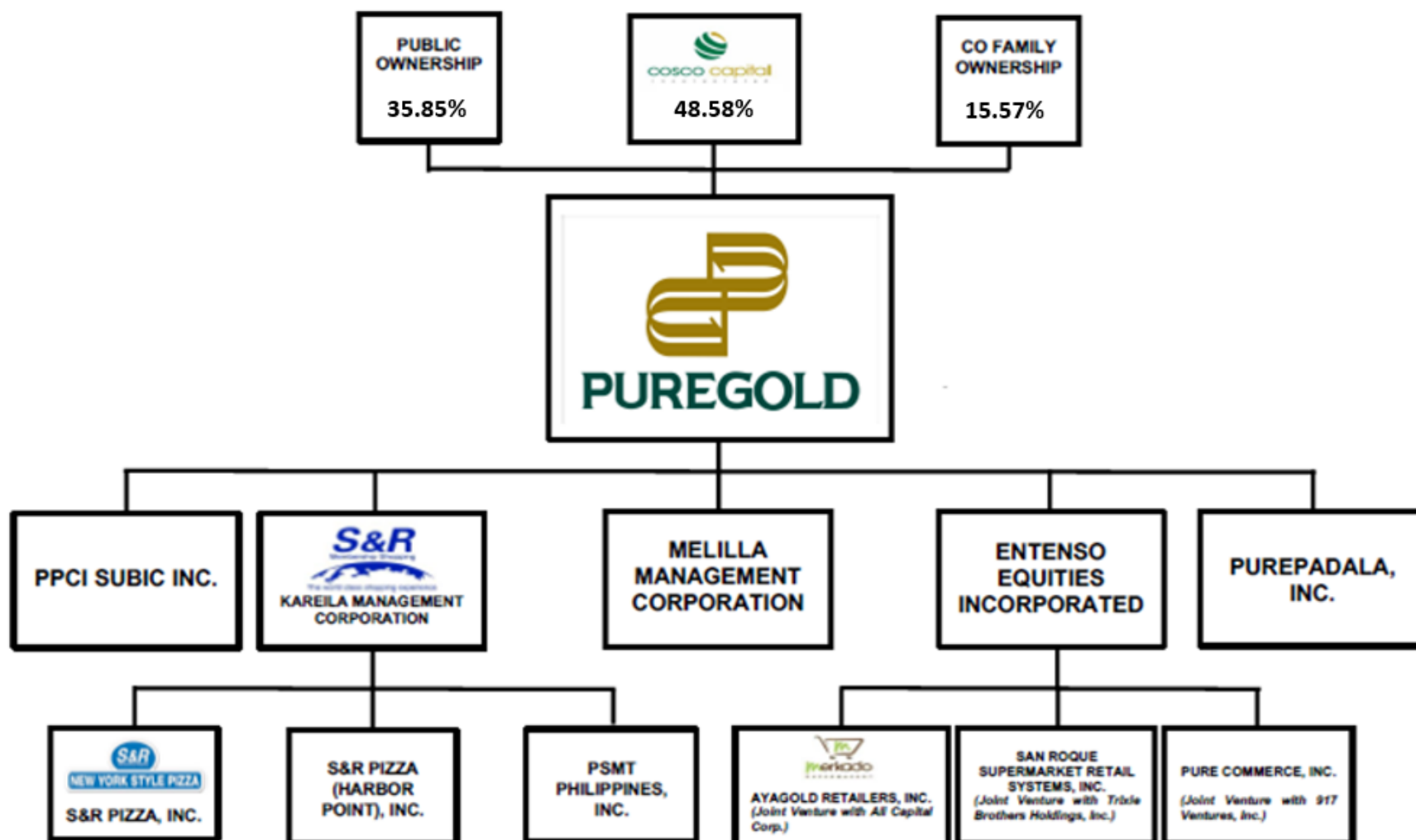
NOT APPLICABLE

PUREGOLD PRICE CLUB, INC. AND SUBSIDIARIES
SCHEDULE G. CAPITAL STOCK

Title of Issue	Number of Shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of treasury common shares	Number of shares held by affiliates	Directors, officers and employees	Others
Common Shares	3,000,000,000	2,865,586,406	(38,627,680)	1,425,418,397	452,931,667	-

PUREGOLD PRICE CLUB, INC. AND SUBSIDIARIES

Map of Group of Companies Within which the Company Belongs
As at December 31, 2023



**RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2023**

PUREGOLD PRICE CLUB, INC.
900 Romualdez, Street, Paco, Manila

Unappropriated Retained Earnings, beginning of the reporting period		P30,479,663,604
Add: <u>Category A:</u> Items that are directly credited to Unappropriated Retained Earnings		
Reversal of Retained Earnings Appropriation/s	P -	
Effect of restatements or prior-period adjustments	-	
Others (describe nature)	-	-
Less: <u>Category B:</u> Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	(2,793,733,487)	
Retained Earnings appropriated during the reporting period	-	
Effects of restatements or prior-period adjustments	-	
Others (describe nature)	-	(2,793,733,487)
Unappropriated Retained Earnings, as adjusted		27,685,930,117
Add: Net Income for the current year		5,907,421,235
Less: <u>Category C.1:</u> Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	-	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-	
Unrealized fair value adjustments (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Unrealized foreign exchange gain of Investment Property	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-	
Sub-total		-

Forward

Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to cash and cash equivalents	P -	
Realized fair value adjustments (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Realized foreign exchange gain of Investment Property	-	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-	
Sub-total		P -
Add: Category C.3: Unrealized income recognized in profit or loss in prior reporting periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-	
Reversal of previously recorded fair value adjustments (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Reversal of previously recorded fair value gain of Investment Property	-	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)	-	
Sub-total		-
Adjusted Income		5,907,421,235
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)	-	
Sub-total		-

Forward

Add/Less: <u>Category E</u>: Adjustment related to relief granted by the SEC and BSP		
Amortization of the effect of reporting relief	P	-
Total amount of reporting relief granted during the year		-
Others (describe nature)		-
Sub-total		P -
Add/Less: <u>Category F</u>: Other items that should be excluded from the determination of the amount of available for dividend distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares)		-
Net movement of deferred tax asset not considered in the reconciling items under the previous categories		-
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set-up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable		(335,622,089)
Adjustment due to deviation from PFRS/GAAP		
- gain (loss)		-
Others (describe nature)		-
Sub-total		(335,622,089)
Total Retained Earnings, end of the reporting period available for dividend		P33,257,729,263



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INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
Puregold Price Club, Inc. and Subsidiaries
900 Romualdez Street
Paco, Manila

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Puregold Price Club, Inc. and Subsidiaries (the "Group") as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated April 15, 2024.

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule of Financial Soundness Indicators, including their definitions, formulas, calculations, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies.

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)



This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2023 and 2022 and for each of three years in the period ended December 31, 2023 and no material exceptions were noted (see Annex A).

R.G. MANABAT & CO.

A handwritten signature in black ink, appearing to be 'D.M. Dioso', written over a horizontal line.

DINDO MARCO M. DIOSO

Partner

CPA License No. 0095177

Tax Identification No. 912-365-765

BIR Accreditation No. 08-001987-030-2022

Issued June 27, 2022; valid until June 27, 2025

PTR No. MKT 10075179

Issued January 2, 2024 at Makati City

April 15, 2024

Makati City, Metro Manila

Annex A
PUREGOLD PRICE CLUB, INC. AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS FOR
ALL SECONDARY LICENSEES AND PUBLIC COMPANIES
DECEMBER 31, 2023 AND 2022

	2023	2022
Current Assets	P79,191,703,114	P78,998,059,853
Current Liabilities	28,867,356,556	29,877,257,868
Current Ratio	2.74:1.00	2.64:1.00
Total Liabilities	P83,350,641,234	P81,152,913,031
Shareholder's Equity	88,369,881,193	82,644,601,299
Debt to Equity Ratio	0.94:1.00	0.98:1.00
Total Asset	P171,720,522,427	P163,797,514,330
Total Liabilities	83,350,641,234	81,152,913,031
Asset to Liability Ratio	2.06:1.00	2.02:1.00
Total Assets	P171,720,522,427	P163,797,514,330
Shareholder's Equity	88,369,881,193	82,644,601,299
Asset to Equity Ratio	1.94:1.00	1.98:1.00
Earnings before Interest Expense and Taxes	P13,352,549,372	P14,481,327,475
Interest Expense	3,313,825,011	2,907,818,153
Interest Rate Coverage Ratio	4.03:1.00	4.98:1.00
Net Income	P8,595,521,335	P9,287,426,858
Average Total Assets	167,759,018,379	151,615,660,775
Return on Asset Ratio	0.05:1.00	0.06:1.00
Net Income	P8,595,521,335	P9,287,426,858
Average Shareholder's Equity	85,507,241,246	79,060,296,764
Return on Equity	0.10:1.00	0.12:1.00
Gross Profit	P35,414,230,567	P33,819,672,190
Net Sales	199,031,904,535	184,302,944,650
Gross Profit Ratio	0.18:1.00	0.18:1.00
Net Income	P8,595,521,335	P9,287,426,858
Net Sales	199,031,904,535	184,302,944,650
Net Profit Ratio	0.04:1.00	0.05:1.00



Sustainability Report 2023

About the Report

As we navigate the ever-evolving landscape of sustainable business practices, Cosco Capital Inc. remains committed to excellence, innovation, and ethical conduct. This report serves as a testament to our ongoing journey to promoting economic prosperity, environmental stewardship, and social responsibility across our diverse range of businesses.

In line with our commitment to transparency and accountability, this report adheres with the Global Reporting Initiative (GRI) Standards (2021). While this marks our second year following the GRI Standards, we also maintain compliance with the guidelines of the Philippines Securities and Exchange Commission (SEC), ensuring a comprehensive and balanced reporting approach. The data presented in this report covers the performance of all business segments within Cosco Capital Inc. for the period from January to December 2023.

Segment	Company Name	
Grocery Retail	Puregold Price Club Inc.	 
	Kareila Management Corporation (S&R Membership Shopping and S&R New York Style Pizza QSR)	
Specialty Retail	Office Warehouse	
Wine & Liquor Distribution	The Keepers Holdings Inc. (Montosco Inc., Meritus Prime Distributions Inc., Premier Wine & Spirits Inc., and Bodegas Williams & Humbert SA)	 
	Ellimac Prime Holdings, Inc.	
Real Estate	Fertuna Holdings Corp.	   
	Patagonia Holdings Corp.	
	Nation Realty Inc.	
	Canaria Holdings Corporation	
	NE Pacific Shopping Centers Corp.	
	Pure Petroleum Corp.	
Oil & Minerals	Alcorn Petroleum and Minerals Corp.	

For any inquiries or clarifications regarding the contents of this report, please feel free to reach out to:

John T. Hao,
Investor Relations and Sustainability Officer
Cosco Capital Inc.
john.hao@coscocapital.com

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About Cosco Capital

Cosco Capital, Inc., formerly known as Alcorn Gold Resources Corporation, was established in 1988 with a focus on oil and mineral exploration. In 2000, it transitioned into a holding company, diversifying its interests into retail, real estate, liquor distribution, and other sectors. Led by Chairman Mr. Lucio Co, the company aims to provide quality products and services to Filipinos while pursuing growth and excellence in both retail and investment sectors.

Cosco Capital's portfolio includes subsidiaries such as Puregold Price Club, Inc., Kareila Management Corporation, Office Warehouse, Inc., Ellimac Prime Holdings, Inc., The Keepers Holdings, Inc., and Alcorn Petroleum and Minerals Corporation. These entities collectively contribute to the company's diversified business interests and its positive impact on communities across the Philippines.

With a commitment to integrity and service, Cosco Capital continues to evolve and expand its presence in key markets, positioning itself for sustainable growth and value creation for its stakeholders.

Our Core Values



Integrity and Accountability

By ensuring transparency in disclosure of our performance and fostering regular communication with our stakeholders.



Genuine Partnership

With regional and global partners who share our values and principles and general conduct of our businesses.



Customer Satisfaction

Through regular and frequent communication with our customers and emphasis on quality of products and services.



Social Responsibility

Through our community engagement endeavors and efforts to improve the lives of the communities surrounding our operations

Grocery Retail

Puregold Price Club Inc.

Puregold is Cosco's flagship grocery retail chain, was established in Mandaluyong City in 1998 and has since expanded to encompass 488 grocery stores nationwide. The retail chain operates under three store formats:

Furthermore, Puregold provides convenient options for customers through its website, including online shopping and the ability to pre-book products for later pickup. Customers can also access shopping services through the Puregold mobile app on their smartphones.

Puregold's flagship programs are described below:

- **Tindahan ni Aling Puring (TNAP):** This initiative started in 2003 as a special membership program tailored for Puregold's main customers from small businesses like sari-sari stores, minimarts, eateries, and resellers. It offers Green and Gold Cards, with Green for new and active TNAP members, and Gold for those spending at least 1.3 million annually.
- **The Puregold "Perks" Card** is a loyalty program where customers earn points whenever they shop at Puregold Price Club, Puregold Junior, and Puregold Extra stores.

Puregold Price Club Hypermarkets offering food and non-food products to retail customers and small business owners (stores include mini marts, cafeterias, restaurants, bakeries, pharmacies).

Selling space: between 2,000 to 2,500 sqm

Puregold Supermarket Smaller stores offering targeted consumer items and a limited variety of general merchandise, with focus on food and fresh products.

Selling space: average 500 sqm

Puregold Minimart Sale of top-selling brands and products across all categories, with limited number of consumer goods

Selling space: average 250 sqm

S&R Membership Shopping

S&R membership shopping club's primary aim is to deliver significant value to our member-customers by integrating seamlessly into our members' lives by providing high-quality imported merchandise at very competitive prices. S&R started functioning in 2006 with four warehouses. Our product offerings under S&R include:

- Fresh produce and fruits

- Australian / New Zealand beef
- Cereals / Snacks
- Soap / Sundries
- Imported chocolates
- Imported wine and spirits
- Consumer electronics and appliances
- Health and Beauty Products

With 26 warehouse branches and 54 Quick Service Restaurants (QSRs) nationwide, we strive to expand our reach to offer more accessible deals and better value for our members.

Specialty Retail

Office Warehouse

Established in 1998, Office Warehouse provides quality office and school solutions to small and medium enterprises, government institutions, and the education sector. With 104 outlets in Metro Manila and branches in North and South Luzon, it also features store-within-a-store concepts in 9 Puregold outlets. Despite pandemic challenges, Office Warehouse has maintained an annual average growth of 16%, remaining income positive. By offering competitive prices and enhancing its supply chain with automation and streamlined services, Office Warehouse ensures customer satisfaction. Our diverse range of products is listed in the table below:

Category	Products
Furniture	Chairs, tables, cabinets & shelves, and safes
Office & School Supplies	Copy & printer paper, Paper supplies, Filing & storage, Writing instruments, Tapes & adhesives, Desk accessories, Art & craft, General supplies, Display boards
Technology	Printers, Ink & toner, Computer accessories, Data storage, Calculators, Biometrics, Paper shredders, Office machines, Thermal & sanitizing equipment

Wine and Liquor Distribution

The Keepers Holdings Inc.

The Keepers Holdings, Inc. (KEEPR) is the largest liquor distribution company in the Philippines, overseeing the operations of three major players in the imported spirits, wine, and specialty beverage distribution sectors: Montosco, Inc. ("Montosco"), Meritus Prime Distributions, Inc. ("Meritus"), and Premier Wine & Spirits Inc ("Premier"). With a dominant market share of 74.0% by volume and 66.9% by retail sales value in 2020, as reported by IWSR Drinks Market Analysis Limited, the Company is recognized as the top distributor of imported spirits in the country. A snapshot of the brands that the group imports and distributes is presented below:



Montosco Inc.

Montosco, a key revenue driver for Keepers, dominates the imported spirits sector, focusing on Spanish brandy and Scotch whisky. As the distributor of Alfonso Brandy, a leading brand in the Philippine market, Montosco commands a significant share of Keepers' revenue. It also distributes a wide range of Diageo products, including globally recognized brands like Johnnie Walker and Baileys. Montosco recently expanded its portfolio by acquiring ISLAND MIXER Lime in January 2023. With dedicated teams, Montosco efficiently markets and distributes its products nationwide.

Meritus Prime Distributions Inc.

Meritus Prime Distributions Inc. specializes in premium brown spirits, including bourbon, single malt scotch whiskies, Japanese whiskies, brandy, and select premium wines. With strong partnerships with major suppliers like Beam Suntory, William Grants & Sons, and Treasury Wine Estates, Meritus offers renowned brands such as Jim Beam, Makers Mark, Titos, Glenfiddich, Balvenie, Hendricks, Roku, Haku, and Alhambra. Additionally, it features top-quality wines from producers like Cune, Muga, and Beringer, along with specialty beverages like Suntory's alcopop and Fiji premium water. Leveraging its dedicated teams, Meritus ensures efficient distribution

and marketing of these premium brands across its nationwide network of customers, wholesalers, and retail chains.

Premier Wine & Spirits Inc.

Premier Wine & Spirits Inc. offers a wide range of spirits, wines, and specialty beverages in the Philippines. With dedicated teams handling sales, marketing, operations, and finance, Premier ensures efficient distribution nationwide. Partnering with global producers like Proximo Spirits, Mast-Jägermeister, and Treasury Wine Estates, Premier's portfolio includes esteemed brands such as Jose Cuervo, Penfolds, and Red Bull. In 2019, Premier formed a joint venture with Pernod Ricard, introducing renowned labels like Chivas Regal and Jameson to the Philippine market.

Real Estate

Ellimac Prime Holdings Inc.

Ellimac Prime Holdings Inc., Cosco's flagship real estate entity, emerged from the merger of four property firms in December 2012, subsequently integrating 118 Holdings Inc. in 2016. With a diverse portfolio spanning prime locations in Metro Manila and key provinces like Bulacan and Quezon, the company boasts fifty-five properties, including commercial retail buildings and land lease arrangements. Notably, its commercial complexes, such as The Fairview Terraces, serve as vibrant hubs for popular retail brands, aligning with Puregold Price Club Inc.'s retail objectives. With a commendable average occupancy rate and strategic tenant selection, Ellimac Prime continues to expand its footprint and enhance customer experiences, underscoring its commitment to sustained growth and development.

Fertuna Holdings Corp.

Fertuna Holdings Corporation, a key player in Cosco Capital, Inc.'s Central Luzon stronghold, partnered with Ayala Land, Inc. to develop Harbor Point, a 6.5-hectare commercial retail complex in the eco-friendly Subic Bay Freeport Zone. With Puregold as its anchor tenant, Harbor Point has become a prominent shopping destination in Central Luzon, benefiting from tax and duty-free importation privileges. This development reinforces Cosco's position as a leading real estate developer in the region. With ongoing ventures and future developments, Fertuna remains poised to maintain its significant role in the industry for years ahead.

Patagonia Holdings Corp.

Patagonia owns a total of 1.3 hectares, out of which an S&R Membership has been operating since 2000 with a steady stream of customers visiting the outlet owing to its prime location. This outlet is located at the Bonifacio Global City (BGC).

Nation Realty Inc.

This company engages in mall development. The main project that we run under this brand name is the "999 Shopping Mall" which is located in Binondo. It seeks to provide affordable and quality products to Filipinos who live in this locality.

NE Pacific Shopping Centers Corp.

NE Pacific Shopping Centers Corp. is the proud owner and operator of NE Pacific Mall, a premier shopping and entertainment destination in Nueva Ecija. Spanning 12.5 hectares, the mall boasts a total gross floor area of 32,800 square meters, with 24,747.87 square meters dedicated to leasable spaces housing supermarkets, department stores, restaurants, and Puregold Price Club as the anchor tenant. The addition of S&R Warehouse Club in 2018, alongside government agencies like PSA, SSS, and Philhealth, has further bolstered foot traffic and maintained the mall's competitive edge. Continuous innovations, regular events, and expansions to accommodate more tenants underscore NE Pacific Mall's commitment to customer satisfaction and its integral role in Cosco's real estate portfolio, driving sustained growth.

Canaria Holdings Corporation

Oil and Minerals

Alcorn Petroleum and Minerals Corporation

Alcorn Petroleum and Minerals Corporation (APMC), a subsidiary of Cosco Capital, Inc., was established in 2013 to spearhead oil and mining ventures. APMC holds interests in Service Contract (SC) 14 in Palawan, comprising four operational blocks, and operates SC 6A and SC 6B in offshore Northwest Palawan. Philodrill Corporation recently conducted a resources assessment of the Octon field under SC 6A. APMC has consistently delivered positive returns and remains integral to Cosco's expanding business portfolio. APMC's current projects include:

- Service Contract (SC) 14-C2 in the West Linapacan Area and Service Contract 6B in the Bonita-Cadlao Area, are the operational blocks granted by the Department of Energy. These projects are still in the project development stage.
- Limestone exploration and development project located in Merida and Isabel Leyte. The renewal of the Mineral Production Sharing Agreement for 25 years was approved on June 14, 2022.

Awards and Recognitions

Puregold Awards

- Puregold Price Club, Inc. emerged as the recipient of the HR Asia Digital Transformation Awards 2023 in the Philippines, affirming its excellence in digital innovation and adaptation within the industry.
- Puregold's pioneering TikTok series, "52 Weeks," clinched the gold prize in the Best Social Media Campaign category at the prestigious Hashtag Asia Awards, highlighting its innovative approach to online advertising.

Other Puregold Store Awards:

STORE	AWARDS	DATE AWARDED	AWARDED BY
PG DOLORES	Bronze Bagwis Award	October 27,2023	DTI Tacloban City
PG ALANGALANG	Silver Bagwis Award	October 27,2023	DTI Tacloban City
PG REAL TACLOBAN	Silver Bagwis Award	October 27,2023	DTI Tacloban City
PG ORMOC	Bronze Bagwis Award	October 27,2023	DTI Tacloban City
	Excellence for consumers	October 27,2023	City Government of Ormoc
PG ABUYOG	Top 2 Grosser award	August 26,2023	City Government of Abuyog, Leyte
PG BORONGAN	Silver Bagwis Award	October 27,2023	DTI Tacloban City
	Excellence for consumers	October 27,2023	City Government of Borongan
	Top 2 Business Taxpayer	June 19,2023	DTI Tacloban City
PG- KAWIT	GOLD BAGWIS	9-Jan-23	DTI Trece Martirez City, Cavite
PG- MARCOS ALVAREZ			
PG- MOLINO ROAD			
PG- NOVELETA			
PG- BACOR			
PG- TERMINAL IMUS			
PG- ROSARIO			
PG- BUCANDALA	GOLD BAGWIS	10-Mar-23	DTI Trece Martirez City, Cavite
PG- BUHAY NA TUBIG			
PG-GOLDEN			
PG-MAGDIWANG ROAD			
PG-TANZANG LUMA			
PG- BACOR	TOP 5 BUSINESS TAXPAYERS OF THE YEAR	27-Sep-2023	DTI Bacoor, Cavite
PG BALER & MA. AURORA	DTI Certificate of Recognition for Consumer Welfare Month : Theme "Generation Sustainable"	Oct. 27, 2023	DTI Aurora
PG BALER	Top 1 taxpayer in Business Tax Corporation	Aug. 17, 2023	Municipal Government of Baler
PG KAWIT	Top Tax Payer -Dangal ng Kawit Award	Aug. 23, 2023	DTI Kawit, Cavite

S&R Awards

- Best Employer Brand Award 2023 - 18th Employer Branding Awards Advantage Club
- Blood Service Platinum Award - Red Cross Recognition 2023

Quick Service Restaurant (QSR) Awards:

- GOLDEN GRAB AWARDS 2023: Operational Awards Critically Acclaimed - An award with the most orders, searches, and visits
- GOLDEN GRAB AWARDS 2023: Gold Fan Fave - Award for reaching 10K Whole Combo Pizza orders from September 4 to October 1, 2023
- GOLDEN GRAB AWARDS 2023: Operational Awards on the Dot - The precision of the orders (from preparation, dispatched to the rider, and delivery)
- PHILIPPINE DAILY INQUIRER "The Philippine's Best Customer Service 2023"
Philippines' Best Customer Service brands were selected based on an independent survey from a vast sample of almost 11,000 Filipino customers who have either made purchases, used services, or gathered information about products or services in the past three years. Customers were asked whether they would recommend brands to friends or family, as well as assess brands in the following areas: Quality of Communication, Professional Competence, Range of Services, Customer Focus, and Accessibility. A total of more than 115,000 evaluations were collected about retailers and service providers from more than 100 categories.

Sustainability at a Glance

Economic Performance



Php 5.22B Taxes paid to the Government



Php 4.5B Employee wages and benefits



Php 16.6M Invested to Community



13,058 Total no. of direct employees



0 Incidents of Corruption

Environmental Performance



20.1M kWh Electricity produced from Solar



New solar installation in **26** S&R stores and **13** Puregold stores



35% Direct GHG Emissions Reduction



156 wastewater treatment facilities compliant with Clean Water Act



Rainwater Catchment and Gray Water venture



2,093 tonnes of solid waste generated reused while **1260 tonnes** recycled

Social Performance



57% Female employees in the workforce



994 Scholars graduated, **137** Passed licensure exam, and **260** Current no. of scholars



827,000+ Puregold Sari-Sari store members (support local economy)

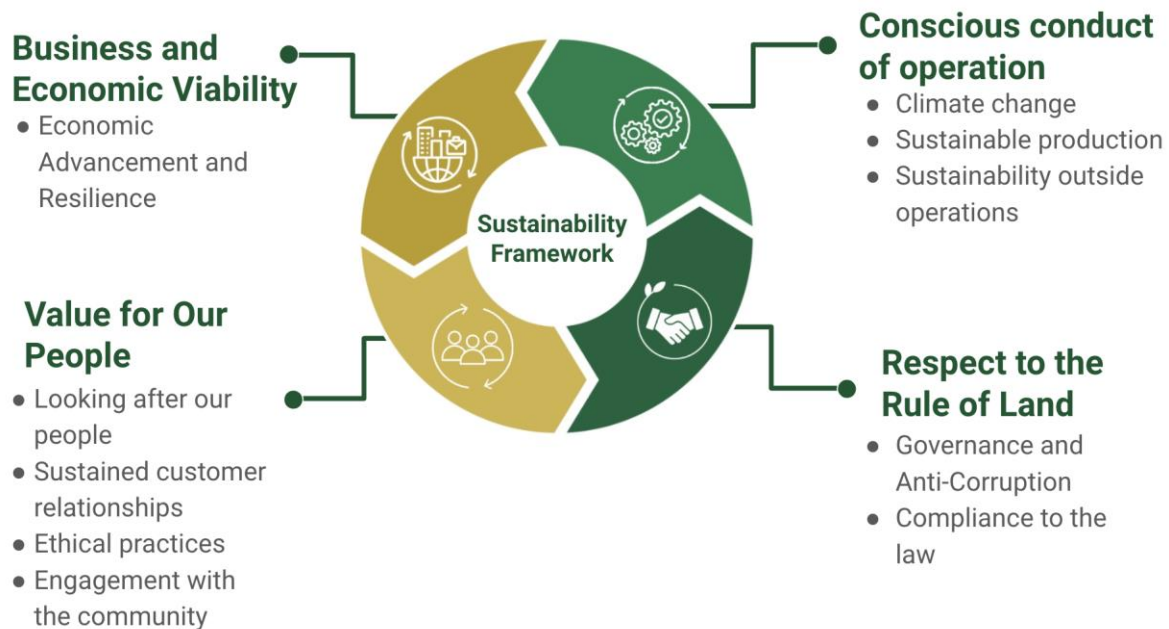


1.8M Puregold Perks Loyalty card member



1.9M Puregold mobile app downloads to address shopper concerns on safety and mobility during pandemic

Our Sustainability Strategy



At Cosco Capital, our sustainability plan is rooted in four pivotal areas that serve as our compass for prioritization and action. These areas are instrumental in guiding our journey towards a more sustainable future. By focusing on these key areas, we can identify what matters most and determine the necessary steps to enhance our sustainability efforts.

Business and Ecosystem Viability

Ensuring the ongoing viability of our business and fostering lasting value for all those within our network remains a top priority. We firmly advocate for pursuing our financial objectives ethically, recognizing that doing so not only enhances our bottom line but also positively impacts the well-being of our stakeholders and bolsters regional economic growth. Given the retail sector's reliance on engagement with diverse stakeholders across our value chain

Focus Areas	Material Topics	GRI / Non-GRI Disclosures
Economic advancement and Resilience	Economic Growth	GRI 201: Economic performance 202: Market Presence 203: Indirect Economic Impacts 204: Procurement Practices
	Disaster Preparedness	Non-GRI Disaster management frameworks or policies in the company

	Technology & Innovation	Non-GRI Successful initiatives by the company that employ advanced technology
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Conscious Conduct of Operations

As a retail business, our operations span numerous branches, warehouses, and sites, necessitating a strong commitment to sustainable consumption and production practices throughout our operations and supply chain. Effective waste management and addressing the climate change crisis are paramount concerns. While we currently meet regulatory standards, our goal in the coming years is to surpass these by implementing cutting-edge resource-efficient practices for operational sustainability.

Focus Areas	Material Topics	GRI / Non-GRI Disclosures
Climate Change	Energy and Emissions	GRI 302: Energy 305: Emissions Non-GRI Any initiatives on energy saving
Sustainable production	Waste and Recycling of Packaging waste	GRI 301: Materials 306: Waste 2020, Effluents and Waste 2016 Non-GRI Waste recycling / treatment initiatives
	Food Waste	GRI 306: Waste 2020, Effluents and Waste 2016 Non-GRI Waste recycling / treatment initiatives
	Optimizing Water Use	GRI 303: Water and Effluents Non-GRI Water recycling / saving initiatives
Sustainability outside operations	Sustainable Supply Chain	GRI 301: Materials 308: Supplier Environmental Assessment
	Sustainable Product Mix	GRI 416: Customer Health & Safety Non-GRI Initiatives to introduce sustainable products

Value for People

As highlighted above, Cosco's foundation relies on engaging with various stakeholders across our value chain. From the start, we've prioritized nurturing enduring and positive connections with both internal and external parties. As we embark on our ESG initiative, we recognize fresh avenues to enrich these relationships. Our upcoming focus is on encouraging sustainability within the business and lives of our stakeholders. This involves a blend of capacity-building initiatives and supportive guidance aimed at fostering sustainable practices.

Focus Areas	Material Topics	GRI / Non-GRI Disclosures
Looking after our people	Employee engagement & diversity	GRI 401: Employment 402: labor / Management Relations 403: Occupational Health & Safety 404: Training and Education 405: Diversity and Equal Opportunity 406: Non-discrimination 407: Freedom of Association and Collective Bargaining 408: Child labor 409: Forced / Compulsory labor 410: Security Practices 411: Rights of Indigenous Peoples Non-GRI Employee engagement practices
Sustained customer relationships	Customer health and safety	GRI 416: Customer Health and Safety
	Promoting sustainable lifestyles	Non-GRI Initiatives to promote sustainable lifestyles among customer groups
	Customer Privacy & Cybersecurity	GRI 418: Customer Privacy
Ethical Practices	Fair Marketing and Labelling Practices	GRI 417: Marketing and Labelling
Engagement with the Community	Communities and Livelihoods	GRI 413: Local Communities

Respect for the Rule of the Land

As a company, we are firmly committed to upholding the laws of our country. We are confident that this dedication not only ensures our longevity and reputation but also fosters positive relationships with governmental bodies over time. Additionally, adhering to legal regulations positions us to actively engage in local policy discussions through advocacy efforts in the future.

Focus Areas	Material Topics	GRI / Non-GRI Disclosures
Adhering to the Law	Governance and Anti-Corruption	GRI 205: Anti-corruption 206: Anti-competitive behavior
	Compliance to the Law	Non-GRI Governance structure for handling compliance management

Stakeholder Engagement

Key Stakeholders	Key Topics/Concerns	Engagement Platforms / Channels	Frequency
Investors	Growth Opportunities	Investors Meetings (Virtual and In-person)	Quarterly
	ESG Performance	Company Website	As needed
	Financial Performance	Emails and Calls	
	Corporate Updates and Strategies	Store Visits Quarterly Briefings Conferences and Non-deal Roadshow	
Shareholders	Transfer of shares	Philippine Stock Exchange	Annual, Quarterly
	Annual Operational and Financial Review	Annual Stockholders Meetings	As needed
	Inquiry on Cash Dividend	Investors Meeting	
	Product availability	Company Website	
	Supply chain resilience	Quarterly Briefings	
	Policy and advocacy, governance	Emails and Calls	
Government / Regulatory Bodies	Compliance	Direct interactions with government agency	As needed,
	Taxes		Regular
	Community Development	Emails and Company Website	
		Periodic Reporting	
		Store Visits Meetings	

Key Stakeholders	Key Topics/Concerns	Engagement Platforms / Channels	Frequency
Customers	Affordability of products	Emails and Calls	As needed, Annually
	Convenient buying options and experiences	In-store customer service/ Membership counter	
	Healthy and safe product options	Company Events or Conventions	
	Product availability	Social Media	
	Data security and cybersecurity		
	Plastic waste		
Suppliers/ Vendors	Consumer protection	Meetings	As needed, Regular
	Data security and cybersecurity	Emails and Calls	
	Supply chain transparency		
Employees	Benefits and Compensations	Emails and Chats Meetings	Annually, Daily, As needed
	Health and Safety	Meetings	
	Engagement and Retention	Performance Appraisal Periodic Orientation/Seminar	
	Training and Development		
Local Communities	Job Creation	Emails and Social Media	As needed
	Community Development	Meetings	
Media	Events	Emails and Calls	As needed
	Company Press Release	Meetings	
		Company Events or Conventions	

Materiality Assessment

For the year 2023, due to the ongoing relevance of the identified material topics in the previous reporting period and the absence of significant changes in our operations, we did not conduct a new materiality assessment this year. Instead, we reviewed the existing topics and monitored related data and metrics to ensure that our reporting remains accurate and relevant.

Our initial materiality assessment in 2022 involved key internal stakeholders from all our subsidiaries. While this was the first time we used the new guidance based on GRI Standards 2021, we collected views exclusively from within our company. However, we ensured that the welfare of all our stakeholders was fully and fairly considered during the assessment process.

The assessment was conducted online using Survey Forms, following a detailed workshop for all members on how to complete the materiality assessment questionnaire. The material topics were identified through in-depth research on our industry peers and were prioritized based on the process outlined below:



The output of this materiality assessment was the prioritization of material topics.

High Priority	Medium Priority	Low Priority
Economic Growth Disaster Preparedness Technology and Innovation Customer Health and Safety Customer Privacy, Cybersecurity Employee Health and Safety Employee Engagement, Diversity Governance, Anti-Corruption Compliance to the Law	Energy and Emissions Optimizing Water Use Waste & Recycling of Packaging Waste Communities and Livelihoods Promoting sustainable lifestyles Sustainable supply chain	Food Waste Fair Marketing and Labelling Practices Sustainable product mix

Our Material Topics UNSDG Mapping

Theme	Material Topic	Description	Relevant Indicators	Impact Boundary	SDGs
Economic Advancement and Resilience	Economic Growth	Sustained economic performance drives better sales, revenue, and profits for the company. Apart from ensuring business survival in the long run, focusing on economic growth could also improve the livelihoods of our employees and workers.	GRI 201: Economic performance 202: Market Presence 203: Indirect Economic Impacts 204: Procurement Practices 207: Tax	Within Cosco	
	Disaster Preparedness	Cosco mainly operates within the Philippines, which is a country prone to typhoons and related natural calamities owing to its geography. Fostering preparedness for disasters helps us sustain our performance even during emergencies, while also ensuring that we lend our hand towards helping out communities who suffer during these times.	Non-GRI: Disaster management frameworks or policies in the company	Within and outside Cosco	
	Technology and Innovation	As a company mainly operating in the retail industry, employing the latest technology for upgrading our offerings is essential so that we stay relevant. We also continuously seek to introduce new and	Non-GRI: Successful initiatives by the company that employ advanced technology	Within Cosco	

Theme	Material Topic	Description	Relevant Indicators	Impact Boundary	SDGs
		innovative ways of promoting customer retention and loyalty.			
Climate Change	Energy and Emissions	Cosco operates a vast network of retail stores, which consume energy for everyday operations. We believe that making concerted efforts towards reducing energy consumption / replacing with cleaner alternatives in all these stores could contribute significantly to the reduction of GHG emissions and natural resource usage.	GRI 302: Energy 305: Emissions Non-GRI Any initiatives on energy saving	Within and outside Cosco	 
Sustainable Production	Waste & Recycling of Packaging Waste	Throughout our business segments, packaging is a critical element and its reduction could also minimize waste generation by our customers. We seek to come up with a structured packaging reduction plan in the future, and working towards this is a chief priority for us.	GRI 301: Materials 306: Waste 2020, Effluents and Waste 2016 Non-GRI Waste recycling / treatment initiatives	Within and outside Cosco	 
	Food Waste	We aim to target our food (quick service restaurants and bakery) business as a vehicle for minimizing and optimizing	GRI 306: Waste 2020, Effluents and Waste 2016		 

Theme	Material Topic	Description	Relevant Indicators	Impact Boundary	SDGs
		waste generation by using green alternatives to cutlery. In the future, we also aim to redirect our food waste to more environmentally friendly channels such as composting or socially beneficial avenues such as donation.	Non-GRI Waste recycling / treatment initiatives		
	Optimizing water use	Water consumption at our stores is monitored regularly. Even though our store operations are not water intensive, we have always accorded priority to sensitize our employees on the importance of water conservation.	GRI 303: Water and Effluents Non-GRI Water recycling / saving initiatives		 
Sustainability outside operations	Sustainable supply chain	Our supply chain is complex, since we import and source products from multiple international and local suppliers. It is a challenging task to implement sustainable supply chain practices since we stock multiple brands. However, we aim to build internal capacity and awareness on this front and incrementally implement supplier ESG screening as far as possible.	GRI 301: Materials 308: Supplier Environmental Assessment	Within and outside Cosco	 

Theme	Material Topic	Description	Relevant Indicators	Impact Boundary	SDGs
	Sustainable product mix	We always stock products based on our customer needs and preferences. Recent times have seen consumer preferences tilting towards sustainable / organic options that improve customer lives, and our proportion of sustainable products has also increased. We plan to combine advocacy for sustainable products along with increasing green choices so that supply and demand work together to promote customer preference for sustainability.	GRI 416: Customer Health & Safety Non-GRI Initiatives to introduce sustainable products	Within and outside Cosco	 
Looking after our people	Employee engagement and diversity	Our employees are at the center of our growth strategy. We have always believed that supporting their individual growth leads to overall productivity and organizational growth. Therefore, we have always accorded maximum importance to treating employees fairly and equally and the workplace, and will continue to explore avenues to improve their experience with us.	GRI 401: Employment 402: labor / Management Relations 403: Occupational Health & Safety 404: Training and Education 405: Diversity and Equal Opportunity 406: Non-discrimination 407: Freedom of Association and Collective Bargaining	Within Cosco	   

Theme	Material Topic	Description	Relevant Indicators	Impact Boundary	SDGs
			408: Child labor 409: Forced / Compulsory labor 410: Security Practices 411: Rights of Indigenous Peoples Non-GRI Employee engagement practices		
Sustained customer relationships	Customer Health and Safety	Since we engage in the sale of products that are sometimes directly consumed by our customers, we have a critical responsibility towards ensuring watertight quality standards in all the products we stock. Customer health and safety is hence at the heart of our operations, and we always strive to improve our quality monitoring endeavors.	GRI 416: Customer Health and Safety	Within and outside Cosco	
	Promoting sustainable lifestyles	As a direct customer-facing business, we realize that we have immense power to influence our customers' choices. While we have already started holding awareness campaigns and programs on sustainability, we seek to formalize our approach	Non-GRI Initiatives to promote sustainable lifestyles among customer groups	Within and outside Cosco	 

Theme	Material Topic	Description	Relevant Indicators	Impact Boundary	SDGs
		towards promoting sustainability among customers through a structured program.			
	Customer privacy and Cybersecurity	Our grocery retail segment considers the use of customer data to optimize their experience with us as vital to its business. Therefore, we also have a responsibility towards protecting their data against potential cybersecurity risks and related privacy breaches. We are constantly on our toes with regard to compliance with data privacy regulations, and are implementing continuous improvements to our existing data storage security and controls.	GRI 418: Customer Privacy	Within and outside Cosco	
Ethical Practices	Fair Marketing and Labelling Practices	Marketing and labelling of the products that we sell are largely the onus of our suppliers, even though we ensure that they adhere to all regulatory norms with respect to the labels on our products.	GRI 417: Marketing and Labelling	Within and outside Cosco	

Theme	Material Topic	Description	Relevant Indicators	Impact Boundary	SDGs
Engagement with the Community	Communities and Livelihoods	Maintaining healthy relationships with local communities is key to sustained growth and progressive positive reputation. We seek to combine our technical expertise with the monetary / in-kind support we provide to communities surrounding our stores, so that our CSR initiatives are effective.	GRI 413: Local Communities	Within and outside Cosco	
Adhering to the Law	Governance and Anti-Corruption	Since our inception, we have accorded utmost importance to anti-corruption training among our employees as well as execution of anti-corruption practices and controls. We also prioritize the upholding of our values and principles throughout the course of our everyday operations.	GRI 205: Anti-corruption 206: Anti-competitive behavior	Within and outside Cosco	
	Compliance to the Law	In due course, we seek to contribute to regulatory discourse on sustainability and climate change and act as a policy advocate for ESG. To do this, we understand that strict regulatory compliance and monitoring of breaches is the best way to earn goodwill	Non-GRI Governance structure for handling compliance management	Within and outside Cosco	

Theme	Material Topic	Description	Relevant Indicators	Impact Boundary	SDGs
		and reputation for engagement with the government in the future.			

Addressing Long-Term and Short-Term Impacts

Material Topics	Long Term	Short Term
Economic Growth	Our pursuit of economic growth and business expansion can stimulate local employment and income in communities where we operate. Stable economic performance also ensures regular tax payments to the government. However, it may also lead to resource depletion and increased pollution without proper sustainability practices.	Targeting small and medium enterprises (SMEs) by offering affordable products and memberships supports their growth and attracts investments into the Philippines. Opening new stores each year promotes local employment and increases tax payments.
Governance and Anti-Corruption	Strengthening governance practices can improve corporate accountability and transparency, leading to zero incidents of corruption and a conflict-free workplace. Poor monitoring, however, can reduce stakeholder trust and lead to internal conflicts	Current governance practices promote organizational discipline, contributing to better productivity and performance. Cosco reported no incidents of corruption in 2023.
Compliance to the Law	Adhering to laws and regulations promotes a culture of compliance and harmonious business operations. It can also lead to avoidance of fines and penalties, augmenting government incomes. However, gaps in compliance management could lower employee morale and damage relationships with local governments.	Due to our commitment to regulatory compliance, we have incurred no fines or penalties. This has resulted in continued trust from customers, investors, and suppliers.
Disaster Preparedness	Proper disaster preparedness can provide an effective risk management framework, increasing overall organizational efficiency and market edge. Poor practices, however, can lead to human, physical, and opportunity losses.	Our emergency response plan, supported by technology updates, helps mitigate losses and promotes efficiency. All stores and properties are fully insured for financial protection in case of disasters.
Technology and Innovation	Adoption of new technologies can increase employee motivation and productivity. However, fears about manpower replacement and data security threats exist.	Our technology adoption has led to lower power consumption, improved cost efficiency, and smoother communications. Challenges include occasional connectivity problems and awareness gaps.

Material Topics	Long Term	Short Term
Waste and Recycling of Packaging Waste	Planning recycling and waste reduction could conserve resources, yield financial gains, and prevent health issues near landfills. Poor monitoring could lead to inconsistent waste practices.	Our waste management initiatives have reduced packaging costs and hazardous waste generation. We monitor waste disposal practices to comply with regulations.
Food Waste	Effective food waste management can lead to cost savings.	Forecasting food waste and promoting paperless transactions result in significant cost savings and waste reduction.
Energy and Emissions	Comprehensive energy management can reduce emissions and pollution. Poor energy conservation practices can lead to increased pollution and higher operational costs.	Our energy savings initiatives promote cost efficiency and reduce carbon emissions and pollution. Challenges include emissions from diesel-fueled fleets and costs from using non-inverter air conditioners.
Optimizing Water Use	Efforts to optimize water use can conserve reserves and reduce water bills. Less focus on water efficiency could lead to increased operational expenditure and water demand.	Our water conservation initiatives have improved cost efficiency and availability of water for maintenance. Challenges include increased water demand from new stores and consumer foot traffic.
Sustainable Product Mix	Sustainable product mix efforts could drive customer preferences towards greener alternatives. However, the availability of more affordable options could affect sales of sustainable products.	Making sustainable products available in our stores promotes sustainability. Challenges include limited sales and stocking issues with high-demand products.
Sustainable Supply Chain	Integrating sustainable supply chain practices could lead to more partnerships, meet customer demands, and reduce environmental pressure. Challenges include higher costs and finding ESG compliant suppliers.	Our efforts towards a greener supply chain have led to cost efficiencies and better revenue. Challenges include supplier resistance and higher costs of sustainable materials.

Material Topics	Long Term	Short Term
Promoting Sustainable Lifestyles	Promoting sustainable choices could lead to customer loyalty and improved brand reputation. Challenges include higher costs and keeping up with changing trends.	Our sustainability efforts have helped customers realize the value of resource use and improved employee productivity. Challenges include a lack of regulatory framework and employee time constraints.
Employee Engagement and Diversity	Emphasizing employee engagement and diversity could lead to better retention, productivity, and a diverse talent pool. Neglecting these areas could lead to discrimination and high turnover.	Our team-building activities have led to more engaged employees and a gender-equal workforce. Challenges include low employee morale and higher costs of engagement activities.
Employee Health and Safety	Prioritizing employee health and safety can increase satisfaction, improve morale, and reduce injuries. Neglecting these areas could lead to more injuries and disabilities.	Our attention to occupational health and safety has led to better efficiency and awareness. Challenges include lower opportunities for engagement and higher costs of maintaining certifications.
Fair Marketing and Labeling Practices	Ensuring strict standards on marketing and labeling can increase customer satisfaction and public confidence. Neglecting quality checks could affect customer loyalty and lead to regulatory issues.	Adherence to quality requirements has led to customer loyalty, minimal complaints, and no regulatory fines or penalties.
Customer Privacy and Cybersecurity	Strict protocols on data security could increase customer trust and help us use data effectively. Neglecting cybersecurity could lead to data breaches and identity theft.	Our protocols have improved customer experience and communication. Challenges include maintaining cybersecurity measures.
Communities and Livelihoods	Community support initiatives could promote job creation and lessen income inequalities. Poor management of CSR programs could affect community relations.	Our CSR initiatives have promoted job creation and provided affordable supplies. Challenges include maintaining community relations and balancing costs.

Business and Ecosystem Viability

In assessing our economic performance, we prioritize a holistic view that considers the broader ecosystem influencing our operations. This includes factors like natural calamities, procurement practices, and technological advancements. We firmly believe that sustained financial health is foundational to ensuring the well-being of all our stakeholders. Our performance in this regard is detailed below.

Economic Growth

Particulars	2021 (Philippine Peso)	2022 (Philippine Peso)	2023 (Philippine Peso)
Direct Economic Value Generated			
Revenues	177,670,401,306	197,136,763,359*	214,486,841,311
Revenue from financial investments and other sources	494,616,068	3,187,088,934*	3,596,480,910
Grand Total	178,165,017,374	200,323,852,293	218,083,322,221
Direct Economic Value Distributed			
Operating costs	21,461,844,669	23,579,268,601*	26,588,190,545
Employee wages and benefits	3,038,541,961	3,429,579,549*	4,520,154,300
Payment to provider of funds			
Interest payment made to provider of loans	697,383,984	527,169,296	573,389,556
Dividends to all shareholders	1,669,896,000	1,632,975,000*	2,668,717,627
Sub total	26,867,666,614	29,168,992,446	34,350,452,028
Payments to government (taxes)	4,253,790,186	4,984,490,656*	5,218,884,920
Community Investments	10,670,000	202,100,000	16,608,252
Reinvested to maintain and develop operations:			
Depreciation and amortization	4,624,580,000	4,588,519,000*	5,029,848,289
Retained profit	65,943,338,000	71,621,881,000*	77,592,241,774
Deferred Tax	882,764,000	1,247,250,743*	1,742,299,297
Sub total	75,715,142,186	82,644,241,399	89,594,882,532
Grand Total	280,747,826,174	312,137,086,138	342,028,656,781

**Restatement from previous reporting value*

At Cosco Capital, the finance teams within each subsidiary oversee financial reporting, budgeting, and revenue target setting. An internal audit mechanism is in place to monitor our performance closely.

Our total revenue in 2023 increased by almost 9% to PHP 214.49 billion, a significant growth from PHP 197.14 billion in 2022. This increase was primarily driven by the growth in revenue from operations, attributed to a return to pre-pandemic levels of customer foot traffic, strategic expansions, and revenue from financial investments and other sources, which rose by 12.85% to PHP 3.60 billion in 2023 from PHP 3.19 billion in 2022.

Operating costs increased by approximately 13% to PHP 26.59 billion in 2023 from PHP 23.58 billion in 2022. This increase was mainly due to higher expenses related to employee wages and benefits, which rose by approximately 32% to PHP 4.52 billion in 2023 from PHP 3.43 billion in 2022.

Our tax payments increased by approximately 5%, part of our contribution to local economic growth is paying our taxes in full and on time, following our tax strategy applicable to all subsidiaries. Our strategy is based on tracking and paying all applicable taxes. The President of the group reviews every tax payment made, ensuring accountability. We instill the principle of on-time tax payments among our employees by regularly monitoring Tax Authorities' websites for new policies and regulations, and encouraging them to attend related seminars. After tax payments are processed, we evaluate them for any gaps or improvements needed. All our tax obligations and payments are properly disclosed in the audited financial statements.

In 2023, we allocated PHP 16.61 million for community investments, representing a significant decrease from the PHP 202.1 million allocated in 2022. Despite economic changes, our commitment to initiatives that benefit the communities we serve remains strong. We have a range of community investments, including infrastructure investments on capital expenditure for new store openings, repairs and maintenance, and IT investment. These investments impact communities in a positive manner given the opening of new stores creates more local employment, and improves the standards of living of our employees and their families.

The amount reinvested to maintain and develop operations increased by approximately 9% to PHP 5.03 billion in 2023 from PHP 4.59 billion in 2022. This reflects our continued investment in the growth and development of our business, ensuring its long-term viability.

Local Procurement

We are dedicated to promoting economic growth in local communities. Puregold has 100% of its senior management at significant locations of operation, including 12 executives and 25 senior managers, hired from within these communities. Similarly, S&R demonstrates its commitment by hiring 67% of its senior management from local communities at significant locations of operation. These practices not only support local talent development but also contribute to stronger community engagement and sustainable economic development.

We at Cosco Capital Inc. prioritize local sourcing to support the Philippine economy, defining 'local' as products made in the Philippines or sourced from Philippine-based suppliers. Our subsidiaries Puregold and Real Estate achieve a 100% local procurement rate, demonstrating our strong commitment to supporting local industries. S&R follows closely with a 61% local procurement rate, while Office Warehouse maintains a 90% local procurement rate. Despite this

focus on local suppliers, we also offer imported brands in our retail stores to cater to the diverse needs of our customers.

Disaster Preparedness

Recognizing the potential impact of natural calamities on our operations, we have a comprehensive contingency plan. This plan offers clear guidance for our security team, employees, and the community in navigating emergency situations.

Our manual covers various facets of emergency management, providing detailed protocols for diverse scenarios:

- **Natural Disasters & Fire Contingency Plans:** Situational assessment, mission objectives, execution protocols, service support, and command and signal procedures.
- **The Four Phases of Emergency Management:** Outlining a structured approach to handling crises.
- **Fires:** Guidelines, workplace safety measures, and detailed fire drill procedures including vital workplace guidelines, facility safety, and examples of bad practices.
- **Earthquakes:** General guidelines, drill practices, damage assessment procedures, and insights into the seismic scale.
- **Typhoons:** Preparation, safety precautions, classifications, and practical tips for store readiness.
- **Floods:** Impacts, preparation strategies, and response plans tailored to mitigate business disruptions.
- **Volcanic Eruptions:** Action plans during eruptions, risks associated with ashfall, and understanding alert levels.
- **Droughts:** Types, response strategies, water supply management, and operational guidelines for drought events.

Each section offers tailored guidance to address the unique challenges posed by these disasters, prioritizing the safety of our stakeholders and assets.

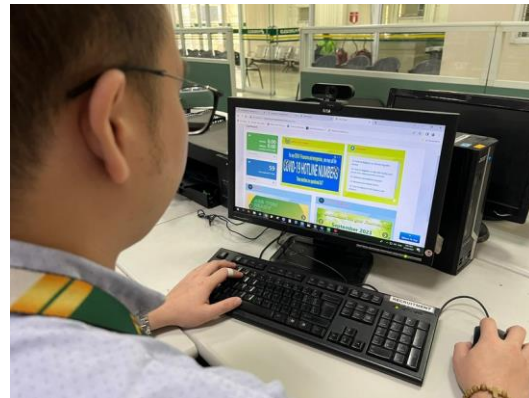
Alongside the Disaster Preparedness Manual, Puregold maintains a dedicated Critical Incident Management manual. This resource provides detailed guidance for the Critical Incident Management Committee, Emergency Operation Center activities, evacuation and relocation procedures, damage assessment, recovery strategies, and an overview of the emergency management cycle.

Technology and Innovation

Our strategic use of technology has been vital in not only maintaining but also enhancing customer engagement across our various segments.

Ensuring Customer Safety and Convenience

The Puregold mobile application has emerged as a cornerstone in addressing customer concerns, particularly in providing a safe and convenient shopping experience. With its user-friendly interface and features, the app has become a preferred choice for millions of customers, allowing them to browse products, place orders, and manage their shopping lists with ease.



Supporting Local Businesses

Our commitment to supporting local businesses is exemplified through the Tindahan ni Aling Puring (TNAP) program. This initiative goes beyond providing market offers and best value deals; it strengthens our relationship with Filipino consumers and plays a role in contributing to local economic growth.

Enhancing Accessibility and Convenience

To further enhance customer satisfaction, we have expanded our online shopping options and introduced door-to-door delivery services for Puregold customers. These initiatives are designed to provide customers with a seamless shopping experience, allowing them to access our products and services conveniently, regardless of their location.



Recognizing Digital Excellence

Our efforts in digital innovation have been recognized with the HR Asia Digital Transformation Awards 2023 in the Philippines, embracing digital technologies and adapting to the evolving digital landscape. Through continuous innovation and adaptation, we aim to maintain our position as a leader in the industry, providing our customers with exceptional experiences and services.

Conscious Conduct of Operations

In recent years, we have made steps in integrating Sustainable Development Goals (SDGs) into our operations, with a particular focus on developing, adopting, and strengthening environmental sustainability programs. Given the substantial environmental impact of our operations across various segments, including Grocery Retail, Specialty Retail, Wine & Liquor Distribution, and Real Estate, we recognize the importance of reducing resource consumption and enhancing waste management and reduction. These initiatives not only benefit the environment but also serve as a platform to influence stakeholders, including employees and customers, by demonstrating responsible resource management practices.

Sustainable Initiatives in Action

Energy Efficiency and Conservation: Our Energy Efficiency and Conservation program is designed to reduce excess energy usage while maintaining service quality. We have successfully completed around 40 solar projects, which have not only generated renewable energy but also significantly reduced our CO2 emissions.

Plastic Usage Reduction: In compliance with RA 11898, we are actively working to reduce our plastic usage. We are closely monitoring data on plastic and paper bag distribution, identifying areas where we can further reduce our environmental footprint.

Tree-Planting Drive: We have launched a tree-planting drive with the goal of planting 100,000 trees, starting in November 2023. This initiative is particularly impactful as we have adopted a 70-hectare forest land in the Sierra Madre Mountain Range. Through this project, we are not only contributing to national objectives such as climate change adaptation but also engaging our stakeholders in meaningful environmental conservation efforts.



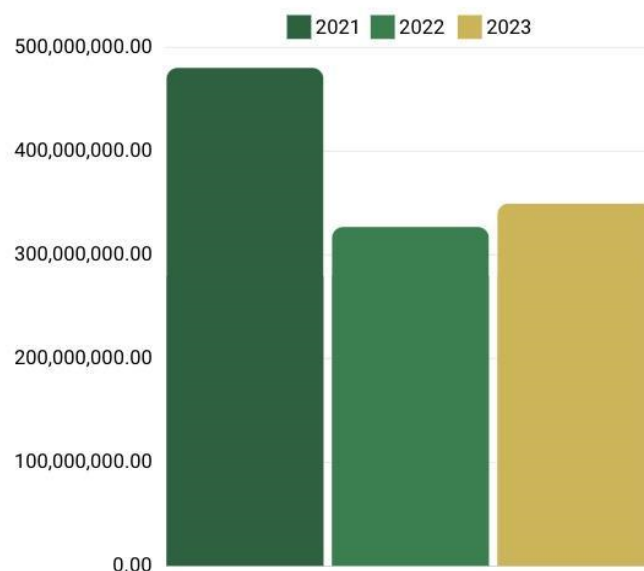
Energy and Emissions

The collective efforts of our subsidiaries reflect a commitment to sustainable energy practices, including proactive energy management, the adoption of renewable resources, and a focus on operational efficiency. Continued collaboration and innovation will be key to advancing our sustainability agenda and reducing our environmental impact across our diverse portfolio.

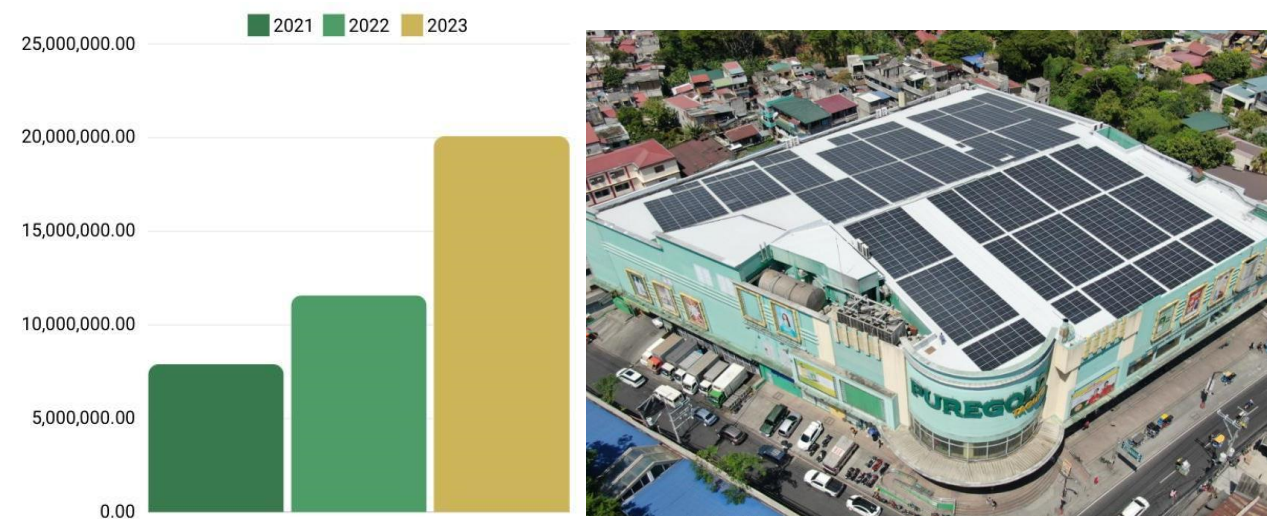
Sources of Energy within the Organization	Unit	2021	2022	2023
Diesel	GJ	5,794	81,601	73,930
Gasoline	GJ	9,205	6,118	5,215
LPG	GJ	69,355	104,644	75,326

Our subsidiaries rely on various energy sources, predominantly diesel, gasoline, liquefied petroleum gas (LPG), and grid electricity. In 2023, diesel consumption experienced a decrease from 81,601 GJ in 2022 to 73,930 GJ in 2023, attributed to fewer power interruptions and proactive energy audits conducted by the Department of Energy (DOE). Gasoline and LPG consumption followed a similar trend, with reductions indicative of strategic shifts towards more energy-efficient practices such as heat induction cooking and the implementation of energy conservation measures. Conversely, electricity consumption from the grid witnessed an increase, primarily driven by the expansion of store infrastructure, heightened operational demands, and the incorporation of new outlets across various subsidiaries.

Electricity Consumption (in kWh)



Our Progress in Renewable Energy Integration



Sources of Energy within the Organization	Unit	2021	2022	2023
Renewable energy	kWh	7.9 million	11.58 million	20.08 million

Our efforts in renewable energy integration have yielded significant results, with a notable increase in renewable energy consumption from 11.58 million kWh in 2022 to 20.08 million kWh in 2023. This represents a substantial 73.24% increase in renewable energy consumption. The continued commitment to renewable energy integration has further amplified our impact, marking a remarkable progress in reducing our carbon footprint and promoting sustainability.

Supporting energy efficiency is a long-term journey, we are taking it one project at a time, leveraging the power of the sun. We eagerly anticipate the benefits of our efforts to install more solar facilities in our stores, contributing to a more sustainable future and a more sustainable world.

Puregold

Puregold has undertaken the deployment of rooftop solar photovoltaic (PV) systems to harness renewable energy sources. Through ongoing evaluation and expansion of solar projects, Puregold has achieved completed installations that demonstrate up to a 20% reduction in electricity bills.

Phase 1	System Size (Solar Capacity, KWp)	Operation start date	KWH Saved	STD Coal Saved	CO2 avoided
North Commonwealth Store	366.24	4 Sep 2022	382,781.06	153.11	181.82
Sucat Store	296.4	18 Sep 2022	385,662.33	154.26	183.19
Phase 2	System Size (Solar Capacity, KWp)	Operation start date	KWH Saved	STD Coal Saved	CO2 avoided
Taguig Store	673.20	29 Apr 23	633,544.33	253.42	300.93
QI Central	752.40	10 May 23	528,774.57	211.51	251.17
Phase 3	System Size (Solar Capacity, KWp)	Operation start date Central	KWH Saved	STD Coal Saved	CO2 avoided
Paco	369.60	13 Oct 23	76,427.74	30.57	36.30
Taytay	448.80	18 Oct 23	103,716.04	42.49	49.27
Calamba Crossing	308	29 Oct 23	44,487.43	17.79	21.13
GMA	341	2 Nov 23	50,560	20.22	24.02
Guiguinto	237.60	3 Nov 23	35,227.28	14.09	16.73
Betterliving	118.80	3 Nov 23	23,308.49	9.32	11.07
Anabu	638	4 Nov 23	107,765.19	43.11	51.19
Balintawak	118.80	4 Nov 23	16,059.90	6.42	7.63
San Pablo	374	15 Nov 23	30,275.22	12.11	14.38
Total	5,042.84		2,418,589.58	967.44	1,148.83

Phase 4 – Year 2024:

Phase 4 is comprised of 9 stores, covering an additional total of about 3 MWp. These include Puregold 999 Caloocan, Puregold Pasig, Puregold Valenzuela, Puregold Brookside Lane Cavite, Puregold Bacoar, Puregold Calicanto, Puregold BF Homes, Puregold San Pablo Highway, and Puregold Sta. Rosa Balibago. This expansion marks a significant step towards our goal of harnessing renewable energy sources across our operations.

Currently, there are 19 other stores lined up for Phase 5, scheduled for implementation in 2024, with another batch of 14 stores in the pipeline. Puregold is committed to completing these projects to support our ongoing commitment to sustainability through energy efficiency and the utilization of renewable energy.

S&R

S&R has made significant progress in the incremental installation of solar systems across its store locations, resulting in substantial reductions in grid dependency and operational costs. In 2023, S&R successfully installed solar systems in three stores located in Alabang, Muntinlupa

City; Aseana, Paranaque City; and Bonifacio Global City. These installations contribute to a total of 22 stores and one distribution center equipped with solar systems, showcasing S&R's commitment to sustainable energy practices.

Looking ahead to 2024, S&R plans to install solar systems in four additional stores, including locations in Kawit, Cavite; Naga City; Calasiao, Pangasinan; and Lucena City.

Energy Conservation Practices Across Our Operations

Puregold:

Energy Consumption Reduction:

- Implementation of tailored energy reduction targets, supported by baseline energy assessments and continuous monitoring.
- Adoption of low-cost energy-saving measures such as LED lighting, HVAC optimization, and enhanced building insulation.
- Capital projects focusing on efficient equipment upgrades and technology investments.

S&R:

Energy Consumption Reduction:

- Wide-scale deployment of LED lighting systems to minimize electricity consumption
- Implemented smart HVAC (Heating, Ventilation, and Air Conditioning) systems that optimize energy usage based on real-time environmental conditions. This smart utilization ensures comfort for customers and employees while minimizing energy waste.
- Conservation measures in its office spaces, including efficient lighting, energy-efficient appliances, and awareness campaigns

In the Real Estate segment:

- Implementation of Energy-Efficient Technologies: Adoption of LED lighting and energy management systems to curtail electricity usage within mall facilities.
- Tenant Engagement: Educational initiatives aimed at tenants to foster awareness and encourage participation in energy-saving endeavors.
- Operational Optimization: Streamlining processes, optimizing equipment usage, and conducting regular maintenance to enhance overall energy efficiency across mall operations.

Emissions Management for Air Quality

We are committed to accounting for and managing the emissions generated by our operations to reduce our impact on air quality. This involves implementing projects and policies focused on monitoring and reducing our greenhouse gas (GHG) emissions.

Accounting for Emissions

We are implementing accounting practices to accurately measure and report our emissions. This includes tracking emissions from various sources within our operations, such as energy use, transportation, and waste management.

Managing Emissions

To mitigate our emissions, we have embarked on various projects and policies designed to enhance operational efficiency and advance the adoption of cleaner technologies. This includes investments in energy-efficient equipment, optimization of transportation routes, and the integration of renewable energy sources into our operations. Over the past year, our concerted efforts have resulted in a notable reduction in both Scope 1 and Scope 2 emissions, with the most recent decrease amounting to approximately 14.24% compared to the preceding year. This reduction translates to an emission intensity of 0.97 tCO₂e per million PHP of revenue.

Carbon Emissions	2021	2022	2023
Total Scope 1 Emissions in tCO ₂ e	5,976.8	13,586	8,812
Total Scope 2 Emissions in tCO ₂ e	342,155	232,868	202,509

Waste and Recycling of Packaging Waste

Sustainability is at the forefront of our operations, particularly in waste management. We are committed to reducing our environmental impact and enhancing our brand image through sustainable practices. This report outlines our waste management initiatives and trends in packaging waste, focusing on our grocery retail, specialty retail, wine and liquor distribution, and real estate segments.

Trends in Packaging Materials

Our efforts in reducing environmental impact are evident in the trends of Puregold packaging materials. We have observed a steady increase in the usage of paper bags, with a notable surge in 2023. This surge represents the highest usage in a decade, indicating our successful shift towards more sustainable packaging. Additionally, our rapid expansion is reflected in the increase in the number of stores from 207 in 2013 to 488 in 2023, demonstrating our strong business growth.

The table below represents data over a period from 2021 to 2023, detailing the distribution of "Plastic sando bags" and "Paper Bags" (various sizes), along with the number of stores for each year.

Packaging	2021	2022	2023
Plastic Sando Bags	60%	59%	46%
Paper Bags	40%	41%	54%
No. of Stores	427	451	488

Note: the data is only for plastic sando bags, other plastic generated such as from packaging/labels, etc. are not included.

Analysis and Future Outlook

The reduction in plastic usage from 2021 to 2023 can be attributed to changing consumer behavior, local regulations, and our sustainability campaigns. Our transition to paper bags and the development of eco-bags highlights our commitment to sustainability. We aim to continue promoting eco-friendly alternatives, aligning with consumer expectations and potential regulations. The passing of the Extended Producers Responsibility Act of 2022 will further drive our sustainability efforts, requiring a 40% reduction in plastic packaging materials in 2024.



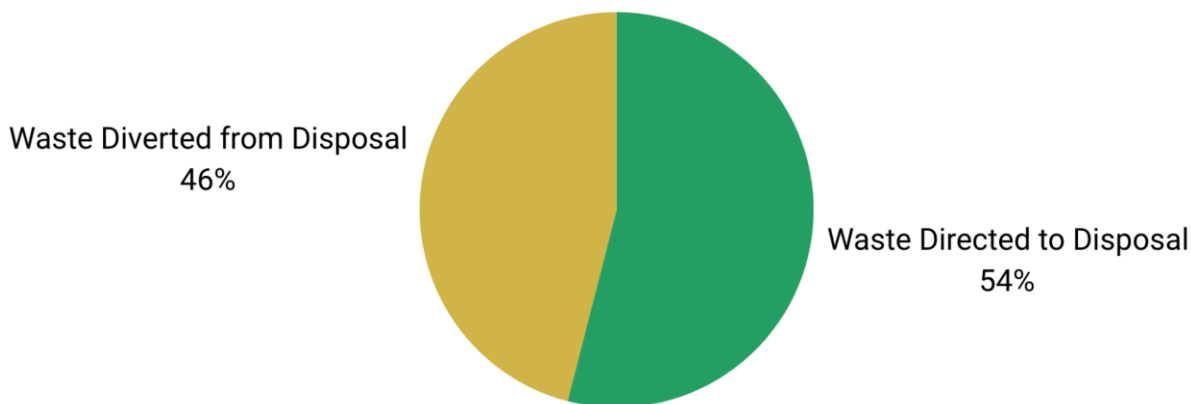
Our Waste Management Initiatives

We have implemented several initiatives to reduce plastic usage and promote sustainability. In August 2023, S&R successfully transitioned from plastic utensils to wooden utensils, marking a significant step towards sustainability. By Q2 2024, our food service segment will transition from plastic packaging to paper, including paper cups, to further advance our sustainability goals and strengthen our brand image. These initiatives align with the Extended Producers Responsibility Act of 2022, which mandates a reduction in plastic usage.

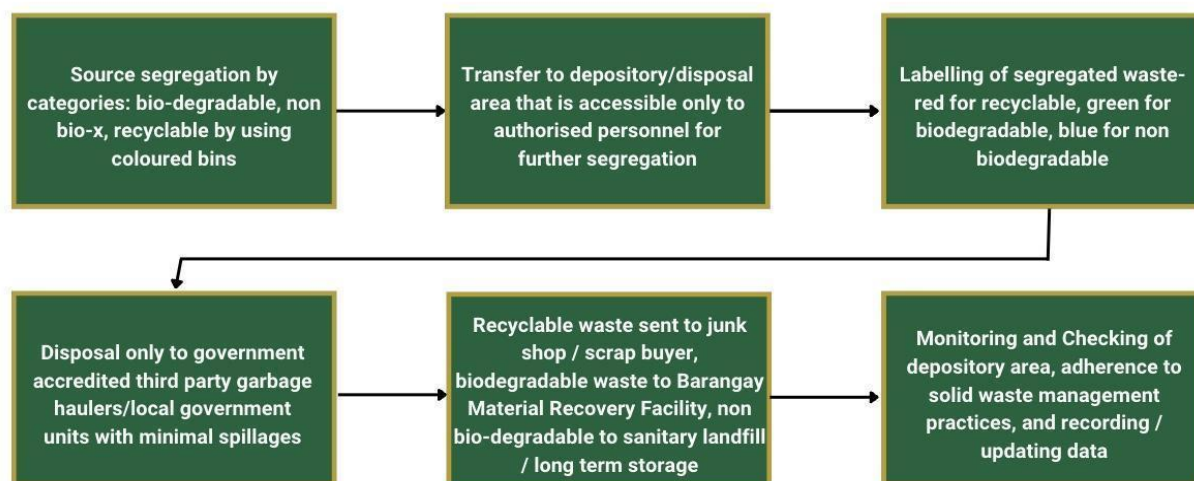


Non Hazardous Waste Generated

The majority of our non-hazardous waste comprises food, metal, glass, plastic, and paper. While most of this waste is directed to disposal, with the intent of recycling by a third party, a portion is reused on-site for packaging purchased goods by consumers, such as using cartons as packaging material. Our waste management efforts have resulted in 46% of the waste being diverted from disposal, highlighting our commitment to sustainable waste practices.



Solid Waste Management Process



Hazardous waste is mainly generated from Puregold and S&R (busted fluorescent lamps, used oils from generator sets, busted LED lamps, genset batteries, and grease wastes).

Hazardous Waste Management Process



Food Waste

Food wastes and other solid waste are generated from the food and fresh section of S&R, where the group processes meat, fish, and other poultry products. The scraps coming from the preparation of this food are sent to third-party accredited solid waste haulers, who send this waste to the landfill.

Overall Waste Management

Establishing Waste Reduction Targets

We are in the process of setting specific targets to reduce the amount of waste generated by our operations. These targets will guide our efforts in minimizing our environmental footprint and promoting sustainable waste management practices.

Reviewing Policies and Procedures

We are conducting a thorough review of our current policies and procedures related to waste management. This includes assessing how waste is currently managed in our operations and identifying areas where improvements can be made to enhance our waste reduction efforts.

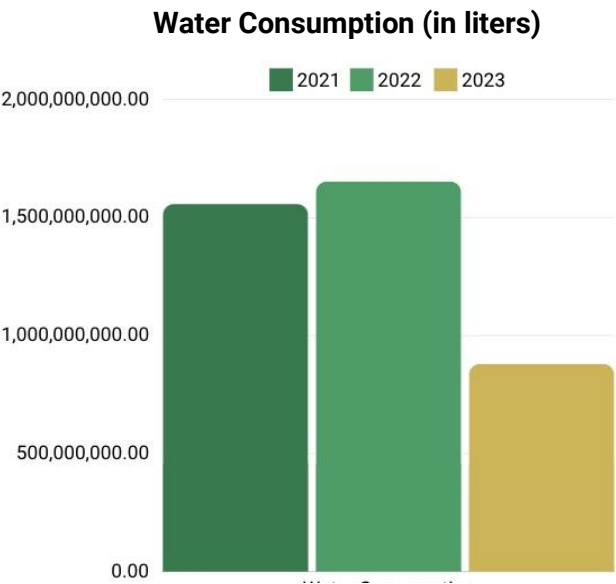
Conducting Waste Audits

To gain a comprehensive understanding of our waste generation and management practices, we are conducting a waste audit or waste characterization survey. This survey includes identifying the sources of waste in our operations, the types of waste generated, and the amount of waste generated. This information will help us develop targeted strategies to reduce waste and improve our overall waste management practices.

Optimizing Water Use

We ensure responsible management of water and wastewater to safeguard the environment and comply with regulations. With 156 wastewater treatment facilities in place, we uphold the standards outlined in the Clean Water Act to ensure the quality of our wastewater discharges.

In 2023, we achieved a significant reduction in water consumption compared to 2022, with a decrease of 45.85% in usage. This substantial reduction highlights the effectiveness of our water efficiency and conservation strategies and programs, reinforcing our commitment to responsible water management practices.



Water Efficiency and Conservation Programs

We have implemented various initiatives to reduce our potable water demand and enhance water efficiency, these include:

- **Water Consumption Reduction:** Establishing reduction targets, drafting baseline consumption data, identifying water-consuming systems, and developing efficiency plans.
- **Graywater Management:** Utilizing treated wastewater for flushing and cleaning to reduce potable water demand and manage effluent discharge quality.
- **Rainwater Catchment:** Harnessing rainwater to reduce potable water demand, with policies, procedures, and targets to implement this project.

Continuous Improvement

To enhance our environmental stewardship, we have invested in upgrading our sewage treatment plants (STPs). In 2023, Puregold stores allocated 30 million pesos for this purpose, demonstrating our proactive approach to sustainability and compliance.

Future Investments

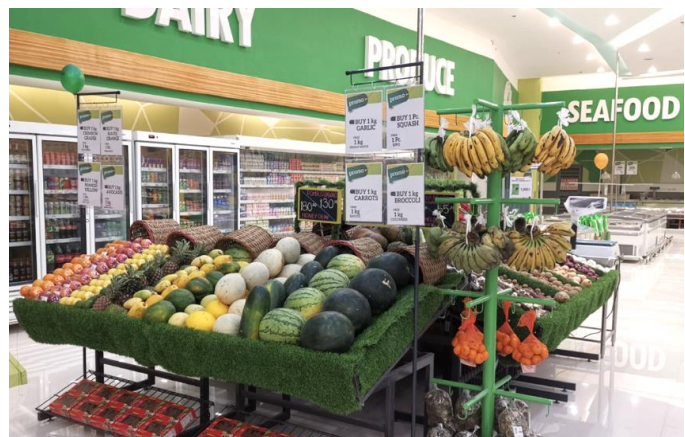
Acknowledging the importance of maintaining high-quality wastewater treatment, we have earmarked an additional 30 million pesos for 2024. This investment will support further upgrades to ensure compliance with new treated wastewater quality standards mandated by the DENR.

Commitment to Compliance

By 2024, all our wastewater treatment facilities will be fully compliant with stringent quality standards set by the DENR. This commitment underscores our dedication to regulatory alignment and sustainable water management practices.

Sustainable Supply Chain

Despite our commitment to sustainability, implementing supplier screening on environmental, social, and governance (ESG) criteria remains a logistical challenge. This challenge is particularly pronounced for our Tier 1 suppliers due to the vast number of brands we import for our retail and liquor segments. However, we recognize the importance of supplier engagement in driving sustainable practices throughout our supply chain. Therefore, we continuously seek innovative solutions to overcome these challenges and enhance our sustainability efforts.



Value for People

We value our stakeholders with whom we are associated throughout the course of our value chain, they are vital to the success of our business. We are committed to ensuring the rights of equality and freedom for all employees, fostering trust and loyalty among our customers, and maintaining the unwavering support from the community surrounding our operations, which aids in the long-term survival of Cosco Capital. We have implemented various programs and policies to safeguard the wellbeing of these stakeholders, detailed in the following sections.

Employee Engagement and Diversity



At Cosco Capital, we prioritize a workplace culture that values diversity and inclusivity. We hire individuals based on their skills and qualifications, regardless of gender, age, race, or other characteristics. Our stringent safety policies, zero-tolerance stance on illegal drugs, and clear regulations against sexual harassment reflect our commitment to social sustainability. Additionally, we provide robust support programs, such as paternal, maternity, and special leaves, as well as initiatives for those diagnosed with STD/HIV/AIDS or Hepatitis B. We also offer flexible work arrangements for solo parents and a worksite lactation program, demonstrating our commitment to diversity and employee support.

Our HR policies are elaborated in the following list:

- **Company Safety Policies:** Outlines guidelines for observation of safety regulations, safety responsibilities of the employee and supervisor, worksite precautions for the entire company, offices and stockroom areas, and SOPs for safety inspection.
- **Drug-Free Workplace Policy:** Provides definitions of different types of illegal and legal drugs, norms for drug testing at the workplace (to prevent the use of illegal drugs at the workplace), and guidelines on disciplinary action against unauthorized use of illegal drugs.
- **Rules and Regulations against Sexual Harassment:** Description of what could constitute sexual harassment, guidelines on maintaining proper decorum, and investigation procedures for cases of sexual harassment (if any).
- **Workplace Policy and Program on Paternal Leave:** The policy covers all married male employees – 7 days for the first four deliveries with full pay.
- **Company Policy and Rule on STD / HIV / AIDS:** Mentions that the company will fully extend all rights and liberties of people tested with such diseases, and a strict stand against discrimination based on these aspects will be adopted.
- **Workplace Policy and Program for Special Leave for Women:** Outlines instances in which women can be granted special leave – for procedures that could include, but are not limited to dilation and curettage, and those involving reproductive organs.
- **Workplace Policy and Program on Maternity Leave:** A maternity leave of 105 days is granted for normal or cesarean delivery and additional 15 days for single mothers.
- **Workplace Policy and Program on Solo Parents:** Benefits that single parents (who turned single due to many possible causes) are entitled to, are outlined in this policy. Flexible work arrangements are also outlined.
- **Workplace Policy and Program on Hepatitis B:** Covers company's goals on education, preventive strategies, non-discriminatory policies and practices, confidentiality, work accommodation and arrangements, screening, diagnosis, test referrals, and compensation for affected employees.
- **Workplace Policy and Program on Tuberculosis Prevention and Control:** Guidelines are similar to the Hepatitis B policy – seeking to prevent and control cases of tuberculosis at the workplace, and to support those with TB.
- **Worksite Lactation Program and Policy:** To reduce barriers in breastfeeding for employees and their family members. This includes awareness programs, a culture of support for breastfeeding employees, and making private areas available for breastfeeding.

As of 2023, our workforce comprises 50% of individuals aged between 30 and 50 years old, compared to 48% the previous year. The category of individuals younger than 30 years old accounts for 49%, slightly down from 50.7% the previous year. The category of individuals older than 50 years old remains unchanged at 1%, consistent with the previous year.

New Joinees	2021	Turnover %	2022	Turnover %	2023	Turnover %
By gender						
Male	898	17.1	1,366	23.6	1,808	24.1
Female	1167	17.3	1,687	21.2	2,387	22.6
By age						
<30 years	1371	18.5	1,973	20.2	2,591	21.5
30 - 50 years	691	14.9	1,073	26	1,595	27
>50 years	6	2.2	7	2.1	9	44

This year, numerous new stores have been opened, resulting in an increase in new hires. As of this year, in terms of gender, females constitute the majority of new hires, and in terms of age, employees aged 30 and below comprise the largest group.

Employee turnover	2021	2022	2023
Male	835	1,279	1,585
Female	1068	1,725	2,051

The table above represents our employee turnover categorized by gender. With a turnover rate of 29%, primarily junior management and non-supervisors, the reason behind is mostly career advancement, while others have family obligations, and some have been offered opportunities to work abroad.

Parental leave policies cater to the needs of married employees, regardless of gender, as well as solo parents within our organization. For married individuals, a paternity leave period of 7 days is granted for the first four deliveries. Maternity leave extends to 105 days for women, accommodating both normal and C-section deliveries, with an extra 15 days allotted for single mothers. In all cases, employees receive 100% of their entitled benefits. Solo parents are eligible for a 7-day parental leave and have the option to avail flexible work schedules to better balance their responsibilities.

Parental Leave	Male		Female	
	General	Solo Parent	General	Solo Parent
Number of employees entitled to parental leave	1,930	18	7,577	164
Percentage of employees that took parental leave in FY 2023	6%	100%	6%	99%
Percentage of employees who returned to work after parental leave ended	100%	100%	96%	100%
Percentage of employees who returned to work after parental leave ended who were still employed 12 months after their return	92%	94%	96%	97%

The majority of employees who applied for parental leave belong to the solo parent category, although both categories have a higher percentage of employees who returned to work after the parental leave ended and are still employed 12 months later.

In most cases, employees and their representatives are typically given a minimum of one week to one month's notice before significant operational changes that could substantially impact them are implemented. The exact duration of notice depends on the specific circumstances surrounding the change.

The benefits provided to our full-time employees are different for various subsidiaries, as shown below:

Puregold

Applicable Benefits	Employment Category			
	Senior Management	Middle Management	Junior Management	Workers
Health Insurance	√	√	√	√
Personal Accident Insurance /Group Personal Accident	√	√	√	√
Life Insurance	√	√	√	√
Health Maintenance Insurance	√	√	√	√
Meal Allowance (applicable to Operations employees and management initiated transfers/in cases of Official Business)	√	√	√	√

Applicable Benefits	Employment Category			
	Senior Management	Middle Management	Junior Management	Workers
Transportation Allowance (applicable to Operations employees and management initiated transfers/in cases of Official Business)	√	√	√	√
Scholarship of employee's children	√	√	√	√

Minimum benefits that are standard for full-time employees of the organization, but are not furnished to temporary or part-time employees by significant locations of operation	Unit
Group Personnel Accident Policy	All direct employees, upon hiring
Group Health insurance Policy	Upon regularization
Joint Group Personnel Accident Policy	N/A
Stock ownership	N/A
Retirement provision	Upon retirement
Any other benefits - Group Life Insurance	Upon regularization

S&R

Applicable Benefits	Employment Category			
	Senior Management	Middle Management	Junior Management	Workers
Health Insurance	√	√	√	√
Personal Accident Insurance /Group Personal Accident	√	√	√	√
Life Insurance	√	√	x	x
Dependent Insurance	Voluntary (Charge to Employee)	Voluntary (Charge to Employee)	Voluntary (Charge to Employee)	Voluntary (Charge to Employee)
Bonus (if any)	√	√	x	x
Car Assignment	√	x	x	x
Meal Allowance	√	√	√	√
Transportation Allowance	√	x	x	x

Applicable Benefits	Employment Category			
	Senior Management	Middle Management	Junior Management	Workers
Bereavement Fund	Voluntary Contribution	Voluntary Contribution	Voluntary Contribution	Voluntary Contribution

Minimum benefits that are standard for full-time employees of the organization, but are not furnished to temporary or part-time employees by significant locations of operation	Unit
Group Personnel Accident Policy	Regular employees
Group Health insurance Policy	Regular employees
Joint Group Personnel Accident Policy	N/A
Stock ownership	N/A
Retirement provision	Regular Employees 60 Y.O - Voluntary 62 Y.O - Mandatory

The Keepers Holdings

Applicable Benefits	Employment Category			
	Senior Management	Middle Management	Junior Management	Workers
Health Insurance	√	√	√	√
Personal Accident Insurance /Group Personal Accident	√	√	√	√
Life Insurance	√	√	√	x
Bonus (if any)	√	√	√	√
Meal Allowance	√	√	√	√
Transportation Allowance	√	√	√	√

Real Estate and NE Pacific

Applicable Benefits	Employment Category			
	Senior Management	Middle Management	Junior Management	Workers
Health Insurance	√	√	√	√

Personal Accident Insurance /Group Personal Accident	√	√	√	√
Life Insurance	√	√	√	√
Transportation Allowance	√	√	x	x

Minimum benefits that are standard for full-time employees of the organization, but are not furnished to temporary or part-time employees by significant locations of operation	Yes / No
Group Personnel Accident Policy	√
Group Health insurance Policy	√
Joint Group Personnel Accident Policy	x
Stock ownership	x
Retirement provision	x
Any other benefits	√

Office Warehouse

Applicable Benefits	Employment Category			
	Senior Management	Middle Management	Junior Management	Workers
Health Insurance	√	x	x	x
Personal Accident Insurance /Group Personal Accident	√	√	√	√
Life Insurance	√	x	x	x
Health Maintenance Insurance	x	√	√	√
Uniform Allowance	x	√	√	x
Christmas grocery pack or Gift Certificate	x	√	√	√
Travel benefit (depending on sales performance)	x	√	√	√

Occupational Health and Safety

We value the safety and wellbeing of our employees. The HR department ensures that guidelines and protocols are strictly implemented. The occupational health and safety practices adhered to by our various subsidiaries are summarized below:

Puregold

Continuing our commitment to workplace safety and compliance, PPCI reaffirms its dedication to upholding the mandates outlined in RA 11058 and DOLE Department Order 198-18, alongside the pertinent clauses of the Occupational Safety and Health Standards (OSHS). Across all our outlets, including agency and indirect staff, we remain steadfast in our commitment to providing a secure and healthy work environment for all employees. Our priority is to safeguard them against any hazards present in their workspace, ensuring their well-being and fostering a culture of safety throughout our organization. In accordance with compliance standards, the company has implemented the following initiatives:

- All workers including new hires are provided with orientation and information on all types of hazards in the workplace.
- Provision for, and use of personal protective equipment
- Safety signage and devices that warn workers and the public on hazards at the workplace
- Implementation of Occupational Safety & Health Program
- Presence of a structured Safety & Health Committee (comprising a Safety Officer, a First Aider, a Chairperson, a Secretary, and Members). The Safety Officer is chiefly responsible for OHS-related offers.
- Safety Officer of the company attends a mandatory forty (40)-hour basic OSH training course as prescribed in the OSH standard.
- Trained First Aider is certified to administer first aid by the Philippine Red Cross
- Regular submission of Occupational Safety & Health Reports
- Free welfare facilities for employees and workers all workers, including agency and indirect workers
- Workers are not required to return to work if they feel imminent danger exists in their jobs
- Frequent monitoring and inspection of health or safety aspects of the store operations being undertaken with the participation of the officers and the employees
- Assistance to government inspectors in the conduct of safety and health inspection
- Transport is available on standby to transport injured personnel to the nearest clinic/hospital
- Regular direct employees are provided with HMO and accident, health insurance benefits
- Only authorized personnel have access to employee health records
- Issuance of Work Stoppage Order when necessary, based on the requirements and procedures provided by the OSH standards

We prioritize the safety and well-being of all workers, including indirect and agency workers. Within our company, we have established Safety & Health Committees comprising essential roles such as Safety Officers, First Aiders, Chairpersons, Secretaries, and Members. These committees play a crucial role in ensuring that our safety and health programs are diligently observed and upheld. Certified Safety Officers are strategically deployed across all branches to further reinforce our commitment to safety. Our Occupational Safety and Health (OSH) Committee diligently plans, develops, oversees, and monitors the implementation of our OSH Program, continuously reviewing and refining these programs as needed. We are dedicated to ensuring full compliance with government regulations and standards set by the Department of Labor and Employment (DOLE), further solidifying our commitment to workplace safety and health.

For our hazard identification, safety signages serve to warn workers, employees, and the public about workplace hazards. We regularly review and update information materials as needed. In our risk assessment, it's important to note that neither the company nor the Safety Officer can compel workers to return to work if imminent danger is present. The Safety Officer oversees the OSH program in coordination with the OSH Committee. We frequently monitor and inspect store operations for health and safety aspects, involving both officers and employees. Additionally, we assist government inspectors during safety and health inspections.

S&R

In S&R, we take the implementation of our occupational health and safety management program very seriously, ensuring it complies with government standards. It's not just a legal requirement, it's essential for keeping our workplace safe. For instance, we regularly conduct safety drills and orientations as part of this system. We've based our approach on risk management standards, as evidenced by our routine safety audits and risk assessments. Every member of our team, from top management to rank-and-file employees, has specific scopes of work and responsibilities for any activity or event, ensuring accountability and clarity. To manage this effectively, we have safety practitioners dedicated to overseeing our safety management system. We conduct continuous training sessions to meet government requirements and enhance our skills, including certification in safety training courses. Additionally, we prioritize ongoing improvement through annual seminars, drills, and training sessions. We also conduct periodic safety assessments to ensure we maintain and improve our safety standards over time.

Hazards and risk management at S&R adhere to recognized standards, with incident investigation recommendations aimed at hazard elimination and risk minimization. Random audits ensure ongoing performance adherence, supported by regular audits and checks conducted by authorized employees to uphold process quality. Continuous assessment and evaluation efforts have led to heightened organizational awareness. Our company policies encourage workers to report work-related hazards and unsafe conditions to supervisors, with employees free to request work transfer assignments if continued exposure poses injury or illness risks. The risk management department investigates work-related incidents, providing assessments and recommendations for OHSMS improvement. Ensuring tailored training, documentation clarity, and accessible processes serve as consistent reminders for employees to prioritize safety.

There are two OHS trainings that are provided regularly by S&R to all employees, which are described below:



- **The Basic Occupational Safety and Health Training (BOSH)** is a 40-hour course providing safety officers with a clear and concise explanation of their various responsibilities with regard to Occupational Safety and Health Standards. Trainees participate in a group discussion, a workshop and perform case analyses. Furthermore, the program aims to equip employees with detailed knowledge on OSH concepts, principles and practices applicable to

the S&R clubs. Written and practical exams were administered and certificates of completion are awarded, which are valid for 5 years.

Basic Life Support and First Aid Training is a 16-hour course. This training provides trainees with the knowledge and skills necessary to respond to breathing and cardiac emergencies. First Aid training teaches employees to recognize and care for a variety of first aid emergencies such as burns, cuts, scrapes, sudden illnesses, head, neck, back injuries, heat and cold emergencies. The employees who successfully passed and completed the course receive a first aider license valid for 2 years.



Real Estate

We make sure to follow the safety guidelines laid out by the Department of Labor & Employment for the Occupational Safety & Health Standards. As part of this, we designate a Safety Officer & First Aider for our company. This is a requirement set by the Department of Labor & Employment. These designated employees are then required to attend training or seminars to become certified First Aiders & Safety Officers. This process strictly adheres to the existing guidelines provided by the Department of Labor & Employment for Occupational Safety & Health Standards. Typically, we choose Safety Officers & First Aiders from within our Administration or Engineering & Maintenance Departments.

In our dedication to safety, we prioritize thorough risk identification, which includes changes in procedures or equipment and incidents like slips or trips, leading to prompt corrective action. Worker feedback and ongoing assessments are essential in addressing safety concerns, while surveillance of the work environment and employee health allows us to detect emerging hazards for effective mitigation. Aligned with regulations and industry standards, our quality assurance measures, including training and continuous improvement initiatives, support robust hazard identification and incident investigation processes. Additionally, we enhance various aspects like worker participation and data protection through regular evaluations. As part of our commitment, we offer a comprehensive BOSH for SO1 certification program, consisting of an 8-hour OSH orientation plus a 2-hour Training of Trainers, empowering potential safety officers to implement safety and health programs effectively.

For our mall operations, formal health and safety committees facilitate worker participation and communication on occupational health and safety. These committees ensure a safe workplace through open dialogue and collaboration, addressing various aspects of health and safety. We prioritize protecting personal health information and ensuring equal treatment in occupational health services. A dedicated safety committee, led by key personnel, oversees safety measures and advocates for departmental needs, fostering transparency and accountability. Through monthly meetings, we prioritize safety, inspect workplace conditions, and uphold occupational safety and health standards.

North-East Pacific

Ensuring the safety of our workplace is a top priority, so we strictly follow the guidelines set by the Department of Labor & Employment for the Occupational Safety & Health Standards. As part of this commitment, we appoint a dedicated Safety Officer & First Aider within our company. This is a crucial requirement outlined by the Department of Labor & Employment to uphold workplace safety standards. To fulfill this role effectively, our designated employees undergo specialized training or seminars to become certified First Aiders & Safety Officers. This process strictly adheres to the established guidelines provided by the Department of Labor & Employment for Occupational Safety & Health Standards. Typically, we select Safety Officers & First Aiders from among our talented employees in the Administration or Engineering & Maintenance Departments, ensuring they are well-equipped to handle safety matters effectively.

The Keepers Holdings

The Keepers Holdings implemented an occupational health and safety management system for both our organization's employees and those in associated companies. We conduct fire drills every first quarter in leased buildings and ensure fire extinguishers are installed throughout our offices, alongside medicine kits. Additionally, our HR Supervisor is trained as a first aider and undergoes yearly training to maintain readiness. We're diligent about monitoring fire extinguisher expiration dates and provide yearly first aid training to ensure preparedness.

The possibility of safety incidents at Office Warehouse and The Keepers Holdings is negligible; therefore, data / information for these two subsidiaries has not been provided. At a group level, 51,838 employees and workers are not employed by Cosco, but are in the system because their work is controlled by Cosco.

Our OHS data (at a group level) is provided in the tables below:

Safety Data for Employees				
Description	Unit	Male*	Female*	Total
Fatalities as a result of work related-injury	Number	0	0	0
Fatalities as a result of work related-injury	Rate	0	0	0
High consequence of work-related injuries (excluding fatalities)	Number	6	0	0
High consequence of work-related injuries (excluding fatalities)	Rate	6	0	0
Recorded work related injuries	Number	7	0	0
Recorded work related injuries	Rate	7	0	0
Man-hours worked	Hours	0	0	0

**Except for S&R, all subsidiaries have zero work-related injuries*

**Zero work-related injuries for contract workers*

Safety Data for Employees				
Description	Unit	Male*	Female*	Total
Fatalities as a result of work related-ill health	Number	0	0	0
Cases of recordable work-related ill health	Number	0	0	0

**Zero work-related ill health for contract workers*

Training and Education

Investing in the development and education of our employees and workers is a core value at our company. We believe in empowering our team with the skills they need to excel in their roles, not just for immediate productivity gains, but also to nurture their long-term growth and career advancement. By prioritizing training and education, we aim to create a workforce that is not only proficient in their current tasks but also equipped with the knowledge and expertise to succeed in the future.



Our training data for the year is represented in the table above. Average number of training hours has increased in 2023 from 2022, given the opportunities for in-person and online training.

Average hours of training per year per employee			
	2021	2022	2023
Male employees	140,480	239,514	264,383
Female employees	221,615	201,439	476,885
Senior management	19	49	2,126
Middle management	77	188	8,298
Junior management	376	927	17,441
Workers (Permanent)	440	1,103	1,574
Non Supervisors	1,401	3,431	3,080.8
Contractual workers	0	0	12.3
Overall average training hours	45,551	55,831	110,318

Type and scope of programs implemented and assistance provided to upgrade employee skills
Office Warehouse

- Technical trainings: Product Knowledge Training, Furniture and Assembly Training, Customer Service Training, Sales Audit Training, Inventory Training, Safety Training, Earthquake and Fire Drill Training, Team Building Training, Supervisory Training, Leadership Training

Puregold

- **Onboarding programs:** New employee orientation program, Customer Service Standards, Departmental training course, Training course for section supervisor, management trainee, store managers, area managers,
- **Technical programs:** Training course for store managers & area managers, Project Management, Basic accounting for store operations, Supply Chain Module, Basic Work Management, Financial data analysis, Basic work management
- **Essential Skills:** Email Etiquette, Grammar 101, People Management 101: Coaching, Navigating change, Reliability Interpersonal skills, Customer service program 2: Ang customer ko, Mahal ko (CSP2), Supervisors must have (SMH), The leader in me (LIM)

S&R

- **Internal Developmental Trainings:** Professional Image, Improving member service experience, Actions by Staff at touchpoints
- **Communication:** Basic Grammar, Effective Presentation
- **Leadership:** Effective Leadership, Basic Supervisory Skills, Basic Managerial Skills, On-the-job orientation
- **Customer Engagement Programs:** Ring the Bell (during Christmas season) and Star Magic board (to build relationships with customers)
- **Technical Trainings:** Front end Trainers Certification program, Touch points trainer certificate program, Membership trainers' certification program, Bakery training, CCTV Operators Certification Training, Fire Safety Training, Forklift Operators Training, Wholesale Telemarketers' Training, Cashiering Training, Membership Training, Bakery Training, Meat Training, Ready To Eat Product Training, Coffee Training and Food Services Training
- **External Trainings:** Basic OHS training, Red Cross First Aid with Basic Life Support Training, Forklift training (TESDA Certificate NCII), Tire Training
- Apart from this, an official newsletter, "**S&R Connect**", is issued twice a year to employees



The Keepers Holdings

- Technical trainings: Product Knowledge Seminar

Transition assistance programs provided to facilitate employability and the management of career endings resulting from retirement or termination of employment

S&R

- 6-month management training for non-supervisors to middle management employees seeking higher positions

Office Warehouse

- Job Orientation Training
- Turnover training
- Coaching and counseling

Performance appraisals

All our employees undergo performance appraisals, which follow different conventions for various subsidiaries as follows:

- **Real Estate and NE Pacific:** The performance review schedule for employees starts after their probation period, typically in the fourth month of their employment. Annual performance evaluations are carried out for everyone in November each year.
- **Office Warehouse:** Employees have yearly performance evaluations. They're measured on things like how well they do their job, how they communicate, how they work with others, how they handle problems at work, and how they follow the rules of the company. It also looks at their sales, how they manage inventory, and how they deal with customers.
- **Puregold:** Regular employees have their performance reviewed twice a year by their immediate supervisor. The review happens in July for work done from January to June, and again in January for work from July to December. These reviews are done using an online portal. The goal is to give feedback quickly, improve communication, and build good relationships at work to make things run better and faster.
- **S&R:** Regular employees receive performance evaluations twice a year, following Puregold's process. For new employees still on probation, they get evaluated in their third and fifth months after starting.

Diversity and inclusion at the workplace

The group HR policies reflect Cosco's commitment towards diversity and inclusion at the workplace. The number of women in the group's governance body and employee payroll has consistently been higher than the number of men. Data in this regard is presented in the table below:

Year	2021	2022	2023
Male	4834	5273	5641
Female	6409	6755	7441
Total Employees	11,243	12,028	13,082
% of Female Employee	57%	56%	57%
<30 years	4545	4566	5038
30 - 50 years	6431	7141	7678
>50 years	267	321	366

The male-female remuneration ratio is 1:1 for Cosco Group.

Moreover, as highlighted above in the list of policies, there is a strict stand against discrimination on any grounds across the group. In the year 2023, there were no incidents of discrimination at Cosco, and there were no instances of child labor or forced / compulsory labor. At the time of recruitment, the age of applicants is scrutinized closely. In the reporting year, workers' rights to exercise freedom of association or collective bargaining were not violated or at significant risk, and there were no incidents signifying violation of indigenous rights.

Customer Health and Safety

Being in the retail business, we acknowledge our significant responsibility to uphold top-tier quality and safety standards for the products we offer, as they are directly consumed or used by our customers. To maintain these standards, we enforce strict quality requirements for our suppliers and diligently address any complaints or issues raised by customers.

At present, our products do not undergo health and safety assessments, as they are exclusively supplied by leading multinational and local vendors who already hold the requisite certifications. Moreover, there have been no instances of non-compliance with customer health and safety standards during the reporting period.

Promoting Sustainable Lifestyles

Cosco Group acknowledges the significance of advocating for sustainable lifestyles among our customers, employees, and stakeholders. The following programs and initiatives are actively implemented and strongly endorsed within our organization:

- Bring your own eco-bag
- No plastic days on Mondays and Wednesday on all Puregold Stores.
- Eliminate use of single plastics by encouraging purchase bigger size SKUs rather than sachets.
- Promote cash for trash by exchanging recyclable packaging materials for cash rebates.
- Selling energy-efficient and solar powered products in our stores.

Customer Privacy and Cybersecurity

Continuously collecting customer data remains a fundamental aspect of Cosco's operations, particularly within our membership shopping and retail store sectors. This ongoing practice allows us to consistently refine the products and services we provide to our customers. Throughout this process, we uphold stringent standards of accountability, ensuring the confidentiality of customer data is rigorously maintained. Across our organization, strict compliance with local Data Privacy Acts remains a top priority. Additionally, all employees within our stores undergo comprehensive training on data security practices, facilitated by the HR department. As of the year 2023, there have been no reports of complaints from external parties or regulatory bodies, and no instances of threats, leaks, or losses of customer data have been

identified. Responsibility for overseeing customer privacy and cybersecurity continues to be managed by the respective IT Heads and data privacy officers within each business unit.

Fair Marketing and Labelling Practices

Cosco maintains a steadfast commitment to sourcing products across all subsidiaries, often importing from external brands that adhere to both local and, in some cases, international regulations regarding marketing and labeling. The procurement team diligently monitors adherence to these standards when engaging with new suppliers and throughout regular interactions. At S&R, stringent compliance with Philippine food and drug regulations is upheld for all products. This dedication ensures that customers receive items that meet the highest standards of safety and quality, reflecting Cosco's unwavering commitment to excellence. In 2023, there were three incidents of non-compliance with marketing/labelling regulations, all of which were promptly resolved.

Communities and Livelihoods

Co-existence with communities surrounding our operations is an essential element of Cosco's stakeholder engagement strategy, since it is people from these communities that help us thrive by buying our products and coming back to our stores for the experience that we seek to provide. Therefore, Cosco has always sought to understand the needs of this community to give back to them in ways that help them achieve collective advancement as a society. Our total CSR spending for the year 2023 was Php 16.6 million.



Our CSR initiatives in the year 2022 and 2023 are listed below:

- Puregold conducted a tree planting project that started on Nov 25, 2023, in Real Quezon. At kickoff, they planted 41,000 seedlings with the help of representatives from the people's organization (Samahan ng Magsasaka Mangingisda ng Pinaglapatan). The goal is to plant 100,000 trees within 3 years, and the progress will be audited by DENR.
- Puregold also offers a scholarship program for the children of its deserving employees under the LCKK Foundation. This opportunity is open to all regular employees regardless of rank. As of this year, Puregold has a total of 13 graduate scholars and current scholars. Among the 13 graduates, 4 have successfully passed licensure examinations in their respective fields: a Psychometrician, a Civil Engineer, a Chemist, and a Nurse.
- Cosco Group has donated money for setting up a school in the University of Caloocan with 15 classrooms and 5 laboratories, at a total cost of Php 68 Million.
- Puregold organized the "Balik Eskwela Activity" in August 2023, which was held at Puregold Noveleta to support the community's back-to-school preparations.
- Summer Kiddie Art Fair as a Pre-Back to School activity staged in Metro Manila malls, Recipient: San Juan Elementary,



School Hagonoy, Bulacan, Donated school supplies, school bags and art materials. Turned over a free printer for school office use.

- S&R coordinated a blood donation drive across all of its stores, encouraging widespread participation and community engagement.

Respect for the Rule of the Land

Since our inception, we have tracked changing regulatory requirements and ensured strict compliance with them. We believe that following local and national rules and regulations is essential for the smooth running of our operations and for maintaining good relationships with local authorities. This is an essential element in building our reputation and goodwill over a period of time, which establishes trust in our brand.

Governance and Anti-Corruption

Our corporate governance committee is composed of three members, all of whom are independent directors, including the Chairman. It is headed by an independent director, Mr. Oscar S. Reyes. The Corporate Governance Committee is responsible for nomination and selection of this director. The committee also nominates and selects and appoints a "Group Sustainability Officer" who is responsible for overseeing management of sustainability impacts (ESG) by identifying and managing climate risks. The Governance Committee is closely involved in the review of the sustainability report along with the IACGR (Integrated Annual Corporate Governance Report).

The Conflict-of-Interest Policy is applicable to the Directors, Officers and Employees of Cosco Capital, Inc., who are expected to act and perform their duties in the interest of the Company. They should not receive personal gain, benefit, grant, gift or any advantage by virtue of their position in the Company. They must immediately disclose to the Board or to their immediate superior any possible occurrence of conflict of interest or any offer of cash, gift or any benefit from customer, supplier or third-party contractor of the Company. Any violation of this policy invites serious disciplinary action and / or dismissal from work. Critical concerns or audit findings are raised during monthly risk management meetings before these are forwarded to the Board for action. Group-wide sustainability performance is evaluated through annual sustainability reports and reviewed during governance seminars which includes topics on sustainability.

In order for employees to realize the importance of adhering to these commitments, we conduct training and awareness seminars for all employees such as anti-corruption policy training, health and safety training, disaster preparedness training, etc. In order to remediate negative ESG impacts, we are currently in the process of developing an ESG Policy Manual that is awaiting approval.

We have a simple mechanism in place for employees to report grievances, wherein they first talk to their immediate supervisor, who raises the concern with the human resources department or the corporate governance department. 100% of Cosco Group's employees have received communication on anti-corruption, and there were zero incidents of corruption / anti-competitive behavior in the reporting year.

Anti-Corruption Policies Based on Code of Conduct

Our anti-corruption policies, outlined in our Code of Conduct, are stringent. Article D of our Code, focusing on misconduct, outlines various violations and their corresponding sanctions. For instance, engaging in unauthorized work for personal gain or using company property for unauthorized purposes can result in suspension up to dismissal.

Our Code prohibits engaging in gambling or games of chance on company premises, committing criminal offenses against customers or non-company personnel, rendering services for another employer during working hours without approval, and conducting personal business for profit on company premises.

We strictly prohibit malversation of company funds, abuse of position or authority for personal gain, stealing, commission of crimes or offenses, fraud, willful breach of trust, and using the company's name for personal profit. Violations of these policies can result in severe consequences, including dismissal from the company.

Compliance to the Law

Instances of fines or non-compliance are reported to the Office of the Corporate Secretary for corporate matters and to the Administrative Office and the Environmental Health and Safety (EHS) Department for environmental concerns.

Environmental Compliance Instances

- S&R Calasiao: Received a Notice of Violation (NOV) on November 23, 2023, for violations of RA 6969 (Toxic Substances and Hazardous and Nuclear Waste Control Act), RA 8749 (Clean Air Act), and RA 9275 (Clean Water Act). A commitment to comply with permit application requirements was made during a technical conference on January 3, 2024.
- S&R Davao: Received an NOV on December 5, 2023, for operating without an Environmental Compliance Certificate (ECC). Despite having an approved Certificate of Non-Coverage (CNC), it was determined during an Environmental Management Bureau (EMB) inspection on October 3, 2023, that an ECC is required. A position letter was submitted on March 5, 2024, and an ECC application is currently in progress.

These instances highlight our commitment to address and rectify non-compliance promptly and responsibly. Our ongoing efforts include ensuring full compliance with all relevant environmental regulations and standards.

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	302-3 Energy intensity	Page 34-35	
	302-4 Reduction of energy consumption	Page 35-37	
	302-5 Reductions in energy requirements of products and services	Page 36	
Water and effluents			
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 41	
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Page 41	
	303-2 Management of water discharge-related impacts	Page 41	
	303-3 Water withdrawal	Page 41	
	303-4 Water discharge	Page 41	
	303-5 Water consumption	Page 41	
Biodiversity			

GRI STANDARD	DISCLOSURE	LOCATION	EXPLANATION
GRI 3: Material Topics 2021	3-3 Management of material topics	-	Not Applicable
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	-	Not Applicable
	304-2 Significant impacts of activities, products and services on biodiversity	-	Not Applicable
	304-3 Habitats protected or restored	-	Not Applicable
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	-	Not Applicable
Emissions			
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 38	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Page 38	
	305-2 Energy indirect (Scope 2) GHG emissions	Page 38	
	305-3 Other indirect (Scope 3) GHG emissions	-	Not Reported (Data not available)
	305-4 GHG emissions intensity	Page 38	
	305-5 Reduction of GHG emissions	Page 37-38	
	305-6 Emissions of ozone-depleting substances (ODS)	-	Not Reported (Data not available)
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	-	Not Reported (very minimal /insignificant emissions)
Waste			
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 38-42	

GRI STANDARD	DISCLOSURE	LOCATION	EXPLANATION
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Page 38	
	306-2 Management of significant waste-related impacts	Page 38-41	
	306-3 Waste generated	Page 38	
	306-4 Waste diverted from disposal	Page 38	
	306-5 Waste directed to disposal	Page 38	
Supplier environmental assessment			
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 42	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Page 42	
	308-2 Negative environmental impacts in the supply chain and actions taken	Page 42	
Employment			
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 45-49	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Page 45	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 46-49	
	401-3 Parental leave	Page 45-46	
Labor/management relations			
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 46	
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Page 46	

GRI STANDARD	DISCLOSURE	LOCATION	EXPLANATION
Occupational health and safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 49-53	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Page 49-53	
	403-2 Hazard identification, risk assessment, and incident investigation	Page 49-53	
	403-3 Occupational health services	Page 49-53	
	403-4 Worker participation, consultation, and communication on occupational health and safety	Page 49-53	
	403-5 Worker training on occupational health and safety	Page 49-53	
	403-6 Promotion of worker health	Page 49-53	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Page 49-53	
	403-8 Workers covered by an occupational health and safety management system	Page 49-53	
	403-9 Work-related injuries	Page 53	
	403-10 Work-related ill health	Page 53	
Training and education			
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 54-56	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Page 54	

GRI STANDARD	DISCLOSURE	LOCATION	EXPLANATION
	404-2 Programs for upgrading employee skills and transition assistance programs	Page 54-55	
	404-3 Percentage of employees receiving regular performance and career development reviews	Page 56	
Diversity and equal opportunity			
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 56	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees Page 56	Page 56	
Non-discrimination			
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 56	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Page 56	
Freedom of association and collective bargaining			
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 56	
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Page 56	
Child labor			
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 56	
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Page 56	

GRI STANDARD	DISCLOSURE	LOCATION	EXPLANATION
Forced or compulsory labor			
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 56	
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Page 56	
Security practices			
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 15, 57	
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	-	Not Reported (data not available)
Rights of indigenous peoples			
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 56-57	
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	Page 56-57	
Local communities			
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 58	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Page 58	
	413-2 Operations with significant actual and potential negative impacts on local communities	Page 58	
Supplier social assessment			
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 42	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Page 42	

GRI STANDARD	DISCLOSURE	LOCATION	EXPLANATION
	414-2 Negative social impacts in the supply chain and actions taken	Page 42	
Public policy			
GRI 3: Material Topics 2021	3-3 Management of material topics	-	Not Reported (data not available)
GRI 415: Public Policy 2016	415-1 Political contributions	-	Not Reported (data not available)
Customer health and safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 57	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Page 57	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Page 57	
Marketing and labeling			
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 57-58	
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Page 57-58	
	417-2 Incidents of non-compliance concerning product and service information and labeling	Page 57-58	
	417-3 Incidents of non-compliance concerning marketing communications	Page 57-58	
Customer privacy			
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 57	

GRI STANDARD	DISCLOSURE	LOCATION	EXPLANATION
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 57	

Annex “D”

Business Profiles of Directors and Key Officers of Puregold Price Club, Inc. (the “Company”)

A. The Board of Directors:

Susan P. Co, Filipino, 66 years old

Mrs. Co served as Vice-Chairman of the Company from 1998 until her election as Chairman in 2023. She concurrently holds the following positions in other companies: Chairman and President of Cosco Price, Inc., Chairman of Kareila Management Corporation, Tower 6789 Corporation, President of Makabayan Holdings Incorporated, and Director of Bellagio Holdings, Inc., Blue Ocean Holdings, Inc., Canaria Holdings Corporation, Ellimac Prime Holdings, Inc., KMC Realty Corp., Meritus Prime Distributions, Inc., Montosco, Inc., NE Shopping Centers Corporation, PG Holdings, Inc., Patagonia Holdings Corp., PPCI Subic, Inc., Premier Wine and Spirits, Inc., Puregold Duty Free (Subic), Inc., Puregold Duty Free, Inc., Puregold Properties, Inc., Puregold Finance, Inc., Puregold Realty Leasing & Management, Inc., San Jose City I Power Corp., S&R Pizza (Harbor Point), Inc., S&R Pizza, Inc., Blue Origin Holdings Incorporated, Illido Management Corporation, Union Energy Corporation, and Union Equities, Inc.

Mrs. Co also serves in other PSE-listed companies: Vice-Chairman of Cosco Capital, Inc. and Director of the Philippine Bank of Communications.

Mrs. Co earned her Bachelor of Science degree in Commerce from the University of Santo Tomas.

Lucio L. Co, Filipino, 69 years old

Mr. Co served as Chairman of the Company from 1998 to 2022. He is currently the Chairman and President of the following companies: Bellagio Holdings, Inc., Canaria Holdings Corporation, Ellimac Prime Holdings, Inc., Invescap Incorporated, Puregold Duty Free, Inc., and Puregold Properties, Inc. He is also the Chairman of Alcorn Petroleum and Minerals Corporation, Entenso Equities, Inc., NE Shopping Centers Corporation, PG Holdings, Inc., Pajusco Holdings Corporation, Puregold Duty Free (Subic), Inc., Puregold Finance, Inc., Puregold Realty Leasing & Management, Inc., San Jose City I Power Corp., Makabayan Holdings Incorporated, Union Energy Corporation, and Union Equities, Inc. He is a Director of these companies: Bacolod Real Estate Development Corporation, Catuiran Hydropower Corporation, Cleangreen Energy Corporation, Forbes Corporation, Grass Gold Renewable Energy (G2REC) Corporation, Karayan Hydropower Corporation, Kareila Management Corporation, LCCK & Sons Realty Corporation, Luis Co Chi Kiat Foundation, Inc., Meritus Prime Distributions, Inc., Montosco, Inc., League One Finance and Leasing Corporation, Pamana Water Corporation, Tower 6789 Corporation, Illido Management Corporation, KMC Realty Corporation, Negros Water Company, Patagonia Holdings Corp., PPCI Subic, Inc., S&R Pizza Harbor Point, Inc., S&R Pizza, Inc., and VS Gripal Power Corporation. He is a member of the Board of Trustees of Luis Co Chi Kiat Foundation, Inc.

Mr. Co holds positions in other PSE-listed companies: Chairman of Cosco Capital, Inc., Director of Philippine Bank of Communications, and Chairman of The Keepers Holdings, Inc.

Mr. Co has been an entrepreneur for the past 50 years.

Ferdinand Vincent P. Co, Filipino, 42 years old

Mr. Vincent Co has served as President of the Company since 2015. He concurrently holds the following positions: Chairman and President of Alerce Holdings Corp., Blue Ocean Foods, Inc., Forbes Corporation, Invesco Company, Inc., KMC Realty Corporation, League One, Inc., PPCI Subic Inc., Patagonia Holdings Corp., Purepadala, Inc., and VFC Land Resources, Inc., Filmore Holdings Incorporated, Illido Management Corporation, Azora Holdings Incorporated, SPC Resources Inc.; Chairman of Pinehurst Creek Holdings Corporation, South Coast Automotive Group, Inc. and Pure Commerce, Inc.; President of Ayagold Retailers, Inc., Entenso Equities, Inc., Union Equities, Inc., Aracena Holdings Corporation, Blue Origin Holdings Incorporated, Imperium Holdings, Inc.; and Director of Bellagio Holdings, Inc., Blue Ocean Holdings, Inc., Canaria Holdings Corporation, Cosco Price, Inc., Ellimac Prime Holdings, Inc., Fertuna Holdings Corp., Meritus Prime Distributions, Inc., P.G. Holdings, Inc., Premier Wine and Spirits, Inc., PSMT Philippines, Inc., Puregold Duty Free (Subic), Inc., Puregold Finance, Inc., Puregold Properties, Inc., Puregold Realty Leasing & Management, Inc., San Jose City Power Corp., Tower 6789 Corporation, Cassina Creek Holdings Corporation, Makabayan Holdings Incorporated, Maxent Investment, Inc. and Union Energy Corporation.

Mr. Vincent Co earned his Bachelor of Science degree in Entrepreneurial Management from the University of Asia and the Pacific in 2003.

Pamela Justine P. Co, Filipino, 39 years old

Ms. Pamela Co has served as Executive Director of the Company since 2015. She is concurrently the President of Pinehurst Creek Holdings Corporation and Aracena Holdings Corporation; and Director of Alerce Holdings Corp., Bellagio Holdings, Inc., Blue Ocean Foods, Inc., Blue Ocean Holdings, Inc., Cosco Price, Inc., Ellimac Prime Holdings, Inc., Fertuna Holdings Corp., Forbes Corporation, Invesco Company, Inc., Kareila Management Corporation, KMC Realty Corporation, League One, Inc., Meritus Prime Distributions, Inc., Montosco, Inc., P.G. Holdings, Inc., Patagonia Distributions, Inc., Patagonia Holdings Corp., Premier Wine and Spirits, Inc., PSMT Philippines, Inc., Puregold Duty-Free (Subic), Inc., Puregold Properties, Inc., S&R Pizza (Harbor Point), Inc., S&R Pizza, Inc., Union Energy Corporation, Union Equities, Inc., SPC Resources, Inc., Union Energy Corporation, Union Equities, Inc., SPC Resources, Inc., Azora Holdings Incorporated, Cassina Creek Holdings Corporation, Fillmore Holdings Incorporated, Illido Management Corporation, Imperium Holdings, Inc., Kalayaan Lakeview Corp., Makabayan Holdings Incorporated, Maxent Investment, Inc., and VFC Land Resources, Inc. She is also one of the executive officers in Kareila Management Corporation (S&R) concentrating on merchandising.

She graduated from Thames International School with a Bachelor of Science Degree in Entrepreneurship in 2006.

Leonardo B. Dayao, Filipino, 80 years old

Mr. Dayao was the President of the Company from 2005 to 2014. He was a member of the Board since 1998. He is also the Chairman and President of Fertuna Holdings Corp.; Chairman of Catuiran Hydropower Corporation, Karayan Hydropower Corporation, Grass Gold Renewable Energy (G2REC) Corporation, League One Finance and Leasing Corporation, Pamana Water Corporation, PSMT Philippines, Inc., S&R Pizza, (Harbor Point) Inc., S&R Pizza, Inc.; Vice-Chairman of Ayagold Retailers, Inc.; President of Alcorn Petroleum and Minerals Corporation, K4 Water Resources Corporation, NE Pacific Shopping Centers Corporation, Puregold Duty Free (Subic), Inc., Puregold Finance, Inc., San Jose City I Power Corp., Southern Utility Management and Services, Inc. (SUMSI), Union Energy Corporation, Vice-President of Alerce Holdings Corp., Bellagio Holdings, Inc., KMC Realty Corporation, Puregold Duty Free, Inc., Puregold Properties, Inc. and Union Equities, Inc.; and Director of Canaria Holdings Corporation, Entenso Equities

Incorporated, Karayan Hydropower Corporation, Kareila Management Corporation, KMC Realty Corporation, and Puregold Realty Leasing & Management, Inc.

Mr. Dayao is also holding positions in other PSE-listed companies: President of Cosco Capital, Inc. and Vice-Chairman of the Philippine Bank of Communications.

Mr. Dayao earned a Bachelor of Science Degree in Commerce from the Far Eastern University. He completed the Basic Management Program at the Asian Institute of Management and earned units in MBA from the University of the Philippines-Cebu. He is a Certified Public Accountant.

Jack E. Huang, Filipino, 70 years old

Mr. Huang has served as Director of the Company since 2017. Mr. Huang also serves as Vice-President of Abacus Capital and Investment Corp., Director of Cebu Business Continuous Forms and Richmedia Network, Inc., and a member of the Board of Trustees of Sacred Heart School (Ateneo de Cebu).

Mr. Huang graduated with a degree of Bachelor of Arts, major in Economics, from the Ateneo de Manila University in 1975.

Jaime S. Dela Rosa, Filipino, 79 years old

Mr. Dela Rosa has served as an Independent Director of the Company since 2017. He graduated from the Far Eastern University in 1964 with a degree of Bachelor of Science, major in Accounting. He completed a program on Global Financial System, Structures, Crises, and Reform from the Harvard University–John F. Kennedy School of Government. He is a recipient of an Outstanding Alumnus Award for Government Service. Mr. Dela Rosa is a member of Alabang Country Club, Inc. Free Masonry. Before joining the company, Mr. Dela Rosa worked as Director of Alcorn Gold Resources Corporation, PNCC-Skyway Corporation of the Philippines, and Development Bank of the Philippines. He was the former President of Portman Mining Philippines, Cabaluan Chromite Corp., and Food Terminal, Inc. He also worked as Head of Ayala Investment and Development Corporation and Philsec Investment Corporation for Visayas and Mindanao and Assistant Vice-President for Citibank.

Gil B. Genio, Filipino, 64 years old

Mr. Genio was elected as an Independent Director of the Company in May 2023. He is also an Independent Director of GT Capital Holdings, Inc. Mr. Genio worked as an executive for Globe Telecom and Ayala Corporation for a combined 24 years. He was 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. He also performed other legal entity functions for Globe such as CEO of Globe Capital Venture Holdings, and Director at its strategic joint ventures, Global Telehealth, Inc., BellTel, ETPI, and others. He also became COO of Bayan Telecommunications (Bayantel) and Isla Communications (Islacom) as they were acquired, and before they were integrated into Globe. His executive roles in Globe prior to his CTIO appointment included: COO for Business and International Markets (2010-2015), Group Head for Business Customers (2003-2010), Head of Carrier Services (2002-2010), Group Head for the Residential and Business Fixed Network Group (2000-2003), and Chief Financial Officer (1997-2000). Mr. Genio was hired by Ayala Corporation in 1997 and was seconded to Globe Telecom. He retired from Ayala Corporation in 2018 and became a direct employee of Globe, finally retiring at the end of 2021. Before joining Ayala in 1997, Mr. Genio had spent more than 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.

Mr. Genio obtained a Master's degree in Business Management, with Distinction, from the Asian Institute of Management in 1986. He earned his Bachelor of Science degree in Physics, Magna Cum Laude, from the University of the Philippines in 1980.

Emmanuel G. Herbosa, Filipino, 70 years old

Mr. Herbosa was elected as an Independent Director of the Company in May 2023. He was the President and CEO of the Development Bank of the Philippines from March 2019 to January 2023, the Philippine Export-Import Credit Agency from June 2018 to February 2019, Executive Vice-President of the Bank of Commerce from January 2014 to December 2017, and Senior Vice-President of the Bank of the Philippine Islands from January 2008 to April 2013.

Mr. Herbosa graduated from Dela Salle University with a degree of Bachelor of Science in Industrial Management Engineering in 1975 and obtained a degree in Master's in Business Administration from Wharton, University of Pennsylvania in 1979.

B. Board Advisors:

Levi B. Labra, Filipino, 66 years old

Mr. Labra has served as Board Advisor of the Company since 2017. He also currently serves as Director of Hope Philippines, Inc. Before joining the company, Mr. Labra worked at Procter & Gamble for 35 years. He was the Sales Head and a member of the management committee of Procter and Gamble for 20 years. He was Regional Sales Manager for three years building sales organization and systems for India, Indonesia, Malaysia, Singapore, South Korea, and Thailand. He graduated with honors, *Cum Laude*, from the University of San Carlos in 1978 with a degree of Bachelor of Science, major in Business Administration.

Roberto Juanchito T. Dispo, Filipino, 60 years old

Mr. Dispo is currently the President/CEO of League One Finance and Leasing Corporation, Chairman of Mercantile Insurance Corporation, Blacksbury Corporation, Pontificio Collegio Filipino in Rome, and Vice Chairman of New San Jose Builders.

Mr. Dispo was the former Vice Chairman and President of Cirtek Philippines from 2016 to 2019 and CEO of Quintel USA/UK from 2017 to 2019. He became President of First Metro Investment Corporation from 2011 to 2015 and Senior Vice President and Executive Vice President of First Metro Investment Corporation from 1998 to 2010. He was a former Deputy Treasurer of the Philippines, National Treasury, Department of Finance from 1990 to 1997. Mr. Dispo started his career as a Financial Analyst in the Department of Trade and Industry from 1988 to 1990 and as an Administrative Officer in the Department of National Defense from 1987 to 1988.

Mr. Dispo graduated with a degree of Bachelor of Science in Economics from the San Sebastián College, Manila, in 1984. He took a Bachelor of Science major in Management from the Pamantasan ng Lungsod ng Maynila in 1990 and a Master's in Business Administration from the same school in 1991. He completed a Diploma Program from the International Banking and Finance Economic Institute, the University of Colorado, in 1994 and a Master's in Business Economics from the University of Asia and the Pacific in 2014.

He has been a member of the Money Market Association of the Philippines since 1998 and FINEX since 2012. Mr. Dispo was the CEO of the Year awardee in 2014 given by Asia CEO Awards and became a Finalist in CNBC Asia Best CEO in 2014.

C. Key Officers:

Grace E. Sy, Filipino, 59 years old

Ms. Sy has been the Company's Treasurer since 2015. She also works as Treasury Manager of the Company since 2009. She is a graduate of St. Paul College of Manila with a degree of Bachelor of Science major in Accountancy, in 1983.

Baby Gerlie I. Sacro, Filipino, 45 years old

Ms. Sacro has been the Corporate Secretary of the Company since 2000. She is a graduate of the Polytechnic University of the Philippines with a degree of Bachelor of Science in Entrepreneurial Management. Before joining the Company, she worked as a Compensation and Benefits employee at Plaza Fair, Inc.

Candy H. Dacanay-Datuon, Filipino, 45 years old

Atty. Dacanay has served as Assistant Corporate Secretary and Compliance Officer of the Company since 2012. She started her legal career as Associate Counsel of the Company from 2004 to 2011. She became the Company's Assistant Corporate Secretary and at the same time Compliance Officer in 2012. Concurrently, she is the Assistant Corporate Secretary and Compliance Officer of Cosco Capital, Inc. and The Keepers Holdings, Inc. (both PSE-listed companies), Corporate Secretary of Kareila Management Corporation (S&R warehouse), and Corporate Secretary and Compliance Officer of League One Finance and Leasing Corporation.

Atty. Dacanay is a graduate of Colegio De San Juan de Letran with a degree of Bachelor of Arts in Political Science, with a distinction of *Cum Laude*. She finished her Bachelor of Laws from the University of Santo Tomas in 2003 and was admitted to the Philippine Bar in 2004. Atty. Dacanay completed the Harvard Business School Online Certificate Program, "Sustainable Business Strategy", in 2020.

Edgar T. Tacorda, Filipino, 47 years old

Mr. Tacorda is the Company's Internal Auditor. He started as Auditor Staff in 2007 and became Senior Audit Manager in 2017. He graduated from Catanduanes State Colleges with a degree of Bachelor of Science major in Accountancy in 1998. He is a Certified Public Accountant.

Antonio E. Delos Santos, Filipino, 51 years old

Mr. Delos Santos is one of the Vice-Presidents for Operations of the Company. He joined the Company in 2012. He used to be the National Sales Manager of Colgate Palmolive Philippines Inc. from 2005 to 2012. He graduated from the Ateneo De Manila University with a Bachelor of Arts in Economics degree in 1993.

Joseph U. Sy, Filipino, 60 years old

Mr. Sy is one of the Vice-Presidents for Operations of the Company. He is one of the pioneer employees in the Company. He was the first store manager in the Company's first branch in Mandaluyong City. Because of his long retail experience, Mr. Sy manages the big store of Puregold in Metro Manila and the operation of three Merkado stores. He

graduated from the Philippine School of Business Administration with a Bachelor of Science degree, major in Accountancy in 1983. Mr. Sy is a Certified Public Accountant.

Renato T. Bechayda, Filipino, 56 years old

Mr. Bechayda is one of the Vice-Presidents for Operations of the Company. He started in the Company as Store Manager in 1999 and was promoted to Regional Manager in 2013, and Vice-President for Operations in 2022. He graduated from International Electronics and Technical Institute with a Bachelor of Science degree, major in Computer Management, in 1992.

Denise Maria D. Carolino, Filipino, 60 years old

Ms. Carolino is the Company's Vice-President for Administration. She is one of the pioneer employees of the Company. She is a graduate of the University of Santo Tomas with a degree of Bachelor of Science major in Architecture in 1985. She took credits and will pursue her Leadership Management Development Program at the Ateneo De Manila University.

Elvira D. Gutierrez, Filipino, 53 years old

Ms. Gutierrez is the Company's Vice-President for Human Resources. She started in the Company as Human Resource Manager in 2003 and became a Senior Human Resource Manager in 2011. She attended seminars in Company Policy on Employee Behavior, Discipline and Dismissal in 2019, Businessmen's Strategy in Coping with DO-174 in 2017, and Level Up Leadership, Developing the Self and Leading Others in 2016. She graduated from the College of the Holy Spirit with a degree of Bachelor of Arts in Psychology, in 1991.

Maricel R. Cambe, Filipino, 50 years old

Ms. Cambe is the Senior Finance Manager of the Company. She joined the Company in 2019. She used to be working as an accountant at Liquigaz Philippines Corporation from 2008 to 2019. She is a graduate of Canossa College, San Pablo City, with a degree of Bachelor of Science major in Accounting.

Kenneth N. Tiu, Filipino, 48 years old

Mr. Tiu has been the Company's Financial Control Manager since 2005. He was a graduate of Dela Salle University with a Bachelor of Science in Mathematics, major in Actuarial Science degree in 1995.

Anthony G. Sy, Filipino, 63 years old

Mr. Sy is the President of Kareila Management Corporation. He joined the Company in 2006. Before joining the Company, Mr. Sy worked as President of the Visual Merchandising Center from 1986 to 2006. He graduated from Ateneo De Manila University with a Bachelor of Science in Management Engineering degree in 1982.

Gisela R. Altura, Filipino, 53 years old

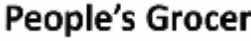
Ms. Altura is the Finance Director of Kareila Management Corporation. She joined the Company in 2007. She graduated with honors, *Cum Laude*, from the Polytechnic University of the Philippines with a Bachelor of Science major in Accountancy degree in 1990. Ms. Altura is a Certified Public Accountant.

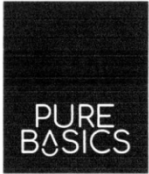
Annex “E”

PUREGOLD TRADEMARKS AS OF DECEMBER 31, 2023

No.	Tradenames	Trademarks	Date of Registration	Date of Expiration
1.	ALWAYS PANALO		April 23, 2007	April 23, 2027
2.	ANYWEAR		Novembr 12, 2009	Novembr 12, 2026
3.	AQUALIFE		February 09, 2009	February 09, 2029
4.	AQUALIZED		September 09, 2010	September 09, 2030
5.	ATLANTIC		September 22, 2008	September 22, 2028
6.	BELLOTA		September 09, 2009	September 09, 2029
7.	BIANCA COFFEE		March 30, 2023	March 30, 2033
8.	CATTLEYA		June 04, 2021	June 04, 2031
9.	CLIQUE Logo		March 25, 2010	March 25, 2030
10.	COFFEE MATCH		October 18, 2017	October 18, 2027
11.	COFFEE MAX		January 12, 2009	January 12, 2029
12.	DFP		August 18, 2016	August 18, 2026
13.	DRY PLUS		February 27, 2020	February 27, 2030
14.	EASY HOME DEPOT		September 22, 2008	September 22, 2028
15.	EQUAL		October 16, 2014	October 16, 2024

16.	EQUAL		July 23, 2007	July 23, 2027
17.	EQUIVALENT		July 23, 2007	July 23, 2027
18.	EZEE		April 29, 2010	April 29, 2030
19.	FRESH & EASY		February 08, 2018	February 08, 2028
20.	FRESH N FREE		October 13, 2008	October 13, 2028
21.	GOLD YARN		January 01, 2016	January 01, 2026
22.	GOPURE		October 14, 2016	October 14, 2026
23.	GRAND P		April 22, 2010	April 22, 2030
24.	GREAT SUPERMARKET		May 28, 2015	May 28, 2025
25.	HER COLLECTION		March 2, 2023	March 2, 2033
26.	HER KIDS		October 3, 2022	October 3, 2032
27.	HIS COLLECTION		March 2, 2023	March 2, 2033
28.	HIS KIDS		March 2, 2023	March 2, 2033
29.	HOME CLEAN		November 25, 2018	November 25, 2028
30.	JOOZY		October 13, 2018	October 13, 2028
31.	KA-ASENSO		December 16, 2010	December 16, 2030

32.	KAINDUSTRIYA		May 17, 2012	May 17, 2032
33.	KITANG-KITA CASE		July 24, 2014	July 24, 2024
34.	KOBE CHICKEN		May 04, 2017	May 04, 2027
35.	LA FLOR DE LA ISABELA		January 10, 2021	January 10, 2031
36.	LA FLOR DE LA ISABELA		May 14, 2021	May 14, 2031
37.	MAGIC GLOW		December 29, 2011	December 29, 2031
38.	MARKET 999		December 22, 2016	December 22, 2026
39.	MINI MART BY PUREGOLD		August 18, 2016	August 18, 2026
40.	MOMMY MARKET		January 19, 2017	January 19, 2027
41.	MR. PAPER		June 04, 2015	June 04, 2025
42.	MY BABY PLANET		January 19, 2017	January 19, 2027
43.	NE KAYA 'YAN CABAYAN!		August 11, 2016	August 11, 2026
44.	NEGOSYO MO CABAYAN CARD		October 14, 2016	October 14, 2026
45.	PANALO KARD		September 22, 2008	September 22, 2028
46.	PEOPLE'S GROCER		February 26, 2015	February 26, 2025
47.	PEOPLE'S RICE		December 29, 2019	December 29, 2029
48.	PERFECT MATE		February 11, 2008	February 11, 2028
49.	PERKS LOYALTY CARD		May 28, 2015	May 28, 2025

50.	PISO GARANTISADO	Piso Garantisado	November 20, 2014	November 20, 2024
51.	POSITIVE 99	POSITIVE ≤99	May 18, 2017	May 18, 2027
52.	PREM		April 2, 2021	April 2, 2031
53.	PREMIUM GOLD	Premium Gold	October 15, 2015	October 15, 2025
54.	PUHUNAN PLUS	PUHUNAN PLUS	May 26, 2019	May 26, 2029
55.	PURE BASICS	PURE BASICS	December 23, 2018	December 23, 2028
56.	PURE BASICS LOGO		March 12, 2020	March 12, 2030
57.	PURE BASICS	PURE BASICS	March 12, 2020	March 12, 2030
58.	PURE BASICS Panlaban sa Sebo, Panalo sa Presyo	PURE BASICS Palaban sa Sebo, Panalo sa Presyo	March 28, 2020	March 28, 2030
59.	PURE BASICS Pure Clean, Pure White	PURE BASICS Pure Clean, Pure White	March 12, 2020	March 12, 2030
60.	PURE BASICS Pure Freshness, Pure Softness	PURE BASICS Pure Freshness, Pure Softness	July 13, 2020	July 13, 2030
61.	PURE HEALTH CARE	Pure Health Care	December 23, 2018	December 23, 2028
62.	PURE PADALA		October 29, 2015	October 29, 2025
63.	PURE PHARMACY	PURE PHARMACY	December 29, 2016	December 29, 2026
64.	PURE PLUS	Pure Plus	January 20, 2019	January 20, 2029
65.	PURE VALUE		October 5, 2023	October 5, 2033
66.	PURECART	PURECART	February 14, 2019	February 14, 2029
67.	PURECASH	PureCash	September 15, 2016	September 15, 2026
68.	PUREGLIDE	PUREGLIDE	December 15, 2016	December 15, 2026
69.	PUREGOLD FREE	Puregold Free	April 29, 2016	April 29, 2026

70.	PUREGOLD HOME OFFICE	Puregold Home Office	April 12, 2018	April 12, 2028
71.	PUREGOLD NUTRITIONISCOOL	Puregold NutritionIsCool	September 15, 2016	September 15, 2026
72.	PUREPLEASURE	PUREPLEASURE	June 19, 2014	June 19, 2024
73.	PUREPLUS	Pureplus	January 20, 2019	January 20, 2029
74.	REACH Softest Touch & Device		October 23, 2009	October 23, 2029
75.	SA PUREGOLD, ALWAYS PANALO	SA PUREGOLD, ALWAYS PANALO!	August 11, 2016	August 11, 2026
76.	STACK & STOCK RIGHT		April 22, 2010	April 22, 2030
77.	TABACALERA	TABACALERA	August 11, 2016	August 11, 2026
78.	TINDAHAN NI ALING PURING (Super SIM and Device)		December 16, 2010	December 16, 2030
79.	Tindahan ni Aling Puring	TINDAHAN NI ALING PURING ABOT KAYA ANG ASENSO!	January 19, 2017	January 19, 2027
80.	TIPPTOES		July 10, 2014	July 10, 2024
81.	TWIN ELEPHANT	TWIN ELEPHANT	June 27, 2019	June 27, 2029
82.	VIPuring	VIPuring	February 26, 2015	February 26, 2025
83.	WRAP & SEAL	Wrap & Seal	May 28, 2015	May 28, 2025